Quarterly Report

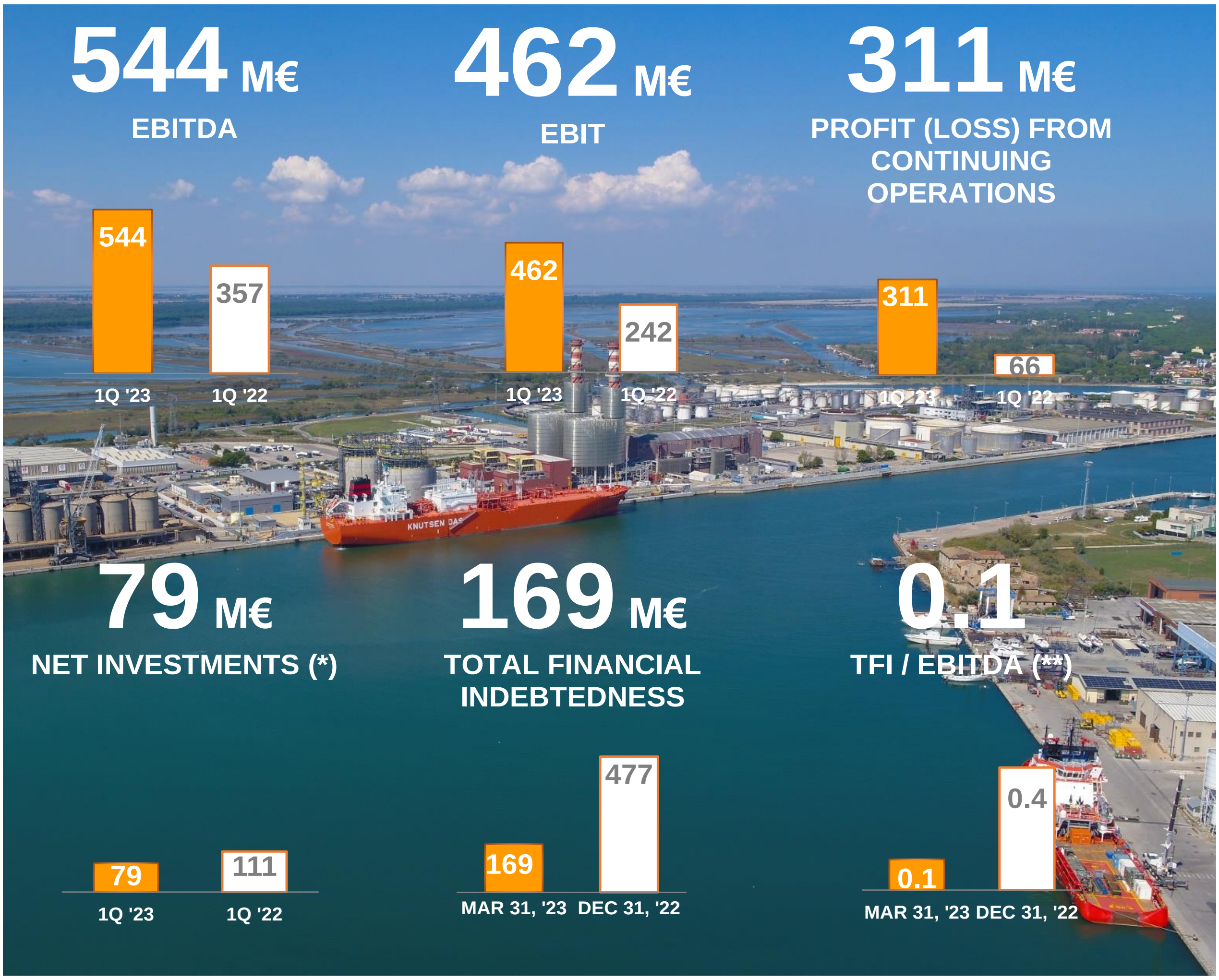
AT MARCH 31, 2023

Contents

Quarterly Report at March 31, 2023

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

Highlights



(*) Effect on indebtedness as described in the paragraph Total financial indebtedness and cash flows.

(**) TFI Total Financial Indebtedness. The ratio at March 31, 2023 was calculated using an EBITDA based on the last twelve months.

Highlights 1st quarter 2023 (in millions of euros)	Electric Power Operations	Gas Operations (*)	Corporate	Eliminations	Edison Group
EBITDA	249	294	1	-	**544**
EBIT	160	309	(8)	1	**462**
Gross Investments (**)	58	8	7	-	**73**

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

Rating	**Standard & Poor's**		**Moody's**	
	03.31.2023	12.31.2022	03.31.2023	12.31.2022
Medium/long-term rating	BBB	BBB	Baa3	Baa3
Medium/long-term outlook	Stable	Stable	Negative	Negative
Short-term rating	A-2	A-2		

Introduction

The preparation criteria of quarterly information

It should be noted that the Company provides the market with voluntary quarterly consolidated information, more concise and focused on its business performance. This report therefore includes a comment on the reference economic context, on the performances of the Group and the main operating sectors and provides the presentation formats with economic and financial data comparable with those of the Annual and Semiannual Reports.
For quantitative data, the equivalent figures of the previous reference period are also given.

Newly applied standards

The accounting principles, the valuation criteria and consolidation criteria applied in preparing this information are consistent with those adopted for the preparation of the 2022 Consolidated Financial Statements.

The Board of Directors, met on May 4, 2023, authorized the publication of Edison's Group Quarterly Report at March 31, 2023, which was not audited.

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

Changes in the Scope of Consolidation compared with December 31, 2022 – Acquisition and Disposal of Asset

During the quarter it should be noted the acquisition, executed on March 6, 2023 by Edison Spa, of 100% of the company **Felix Dynamics**, operating in the mini-hydro sector, for a consideration of about 3 million euros, in addition to the repayment of a loan granted to the company by its previous shareholders for about 6 million euros; some earn-outs are also envisaged, subject to the fulfilment of certain conditions precedent.

Key Events

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

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

Edison: 5 billion investment to accelerate renewables plan to 2030

March 21, 2023 - Edison accelerates the construction of new renewable capacity at the service of the country's decarbonisation, through 5 billion euros of investments to increase the Group's installed green capacity from the current 2 GW to 6 GW. The goal of the development plan is to increase installed wind power by an additional 1 GW, photovoltaics by 2 GW, and to devote 1 GW to the development of renewables for the production of green hydrogen and energy storage systems (such as batteries and, in particular, pumped storage), which are indispensable for balancing the grid and guaranteeing the release of green energy even during the hours when renewable plants are not in operation.

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

April 18, 2023 - Edison Energia reaches 2 million residential, SME and industrial customer contracts and consolidates its third place on the domestic market in terms of volumes of electricity and second place in terms of volumes of gas sold (14.2 TWh and 6.6 billion cubic meters of gas respectively in 2022).

Edison Energia's strategic development plan to 2030 envisages a doubling of contracts up to 4 million between commodities, energy efficiency services and products (photovoltaic, heat pump, boiler and climate), electric mobility solutions and insurance products for the protection of domestic systems. The attainment of 4 million contracts by 2030 will mainly take place through organic development, but also through non-organic growth opportunities with the addition of large and small companies, as has already taken place between 2018 and 2022 with Gas Natural, Attiva, Energia Etica and Gaxa, as well as through participation in end-of-protection tenders.

External Context

Economic Framework

After a year of Russian-Ukrainian conflict and inflation levels unthinkable even at the end of 2021, 2023 began with better-than-expected prospects, generated by positive factors recorded at the end of 2022 and confirmed at the start of the new year, with the improvement in household confidence. The abandonment of the zero-COVID strategy in China and the announcements of support for the real estate sector to get domestic and international growth back on track also played a crucial role in hinting at a lower risk of a slowdown in the global economy and the possibility of a faster-than-expected resumption of growth. All this without the expectation of a rapid return of inflation (currently postponed until next year). However, the Californian banking crisis, triggered by the failure of Silicon Valley Bank and Signature Bank (which was followed in Europe by the difficulties of Credit Suisse and Deutsche Bank), dampened enthusiasm and brought the risks of a global recession in 2023, with its focus on the United States, back to the forefront. However, as the liquidity crisis is now expected to remain limited to the banks involved so far, conditions should not arise to trigger the recession everyone fears, although, due to the expected deterioration in the supply of credit which will contribute to reducing the expansion of domestic demand due to tighter lending conditions to households and businesses, the deceleration in the US will be more intense than expected before the banking crises in March, with repercussions in the rest of the world in terms of both GDP and world trade, both of which are expected to slow in 2023. The onset of the banking crises forced a change of pace, to a greater or lesser extent, in the monetary policies implemented by central banks. Faced with the crisis of the Californian banks, it is in fact not enough for the authorities to guarantee all deposits 100%, but also to avoid further write-downs of assets, which puts a serious brake on new interest rate increases: interest rate rises in fact increase the yield of newly issued securities, but reduce the value of securities already in issue. Therefore, the year is unlikely to see any further policy rate hikes by the Federal Reserve. As for the ECB, the situation is more difficult to manage: on the one hand, the risk of spill-over from the US would suggest slowing down monetary tightening; on the other hand, all the conditions still exist to continue with restrictions in order to ensure price stability: 1) the European banking system, subject to increased supervision, appears to be more robust than the US banking system and leaves room for the ECB to raise rates further; 2) economic growth has remained stable in 2022, avoiding the feared fall in GDP and this too allows for further tightening; 3) but most importantly, although overall inflation in the EMU has fallen thanks to lower energy prices (which benefited from a reduction in gas prices as a result of lower energy consumption in the winter and increased storage), core inflation appears to be rising further. In this context, after the two consecutive increases of 50 basis points made in February and March, at the beginning of May the Governing Council of the ECB decided to raise the interest rate again, but by only 25 basis points, bringing it to 3.75%. For the current year, Prometeia expects a further increase, also of 25 basis points, which would raise the reference rate to 4%. On the other hand, the markets are also expecting a third similar increase by September, which, in this case, would bring the policy rate to 4.25%. Thus, if the banking crises have slowed down (EMU), or indeed stopped (US), the policy rate hikes, the effects of monetary restrictions have not yet fully unfolded. And here too there are differences between the US and the EMU: in the US, the reactions to monetary tightening are evident in the real estate sector, with prices falling sharply and investment in residential construction contracting for seven consecutive quarters; domestic consumption, on the other hand, is still increasing, albeit at a slower pace than in previous months, continuing to benefit from the reduction in the propensity to save and taking advantage of the wage increases that have mainly affected the weaker sections of the population and have allowed a partial recovery of purchasing power, eroded by high inflation. In the EMU, however, the recovery of household purchasing power has been less strong and the propensity to save has returned to pre-pandemic levels; investment has already declined since the last quarter of 2022, due to the higher cost of credit but also to the uncertainty still surrounding prospective demand and the availability and cost of energy. Against this backdrop, expectations for 2023 are for a slowdown in both the US and EMU, both of which are expected to grow by +0.7% (but with strong heterogeneity across euro countries). In 2022, growth was +2.1% in the US and +3.5% in the EMU. In the Eurozone, too, the conditions will therefore be created for an easing of monetary restrictions and the start of a reduction in policy rates in the first part of 2024, as also expected in the US. China, unlike the US and EMU, is still in an expansionary economic policy phase. The first months of 2023 show signs of recovery, thanks to the abandonment of the "zero-COVID" policy, which had led to continuous and extensive lockdowns penalising productive activities, services and consumption, and thanks to the real estate sector's rehabilitation measures, which could revive economic activity in the short term. The commodity market is thus impacted by two opposing forces: on the one hand, the economic slowdown in the US and EMU pushes international commodity prices down; on the other hand, the possible acceleration of Chinese demand, driven by the recovery of the construction sector, drives them up. At present, what can be observed is a reduction in both industrial and food commodities, although they remain above pre-crisis values. Overall, global economic activity is expected to slow down in 2023 (+2.3%, compared to +3.4% in 2022), which is reflected in the trend of international trade, expected to slow down to +2.2% from the previous +4.5%. The sanctions decided by the West early 2022 to commercially isolate Russia have in fact mainly penalised the exports of Western countries, sometimes replaced by those of emerging countries that have not signed up to the sanctions. We are thus now witnessing a recomposition of world trade, with emerging countries partly taking over from advanced countries, and Western countries initiating processes to reduce dependence on products from countries deemed less reliable. In the medium term, world trade will also be affected by the consequences of the Inflation Reduction Act (IRA), the measure adopted by the United States in August 2022, which is aimed at achieving the climate objectives of the Paris Agreement, but also at national security through the tightening of protectionist measures. Many of the tax breaks and incentives under the IRA for investments in clean energy technologies (electric cars, wind power plants, photovoltaic panels) are in fact tied to the use of domestic products, in increasing percentages (even up to 80% or 100% by 2028, as in the case of electric car batteries and the critical minerals in them). Europe is therefore faced with a decisive challenge: it will have to find its place between the United States, which with the Inflation Reduction Act has already begun to strengthen its domestic industry in the field of green technologies, and the current dominance of Asian competitors who certainly have no intention of losing market share. Climate transition is, together with digitisation, one of the main topics of prospective development on which the economic policies of large countries are being defined. It is therefore crucial that Europe does not lose ground in this area if it wants to secure a future of growth. As mentioned, there is great heterogeneity among the Eurozone countries in terms of growth. Among the largest economies in the area, Germany remains the most fragile, the only one expected to decline in 2023 (-0.1% in Prometeia's estimates). Its manufacturing industry, which is much more dependent than Italy's on international supply chains, still suffers from insufficient availability of intermediate products and remains relatively more exposed to possible energy shortages, a fear that continues to hold back production especially in energy-intensive sectors such as chemicals. By contrast, Spain is expected to grow by +1.3%; France by +0.5%. As far as Italy is concerned, after a rather turbulent 2022 with unexpected growth (+3.7%), the economic indicators for the first months of 2023 point to the possibility of a first half of the year with very low, but not negative growth, which according to Prometeia would allow the year to end with +0.7% (3 tenths more optimistic than the December estimates). So far, the rather mild winter and, consequently, gas savings have prevented rationing and calmed energy prices, averting the risk of a full-blown recession. On the other hand, inflation, the succession of rate hikes by the ECB and, more recently, financial risks, are rekindling fears of a stronger slowdown in the economic cycle, which would be added to the economic slowdown of Italian GDP in the fourth quarter of 2022 (-0.1%), a consequence of the strongly negative contribution of the change in inventories (-1.1%) and a less intense one of domestic demand (-0.4%), which in the previous three quarters had instead supported economic growth in our country. The deterioration in domestic demand in the fourth quarter 2022 reflected the sharp contraction in household spending (-1%), while investment increased (+0.4%), slightly more for capital goods than for construction. In 2022, ISTAT records an increase in both flows with foreign countries: the growth in exports in value (+19.9%) is driven in particular by sales of non-durable consumer goods and intermediate goods; the more marked growth in imports (+36.5%, with import prices rising by +18.5%, the highest since 2005, i.e. since the historical series of the index became available) is mainly explained by higher purchases of energy products. The deterioration of the trade balance during the year leads to an overall trade deficit for 2022 of more than -31 billion euros, compared to a surplus of more than 40 billion euros in 2021. The price race will eventually come to a halt, even though the interest rate increase implemented so far by the ECB may have limited effects (by a few tenths) in terms of lower inflation for Italy, reducing economic activity by approximately 1% in the horizon until 2025. Prometeia's scenario foresees for our country a return of inflation towards 2% from next year: if in the past the return from inflationary flare-ups and the consequent rise in interest rates had led to a recession, or at any rate to a very marked slowdown in economic activity, this time the price run could return without experiencing a real recession. This will only be possible if three conditions are met, namely if:

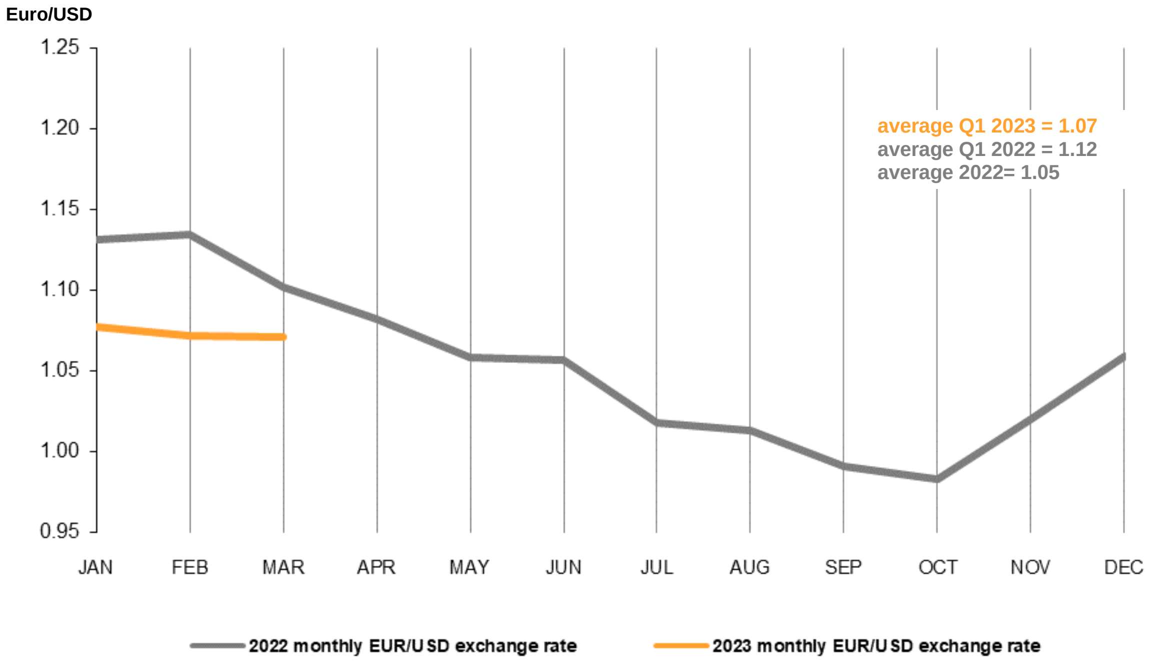
1. the price of energy remains at levels well below the highs and in line with those now prevailing in the markets, taking pressure off costs and purchasing power, and curbing the fall in consumption;

2. the PNRR (National Recovery and Resilience Plan) is implemented, despite the many implementation difficulties that have emerged in recent months; in Prometeia's scenario, the PNRR will activate investments (public and private) in the two-year period 2023-2024 of around 40 billion euros: a fundamental pillar, therefore, in support of growth;

3. the savings accumulated by households and businesses, especially during the COVID-19 pandemic, effectively act as a 'buffer' against price and cost increases. The savings accumulated by households over the three-year period 2020-2022 would act as a reserve, also psychological, allowing an increase in the propensity to consume even in the face of a cut in purchasing power. For companies, even those hardest hit by rising costs and with fewer opportunities to pass them on downstream, the 'cushion' represented by lower indebtedness and/or an accumulation of liquid reserves would enable them to bear a temporary sacrifice on margins.

Despite the longer-term uncertainty in the outlook, the fulfilment of the above-mentioned conditions and the absence of further international shocks will allow the industrial cycle to restart, while the investments financed by the PNRR will help to fill the gap created by the disappearance of the 110% building bonus, in a context in which tax policy will have to deal with the return from high debt levels, once the Stability and Growth Pact (albeit reformed) becomes operational again from 2024.

In the first quarter of 2023, the EUR/USD exchange rate stood at an average value of 1.07, down by 4.4% over the same period in 2022. Analysing the monthly trend, it can be seen that after the sharp depreciation of the euro for most of 2022, the single currency has been on a recovery trend since November last year, marking a positive economic change of 5.1% in the first quarter of 2023 and approaching its highest level for almost a year in March. This dynamic was mainly driven by two factors: the improvement in the Eurozone's economic outlook and a narrowing of the interest rate differential between the ECB and the Federal Reserve. In the euro area, falling energy prices and the economy's greater resilience to the difficult international environment avoided the previously expected economic contraction and favoured an upward revision of growth estimates, although a scenario of high uncertainty persisted. Inflation showed a slowdown from the 2022 peaks in both the Eurozone and the US, although it remains well above the central banks' 2% target. Therefore, both the European Central Bank and the Federal Reserve continued their restrictive policy of raising interest rates, albeit at a different pace. In the US, the FED, after the highly aggressive tightening adopted in 2022, softened the magnitude of its rate hikes, making two increases of only 25 basis points each between February and March. Instead, the ECB - which had started its policy of raising rates later than the FED in 2022 - made two hikes of 50 basis points each, raising the main refinancing operations rate to 3.5% in March. The interest rate differential between the two sides of the ocean therefore narrowed during the first quarter by 50 basis points, going from 2% at the end of 2022 to 1.5% in March. At the beginning of May both the ECB and the FED increased the cost of money again, this time both making a rise of 25 basis points. In the United States, interest rates thus reached the range of 5%-5.25%, the highest level since 2007, while the ECB’s main rate rose to 3.75%. The monthly development of the exchange rate for this year and the previous year is depicted in the following graph:



With regard to the oil markets, the average crude oil price for the first quarter of 2023 came in at 82.2 USD/barrel, 15.4% lower than the average recorded for the first quarter 2022 and down 7.2% on the average of the fourth quarter 2022. In the first three months of 2023, due to the depreciation of the single currency, the price of crude oil in euros declined less than that in dollars (-11.7%), recording an average of 76.6 euros/barrel.

Prices showed a downward trend during the entire quarter, continuing the bearish trend that emerged in late 2022 and thus remaining at levels below those of a year ago. The uncertain global macroeconomic environment, characterised by persistently high inflationary pressures and the restrictive monetary policies of the major central banks, drove the downward trend in prices. Hopes of an economic recovery in China, after the easing of the strict restrictive measures of the zero COVID policy, limited the declines especially at the beginning of the year. The price decline during the quarter was also driven by a situation in the US market of weak demand and abundant crude and product inventories.

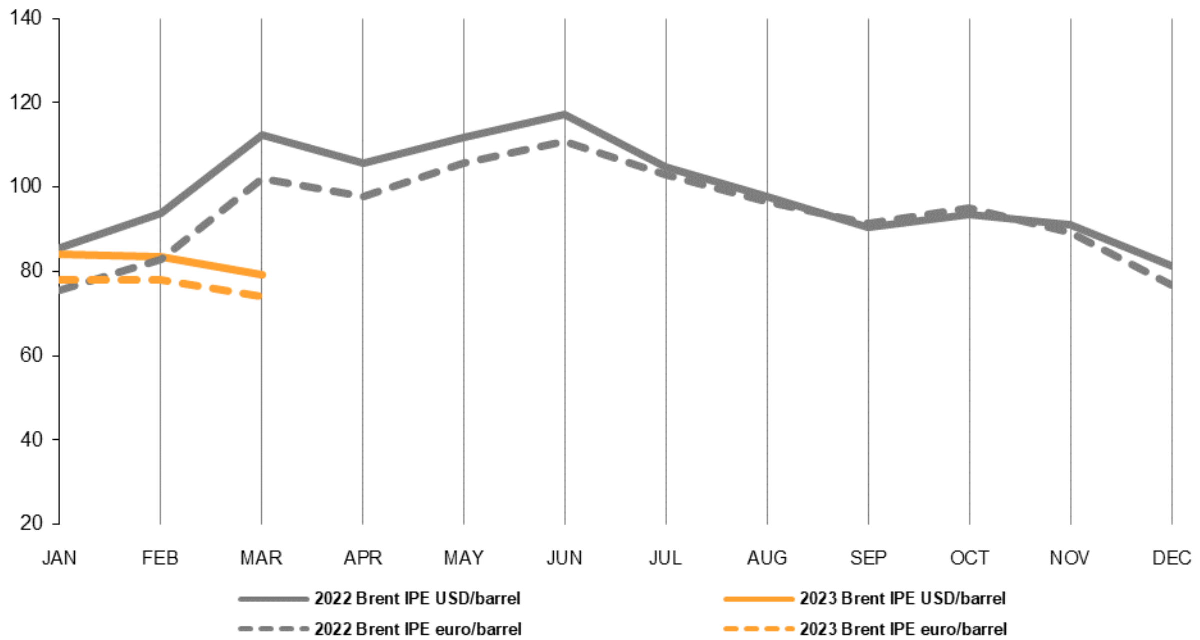
Two months after the EU embargo on Russian crude oil, the embargo on imports of refined products also came into effect on 5th February. The concerns that had supported rising prices in 2022 have faded: in the run-up to the embargo, the market has reorganised itself, with a growth in European imports from the United States and the Middle East, which in turn have reduced exports to Latin America and Africa, the latter areas to which Russian exports have been redirected, with Moscow beginning to sell off its crude at increasingly discounted prices in order to make its transport and use competitive.

The drop in crude oil prices was most pronounced in March, when tensions in the financial system increased concerns about a significant slowdown in the economic recovery, already threatened by interest rate hikes. In this context, the possibilities of oil demand development have become increasingly restricted to China, India and other Asian countries.

The graph and table below respectively show the monthly dynamics of the current and previous year and the average values per quarter:

	1st quarter 2023	1st quarter 2022	% change
Oil price in USD/barrel(1)	82.2	97.3	*(15.4%)*
USD/EUR exchange rate	1.07	1.12	*(4.4%)*
Oil price in EUR/barrel	76.6	86.8	*(11.7%)*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	1st quarter 2023	1st quarter 2022	% change
Net production:	64.3	71.7	*(10.4%)*
- Thermoelectric	45.1	52.4	*(13.9%)*
- Hydroelectric	5.7	5.8	*(1.5%)*
- Photovoltaic	5.5	5.3	*4.0%*
- Wind power	6.6	6.8	*(3.1%)*
- Geothermal	1.3	1.4	*(5.3%)*
Net import/export balance	13.7	9.6	*43.4%*
Pumping consumption	(0.6)	(0.7)	*(11.9%)*
Total demand	**77.4**	**80.6**	***(4.0%)***

Source: processing of 2023 and 2022 TERNA data, gross of grid losses.

In the first quarter of 2023, gross total demand for electric power from the Italian grid totalled 77.4 TWh (TWh = billions of KWh), recording a decrease of 4.0% compared to the corresponding period of the previous year. Electricity demand was adversely affected by high energy prices, above-normal average temperatures, and a drop in industrial electricity consumption.

In terms of net generation, the contribution of sources as a whole nationwide decreased by more than 7 TWh (-10.4%) compared to the first quarter of 2022. In terms of renewable production, wind power generation decreased by 3.1% (0.2 TWh) compared to the same period last year. Conversely, photovoltaic production increased from 5.3 to 5.5 TWh (+4.0% year-on-year). Finally, given the low rainfall during the period, the total hydroelectric production amounted to 5.7 TWh, in line with last year's values.

During the first three months of 2023, net imports increased by over 4.1 TWh (+43.4%). After growing by 86% year-on-year in January, net imports increased by 28% in the following two months compared to the respective period in 2022.

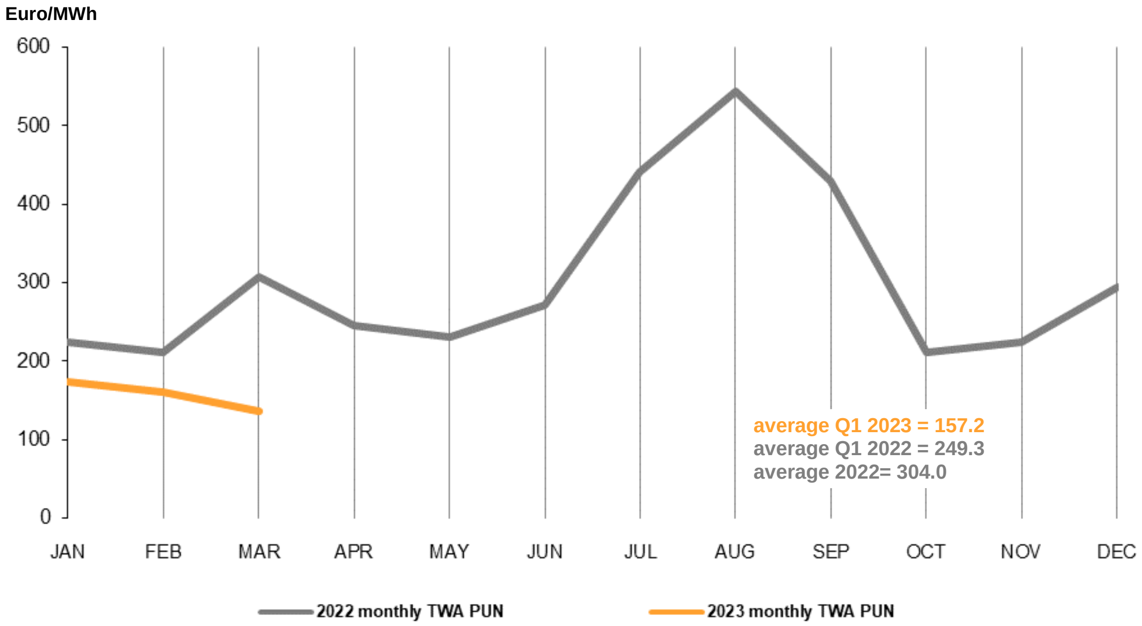
As a result of lower demand for electricity and high import flows, thermoelectric generation stood at 45.1 TWh, down sharply from the first quarter of 2022 (-13.9%). Overall, domestic production contributed about 82.4% of total electricity demand (in the first three months of 2022, the contribution was 88.3%).

With reference to the price scenario at March 31, 2023, in the first quarter of 2023 the average listing of the time-weighted average (TWA) for the single national price (abbreviated as PUN in Italian), came in at 157.2 euros/MWh, down by 36.9% compared to the same period of the previous year (249.3 euros/MWh).

The decline in list prices compared to the respective months of 2022 gradually became more pronounced over the course of the quarter, with prices in March being less than half those of the same month of the previous year, reaching the all-time lows since August 2021. This development took place against a backdrop of falling thermoelectric generation costs, following the weakening of gas prices, and rising net imports at the northern border, as well as a year-on-year reduction in demand.

Analysing the changes in the single national price (the “PUN”) on a monthly basis, a downward trend was observed throughout the first quarter of 2023, similar to what happened in the gas market. In particular, during January prices fell by 40.8% compared to December 2022: temperatures well above the seasonal average in much of Europe limited heating consumption and thereby contributed to significantly lowering gas prices. February and March saw a further month-on-month decline in the PUN of 7.7% and 15.3% respectively. The first three months of the year saw higher import levels, especially from France and Switzerland, as a result of increased interconnection capacity and foreign market quotations that were more frequently lower than the North Zone price.

With regard to zone prices in the first quarter of 2023, an average change of -37.8% was observed, with the highest drop being in the Sardinia area (-39.7%). In the group of hours F1, F2 and F3, we observe a decrease across all brackets of around 37% compared to the first quarter of 2022.
The chart that follows shows the monthly trend compared with the previous year:



As observed in the Italian market, foreign prices have shown downward variations on both a quarterly and yearly basis. The French market averaged 130.4 euros/MWh in the first quarter of 2023, marking the largest year-on-year decrease among major European markets (-43.9%), thanks to the gradual recovery of nuclear generation from the very low levels of 2022. German prices showed a negative trend change of 37.3%, with quotations averaging 115.8 euros/MWh.

Demand for Natural Gas in Italy and Market Environment

(Billions of m^3)	1st quarter 2023	1st quarter 2022	% change
Services and residential customers	11.6	13.9	*(17.1%)*
Industrial use	3.0	3.4	*(13.2%)*
Thermoelectric fuel use	5.3	7.3	*(26.9%)*
Consumptions and system losses	0.9	1.0	*(5.3%)*
Total demand	**20.7**	**25.6**	***(18.9%)***

Source: Snam Rete Gas (2022 and January 2023: final data, February and March 2023: provisional budget data).

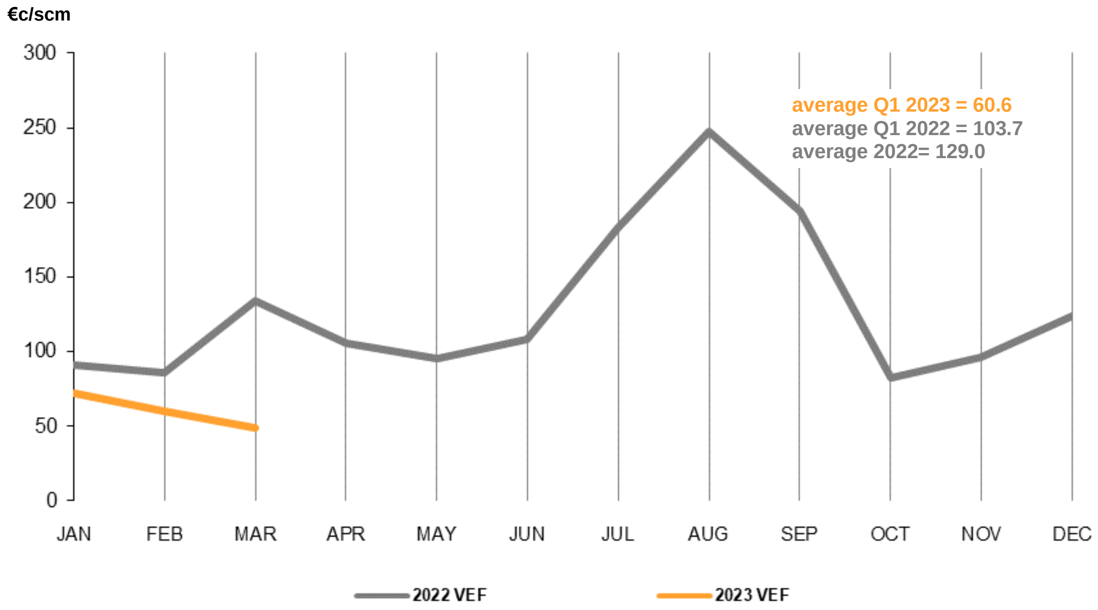
In the first quarter of 2023, the consumption of natural gas on the Italian territory amounted to 20.7 billion cubic meters, a decrease of almost 5 billion (-18.9%) compared to the same period of 2022.
The drop in gas demand in the first quarter of 2023 is evident in all market segments.
In the distribution sector (which includes domestic or residential use and services) there was a reduction of 2.3 billion cubic meters (-17.1%), which was affected by both higher-than-normal average temperatures and the effects of the national plan to curb natural gas consumption (introduction of temperature limits in rooms and daily hours of switching on heating).
Demand in the industrial sector shows a contraction compared to 2022 of 0.4 billion cubic meters (-13.2%), due to both the national plan to reduce natural gas consumption and energy efficiency measures (use of other fuels in production processes instead of natural gas), as well as a drop in demand in energy-intensive sectors. Demand for the thermoelectric segment closed the balance, showing the sharpest contraction of all demand segments (-26.9%, or -2 billion cubic meters in absolute terms), mainly as a result of lower electricity demand and high import flows.

As for supply sources, the first quarter of 2023 recorded:

- slightly lower domestic production (-0.04 billion cubic meters; -5.1% compared to 2022);
- significantly lower gas imports (-2.4 billion cubic meters; -13.1% compared to 2022);
- a significant decrease in volumes injected from storage (-2.4 billion cubic meters; -36% compared to 2022).

During the first quarter of the year, the price of spot gas in Italy stood at 60.6 €c/scm, registering a reduction of 41.6% compared with the same period of 2022; the change on an economic basis was similar, amounting to 39.9%. Analysing the monthly trend, it can be seen that quotations assumed a gradual downward trend in the wake of the easing of tensions at European level that had characterised 2022, and reached their lowest level since August 2021 in March.
The declines occurred against a European backdrop of abundant Liquefied Natural Gas (LNG) supply and reduced demand, factors that allayed concerns about a gas shortage during the winter due to reduced pipeline flows from Russia. The winter season did not record particularly intense cold spells, favouring lower consumption for heating, and this combined with self-induced savings measures and containment plans established by European countries, led to the drop in demand. In a context of increasing European regasification capacity - with the gradual start-up of the first terminals in Germany - LNG arrivals remained at robust levels.
These two factors of lower demand and ample LNG supply limited withdrawals from storage sites, which at European level were 55.7% full on March 31, 2023, a full 29 percentage points higher than on the same date in 2022.
The Northern European gas markets recorded downward trends when compared to the same period in 2022, in line with as observed in Italy: the TTF, the main point of reference for gas in Europe, closed the first quarter of 2023 at 57.2 €c/scm, down 43.5% compared to 2022.
The VEF-TTF spread recorded an average of 3.4 €c/scm, an increase of 33.7% compared to the first quarter of 2022, when it stood at 2.6 €c/scm. The widening of the differential between the two hubs was mainly driven by the increase in gas flows through Passo Gries - up almost 41% year-on-year - to import LNG volumes arriving at the French terminals.

Italian LNG terminals also saw an increase in their operations, in a context where the share of Russian gas in the import mix stood at 8.5% compared to 28% in the first quarter of 2022.



Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework relative to the first quarter of 2023, for the various areas of the corporate business.

Electric Power Operations

Environment

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

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

Wholesale Market

Article 15-bis of Decree-Law no. 4 of January 27, 2022 (the “Sostegni-ter DL”) - on June 23, 2022 ARERA (or Authority) published Resolution 266/2022/R/eel implementing article 15-bis of Decree-Law no. 4 of January 27, 2022 (Sostegni-ter DL), concerning interventions on electricity produced by plants fuelled 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.
With various rulings in December 2022, followed by appeals by various renewable energy operators and associations, the Lombardy Regional Administrative Court annulled the aforementioned Resolution 266/2022/R/eel and the GSE Technical Rules for calculating the economic items related to the application of the mechanism. In particular, the Regional Administrative Court challenged the non-conformity of Resolution 266/2022 (but in fact also of Article 15-bis of Sostegni-ter DL itself) with the relevant European legislation, which, according to the Regional Administrative Court, provides that interventions on extra-profits must be limited to profits actually realised and not to market revenues, and must in any case ensure coverage of the investment and operating costs of the plants subject to the obligation to repay. ARERA and GSE appealed the Regional Administrative Court rulings to the Council of State, which set the hearing on the merits for December 5, 2023, suspending the Regional Administrative Court rulings in the meantime. The obligations arising from the application of this measure therefore remain in force pending the pronouncement of the Council of State.

Gas Operations

Rates and Market

Auctions for the allocation of new regasification capacity at Piombino - With Resolution 28/2023/R/gas, ARERA approved the Procedure for the first allocation of regasification capacity at the Piombino Terminal, as submitted by the FSRU Italia terminal to the Regulator following the latter's remarks. Several changes have been made to the Procedure, the most important of which relate to the following aspects: a) access requirements, such as the authorisation to sell to

end customers; b) allocation fee for twenty-year product; c) LNG acceptability range; d) allocation criteria, which also provide for the expression of interest for shorter-term products.
Accepting the requests made subsequently by the operators, ARERA approved Resolution 85/2023/R/gas, which updates the Procedure by providing for the postponement by at least 10 working days of the deadline for the submission of offers and postpones, therefore, to March 20, 2023 the deadline for requesting twenty-year capacity, as subsequently published by FSRU Italia. The update also envisages the possibility for the assignees to request, within 15 days from the conclusion of the auction, the application of the tariff fees approved annually by ARERA, instead of the unit assignment fees. In a parallel fashion, the consultation of the first version of FSRU Italy's regasification code, which has not yet been approved, also took place.
The first capacity allocation procedure was completed on March 20, with more than positive results: 86% of the annual slots offered by the terminal (37 out of 43) were allocated, of which Edison was also an assignee. The start-up of the Piombino terminal represents a necessary step in the path undertaken by Italy to diversify gas supply sources and reduce dependence on Russian gas. The same goals guided Edison's interest in participating in the tender for the award of a share of LNG import capacity.

Gas storage auctions for the thermal year storage 2023-2024 - As of January 2023, legislative/regulatory innovations have been arranged to favour the filling of storage facilities in the short term and referring both to the final phase of the winter 2022-2023 supply phase and to the subsequent thermal year storage (ATS) 2023-2024. With Resolution 3/2023/R/gas ARERA defined the functional criteria for the implementation for the first nine months of 2023 of the Storage Replenishment Service of Last Instance (also SRUI in the following) by the Balancing Manager (RdB). In line with the indications provided by the Ministry of the Environment and Energy Security (MASE), which in its communication of December 29, 2022 formulated its consent to Snam continuing to supply the SRUI up to a maximum value of a further 500 Mscm, with Resolution 3/2023/R/Gas ARERA defined the maximum prices for the supply of gas for the SRUI, which take into account the economic convenience of placing the gas in storage, assessed on the basis of the quotations currently available and the related costs.

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

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

Edison Stoccaggio therefore offered to market users its available capacities for the services introduced by Resolution 93/2023/R/Gas, conferring 117 Mscm in the auction held on March 13 for the residual storage service, and approximately 102 Mscm in the auction held on March 14 for the counter-flow service (corresponding to approximately 6 Mscm/d for the injection days from March 15 to 31, 2023).
Following the MASE Decree of March 31, 2023, which governed the methods for allocating storage capacity for the thermal year storage 2023-2024, ARERA published Resolution 150/2023/R/gas containing the provisions for organising the procedures for allocating capacity (auctions) and updating the criteria for calculating the reserve price (also in this

case, as is customary, the reserve price formula was sent by the Authority, in confidential form and with a prohibition on disclosure, only to storage companies).
Edison Stoccaggio, therefore, at the auctions held on April 5 and 6, 2023, completely conferred to market users its available capacity: approximately 622 Mscm for the seasonal Peak Modulation service and approximately 60 Mscm for the so-called Constant Peaks Modulation service.

Retail market

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

Issues affecting multiple business segments

Decree-Law no. 176 of November 18, 2022 (so-called "Aiuti-quater") setting out "Urgent support measures in the energy sector and public finance" - Published in the Official Journal of November 18, 2022, converted, with amendments, by Law No. 26 of January 13, 2023, published in the Official Journal of 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.

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

Decree-Law no. 11 of February 16, 2023, (so-called "Receivables assignment") setting out "Urgent measures on the assignment of receivables referred to in Article 121 of Decree-Law no. 34 of May 19, 2020, converted, with amendments, by Law no. 77 of July 17, 2020" - Published in the Official Journal on February 16, 2023, the Decree was converted into law on April 11, 2023. In particular, the measure provides that, as from the entry into force of the Decree-Law, persons incurring expenses relating to the interventions identified in Article 121 of Decree-Law no. 34 of 2020 may no longer opt for the discount on the amount due or the assignment of a tax credit of the same amount, instead of the direct use of the deduction due.

Decree-Law no. 13 of February 24, 2023, (so-called "PNRR") on 'Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy' - Published in the Official Journal on February 24, 2023, the Decree was converted into law on April 21, 2023. The measure contains provisions to speed up the implementation of the PNRR, including several measures on the governance of the Plan, and several authorisation simplifications in the area of renewable energy sources. In particular, it provides for the exclusion of prior verification of archaeological interest from the documents to be attached to the application for environmental impact assessment and specifies that the adoption of the relevant opinion and measure is not subject to the conclusion of the verification activities, the introduction of a single procedure - including environmental impact assessment - for obtaining the single authorisation, as well as simplifications for photovoltaic energy in industrial, artisan, commercial and agricultural areas, for the development of green and renewable hydrogen and for renewable energy communities in agriculture.

Decree-Law no. 34 of March 30, 2023, (so-called 'Bills') on 'Urgent measures to support households and businesses for the purchase of electricity and natural gas, as well as on health and tax compliance' - Published in the Official Journal on March 30, 2023, the Decree must be converted into law by May 29, 2023. The measure contains interventions to support households and businesses to cope with high utility bills, in particular by extending to the second quarter of 2023 the raising of the ISEE threshold to 15,000 euros for the recognition of social bonuses for electricity and gas (30,000 euros for households with at least four children until December 31, 2023), the zeroing of general system gas charges and VAT at 5% on gas, as well as tax credits recognised to businesses for their electricity or gas consumption. A fixed-rate contribution is also envisaged, paid to resident domestic customers with reference to the months of October, November and December 2023 in the event that the average daily price of natural gas on the wholesale market exceeds the limit of € 45/MWh. Finally, some changes are made to the provisions of Law no. 197 of 2022 concerning the temporary solidarity contribution.

Temporary Crisis and Transition Framework

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

Extension of the period of application of gas demand reduction measures

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

Presentation formats

Consolidated income statement

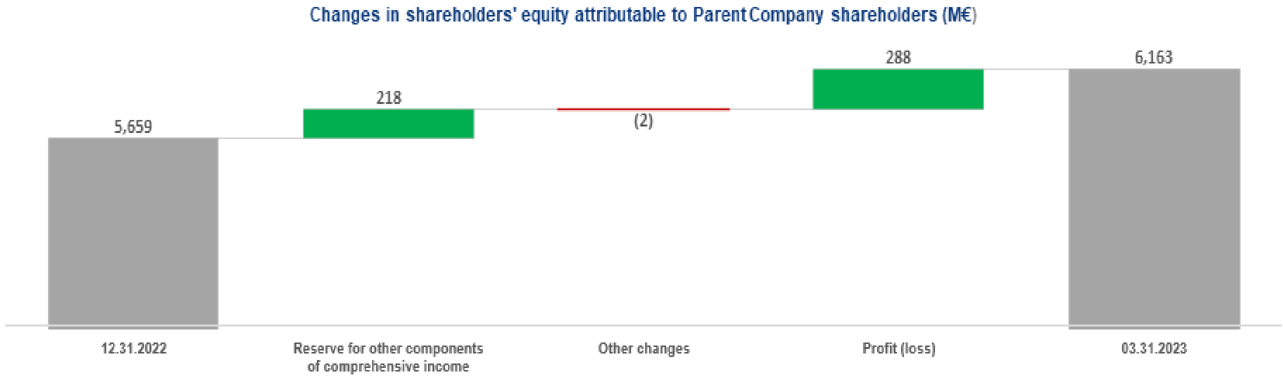
(in millions of euros)	1st quarter 2023	1st quarter 2022
Sales revenues	6,120	7,111
Other revenues and income	50	15
Total net revenues	**6,170**	**7,126**
Commodity and logistic costs (-)	(5,317)	(6,497)
Other costs and services used (-)	(192)	(164)
Labor costs (-)	(98)	(84)
Receivables (writedowns) / reversals	4	(2)
Other costs (-)	(23)	(22)
EBITDA	**544**	**357**
Net change in fair value of derivatives (commodity and exchange rate risk)	28	(19)
Depreciation and amortization (-)	(107)	(94)
(Writedowns) and reversals	-	-
Other income (expense) non-Energy Activities	(3)	(2)
EBIT	**462**	**242**
Net financial income (expense) on debt	-	(2)
Other net financial income (expense)	(7)	8
Net financial income (expense) on assigned trade receivables without recourse	(15)	(4)
Income from (Expense on) equity investments	(1)	(1)
Profit (Loss) before taxes	**439**	**243**
Income taxes	(128)	(177)
Profit (Loss) from continuing operations	**311**	**66**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**311**	**66**
Broken down as follows:		
Minority interest in profit (loss)	23	39
Group interest in profit (loss)	**288**	**27**

Consolidated balance sheet

	03.31.2023	12.31.2022
(in millions of euros)		
ASSETS		
Property, plant and equipment	4,043	3,967
Intangible assets	341	340
Goodwill	2,228	2,228
Investments in companies valued by the equity method	215	216
Other non-current financial assets	103	86
Deferred-tax assets	364	427
Non-current tax receivables	2	2
Other non-current assets	157	162
Fair Value	358	468
Assets for financial leasing	9	8
Total non-current assets	**7,820**	**7,904**
Inventories	141	387
Trade receivables	3,388	4,281
Current tax receivables	60	63
Other current assets	392	372
Fair Value	3,135	3,706
Current financial assets	20	17
Cash and cash equivalents	951	456
Total current assets	**8,087**	**9,282**
Assets held for sale	**146**	**150**
Total assets	**16,053**	**17,336**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	4,736	4,736
Reserves and retained earnings (loss carryforward)	1,254	1,105
Reserve for other components of comprehensive income	(115)	(333)
Group interest in profit (loss)	288	151
Total shareholders' equity attributable to Parent Company shareholders	**6,163**	**5,659**
Shareholders' equity attributable to minority shareholders	382	389
Total shareholders' equity	**6,545**	**6,048**
Employee benefits	34	34
Provisions for decommissioning and remediation of industrial sites	193	192
Provisions for risks and charges	302	195
Provisions for risks and charges for non-Energy Activities	289	300
Deferred-tax liabilities	70	76
Other non-current liabilities	38	37
Fair Value	637	1,153
Non-current financial debt	773	709
Total non-current liabilities	**2,336**	**2,696**
Trade payables	2,728	3,778
Current tax payables	532	392
Other current liabilities	346	680
Fair Value	3,207	3,506
Current financial debt	323	200
Total current liabilities	**7,136**	**8,556**
Liabilities held for sale	**36**	**36**
Total liabilities and shareholders' equity	**16,053**	**17,336**

Changes in consolidated shareholders' equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
Balance at December 31, 2022	**4,736**	**1,105**	**(333)**	**151**	**5,659**	**389**	**6,048**
Appropriation of the previous year's profit (loss)	-	151	-	(151)	**-**	-	**-**
Dividends and reserves distributed (*)	-	-	-	-	**-**	(30)	**(30)**
Other changes	-	(2)	-	-	**(2)**	-	**(2)**
Total comprehensive profit (loss)	-	-	218	288	**506**	23	**529**
of which:							
- Change in comprehensive income	-	-	218	-	**218**	-	**218**
- Profit (loss) at March 31, 2023	-	-	-	288	**288**	23	**311**
Balance at March 31, 2023	**4,736**	**1,254**	**(115)**	**288**	**6,163**	**382**	**6,545**



(*) The amount refers to minority shareholders' dividends distributed by the subsidiary Edison Rinnovabili in March 2023.

Economic & Financial Results at March 31, 2023

Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	**1st quarter 2023**	**1st quarter 2022**	Change	% change
Electric Power Operations				
Sales revenues	2,620	2,278	342	*15.0%*
EBITDA	249	145	104	*71.7%*
Gas Operations				
Sales revenues	4,317	5,644	(1,327)	*(23.5%)*
EBITDA	294	233	61	*26.2%*
Corporate Operations (1)				
Sales revenues	39	18	21	*116.7%*
EBITDA	1	(21)	22	*n.m.*
Eliminations				
Sales revenues	(856)	(829)	(27)	*(3.3%)*
Edison Group				
Sales revenues	**6,120**	**7,111**	**(991)**	***(13.9%)***
EBITDA	**544**	**357**	**187**	***52.4%***
as a % of sales revenues	***8.9%***	***5.0%***	**-**	**-**

(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.

Revenues for the first quarter of 2023 showed a downward trend compared to the same period last year, amounting to 6,120 million euros, attributable to the Gas Operations due to the contraction in volumes sold, while the revenues of the Electric Power Operations grew by 15% due to the increase in the average contractual price.
EBITDA amounted to 544 million euros, up by 52.4% compared to the same period of 2022 thanks to the contribution of renewable production and the good performance of sales on the final market, after a 2022 in severe suffering.

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)	1st quarter 2023	1st quarter 2022	% change
Edison's production:	**4,512**	**5,455**	***(17.3%)***
- thermoelectric	3,666	4,573	*(19.8%)*
- hydroelectric	216	275	*(21.5%)*
- wind power and other renewables	630	607	*3.8%*
Other purchases (wholesalers, IPEX, etc.) (2)	**5,184**	**4,150**	***24.9%***
Total sources	**9,696**	**9,605**	**0.9%**
EESM activities production	**157**	**192**	**(18.2%)**

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

Uses

(GWh) (1)	1st quarter 2023	1st quarter 2022	% change
End customers (2)	3,383	3,432	*(1.4%)*
Other sales (wholesalers, IPEX, etc.)	6,313	6,173	*2.3%*
Total uses	**9,696**	**9,605**	**0.9%**
EESM activities sales	**157**	**192**	**(18.2%)**

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

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on the end market (business and retail) and wholesale market and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximizing their profitability through their optimization.
Within this model, Edison production amounted to 4,512 GWh, down 17.3% from the same period of 2022. The negative trend is mainly dictated by the trend in thermoelectric production, which shows a decrease of 19.8% due to both a delay in the start-up of the Marghera Levante plant and lower production due to a less favourable price scenario than in the first quarter of 2022. Hydroelectric production also showed a decrease of 21.5%, substantially attributable to lower hydraulic levels. With regard to wind power and other renewables there was an increase of 3.8% mainly attributable to a change in the scope of consolidation related to the acquisition of Winbis Srl and Cerbis Srl carried out in July 2022 and the commissioning of the Mazara 2 plant in August 2022.
Sales to end customers dropped by a total of 1.4%, mainly due to the reduction in the Business segment.
Other purchases and other sales are up on the same period of the previous year by 24.9% and 2.3% respectively; it should be noted that, however, these items include not only buying and selling activities 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 activities.

Income Statement Data

(in millions of euros)	1st quarter 2023	1st quarter 2022	% change
Sales revenues	2,620	2,278	*15.0%*
EBITDA	249	145	*71.7%*

Sales revenues in the first quarter of 2023 came in at 2,620 million euros, up 15.0% compared to the same period of the previous year.
The EBITDA is 249 million euros, up 104 million euros.
The thermoelectric sector shows a slightly downward trend compared to the same period last year, due to a negative performance of the PGM/MSD markets partially offset by the contribution of the capacity market.
The renewables sector achieved an increased result compared to the same period last year mainly due to the increase in the average contractual price.
On the commercial side, there was an increase in results, particularly in the Retail and Business segments, linked to an improvement in unit margins. Sales of value-added services (VAS) also increased compared to the same period of last year.
The income statement data of Electric Power Operations includes the results of the Energy & Environmental Services activities which, in the first quarter of 2023, showed a 37.3% increase in sales revenues compared to the same period of last year, reaching 291 million euros (212 million euros in 2022). EBITDA increased by 34.5% compared to the same period of the previous year, recording 39 million euros (29 million euros in 2022) mainly attributable to the entry of the company Citelum Italia Srl (now Edison Next Government) into the Group's perimeter as of May 2022. Public Administration activities, net of the Citelum perimeter effect, recorded an increase in results; Industry activities declined.

Gas Operations

Sources of Gas

(millions of m^3 of natural gas)	1st quarter 2023	1st quarter 2022(*)	% change
Production (1)	2.8	2.1	*33.3%*
Production outside Italy (2)	34	40	*(15.0%)*
Long-term purchases and sundry imports	3,001	3,597	*(16.6%)*
Other purchases	715	2,269	*(68.5%)*
Change in stored gas inventory (3)	222	124	*79.0%*
Total sources	**3,975**	**6,032**	***(34.1%)***

(1) Production by Edison Stoccaggio. Net of self-consumption and at standard calorific power.
(2) Production related to the concession in Algeria.
(3) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(*) 2022 figure reclassified

Uses of Gas

(millions of m^3 of natural gas)	1st quarter 2023	1st quarter 2022	% change
Residential use	342	994	*(65.6%)*
Industrial use	1,180	1,488	*(20.7%)*
Thermoelectric fuel use	980	1,644	*(40.4%)*
Sales of production outside Italy	34	40	*(15.0%)*
Other sales	1,439	1,866	*(22.9%)*
Total uses	**3,975**	**6,032**	***(34.1%)***

Long-term gas purchases and other purchases on the wholesale market were down by 16.6% and 68.5%, respectively, compared to the same period last year; Edison's portfolio exposure to imports from Russia was zero. Stocks register a higher delivery than the same period of last year.
With regard to uses of 3,975 million cubic meters, there was a decrease in sales, particularly for thermoelectric and civil wholesale uses.

Income Statement Data

(in millions of euros)	1st quarter 2023	1st quarter 2022	% change
Sales revenues	4,317	5,644	*(23.5%)*
EBITDA	294	233	*26.2%*

Sales revenues for the first quarter of 2023 came in at 4,317 million euros, down by 23.5% compared to the same period of the previous year.
EBITDA, which includes the result from regulated activities, amounted to 294 million euros, an increase of 26.2% compared to the same period of last year. This increase was mainly due to portfolio optimisation actions. On the commercial side, the results increased compared to the first quarter of the previous year, in particular due to higher margins in the Business and Retail segments.

Corporate Operations

Income Statement Data

(in millions of euros)	1st quarter 2023	1st quarter 2022	% change
Sales revenues	39	18	*116.7%*
EBITDA	1	(21)	*n.m.*

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 first quarter of 2023 showed an upward trend compared to the same period last year, mainly due to a gradual upgrading of service contracts to operating units.

Other components of the Group's Income Statement

(in millions of euros)	**1st quarter 2023**	1st quarter 2022	% change
EBITDA	**544**	**357**	***52.4%***
Net change in fair value of derivatives (commodity and exchange rate risk)	28	(19)	*n.m.*
Depreciation and amortization	(107)	(94)	*(13.8%)*
(Writedowns) and reversals	-	-	*n.m.*
Other income (expense) non-Energy Activities	(3)	(2)	*(50.0%)*
EBIT	**462**	**242**	***90.9%***
Net financial income (expense) on debt	-	(2)	*100.0%*
Other net financial income (expense)	(7)	8	*n.m.*
Net financial income (expense) on assigned trade receivables without recourse	(15)	(4)	*n.m.*
Income from (Expense on) equity investments	(1)	(1)	*0.0%*
Income taxes	(128)	(177)	*27.7%*
Profit (Loss) from continuing operations	**311**	**66**	***n.m.***
Profit (Loss) from discontinued operations	**-**	**-**	***n.m.***
Minority interest in profit (loss)	23	39	*(41.0%)*
Group interest in profit (loss)	**288**	**27**	***n.m.***

The **Profit (Loss) from continuing operations** is positive for 311 million euros, significantly increased compared to the 66 million euros in the first quarter of 2022.
In addition to the industrial margin dynamics discussed above, the main factors affecting this result were:

- a net change in the fair value of derivatives, positive for 28 million euros (negative for 19 million euros in the first quarter of 2022);
- depreciation and amortization for 107 million euros (94 million euros in the first quarter of 2022);
- the financial items, which record net expense for 22 million euros (net income for 2 million euros in the first quarter of 2022) which reflect, among other things, the increase in expense on assigned trade receivables without recourse, mainly determined by the rise in interest rates.

It should also be noted that the tax rate amounts to 29%, an improvement compared to the first quarter of 2022, which included a first estimate, for about 100 million euros, of the extraordinary contribution required by art. 37 of D.L. 21/2022 (Decree-law "Cut prices").

Following the allocation of minority interest in profit (loss), for a profit of 23 million euros, which reflect essentially the positive performance of Edison Rinnovabili (owned by Edison at 51%) and its subsidiaries, **Group interest in profit (loss)** is positive for 288 million euros (positive for 27 million euros in the first quarter of 2022).

Here below the details of the main Other components of the Group's Income Statement.

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

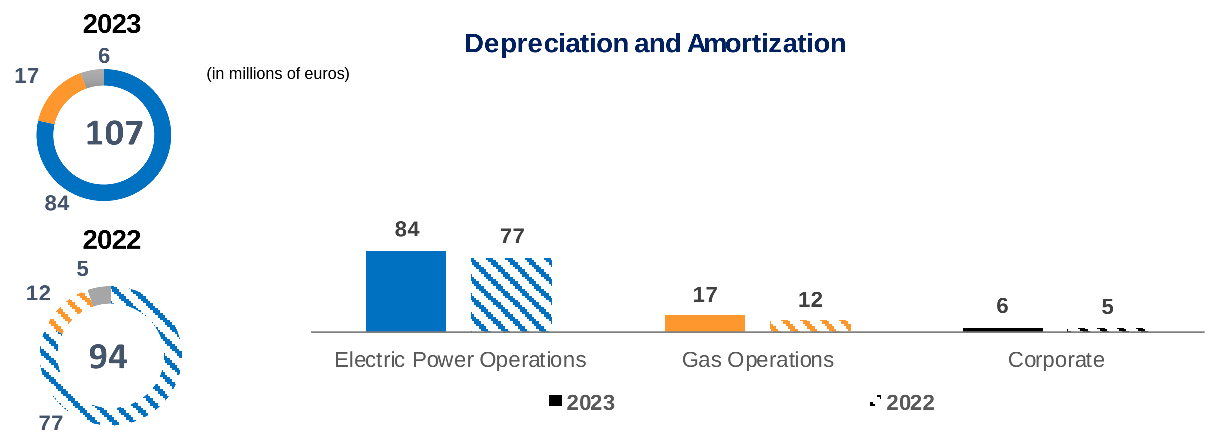
Net change in fair value of derivatives (commodity and exchange rate risk) (in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
1st quarter 2023				
Hedges of price risk on energy products	(5)	567	35	**597**
Hedges of foreign exchange risk on commodities	-	(20)	-	**(20)**
Change in fair value in physical contracts (FVH)	-	(549)	-	**(549)**
Total 2023	**(5)**	**(2)**	**35**	**28**
1st quarter 2022				
Hedges of price risk on energy products	-	(764)	(4)	**(768)**
Hedges of foreign exchange risk on commodities	-	10	-	**10**
Change in fair value in physical contracts (FVH)	-	739	-	**739**
Total 2022	**-**	**(15)**	**(4)**	**(19)**

(*) It refers to the ineffective portion.

Net change in fair value recorded in the first quarter of 2023 is linked to the change in prices of the main reference commodities.

Depreciation and Amortization

The following chart shows the detail of depreciation and amortization by business segment.



Other net financial income (expense)

(in millions of euros)	1st quarter 2023	1st quarter 2022	Change
Financial expenses on provisions	(3)	(3)	-
Net foreign exchange translation gains (losses) (*)	(3)	13	(16)
Other	(1)	(2)	1
Other net financial income (expense)	**(7)**	**8**	**(15)**

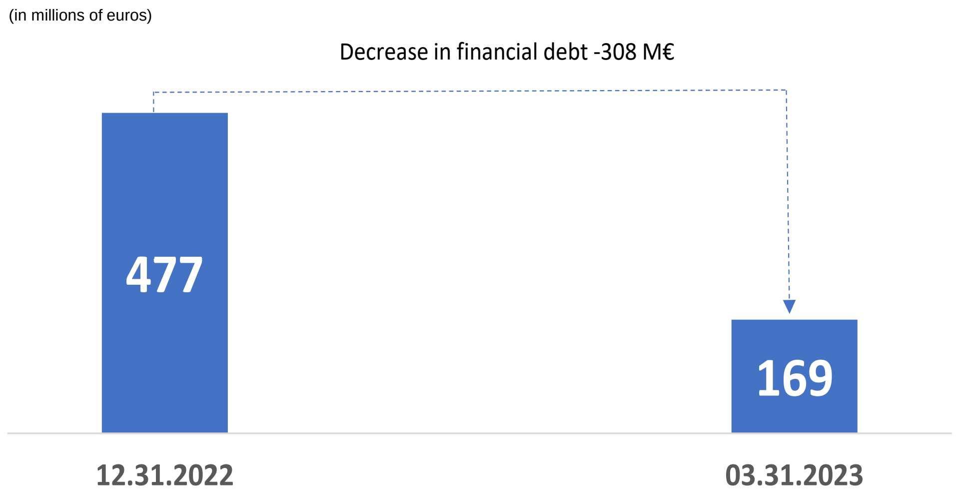
(*) Including net results of the transactions with EDF Sa to cover exchange rate risk.

The trend of the item Net foreign exchange translation gains (losses) reflects in particular the results of the hedging derivatives related to the change in the exchange rate between euro and US dollar.

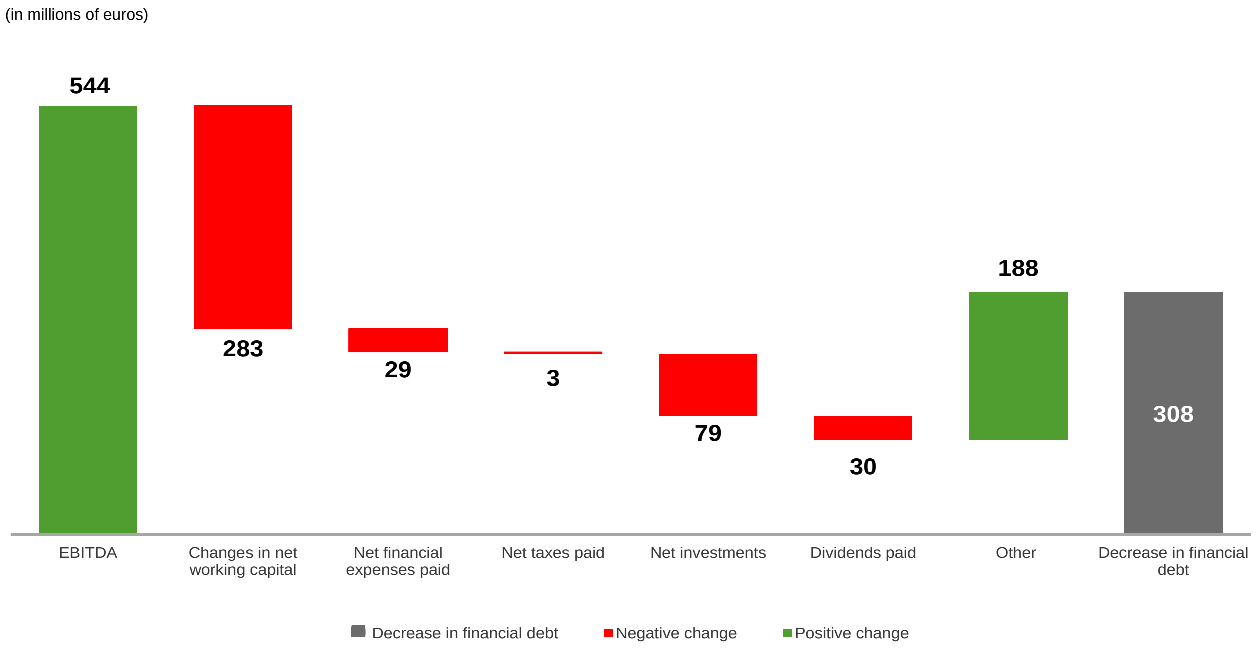
Total financial indebtedness and cash flows

Total financial indebtedness at March 31, 2023 amounts to 169 million euros (477 million euros at December 31, 2022).

Change in financial debt



Below the analysis of changes in financial debt is provided:



The main cash flows of the period reflect the positive performance of operating activities described above, the change in working capital and net investments for 79 million euros, which include:

- net capital expenditures (71 million euros), mainly related to the environmental and energy services (15 million euros), the thermoelectric sector (11 million euros), the wind and photovoltaic sectors (10 million euros), as well as the commercial sector (21 million euros) mainly related to the incremental costs incurred to obtain new contracts;

- the aforementioned acquisition of 100% of the company Felix Dynamics, with a total effect on indebtedness of 8 million euros.

The item Other reflects mainly the elimination of costs and the booking of debts without monetary impact.

The following table gives the breakdown of Total financial indebtedness (TFI), as defined by ESMA Guidelines published on March 4, 2021 and which CONSOB requested to be adopted starting from May 5, 2021.
It should be noted that balances at March 31, 2023 include for about 98 million euros the debt for leasing related to the entry into operations of an LNG vessel hired through a long-term contract with a duration of 7 years stipulated with a shipowner.

Total financial indebtedness (in millions of euros)	03.31.2023	12.31.2022	Change
Non-current financial debt	773	709	64
- Due to banks	459	462	(3)
- Due to EDF Group companies	-	-	-
- Debt for leasing	314	234	80
- Due to other lenders	-	13	(13)
Other non-current liabilities	28	27	1
Non-current financial indebtedness	**801**	**736**	**65**
Current financial debt (excluding current portion of non-current financial debt)	241	126	115
- Due to banks	117	15	102
- Due to EDF Group companies	5	7	(2)
- Debt for valuation of Cash Flow Hedge derivatives	-	-	-
- Due to other lenders	119	104	15
Current portion of non-current financial debt	82	74	8
- Due to banks	32	35	(3)
- Debt for leasing	50	39	11
Current financial assets	(4)	(3)	(1)
- Credit for valuation of Cash Flow Hedge derivatives	(1)	(1)	-
- Other current financial assets	(3)	(2)	(1)
Cash and cash equivalents	(951)	(456)	(495)
Net current financial indebtedness	**(632)**	**(259)**	**(373)**
Net financial debt Assets held for sale	**-**	**-**	**-**
Total financial indebtedness	**169**	**477**	**(308)**
of which:			
Gross financial indebtedness	**1,124**	**936**	**188**
of which Other non-current liabilities	28	27	1
Liquidity	**(955)**	**(459)**	**(496)**

Non-current financial indebtedness shows an increase compared to December 31, 2022, due to the booking of the non-current portion of the debt for leasing related to the new vessel, partially offset by the reclassification to current financial debt of the expiring portion of the debt.

Current financial debt increases compared to December 31, 2022, mainly due to higher temporary overdrafts on current accounts due to the normal operations management.

Cash and cash equivalents, amounting to 951 million euros (456 million euros at December 31, 2022) are mainly represented by available funds held in the current account with EDF Sa for 924 million euros (421 million euros at December 31, 2022). The treasury current account overdraft with EDF Sa, amounting to 199 million euros, was not used at March 31, 2023.

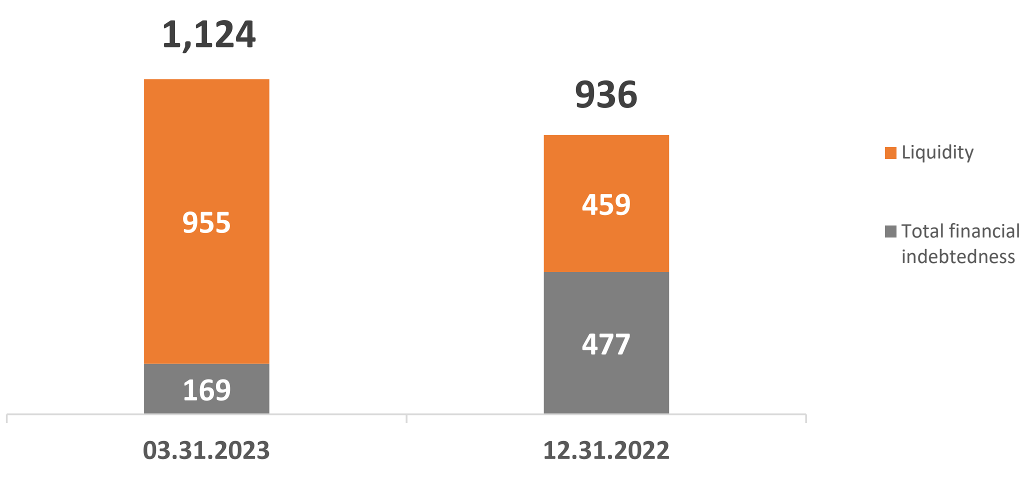
At March 31, 2023, Edison Group has unused committed lines of credit totalling 430 million euros, represented:

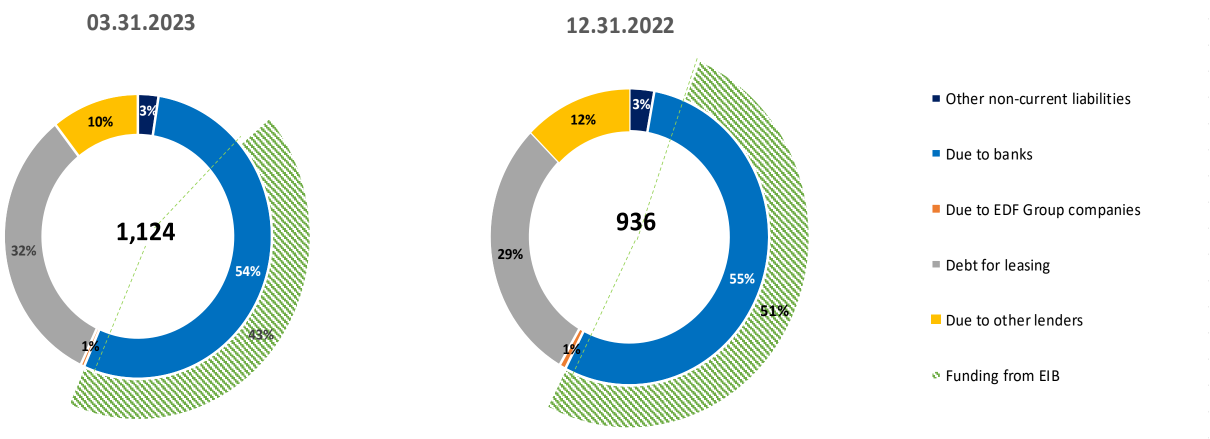
- by the revolving credit line (available for 250 million euros). This credit line, signed with EDF Sa for an original amount of 250 million euros and increased by 350 million euros in 2022 to securely face the rise in prices, expired for a first tranche of 350 million euros in March 2023, while the remaining 250 million euros expired at the end of April 2023.
- by the Green Framework Loan (180 million euros) granted by the EIB at the end of June 2020 to finance the creation of a portfolio of projects throughout Italy for energy efficiency and for the construction of renewable energy plants. The line of credit has a duration of 15 years and may be used until June 2024.

To secure coverage of its working capital needs in a still uncertain and volatile market scenario, in March 2023 Edison signed a revolving bank credit facility guaranteed by SACE, as part of the government support measure known as SupportItalia. Access to this financing, granted by a small number of banks for a total amount of 1 billion euros, is subject to the issuance of a special decree by the MEF, in agreement with the Ministry of Enterprise and Made in Italy, which could be issued by the second quarter of 2023.

Gross financial debt and breakdown by financial source

(in millions of euros)





The composition of gross financial debt compared to December 31, 2022 reflects, among other things, the booking of the new leasing described above.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

Fair Value recorded in Balance Sheet

(in millions of euros)	03.31.2023			12.31.2022		
Broken down as follows:	**Receivables**	**Payables**	**Net**	**Receivables**	**Payables**	**Net**
- Financial assets (liabilities)	1	-	1	1	-	1
- Non-current assets (liabilities)	358	(637)	(279)	468	(1,153)	(685)
- Current assets (liabilities)	3,134	(3,207)	(73)	3,705	(3,506)	199
Fair Value recognized as assets or liabilities (a)	**3,493**	**(3,844)**	**(351)**	**4,174**	**(4,659)**	**(485)**
of which of (a) related to:						
- Interest Rate Risk Management	1	-	1	1	-	1
- Exchange Rate Risk Management	78	(25)	53	102	(27)	75
- Commodity Risk Management	2,677	(2,858)	(181)	2,739	(3,626)	(887)
- Fair value on physical contracts	737	(961)	(224)	1,332	(1,006)	326

The decrease in receivables and payables, compared to December 31, 2022, is due to the general decrease in prices recorded in the period on all commodity markets. For further information on the commodities prices dynamic, please refer to the economic framework and the Italian energy market sections.

The table below, instead, provides a breakdown of the changes that occurred in the Cash Flow Hedge reserve for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rate risk. The amounts recognized directly in equity are reflected in the income statement in line with the effects of the hedged item.

Cash Flow Hedge Reserve

(in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at December 31, 2022	**(472)**	**134**	**(338)**
Changes in the period	300	(83)	217
Reserve at March 31, 2023	**(172)**	**51**	**(121)**

Outlook

In light of the results of the first quarter and a market context that continues to be characterized by high economic and geopolitical uncertainty, as well as high price volatility, the Group estimates a growth in EBITDA for 2023 in a range between 1.4 and 1.6 billion euros.

Significant events occurring after March 31, 2023

No significant events occurred after March 31, 2023

Milan, May 4, 2023
The Board of Directors
By Nicola Monti
Chief Executive Officer

Certification pursuant to article 154-bis, Section 2, of Legislative Decree No. 58/1998

Ronan Lory and Roberto Buccelli, in their capacity as “Dirigenti preposti alla redazione dei documenti contabili societari” of Edison Spa, declare that the accounting information contained in this Quarterly Report at March 31, 2023 is consistent with the data in documents, accounting records and other records.

Milan, May 4, 2023

“Dirigenti Preposti alla redazione dei documenti contabili societari”
Ronan Lory
Roberto Buccelli