Quarterly Report

AT MARCH 31, 2021

CONTENTS

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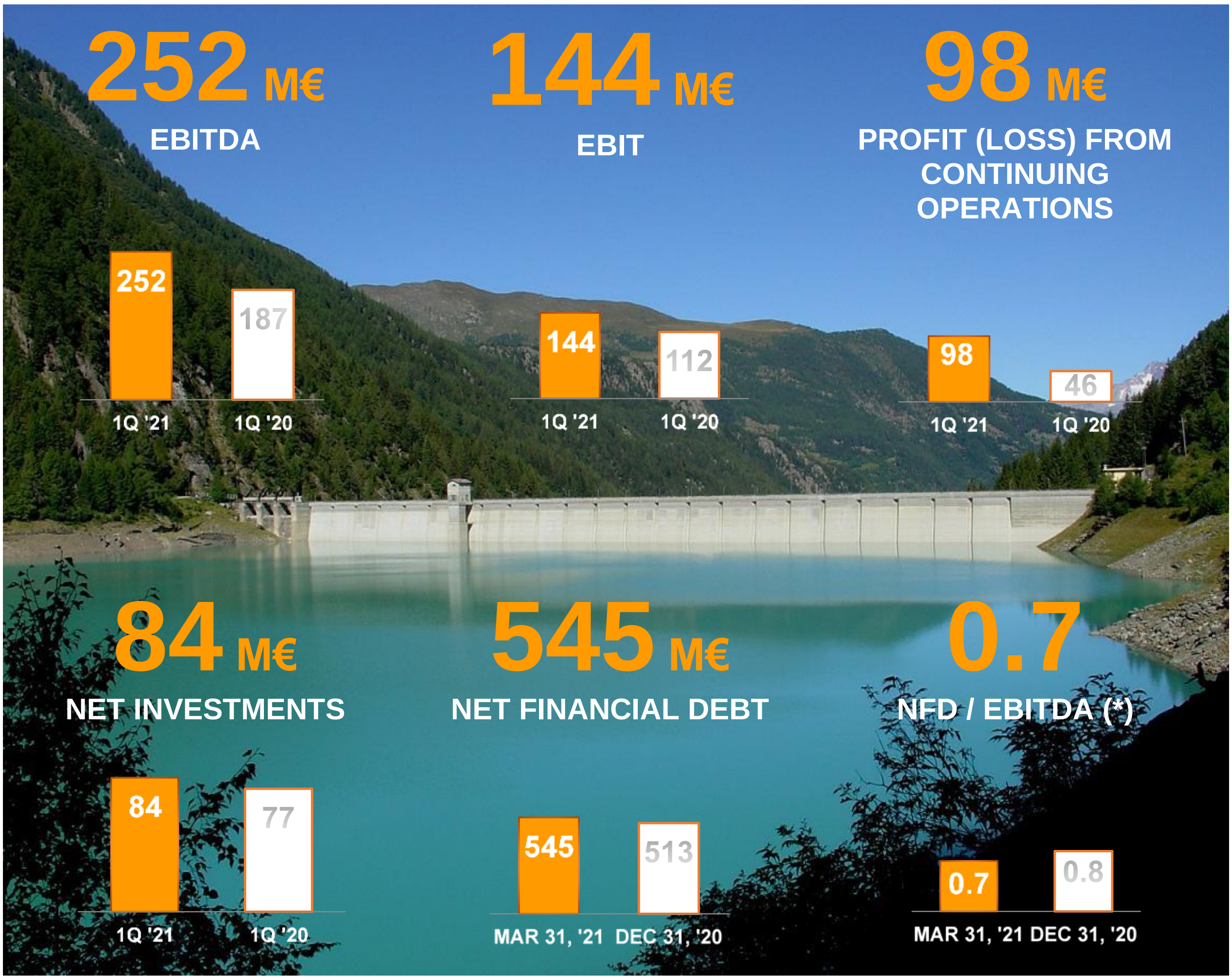
The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version

HIGHLIGHTS



(*) **NFD** Net Financial Debt.
The ratio at March 31, 2021 was calculated using an EBITDA based on the last twelve months.

Highlights 1st quarter 2021 (in millions of euros)	Electric Power Operations	Gas Operations and E&P (*)	Corporate	Eliminations	Edison Group
EBITDA	186	88	(22)	-	**252**
EBIT	117	55	(28)	-	**144**
Gross Investments	57	18	-	-	**75**

(*) Including E&P business activities in Algeria and Norway

Rating	Standard & Poor's		Moody's	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Medium/long-term rating	BBB-	BBB-		
Medium/long-term outlook	Positive	Stable	Positive	Positive
Short-term rating	A-3	A-3		
Rating			Baa3	Baa3

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 2020 Consolidated Financial Statements.

The Board of Directors, met on May 11, 2021, authorized the publication of Edison's Group Quarterly Report at March 31, 2021, 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, 2020 – Acquisition and Disposal of Asset

With reference to the changes that took place in the scope of consolidation compared to December 31, 2020, it should be noted the sale, executed on March 25, 2021, of 100% of Edison Norge AS to Sval Energi, for which reference should be made to the following paragraph.

It should be noted also that on February 16, 2021 the purchase from F2i Fondi Italiani per le Infrastrutture of 70% of E2i Energie Speciali (hereinafter E2i) has been executed, thus terminating the partnership started in 2014; the company of the wind sector, already consolidated line-by-line in the Edison Group due to the governance and management agreements, is now owned at 100% by Edison Renewables. The consideration paid amounted to about 276 million euros. The purchase, concerning a company already consolidated line-by-line, pursuant to IFRS 10, has been treated as a transaction between shareholders and the corresponding value has been booked to shareholders' equity.

Application of Accounting Standard IFRS 5

Disposal group – sale of Edison Norge to Sval Energi

On December 30, 2020 Edison signed an agreement with Sval Energi to sell 100% of Edison Norge AS, the company that owns the Group's hydrocarbon exploration and production activities in Norway; this agreement was later executed on March 25, 2021.

As of the agreement date, the E&P assets located in Norway, which were excluded from the scope of the sale to Energean, were treated as a disposal group pursuant to IFRS 5, as alone they do not represent a significant autonomous business unit for the Edison Group and as such it is not possible to classify them as discontinued operations; therefore:

- the economic contribution of Edison Norge to Group values for the first quarter of 2021 and for comparative purposes for the first quarter of 2020 is included under continuing operations;
- the balance sheet balances, deconsolidated from the date of disposal, at December 31, 2020 were exposed under Assets and Liabilities held for sale.

The execution of the operation determined the collection of a consideration of 280 million euros, in addition to an amount of about 12 million euros paid in advance by the purchaser together with the signing of the contract in December 2020; a

deferred consideration is also provided, amounting to 12.5 million dollars and that will be received at the Dvalin field production start-up.
Lastly, it should be noted that the sale determined the recognition of a loss of about 1 million euros, included in EBITDA.

Disposal group – agreement for the sale of Infrastrutture Distribuzione Gas to 2i Rete Gas
On January 13, 2021 Edison signed an agreement with 2i Rete Gas, a company participated by the investment funds managed by F2i, Ardian and APG, for the sale of 100% of Infrastrutture Distribuzione Gas (hereinafter IDG). The execution of the sale of the company, for an amount of 150 million euros, occurred on April 30, 2021.

In this Quarterly Report, in line with 2020 Consolidated Financial Statements, the assets of IDG were treated as a disposal group pursuant to IFRS 5, therefore:

- in the income statement the representation of the contribution to Group values is included under continuing operations;
- the balance sheet balances at March 31, 2021 and at December 31, 2020 are instead exposed under Assets and Liabilities held for sale. It is highlighted that in compliance with IAS 36, par. 86, at December 31, 2020 a portion of the indistinct goodwill of the Gas Operations and E&P, for an amount of 39 million euros, had been allocated to these assets.

Discontinued operations – E&P assets sold to Energean
It should be remembered that, as widely commented in 2020 Consolidated Financial Statements, on December 17, 2020 Edison Spa and Energean Oil & Gas Plc (hereinafter Energean) executed the agreement signed on July 4, 2019 and subsequently amended on April 2, 2020 and June 28, 2020 for the sale from Edison to Energean of 100% of Edison Exploration & Production and its subsidiaries operating in Italy and abroad in the hydrocarbons exploration and production business.

In the income statement of the first quarter of 2020, exposed for comparative purposes, the revenues and income and costs and expenses of the assets that constituted discontinued operations, as well as the adjustment of the carrying amount to fair value less cost to sell, are classified under the item **Profit (Loss) from discontinued operations** (negative by 52 million euros); this result reflected, among other things, the effects of the revision of the terms of the agreement with Energean of April 2, 2020.

E&P assets excluded from the perimeter sold to Energean
E&P assets in Algeria and Norway, excluded from the perimeter of the sale to Energean as a result of the aforementioned amendments to the terms of the agreement, no longer pertain to discontinued operations and therefore their contribution to the income statement of Edison Group for the first quarter of 2021 is included under continuing operations and comparative amounts of the first quarter of 2020 have been appropriately restated.

EBITDA of the first quarter of 2021 for these operations totaled 3 million euros (7 million euros in the first quarter of 2020).

KEY EVENTS

Smart Building: Edison and Enerbrain partnering to slash energy consumption of buildings using artificial intelligence

April 1, 2021 - Edison has signed a partnership with Enerbrain, a Turin-based energy-tech scale-up, to offer an innovative energy consumption optimization solution for industrial and tertiary buildings, based on IoT and artificial intelligence. It is HVAC Optimizer, an intelligent air conditioning management solution that optimizes the energy consumption of HVAC (heating, ventilation, air conditioning and refrigeration) systems.

Edison acquires seven mini-hydro power plants in Valle d’Aosta and confirms the region’s importance in its plan to develop renewable energy sources

April 15, 2021 - Edison acquired in Valle d’Aosta 100% of Hydro Dynamics, the company that owns seven mini-hydro plants, thereby strengthening its presence in the Region and its commitment in a sector, that of small hydroelectric power plants, which is key to the company’s development strategy of renewable and low carbon energy production. The power plants involved in the operation are located between Val d’Ayas and Saint Vincent along the tributaries of the Dora Baltea, with a total installed capacity of 4.1 MW and annual production of approximately 12.2 GWh. This transaction takes Edison’s hydroelectric fleet up to one hundred and four hydroelectric plants, of which sixty-one are mini-hydro, for a total renewable capacity, including installed wind power and photovoltaic facilities, of more than 2,000 MW.

Moody’s raises Edison’s rating to Baa2 from Baa3: rewarded the improvement of the industrial risk profile, the growth of profits and cash flows

April 19, 2021 - The rating agency Moody’s Investors Service raised Edison Spa’s credit rating to Baa2 from Baa3. Edison’s higher rating reflects the improvement in the Group’s risk profile following the sale of substantially all of its hydrocarbon exploration and production (E&P) assets between 2020 and 2021. The rating also takes into account the positive trend in income growth and stronger cash flow generation in respect of the increased electricity generation capacity and the performance of the gas business. Moody’s expects Edison to maintain solid financial metrics; however, it assigns it a negative outlook in line with EDF’s outlook, which supports its credit rating.

Edison: change in the share capital

April 27-28, 2021 - On April 27, the resolution to reduce the share capital represented by ordinary shares (for 640,883,421 euros), passed by the Extraordinary Shareholders Meeting on March 31, 2021, became effective. This resulted in the cancellation, in the ratio of 0.12167 share for each ordinary share held. The transaction was recorded directly by the intermediaries participating in the Monte Titoli system on accounts of shareholders on May 10, 2021 (record date May 7, 2021).

As a result of the aforementioned capital reduction, the voluntary conversion (whose exercise period ended on March 31, 2021) of no. 50,128 savings shares in an equal number of ordinary shares was also executed. The related ordinary shares will be made available to those entitled on May 14, 2021, as resolved by the aforementioned shareholders' meeting of March 31, 2021, excluded from the reduction of the capital represented by ordinary shares. As a result of the reduction in the capital represented by ordinary shares and the voluntary conversion of the aforementioned savings shares, Edison share capital is now equal to 4,736,117,250 euros, represented by no. 4,626,557,357 ordinary shares and no. 109,559,893 savings shares.

Edison completes the sale of Infrastrutture Distribuzione Gas to 2i Rete Gas for 150 million euros

April 30, 2021 - Edison completed its sale to 2i Rete Gas of 100% of IDG for an amount of 150 million euros, in execution of the agreement signed on January 13, 2021.

EXTERNAL CONTEXT

Economic Framework

One year after the outbreak of the COVID-19 pandemic, the global economic and health crisis seems far from being resolved, with serious problems remaining especially in Europe, North America and South America. On the Asian continent, however, the health emergency seems to have loosened its grip. The United States, Brazil, Mexico, India, the United Kingdom and Italy are the countries that have recorded the highest number of deaths.

After a pandemic year, 2021 opens with numerous new elements destined to influence the near future. These include the long-awaited start of vaccination campaigns, albeit with all the difficulties and delays encountered; the installation of Joe Biden in the White House and the start of his administration; the approaching deadline for the presentation of National Recovery and Resilience Plans by European countries to obtain funding under the Next Generation EU (NGEU) programme and therefore, the need to define strategies for energy and digital transition; finally, as far as Italy is concerned, the start of the new government led by Mario Draghi.

All the major economies on the planet, with the exception of China, which had already returned to pre-pandemic growth levels by the end of 2020, are dealing with adopting expansionary policies.

The recovery was more vigorous in the United States and China than in the countries of the European Union, where the delays in the start of the vaccination campaign and the implementation of more limited fiscal stimuli weighed heavily. Already in 2020, in fact, the United States and China had experienced better performance in economic activity than the Economic and Monetary Union (EMU); and they are expected to perform better in 2021 as well, thanks to an unprecedented fiscal stimulus approved in March by the US Congress, and a significant increase in investment by public companies in China.

At this point in history, however, the growth of the American economy could be a less effective driver of the world economy than in the past.

The gradual improvement in the US labour market continued in the first quarter of the year, although it is still a long way to pre-pandemic employment levels. At the beginning of March, as mentioned above, the Congress approved the American Rescue Plan, a plan for as much as 1.900 billion dollars of aid to the economy, in addition to the 900 billion approved at the end of December. The weakest sections of the population and families in greatest difficulty will also benefit, with 20% of the funds allocated to them; there will also be transfers for medical expenses and the vaccination campaign, as well as aid to states and businesses.

In China, as mentioned above, the economic recovery began much earlier than in the rest of the world and at a much faster pace, thanks mainly to investments and exports, which largely involved medical products, vaccines and electronics, and to a strong recovery in consumption, especially in the final part of 2020. The good economic trend continued in the first quarter of the year, with very high growth rates in industrial production, gross fixed capital formation in urban areas and retail sales, especially when compared with the first quarter of last year, which was the worst quarter for China since the start of the pandemic crisis.

Turning to the Old Continent, in the United Kingdom the aggressiveness of the UK variant of COVID-19 forced a new tightening of the virus containment measures in the first quarter, with important repercussions on the economic trend that had begun to show signs of recovery in the latter part of last year, following the easing of restrictive measures introduced to give economic activity some breathing space. In these early months of the year, industrial activity appears to be struggling and the Purchasing Managers Index (PMI) indicators are still below the expansion threshold, but improving, as is consumer confidence, thanks mainly to the massive launch of the vaccination campaign which, with about half the population vaccinated, has made it possible to schedule the next stages of the opening of the various activities. Substantial economic recovery is expected by mid-year, especially for the most penalized services of catering and accommodation. Meanwhile, to support the economy, the UK government announced in early March the extension of a range of fiscal policies, set to expire at the end of the year. These include: measures to support labour income; reduction of taxes on services most affected by the crisis; unemployment benefits; reduction of the tax burden on businesses to stimulate investment. Furthermore, the difficulties linked to Brexit remain, even though it has come to an end: non-tariff barriers, new customs requirements under the agreements and rules of origin, which have put British producers in great difficulty, are considerably complicating the recovery of trade. First quarter performance will affect the 2021 recovery but domestic demand conditions will allow for higher growth in 2022.

In the EMU, the tightening of restriction measures became necessary as early as the last quarter of 2020 due to the rise in the number of infections, effectively interrupting the vibrant economic recovery that had characterized the main European countries, including Italy. Services continue to be the sectors most affected by the economic and health crisis, although the differential in the degree of uncertainty between the manufacturing and service sectors is narrowing. In the first quarter, uneven signals emerged from the climate of confidence among economic operators and consumers in the main European countries: those of France and Spain worsened, those of Italy and Germany improved. Industrial production grew in January in Italy and France, while it contracted in Spain and Germany; expectations for the manufacturing sector are positive in the short term, with the sole exception of Spain. From the point of view of public finance, the suspension of the rules of the Stability Pact, decided in 2020, was extended to 2022, confirming the priority given by the European institutions to safeguarding the spending capacity of households and the investment capacity of economic operators, and to improving the responsiveness of healthcare systems. Although lower than the stimulus measures adopted by the United States, the extent of the interventions implemented by European governments is truly remarkable (this year only slightly lower than last year), contributing to keeping the public deficit of the entire area high. In addition to national resources, European governments will be able to rely on the extraordinary instruments adopted by the European Union, first and foremost, in terms of importance, the substantial Next Generation EU programme, which allocates, in total, 750 billion euros in support of the recovery and which will be able to grant around 50 billion euros in non-repayable subsidies already in the current year, as advances on the National Recovery and Resilience Plans being defined.

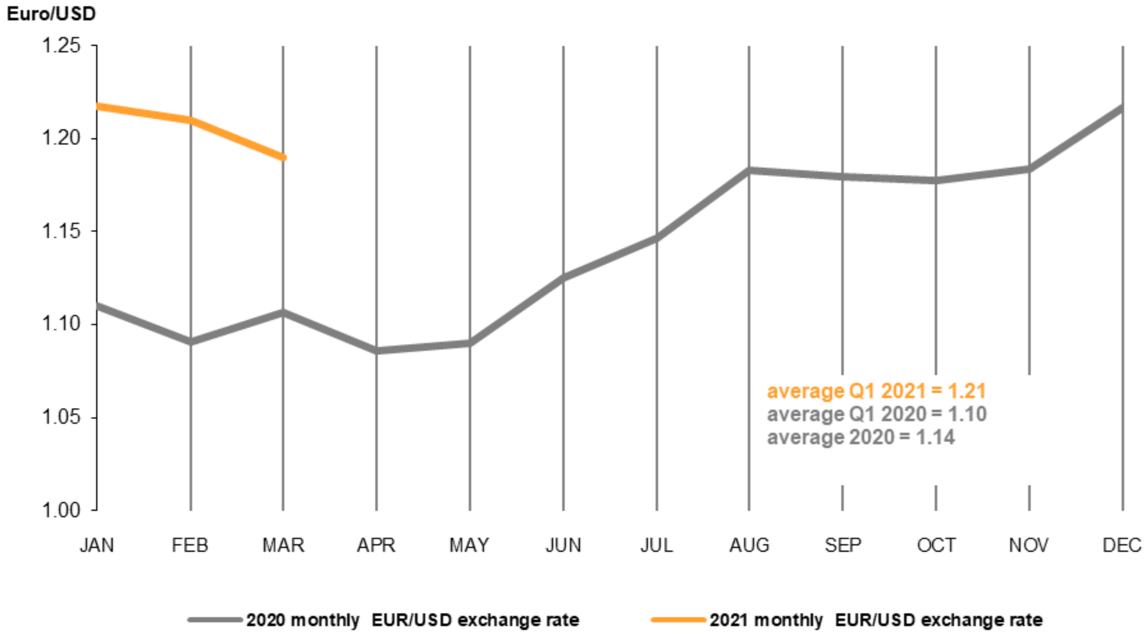
With regard to the dynamics of the main European countries in the first quarter of 2021, in Germany the contraction of GDP will be higher than initially expected, due to the extension of the lockdown, the difficulties with which the vaccination campaign is proceeding, the adverse weather conditions that at the beginning of the year negatively affected the construction sector, and the slowdown of the automotive sector, linked to supply problems. However, there are a number of positive signs that result in hope for strong recovery with the arrival of the summer months; these include a less worrying health situation, the start of investment plans linked to the ecological transition, lower debt exposure of companies, especially medium and small ones. In France, the good performance of industrial production in January, driven by the pharmaceutical sector and capital goods manufacturing, could prevent a fall in GDP in the first quarter; an acceleration of the vaccination campaign and easing of the measures to contain the virus could also ensure that services contribute to GDP growth. Also expected for Spain is slight growth in the first quarter, thanks to fiscal stimulus, and acceleration in the administration of vaccines. Effective vaccination coverage would also be useful in boosting the tourism sector, which is so important to the Spanish economy during the summer season.

As far as Italy is concerned, the key event of the first quarter of the year was the political crisis, which was quickly overcome and led to the installation of a new executive, with the appointment of Mario Draghi, around whom a very large majority was formed. The new government, which took office on February 13, was greeted with confidence by the markets, which saw a significant reduction in the yield differential between BTP and ten-year Bund. However, it immediately had to deal with the exponential spread of variants of the virus and the difficulties in supplying vaccines. The arrival of the third wave of the pandemic, which slowed the return to normality, came at a time of positive expectations for Italy: in February, the climate of confidence among economic operators had in fact grown by more than 5% compared to December (in the EMU, growth had been only 1%, also due to the reduction in France and Spain); consumer confidence, on the other hand, had come considerably closer to the levels prior to the first wave of the pandemic. In January, industrial production was also up. Now, new and prolonged restrictions introduced to slow the curve of contagion, which is still expanding too quickly, have again slowed economic activity, which is expected to fall modestly in the first quarter.

Assuming that the administration of vaccines accelerates in the spring months, allowing the reduction of pressure on the health system and the number of deaths, from the second and especially the third quarter, there may be more sustained growth, which combines to the strengthening already in place in industry, construction and part of services, even recovery of the hardest hit sectors, from tourism to entertainment.

The measures to support the economy will also be substantial in 2021: 85 billion euros (compared to 108 billion allocated in 2020), a boost equal to 5% of GDP. In addition to this is also the European contribution of the Next Generation EU programme, which will amount to a total of 209 billion euros, to be spent over six years, of which 81 billion euros in the form of grants and 128 billion euros in the form of loans. In this regard, the government is currently drafting the National Recovery and Resilience Plan, which will need to contain details of how much funding will actually be requested and how it will be deployed.

In the first quarter of 2021, the EUR/USD exchange rate stood at an average value of 1.21 dollars per euro, up by 9.4% over the same period in 2020. Looking at the economic trend, the strengthening trend of the euro, which began in the second half of 2020, stopped in February 2021, resulting in a lower overall change in the first quarter compared to the fourth quarter of 2020 (+1.1%).



With regard to the oil markets, the average crude oil price for the first quarter of 2021 came in at 61.0 USD/barrel, 19.8% higher than the average recorded for the first quarter 2020 and 34.9% higher than the average of the fourth quarter 2020. In the first three months of 2021, due to the appreciation of the single currency, the price in euros resulted in lower earnings than that in dollars (+9.5%), recording an average of 50.7 EUR/barrel. The markedly bullish movement, which began in November 2020 in the wake of optimism related to the development of COVID-19 vaccines and signs of recovery in Asian demand, continued into the early months of 2021.

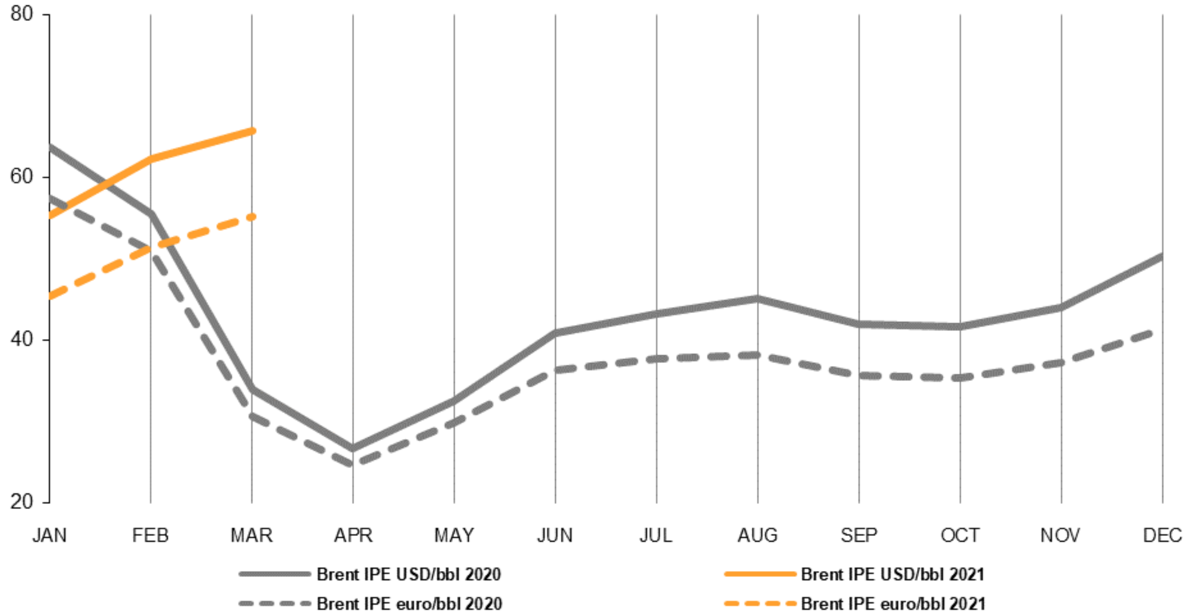
The upward trend was particularly evident in February: Saudi Arabia's unilateral decision to introduce additional voluntary cuts of 1 million barrels/day compared to those agreed at OPEC+ gave support to prices. The commitment was announced to be valid for February and March, and implied an overall reduction in output by the organization and its allies of more than 8 million barrels per day. In addition, the United States experienced an abnormally cold spell during the month, which affected the operation of oil infrastructure. The disruptions to the US offer have been part of supportive elements for prices. On the consumption front, the impacts of the COVID-19 pandemic continue to be felt, especially in

Europe, where infections show no sign of stopping. The vaccination plan is proceeding slowly and many European governments have reintroduced measures to contain the infection by limiting travel. This factor has put downward pressure on European oil demand.

The graph and table below respectively give the average values per quarter and the monthly trend of this year and the previous year:

	1st quarter 2021	**1st quarter 2020**	% change
Oil price in USD/barrel[1]	61.0	51.0	*19.8%*
USD/EUR exchange rate	1.21	1.10	*9.4%*
Oil price in EUR/barrel	50.7	46.3	*9.5%*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	1st quarter 2021	1st quarter 2020	% change
Net production:	67.3	66.3	*1.5%*
- Thermoelectric	44.4	45.0	*(1.3%)*
- Hydroelectric	10.5	9.0	*15.9%*
- Photovoltaic	4.8	5.0	*(3.6%)*
- Wind power	6.2	5.8	*7.4%*
- Geothermal	1.4	1.4	*(5.6%)*
Net imports	12.0	11.3	*6.1%*
Pumping consumption	(0.7)	(0.7)	*0.2%*
Total demand	**78.6**	**77.0**	***2.2%***

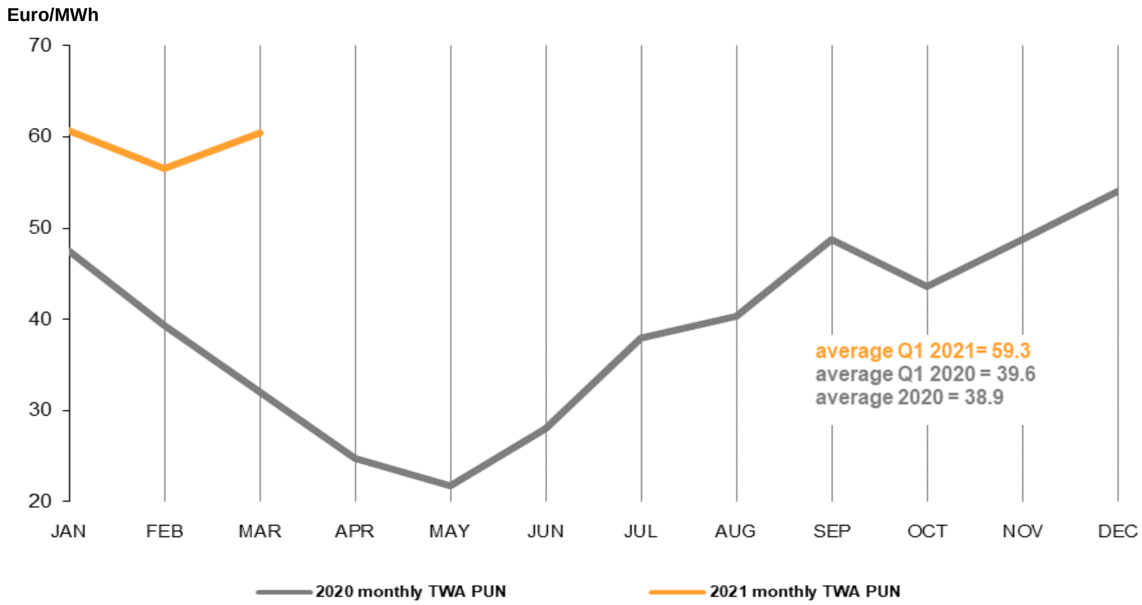
Source: processing of preliminary 2021 and 2020 Terna data, gross of grid losses.

In the first quarter of 2021, gross total demand for electric power from the Italian grid totalled 78.6 TWh (TWh = billions of KWh), recording an increase of 2.2% compared to the corresponding period of the previous year despite one calendar day less. However, it is recalled that restrictive measures were applied during the first quarter of 2020 that impacted mobility and certain market segments due to pandemic management related to COVID-19.
In terms of net production, the contribution of sources as a whole at national level increased by approximately 1 TWh (1.5%) compared to the first quarter of 2020, with hydroelectric production reporting the highest growth in relative terms (15.9%) recording an increase of almost 1.5 TWh. Regarding other renewables, wind generation outperformed the 2020 quarter by 0.4 TWh (7.4%), despite the significant slowdown observed in February (-0.6 TWh, -28%) more than offset by the performance in January and March. On the other hand, the output of photovoltaic facilities slowed by 3.6% (0.2 TWh), decelerating mainly in the first two months of the quarter. The contribution of thermoelectric power plants remained substantially stable in the first quarter of the year at about 44.4 TWh (-1.3%), but contracted by about 2.2 TWh (7%) during the first two months of the year, recovering almost entirely in March. The bottom line is provided by net imports, which grew by 0.7 TWh (6.1%) in the first quarter, with gains of 0.3 TWh each in February and March compared with the same period last year. Overall, domestic generation contributed about 85% of total electricity demand.

With reference to the price scenario as at March 31, 2021, in the first quarter of 2021 the average listing of the time weighted average (TWA) of the single national price (the “PUN” in Italy), came in at 59.3 euro/MWh, up by 49.8% compared to the same period of the previous year (39.6 euro/MWh).
The recovery of prices over the respective months of 2020 progressively became more pronounced during the quarter, marking in particular an increase of 88.8% in March. These developments occurred against a background of higher costs for thermoelectric power generation, due to higher prices for natural gas and CO_2 emission rights.
An analysis of the monthly changes in the PUN for the first quarter of 2021 shows a mixed pattern: after an increase in January, there was a contraction in February and then a further increase in March. Specifically, prices were up 12.4% in January compared with December 2020, driven by a significant increase in the price of gas and neighbouring markets in the context of a cold spell that affected most of Europe. Improved temperatures helped push prices down in February (-6.8% on a monthly basis). However, the PUN began to rise again in March (+6.7% on a monthly basis), reflecting the impact of new all-time highs in EUA permits and a reduction in hydroelectric supply.
In terms of zonal prices, there was an average increase of 45.1% compared to the first quarter of 2020. This increase was more marked in the North (+54.6%) and Central North (+51.5%) areas, while it was more contained in the Sicily area

(+33.2%). In the group of hours F1, F2 and F3, we observe an increase across all brackets of around 49.5% compared to the first quarter of 2020.

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



As observed in the Italian market, foreign prices have shown upward variations on both a quarterly and yearly basis. The German market averaged 49.6 euro/MWh in the first quarter of 2021, marking the sharpest increase (+86.5%) compared to the same period in 2020 as a result of greater exposure to EUA market trends. The increase in German prices was reflected in the French market, which grew by 80.2% year over year, with prices averaging 53.0 euro/MWh. Prices were further supported by the situation of the nuclear power plants, with availability lower than the average of the last three years.

Demand for Natural Gas in Italy and Market Environment

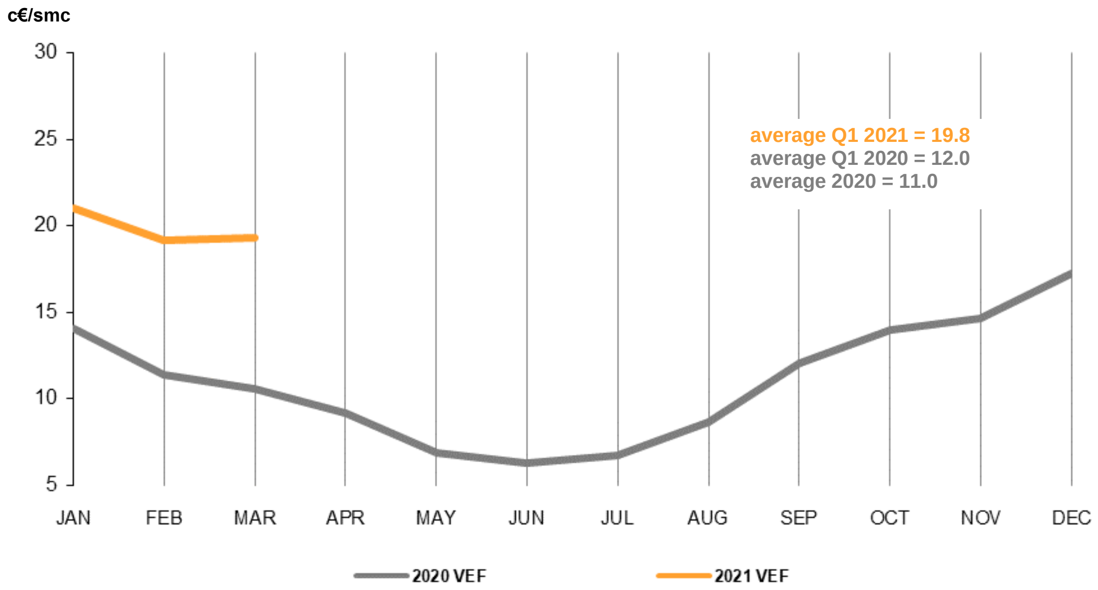
(billions of m^3)	1st quarter 2021	1st quarter 2020	% change
Services and residential customers	13.7	12.7	*7.6%*
Industrial use	4.7	4.5	*4.2%*
Thermoelectric fuel use	6.4	6.3	*3.0%*
Consumptions and system losses	0.4	0.4	*6.6%*
Total demand	**25.2**	**23.9**	***5.7%***

Source: preliminary data 2021 and 2020 Snam Rete Gas, Ministry of Economic Development and Edison estimates.

In the first quarter of 2021, the consumption of natural gas on the Italian territory amounted to approximately 25.2 billion cubic meters, an increase of approximately 1.4 billion (5.7%) compared to the same period of 2020 which, it should be remembered, was subject to restrictive measures aimed at managing the COVID-19 pandemic. As far as demand by individual market segment is concerned, there was a generalized increase in consumption concentrated mainly in the residential sector (+7.6%), which was affected above all by the return of a cold climate, recording an increase of approximately one billion cubic meters compared to the same period in 2020. Demand in industrial uses also showed an improvement over 2020 of about 0.2 billion cubic meters (+4.2%), mainly due to the absence of restrictions resulting from the management of the pandemic applied during March 2020. The bottom line is provided by demand in the thermoelectric segment, which was up slightly, rising by about 0.1 billion cubic meters. In terms of supply sources, we note the entry into operation of the TAP pipeline, which began transporting gas to the Italian delivery point of Melendugno (Apulia) on December 31, 2020. The contribution of the TAP pipeline to the Italian system during the first quarter amounted to just under 1 billion cubic meters.
As for supply sources, the following developments characterised the first quarter of 2021:

- lower domestic production (-0.1 billion cubic meters; -12% compared to 2020);
- higher gas imports (+1.3 billion cubic meters; +8% compared to 2020);
- an increase in volumes injected from storage (+0.2 billion cubic meters; +3% compared to 2020).

In the first quarter of the year, the spot gas price in Italy increased by 65.3% on the same period of 2020, coming in at 19.8 c€/scm.
The recovery in prices on a trend basis occurred in a European market context that, compared with 2020, was characterized by a lower availability of LNG and higher consumption, favoured by colder temperatures. As far as the monthly trend of prices is concerned, in January, there was an increase following the diversion of LNG cargoes towards the more profitable Asian market. Starting from February we have seen more LNG arrivals in Europe, albeit at lower levels than in 2020, which has led to lower prices.
The Northern European gas markets also recorded upward trends when compared to the same period in 2020, with more marked changes compared to those observed in Italy: the TTF, the main point of reference for gas in Europe, closed the quarter at 19.5 c€/scm, up 89.6% compared to 2020. All these events have further strengthened the high volatility that characterizes the spot gas price.
The VEF-TTF spread recorded an average of 0.3 c€/scm, down by 84.1% on the first quarter of 2020. The increased depletion of storage capacity in Northern Europe compared with the previous year resulted in a more significant increase in the TTF, while in Italy, the start of import flows from Azerbaijan through the new TAP pipeline further reduced the need for imports from Passo Gries. These factors drove the reduction in the price differential between the two hubs, which reversed in January following VEF prices at a discount to TTF.



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 2021, for the various areas of the Group.

Electric Power

Environment

Emissions reduction - In February 2021, the "Italian long-term strategy for the reduction of greenhouse gas emissions" was published with a vision to 2050 developed jointly by the then Ministry of the Environment (now MiTE), the Ministry of Economic Development (MiSE), the Ministry of Agricultural, Food and Forestry Policies (MiPAAF) and the Ministry of Infrastructure and Transport (now MIMS), which is part of the commitments that each Member State of the European Union will have to make in order to achieve zero net greenhouse gas emissions by the second half of 2050, in line with the Paris Agreement and the "A Clean Planet for All" communication (a decarbonization pathway to 2050 that would lead to a reduction in emissions of between 80% and 100% compared with 1990) and which presents:

- a reference emission scenario based on the achievement of the objectives of the Integrated National Energy and Climate Plan (PNIEC), GDP and population trends, and the effects of climate change;
- a decarbonization scenario that will have to cut residual CO_2 emissions through a significant reduction in energy demand, a radical change in the energy mix in favour of RES and an increase in natural CO_2 absorption guaranteed by forest areas, possibly accompanied by Carbon Capture and Storage (CCS) - Carbon Capture and Utilisation (CCU) projects.

European Emission Trading Scheme (EU - ETS) - The European Commission's Implementing Regulation 447/2021/EU of March 12, 2021 was published in the Official Journal of the European Union (L. 87/29 of March 15), which "determines revised benchmarks for the free allocation of emission allowances for the period from 2021 to 2025 pursuant to article 10 bis, paragraph 2 of Directive 2003/87/EC of the European Parliament and of the Council".
The Regulation entered into force on April 4 and is directly applicable in each of the EU Member States.

Wholesale Market

Capacity mechanisms - The European Commission launched a public consultation relating to the Implementation Plan sent by the Italian government on June 25, 2020 pursuant to article 20.3 of Regulation EU 2019/943 on the internal market for electricity, which establishes that Member States that have found adequacy concerns should draft and publish an implementation plan accompanied by a calendar for the adoption of measures intended to guarantee the proper functioning of the energy markets, before deciding on the introduction of a capacity mechanism. As highlighted by the European Commission in the introduction to the Implementation Plan, article 21.6 of Regulation (EU) 2019/943 establishes that Member States that already apply a capacity mechanism must refrain from concluding new contracts when adequacy concerns no longer emerge and until the Implementation Plan obtains the opinion of the European Commission.

The final version of the Implementation Plan was published by the Italian government in February 2021, taking into account the comments made by the European Commission on the measures presented by the Italian government. The Italian authorities, and in particular Terna, seem intent on organizing the Capacity Market parent auction for the 2024 and 2025 delivery years during 2021. Terna aims to organize the auction for 2024 in the summer, assuming it succeeds in concluding all the necessary institutional steps in time. The European Commission would seem to be oriented towards limiting revisions of already approved mechanisms as much as possible, limiting them to cases of substantial changes only. The publication of the new regulations could therefore take place between June and July 2021.

In detail, for the organization of the auction for 2024, the following steps are therefore planned:

- update of the regulations for the necessary adaptations to the provisions introduced by the Clean Energy Package (CEP). The amendments will be submitted for consultation and approved by MiSE and the Regulatory Authority for Energy, Networks and the Environment (ARERA);
- update of the adequacy report of the Italian electricity system, also taking into account the methodologies adopted by the Agency for the Cooperation of Energy Regulators (ACER);
- adoption of a new decree by the Ministry to proceed with the auction for 2024.

Some operators have submitted appeals 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 the worst case scenario, 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. Edison played an active role in the current appeals to the Regional Administrative Court and the Court of First Instance of the EU to support Terna and Italian institutions to preserve the application of the Capacity Market in the 2022 and 2023 delivery years. With regard to the appeal to the Regional Administrative Court, at the hearing of March 24, the President of the Lombardy Regional Administrative Court asked that the discussion be limited to the suspension of the administrative proceedings pending the decision of the Luxembourg Court. At the conclusion of the discussion, the President and the Board considered it appropriate to postpone the decision pending the sentence of the Luxembourg Court.

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 euro/MW/year) and any new capacity to be developed.

Retail Market

Changes in the Commercial Code of Conduct - By Resolution 426/2020/R/com, ARERA introduced provisions reinforcing the current reporting obligations set forth in the Commercial Code of Conduct currently in force. The new obligations, which have a particular impact from both an implementation and an economic point of view, include the sending of communications two months in advance of the event, in the case of automatic changes in contract terms, and the inclusion and sending of information on annual expenditure. By Resolution 97/2021, in partial response to requests for extensions made by Edison and other market sellers, the effective date of the Resolution (July 1, 2021) was postponed to October 1, 2021 with regard to communications about automatic and unilateral contractual variances and the payment of compensation for failure to comply with the deadlines for submitting changes.

Mechanism for the reinstatement of general electric system charges - With Resolution 32/2021/R/eel, ARERA introduced, for the benefit of sales companies, a mechanism for the recognition of general electric system charges not collected from end customers and already paid to distributors. The resolution follows a long season of litigation, which began in 2016, as a result of which administrative jurisprudence established that sellers cannot be held liable for system charges that cannot be recovered due to defaulting end customers. As a result, the mechanism defined by ARERA will apply not only to future shortfalls in collections, but will also allow the sellers concerned (it is in fact a mechanism adhesion to which remains optional) to also recover charges already paid and no longer recoverable relating to invoices twelve months past due and issued from 2016. Sales companies will be able to choose between two adhesion regimes: an ordinary one, which allows the total recovery of the admitted charges against the collection of more detailed documentary evidence and possible precise controls by the competent Authorities, and a simplified one, in which the recognition of the admitted charges is reduced by 25% against greater simplification of the documentary material to be produced in support of the reimbursement practice and in case of future inspections.

Gradual Protection Service for Small and Medium Enterprises (SMEs) - Consistent with EU obligations requiring the removal of regulated electricity prices for larger SMEs (other than micro-businesses), the 2019 Milleproroghe Law had set January 1, 2021 as the date for the termination of price protections for this customer segment, which consists of approximately 250,000 Point Of Delivery (POD) out of a total of more than 17 million still served under greater protection electricity. Subsequently, a special Ministry of Economic Development decree governed the manner in which these customers are able to gain informed access to the deregulated market, stipulating that they be provided with a dedicated service of last request, called Gradual Protection Service (STG), which is assigned for different territorial areas through auction procedures. The detailed design of the auctions, as well as the characteristics of the service to be provided to end customers has been defined by a special ARERA resolution (491/2020/R/eel and subsequent amendments and additions), which has provided that the auctions will be held on April 26, 2021, while the activation of the supply will take place on July 1, 2021. The STG is characterized by being a service of last request lasting three years, at the end of which the auctions will be repeated and the service reallocated with reference to the nine territorial areas identified aggregating regions (or municipalities, in the case of Milan). There is also a cap on the number of areas that may be awarded to a single operator, which is set at 35% of the volume of energy consumed. In terms of pricing, ARERA set most of the components of the final price to cover, for example, energy costs (PUN monthly average) and dispatching costs; it established a minimum coverage for some commercial and unbalancing costs, but the remaining commercial costs will be covered with the value in euro/MWh offered in the auction by each operator. The auction will be awarded to the seller that offers the lowest price for that area, taking into account that ARERA has set a floor at 0 euro/MWh and a cap, the value of which will not, however, be disclosed before the auction. Although the values offered and won in different areas may be different (reflecting, for example, delinquency), end customers will pay the same price throughout the country and an equalization mechanism will be set up to ensure that each operator receives the price offered in the tender.

Gas Operations

Rates and Market

Gas Distribution Tariffs - By means of Resolution 117/2021/R/gas of March 23, 2021, the Authority published the definitive 2020 specific reference tariff components for natural gas distribution and metering services. With regard to the provisional tariffs, determined by Resolution 127/2020/R/gas of April 14, 2020, the definitive 2020 tariffs showed insignificant changes. Subsequently, by Resolution 122/2021/R/gas of March 29, 2021, the Authority approved the provisional reference tariffs for 2021 for the gas distribution and metering services. Also in this case, there were no significant changes compared to the definitive tariffs for 2020.

Infrastructures

Gas storage auctions for the 2020-2021 thermal year - As a result of the annual Ministerial Decree that regulates storage capacity for the incoming thermal year (for thermal year 2021-2022, it was Ministerial Decree February 12, 2021), the Authority published Resolution 79/2020/R/gas, setting out provisions for the organization of the procedures for the conferral of the capacity (auctions), modifying the criteria to be applied in calculating the reserve price. The formula applied to calculate the reserve price, as usual, was delivered by the Authority in confidential form, subject to a non-disclosure agreement, only to storage businesses. Edison Stoccaggio, at auctions held on March 11 and 16, respectively, almost completely provided market users with all of its available capacity (667 MScm at the first auction for the seasonal Peak Modulation service and an additional 60 MScm for the so-called Constant Peaks Modulation service).

Issues affecting multiple business segments

National Recovery and Resilience Plan (PNRR) - In February 2021 was the entry into force of Regulation EU 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility (RRF), the central instrument of the Next Generation EU programme, the European Union’s plan to address the economic and social impacts of the COVID-19 pandemic.
Member States will be required to prepare National Recovery and Resilience Plans, which will set out their reform and investment agenda for the period 2021-2026.
The Council of Ministers approved Italy’s PNRR proposal on January 12, 2021 and sent it to the European Commission on January 15.
The final Plan was sent on April 30, 2021 for final evaluation by the European Commission and the EU Council.

Stability Pact safeguard clause - The European Commission confirmed the activation of the safeguard clause of the Stability Pact for the whole of 2021 and for 2022. The activation of the clause provides for the suspension of the obligation for national governments to respect the budgetary parameters and constraints (deficit/GDP ratio) provided for by the Pact. The Commission aims to deactivate the safeguard clause from 2023. Therefore, as early as 2022, national fiscal policies should be differentiated according to each country’s pace of recovery and underlying fiscal situation.

Temporary State Aid Framework - The European Commission has decided to extend until December 31, 2021 the temporary state aid framework adopted in March 2020 to support the European Union economy in the context of the COVID-19 pandemic. At the same time, the Commission decided to:

- broaden the scope of the temporary framework by raising the ceilings for companies set out therein from 800 thousand euros to 1.8 million euros;
- allow Member States to contribute to the portion of fixed costs, not covered by revenues, of companies with turnover losses of at least 30% in the eligible period compared to the same period in 2019;
- allow Member States to convert certain repayable instruments (guarantees, loans, repayable advances) into direct grants until December 31, 2022.

PRESENTATION FORMATS

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**1st quarter 2021**	1st quarter 2020 (*)
Sales revenues	2,131	1,821
Other revenues and income	34	19
Total net revenues	**2,165**	**1,840**
Commodity and logistic costs (-)	(1,677)	(1,420)
Other costs and services used (-)	(131)	(127)
Labor costs (-)	(83)	(79)
Receivables (writedowns) / reversals	(3)	(7)
Other costs (-)	(19)	(20)
EBITDA	**252**	**187**
Net change in fair value of derivatives (commodity and exchange rate risk)	(18)	16
Depreciation and amortization (-)	(89)	(90)
(Writedowns) and reversals	-	-
Other income (expense) non Energy activities	(1)	(1)
EBIT	**144**	**112**
Net financial income (expense) on debt	(3)	(8)
Other net financial income (expense)	(4)	(28)
Net financial income (expense) on assigned trade receivables without recourse	(4)	(3)
Income from (Expense on) equity investments	1	-
Profit (Loss) before taxes	**134**	**73**
Income taxes	(36)	(27)
Profit (Loss) from continuing operations	**98**	**46**
Profit (Loss) from discontinued operations	-	(52)
Profit (Loss)	**98**	**(6)**
Broken down as follows:		
Minority interest in profit (loss)	-	4
Group interest in profit (loss)	**98**	**(10)**

(*) The amounts of 1st quarter 2020 were restated pursuant to IFRS 5.

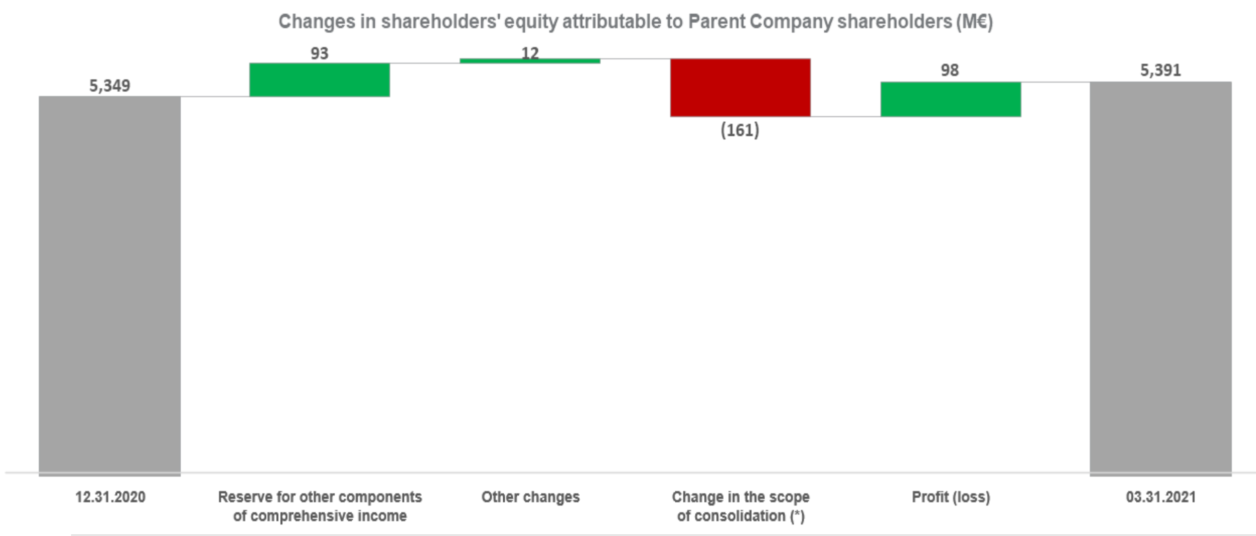
CONSOLIDATED BALANCE SHEET

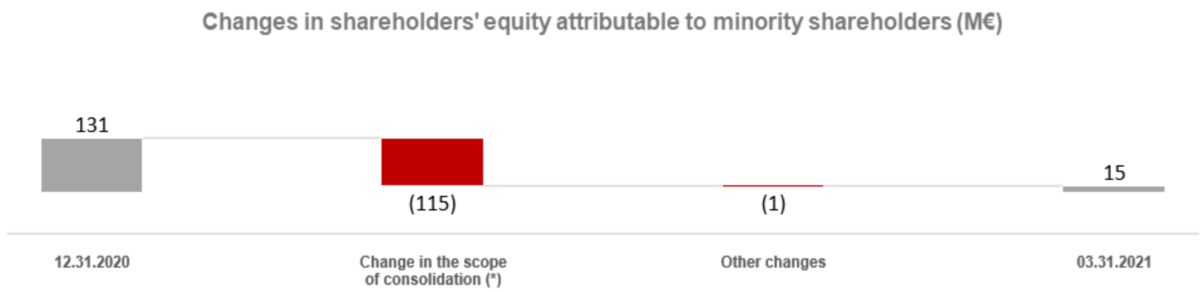
	03.31.2021	12.31.2020
(in millions of euros)		
ASSETS		
Property, plant and equipment	3,413	3,447
Intangible assets	275	265
Goodwill	2,174	2,174
Investments in companies valued by the equity method	135	123
Other non-current financial assets	92	80
Deferred-tax assets	190	189
Non-current tax receivables	2	2
Other non-current assets	166	60
Fair value	331	201
Assets for financial leasing	3	2
Total non-current assets	**6,781**	**6,543**
Inventories	85	113
Trade receivables	1,148	1,053
Current tax receivables	14	16
Other current assets	379	359
Fair value	499	428
Current financial assets	5	7
Cash and cash equivalents	381	313
Total current assets	**2,511**	**2,289**
Assets held for sale	**232**	**551**
Total assets	**9,524**	**9,383**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital (*)	4,736	5,377
Reserves and retained earnings (loss carryforward)	453	(58)
Reserve for other components of comprehensive income	104	11
Group interest in profit (loss)	98	19
Total shareholders' equity attributable to Parent Company shareholders	**5,391**	**5,349**
Shareholders' equity attributable to minority shareholders	15	131
Total shareholders' equity	**5,406**	**5,480**
Employee benefits	37	37
Provisions for decommissioning and remediation of industrial sites	174	172
Provisions for risks and charges	263	228
Provisions for risks and charges for non Energy activities	283	299
Deferred-tax liabilities	122	92
Other non-current liabilities	5	5
Fair value	288	187
Non-current financial debt	584	623
Total non-current liabilities	**1,756**	**1,643**
Trade payables	1,294	1,256
Current tax payables	97	53
Other current liabilities	166	195
Fair value	399	425
Current financial debt	344	216
Total current liabilities	**2,300**	**2,145**
Liabilities held for sale	**62**	**115**
Total liabilities and shareholders' equity	**9,524**	**9,383**

(*) The amount at March 31, 2021 takes into account the effects of the resolution to reduce the share capital, taken by the Extraordinary Shareholders' Meeting of March 31, 2021 and effective from a legal point of view starting from April 27, 2021.

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, 2020	**5,377**	**(58)**	**11**	**19**	**5,349**	**131**	**5,480**
Appropriation of the previous year's profit (loss)	-	19	-	(19)	-	-	-
Dividends and reserves distributed	-	-	-	-	-	-	-
Change in the scope of consolidation (*)	-	(161)	-	-	(161)	(115)	(276)
Reduction of the share capital to cover loss carry-forward (**)	(641)	641	-	-	-	-	-
Other changes	-	12	-	-	12	(1)	11
Total comprehensive profit (loss)	-	-	93	98	191	-	191
of which:							
- Change in comprehensive income	-	-	93	-	93	-	93
- Profit (loss) at March 31, 2021	-	-	-	98	98	-	98
Balance at March 31, 2021	**4,736**	**453**	**104**	**98**	**5,391**	**15**	**5,406**





(*) The item Change in the scope of consolidation refers to the purchase of 70% of E2i, already consolidated line-by-line;

(**) The item Reduction of the share capital to cover loss carry-forward takes into account the effects of the resolution to reduce the share capital, taken by the Extraordinary Shareholders' Meeting of March 31, 2021 and effective from a legal point of view starting from April 27, 2021.

ECONOMIC & FINANCIAL RESULTS AT MARCH 31, 2021

Sales Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	1st quarter 2021	1st quarter 2020(*)	Change	% change
Electric Power Operations				
Sales revenues	1,014	973	41	*4.2%*
EBITDA	186	115	71	*61.7%*
Gas Operations and E&P				
Sales revenues	1,267	1,050	217	*20.7%*
EBITDA	88	97	(9)	*(9.3%)*
Corporate Activities (1)				
Sales revenues	15	12	3	*25.0%*
EBITDA	(22)	(25)	3	*12.0%*
Eliminations				
Sales revenues	(165)	(214)	49	*22.9%*
Edison Group				
Sales revenues	**2,131**	**1,821**	**310**	***17.0%***
EBITDA	**252**	**187**	**65**	***34.8%***
as a % of sales revenues	***11.8%***	***10.3%***	**-**	**-**

(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.
(*) The figures of 1st quarter 2020 were restated pursuant to IFRS 5.

Revenues in the first quarter of 2021 increased compared with the previous year to 2,131 million euros, attributable to both business segments. This increase, which affected the Gas Operations and E&P to a greater extent, reflects primarily an increase in sales prices caused by a rise in the benchmark scenario.
EBITDA totalled 252 million euros, or 34.8 % more than the previous year, in particular, with a positive contribution from Electric Power Operations. In the first quarter of 2021, the negative effects, indeed contained, recorded in the first quarter of 2020 as a consequence of COVID-19 were recovered.
See the sections of this Report that follow for a more detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

(GWh) (1)	1st quarter 2021	1st quarter 2020	% change
Edison's production:	**4,284**	**4,686**	***(8.6%)***
- Thermoelectric power plants	3,214	3,591	*(10.5%)*
- Hydroelectric power plants	503	588	*(14.5%)*
- Wind power and other renewables	567	507	*12.0%*
Other purchases (wholesalers, IPEX, etc.) (2)	**4,868**	**4,846**	***0.4%***
Total sources	**9,152**	**9,532**	**(4.0%)**
EESM Division Production	**185**	**204**	**(9.3%)**

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

Uses

(GWh) (1)	1st quarter 2021	1st quarter 2020	% change
End customers (2)	3,290	3,876	*(15.1%)*
Other sales (wholesalers, IPEX, etc.)	5,862	5,656	*3.6%*
Total uses	**9,152**	**9,532**	**(4.0%)**
EESM Division Sales	**185**	**204**	**(9.3%)**

(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 maximising their profitability through their optimisation.
Within this model, Edison production in Italy amounted to 4,284 GWh, down 8.6% from the same period of 2020. This negative trend is mainly the result of a 10.5% decrease in thermoelectric production, due in part to the failure of a power plant, and hydroelectric production, down 14.5%, due mainly to the deconsolidation of Dolomiti Edison Energy Srl which took place on July 1, 2020.
Sales to end customers dropped by 15.1%, due to the smaller volumes sold, in particular in the business segment.
Other purchases and sales are up on the values of the first quarter of the previous year by 0.4% and 3.6% respectively; 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.

Income Statement Data

(in millions of euros)	1st quarter 2021	1st quarter 2020	% change
Sales revenues	1,014	973	*4.2%*
EBITDA	186	115	*61.7%*

Sales revenues in the first quarter of 2021 came in at 1,014 million euros, up 4.2% compared to the previous year.
EBITDA came to 186 million euros (115 million euros in the first quarter of 2020) and recorded an increase of 61.7%.
The renewables sector reported higher results, particularly in the wind power area, which more than offset the deconsolidation of Dolomiti Edison Energy Srl, thanks to the positive performance in the Day-Ahead (MGP) and Dispatching Services (MSD) markets and the contribution of incentives. The thermoelectric sector showed an upward trend compared with the previous year, when two power plants were shut down early in the year, and performed well in the MSD and MGP markets. The performance was also affected by some one-off, such as an out of period income related to CIP6 incentives from previous years, the release of a provision for risks and an insurance reimbursement. On the commercial side, results were up thanks to a positive contribution from sales to residential customers, which grew both in terms of volume and unit margins. The results of sales of value-added services (VAS) are also up sharply.
The income statement data of Electric Power Operations include the results of the Energy & Environmental Services Market Division which, for the first quarter of 2021, showed a 13% increase in sales revenues compared to the first quarter of 2020, reaching 150 million euros (133 million euros in the first quarter of 2020). EBITDA is up 21% on last year, recording 31 million euros (26 million euros in the first quarter of 2020). This increase is mainly attributable to the Public Administration sector, the Industry Tertiary Market segment and, to a lesser extent, to the performance of foreign operations.

Gas Operations and E&P

Sources of Natural Gas

(millions of m^3 of natural gas)	1st quarter 2021	1st quarter 2020(*)	% change
Production (1)	2.1	2.4	*(12.5%)*
Production outside Italy (2)	41	34	*20.6%*
Imports (Pipeline + LNG)	2,972	2,838	*4.7%*
Other purchases	1,909	2,033	*(6.1%)*
Change in stored gas inventory (3)	183	233	*(21.5%)*
Total sources	**5,107**	**5,140**	***(0.6%)***
Foreign production from discontinued operations	**-**	**357**	***n.m.***

(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.
(*) Figures for 1st quarter 2020 were restated for comparative purposes.

Uses of Natural Gas

(millions of m^3 of natural gas)	1st quarter 2021	1st quarter 2020(*)	% change
Residential use	907	1,052	*(13.8%)*
Industrial use	1,575	1,422	*10.8%*
Thermoelectric fuel use	1,341	1,566	*(14.4%)*
Sales of production outside Italy	41	34	*20.6%*
Other sales	1,243	1,066	*16.6.%*
Total uses	**5,107**	**5,140**	***(0.6%)***
Foreign sales from discontinued operations	**-**	**357**	***n.m.***

(*) Figures for 1st quarter 2020 were restated for comparative purposes.

Gas imports for the first quarter show a 4.7% increase over last year, while other purchases show a 6.1% decline.
Insofar as uses are concerned, which totalled 5,107 million cubic meters, sales to residential users and to thermoelectric power plants decreased due to a reduction in production.
Sales to industrial users and other sales grew by 10.8% and 16.6%, respectively.

Income Statement Data

(in millions of euros)	1st quarter 2021	1st quarter 2020(*)	% change
Sales revenues	1,267	1,050	*20.7%*
EBITDA	88	97	*(9.3%)*

(*) The figures of 1st quarter 2020 were restated pursuant to IFRS 5.

In the first quarter of 2021, sales revenues grew to 1,267 million euros, or 20.7% more than in the first quarter of last year, thanks to a favourable price scenario and an increase in volumes sold to industrial users.
EBITDA, which includes the result from regulated activities and E&P activities in Algeria and Norway, amounted to 88 million euros, a decrease of 9 million euros compared with the first quarter of 2020, mainly due to the lesser contribution

made to profits by the E&P activities (3 million euros in the first quarter of 2021 compared to 7 million euros in the first quarter of 2020). Some improvements in retail sales, whose consumption last year had been penalized by a particularly mild winter, were offset by reductions in margins relative to the other segments of the operation.

Corporate Activities

Income Statement Data

(in millions of euros)	**1st quarter 2021**	**1st quarter 2020**	% change
Sales revenues	15	12	*25.0%*
EBITDA	(22)	(25)	*12.0%*

Corporate Activities include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.

Other components of the Group's Income Statement

(in millions of euros)	1st quarter 2021	1st quarter 2020 (*)	% change
EBITDA	**252**	**187**	***34.8%***
Net change in fair value of derivatives (commodity and exchange rate risk)	(18)	16	*n.m.*
Depreciation and amortization	(89)	(90)	*1.1%*
(Writedowns) and reversals	-	-	*n.m.*
Other income (expense) non Energy activities	(1)	(1)	*0.0%*
EBIT	**144**	**112**	***28.6%***
Net financial income (expense) on debt	(3)	(8)	*62.5%*
Other net financial income (expense)	(4)	(28)	*85.7%*
Net financial income (expense) on assigned trade receivables without recourse	(4)	(3)	*(33.3%)*
Income from (Expense on) equity investments	1	-	*n.m.*
Income taxes	(36)	(27)	*(33.3%)*
Profit (Loss) from continuing operations	**98**	**46**	***n.m.***
Profit (Loss) from discontinued operations	**-**	**(52)**	***n.m.***
Group interest in profit (loss)	**98**	**(10)**	***n.m.***

(*) The amounts of 1st quarter 2020 were restated pursuant to IFRS 5.

The **Profit (Loss) from continuing operations** is positive by 98 million euros (positive by 46 million euros in the first quarter of 2020).

In addition to the industrial margin dynamics discussed above, the main factors affecting this result were:

- a net negative change in the fair value of derivatives amounting to 18 million euros (positive by 16 million euros in the first quarter of 2020);
- depreciation and amortization for 89 million euros (90 million euros in the first quarter of 2020);
- the financial items which record net expenses in decrease compared to first quarter of 2020 which was affected by foreign exchange translation losses linked to loans denominated in foreign currencies granted to some companies pertaining to E&P business now sold; and
- the Income Taxes.

It should be noted that **Profit (Loss) from discontinued operations** relating to the first quarter of 2020, negative by 52 million euros included, amongst other, the effects of the revision of the terms of the agreement with Energean of April 2, 2020; for further information reference should be made to 2020 Consolidated Financial Statements.

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)

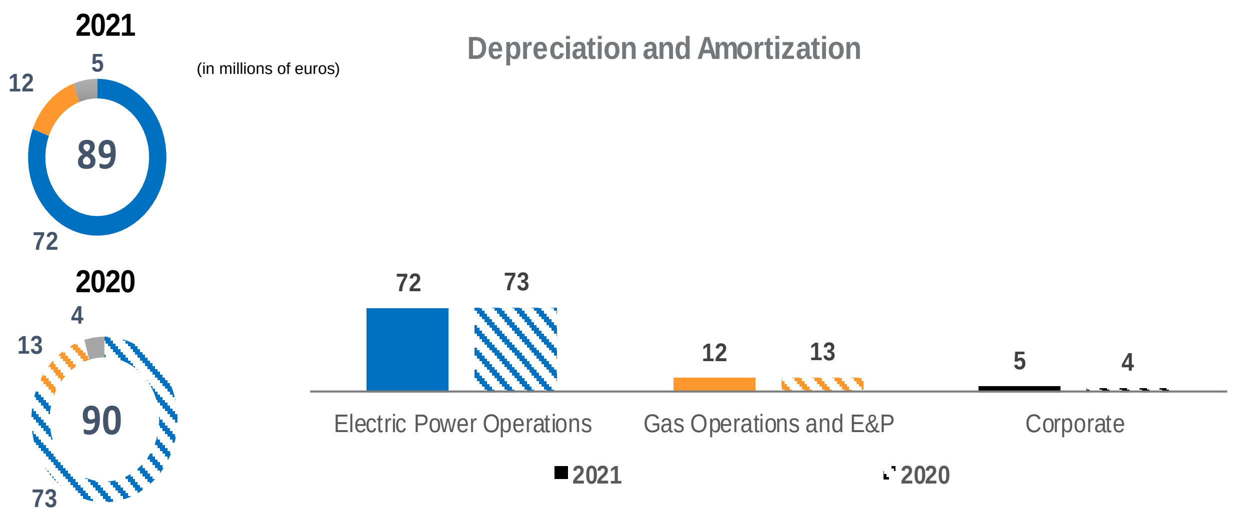
Net change in fair value of derivatives (commodity and exchange rate risk) (in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
1st quarter 2021				
Hedges of price risk on energy products	(4)	53	1	**50**
Hedges of foreign exchange risk on commodities	-	40	-	**40**
Change in fair value in physical contracts (FVH)	-	(108)	-	**(108)**
Total 2021	**(4)**	**(15)**	**1**	**(18)**
1st quarter 2020				
Hedges of price risk on energy products	9	(193)	(4)	**(188)**
Hedges of foreign exchange risk on commodities	-	20	-	**20**
Change in fair value in physical contracts (FVH)	-	184	-	**184**
Total 2020	**9**	**11**	**(4)**	**16**

(*) It refers to the ineffective portion.

Net change in fair value recorded in the first quarter of 2021 is linked to the change in correlation between TTF and VEF and in reference price scenarios.

Depreciation, Amortization and Writedowns

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



Other net financial income (expense)

(in millions of euros)	1st quarter 2021	1st quarter 2020	Change
Financial expenses on provisions	(3)	(2)	(1)
Net foreign exchange translation gains (losses) (*)	-	(25)	25
Other	(1)	(1)	-
Other net financial income (expense)	**(4)**	**(28)**	**24**

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

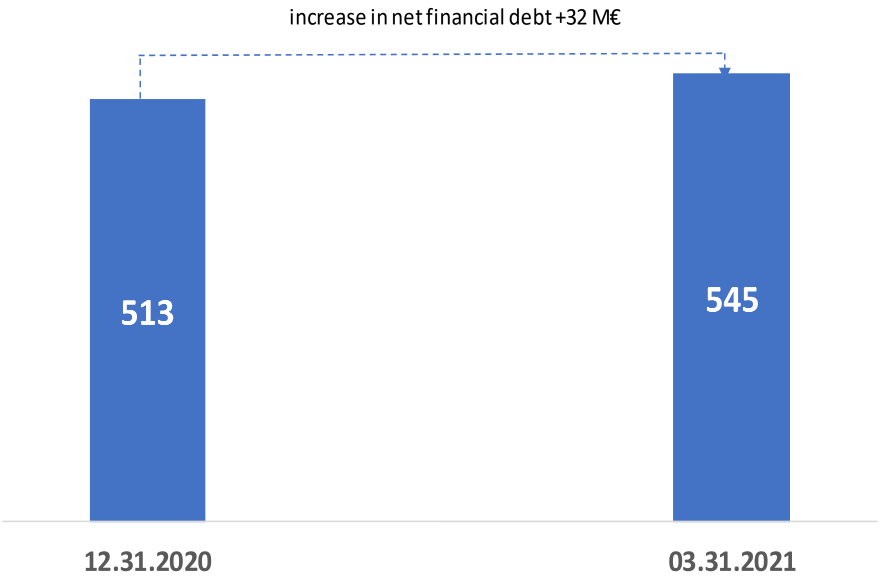
The item Net foreign exchange translation gains (losses) in the first quarter of 2020 shows net losses for 25 million euros, which mainly reflected the adjustment of financial receivables and payables denominated in foreign currencies to exchange rates at March 31, 2020 and were affected by significant fluctuations suffered by some currencies, especially Norwegian krone, compared to December 31, 2019. In the first quarter of 2021 the same item doesn't show significant amounts following the disposal of foreign subsidiaries pertaining to E&P business and the termination of the related financing relationships.

Net Financial Debt and Cash Flows

At March 31, 2021, net financial debt totalled 545 million euros (513 million euros at December 31, 2020).

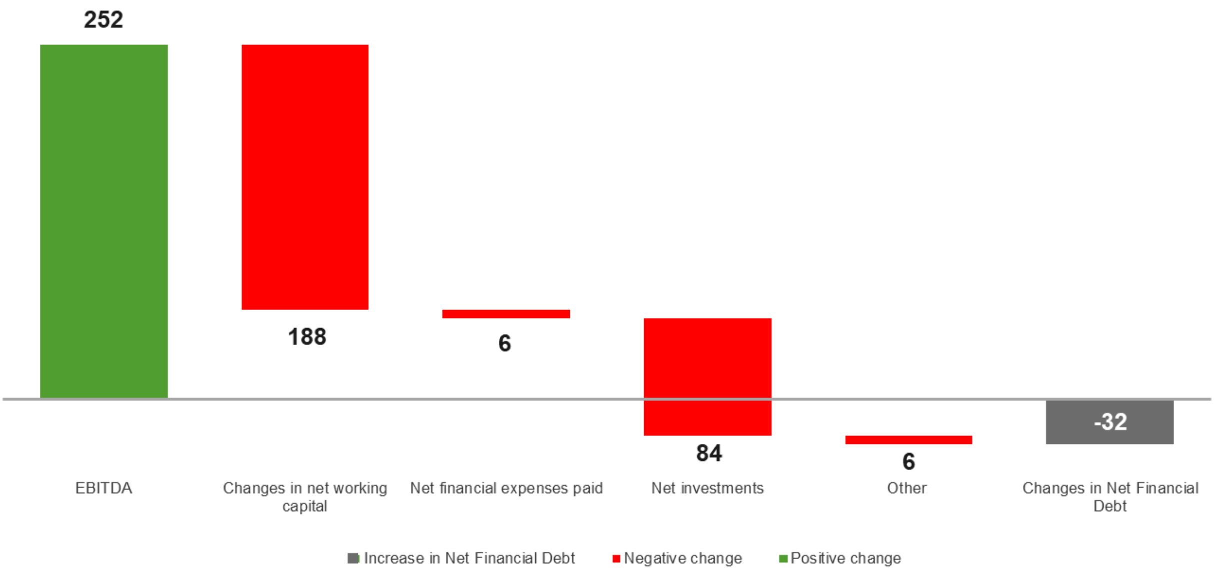
Change in net financial debt

(in millions of euros)



Below the analysis of changes in net financial debt is provided:

(in millions of euros)



The main cash flows of the period derive from the positive operating performance, previously commented and the cash absorption of working capital, on which have an impact in particular, for 117 million euros, payments for advances as part of long-term contracts to import natural gas, relating to volumes not withdrawn for which Edison Spa has a payment obligation as a result of the activation of take-or-pay clauses.

It should be noted also net investments for 84 million euros, which essentially include:

- net capital expenditures (72 million euros), mainly for the construction of combined cycle gas turbines in the thermoelectric plants of Marghera Levante (18 million euros) and Presenzano (3 million euros), the environmental and energy services (17 million euros), the wind and photovoltaic sectors (4 million euros) referred mainly to the complete reconstruction of wind farms, as well as the Exploration & Production business (14 million euros) relating almost exclusively to Norway assets;
- the aforementioned purchase of 70% of E2i, previously held with a stake of 30%, which determined the payment of a consideration of about 276 million euros;
- the sale of Edison Norge, which determined a positive effect of 264 million euros, consisting of the cash in of a consideration for 280 million euros, net of 16 million euros for the deconsolidation of the liquidity of the company.

The table below provides a breakdown of the net financial debt.

Net financial debt

(in millions of euros)	**03.31.2021**	12.31.2020	Change
Non-current financial debt	586	623	(37)
- Due to banks	371	402	(31)
- Due to EDF Group companies	-	-	-
- Debt for leasing	215	220	(5)
- Due to other lenders	-	1	(1)
Assets for financial leasing	(3)	(2)	(1)
Non-current net financial debt	**583**	**621**	**(38)**
Current financial debt	353	229	124
- Due to banks	182	74	108
- Due to EDF Group companies	7	16	(9)
- Debt for leasing	32	31	1
- Debt for valuation of Cash Flow Hedge derivatives	11	13	(2)
- Due to other lenders	121	95	26
Current financial assets	(5)	(7)	2
Cash and cash equivalents	(381)	(313)	(68)
Current net financial debt	**(33)**	**(91)**	**58**
Net financial debt Assets held for sale	**(5)**	**(17)**	**12**
Net financial debt	**545**	**513**	**32**
of which:			
Gross financial debt	**939**	**853**	**86**
Cash and cash equivalents and financial assets	**(394)**	**(340)**	**(54)**

The reduction in **non-current net financial debt**, compared to December 31, 2020, is largely due to two financial operations with opposite effects occurred during the first quarter of 2021:

- the early repayment of the E2i Club Deal loan for 100 million euros;
- the drawdown of two tranche of the loan granted by EIB for the Marghera Levante project, for a total amount of 70 million euros.

The increase in **current net financial debt**, compared to December 31, 2020, derives from temporary overdrafts on ordinary current accounts due to normal operations management and from the margin-setting activity for hedging obligations linked to industrial portfolio.

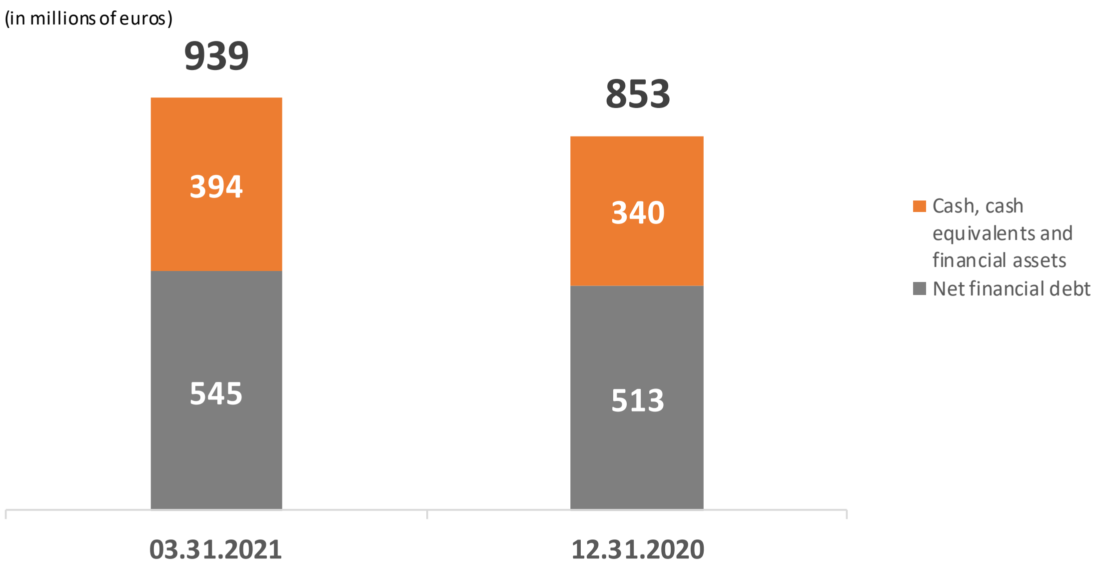
It should be noted that **Cash and cash equivalents** include 293 million euros (213 million euros at December 31, 2020) in available funds held in the current account with EDF Sa and 88 million euros (100 million euros at December 31, 2020) in bank current account balances consisting mainly of the cash balances in the current accounts of companies with non-centralized cash management systems.

Net financial debt Assets held for sale, amounting to a net liquidity of 5 million euros (17 million euros at December 31, 2020) changes due to the aforementioned deconsolidation of the liquidity of Edison Norge, following its disposal, and includes at March 31, 2021 exclusively the financial items versus third parties of IDG.

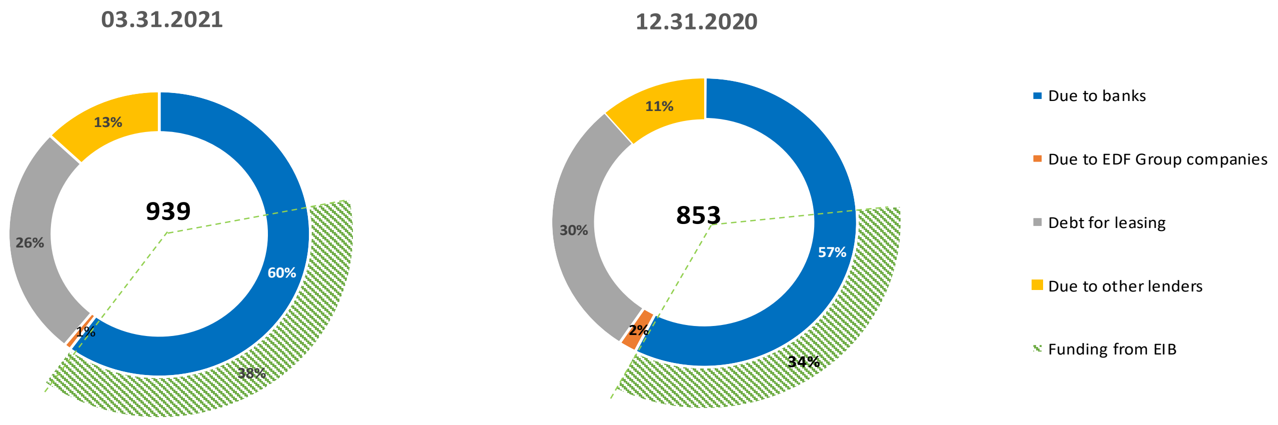
At March 31, 2021, Edison Group has unused committed lines of credit totalling 930 million euros, represented:

- by the revolving credit line signed by Edison Spa in 2019 with EDF Sa, which was fully available for 600 million euros; this credit line expired and on April 29, 2021 it was replaced by a new two-year term revolving credit line with a nominal value of 250 million euros, granted by EDF Sa to Edison Spa in line to ordinary market conditions;
- by the remaining available portion of the loan granted by the EIB in mid-June 2020 to upgrade the latest-generation combined cycle plant in Marghera Levante (Venice) for an original amount of 150 million euros (utilized for 120 million euros at March 31, 2021). The loan has a duration of 15 years;
- by the Green Framework Loan for 300 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 over the next three years.

Gross financial debt and breakdown by financial source (*)



(*) Include amounts attributable to Assets held for sale



The composition of gross financial debt at March 31, 2021 changed mainly due to:

- the increase in current net financial debt linked to temporary overdrafts on current accounts, due to normal operations management, and the margin-setting activity for hedging obligations linked to industrial portfolio;
- the slight reduction in non-current debt due to the repayment of the Club Deal loan granted to E2i by a pool of banks and Cassa Depositi e Prestiti which more than offset the increase in the funding from EIB for the construction of Marghera Levante.

The bank facilities used include primarily long-term loans for the development of specific projects in the wind sector and gas storage and for the construction of Marghera Levante granted directly to Edison by the EIB.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

Fair Value recorded in Balance Sheet

(in millions of euros)	03.31.2021			12.31.2020		
Broken down as follows:	Receivables	Payables	Net	Receivables	Payables	Net
- Financial assets (liabilities)	-	(11)	(11)	-	(13)	(13)
- Non-current assets (liabilities)	331	(288)	43	201	(187)	14
- Current assets (liabilities)	499	(388)	111	428	(412)	16
Fair Value recognized as assets or liabilities (a)	**830**	**(687)**	**143**	**629**	**(612)**	**17**
of which of (a) related to:						
- Interest Rate Risk Management	-	(11)	(11)	-	(13)	(13)
- Exchange Rate Risk Management	10	(29)	(19)	-	(85)	(85)
- Commodity Risk Management	631	(340)	291	406	(280)	126
- Fair value on physical contracts	189	(307)	(118)	223	(234)	(11)

The impacts on the income statement of the changes recorded with respect to December 31, 2020 have been previously commented on with reference to the item Net change in fair value of derivatives (commodities and exchange rates).
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, 2020	**41**	**(11)**	**30**
Changes in the period	123	(34)	89
Reserve at March 31, 2021	**164**	**(45)**	**119**

The change recorded in the period and the reserve at March 31, 2021 are mainly related to the net fair value of the derivatives being as hedges of commodity and exchange risk related to the formulas existing both in sale and purchase contracts entered by Edison to manage it physical and contractual assets. The amount, increased with respect to December 31, 2020, shows the price increase recorded in the period with reference to all commodity markets, in comparison to the prices fixed with the outstanding hedges.

OUTLOOK

Edison has increased its forecast for 2021 EBITDA to a range of 710 and 770 million euros.

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2021

May 11, 2021 - The Board of Directors which examined the Quarterly Report at March 31, 2021 also resolved to authorize the realignment of the tax values to the book values of the goodwill and of some Edison Spa’s hydroelectric and thermoelectric assets identified as significant, formalizing the realignment option on filing the tax returns to be presented in the year 2021 for a total value of 1,621 million euros. Consequently, it has decided to call the shareholders' meeting of Edison Spa for June 24, 2021 to restrict, as required by the tax regulations and in the absence of available reserves, a portion of the share capital for the same amount, net of the substitute tax to be paid, and therefore for 1,572 million euros.
The Board also examined the data relating to the realignment of the tax values of some subsidiaries.

Milan, May 11, 2021
The Board of Directors
By Nicola Monti
Chief Executive Officer

CERTIFICATION
PURSUANT TO ARTICLE 154-BIS, SECTION 2, OF LEGISLATIVE DECREE NO. 58/1998

Didier Calvez 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, 2021 is consistent with the data in documents, accounting records and other records.

Milan, May 11, 2021

"Dirigenti Preposti alla redazione dei documenti contabili societari"
Didier Calvez
Roberto Buccelli