



2022 Financial Report

SEPARATE FINANCIAL STATEMENTS

VOLUME 3

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The original Italian document published under the Transparency directive should be considered the authoritative version.*

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Separate financial statements

(Main financial statements and reclassified balance sheet)

INCOME STATEMENT

(in euros)	Chapter	2022 financial year	of which related parties	2021 financial year	of which related parties
Sales revenues	2.3	28,916,516,916	15,906,875,215	9,796,831,167	5,603,648,393
Other revenues and income	2.3	80,275,495	43,644,232	113,031,442	32,408,102
Total revenues		28,996,792,411		9,909,862,609	
Costs for commodities and logistics (-)	2.3	(28,004,449,941)	3,615,356,049	(9,174,786,384)	(1,366,017,787)
Other costs and external services (-)	2.3	(241,490,670)	41,604,346	(248,262,070)	(37,816,040)
Staff costs (-)	2.3	(143,998,498)		(137,521,310)	
(Write-downs) reversal on receivables	3.2	15,413,891		(20,720,338)	
Other expenses (-)	2.3	(46,760,851)	1,453,043	(46,439,339)	
EBITDA	2.3	575,506,342		282,133,168	
Net change in fair value of derivatives	4.3	54,132,644	(83,703,165)	(10,091,621)	(282,768,081)
Depreciation and amortisation (-)	5.1	(121,446,505)		(125,944,451)	
Other net income (expense) - non-energy activities	9	(66,008,212)	(16,794,370)	(155,112,334)	
EBIT		442,184,269		(9,015,238)	
Net financial income (expense) on net financial debt (available funds)	7.2	12,851,035	17,749,576	16,804,835	18,974,017
Income (expense) on assignment of receivables without recourse	3.2	(2,426,825)		(154,098)	
Financial expense for decommissioning and adjustment of provisions	5.3 - 9	(5,676,157)		(6,189,436)	
Lease income (expense)	7.2	(4,399,133)	110,526	(3,134,079)	126,257
Other net financial income (expense)	2.3	46,279,536	64,969,465	36,274,779	25,275,548
Revaluations (write-downs) from equity investments	5.2	(138,148,364)	(136,622,254)	9,239,768	6,912,239
Dividends	5.2	135,564,478	135,452,329	57,682,110	56,164,243
Gains (losses) on the sale of equity investments	5.2	(2,591,639)	(2,591,639)	602,426,104	601,383,388
Income (loss) before taxes		483,637,200		703,934,745	
Income taxes	8.2	(226,003,490)		15,181,534	
Net income (loss) from continuing operations		257,633,710		719,116,279	
Net income (loss) from discontinued operations	2.3	5,607,417		1,857,542	
Net income (loss) for the year	2.3	263,241,127		720,973,821	

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENTS

(in euros)	Chapter	2022 financial year	2021 financial year
Net income (loss) for the year	2.8	263,241,127	720,973,821
A) Change in the cash flow hedge reserve	6	(175,154,475)	(220,517,104)
Gains (Losses) from valuations for the period		(244,472,596)	(306,429,767)
Income taxes (+/-)		69,318,121	85,912,663
B) Actuarial gains (losses) (*)	6	792,847	(733,229)
Total other components of comprehensive income net of taxes (A+B)		(174,361,628)	(221,250,333)
Total comprehensive profit (loss)		88,879,499	499,723,488

(*) Items that will not be reclassified to the income statement.

BALANCE SHEET

(in euros)	Chapter	12/31/2022	of which related parties	12/31/2021	of which related parties
ASSETS					
Property, plant and equipment	5.1	1.889.846.592		1.694.606.758	
Intangible assets	5.1	75.884.827		71.294.779	
Goodwill	5.1	1.543.940.046		1.543.940.046	
Equity investments	5.2	1.669.823.761	1.669.823.761	1.481.457.842	1.481.457.842
Investments at fair value through profit and loss	5.2	1.379.166		949.219	
Other non-current financial assets	5.2	19.368.358	9.820.859	20.237.045	9.733.259
Non-current financial assets from subsidiaries and affiliated companies	7.2	1.076.158.852	1.076.158.852	396.442.450	396.442.450
Deferred-tax assets	8.3	317.635.219		273.201.098	
Receivables for taxes	8.3	5.036.272		2.290.449	
Other non-current assets	3.3	28.230.137	2.276.363	28.147.116	
Fair value	4	468.133.918	243.747.381	862.942.036	191.191.423
Total non-current assets		7.095.437.148		6.375.508.838	
Inventories	3.2	293.997.471		108.597.266	
Trade receivables	3.2	3.236.310.809	1.764.446.255	2.819.562.386	1.006.276.404
Current tax assets	8.3	-		964.246	
Other current assets	3.3	364.501.665	258.190.440	346.475.102	74.172.590
Fair value	4	3.765.059.467	1.531.215.202	3.844.006.211	1.084.589.550
Current financial assets from subsidiaries and affiliated companies	7.2	297.254.375	297.254.375	466.843.299	466.843.299
Cash and cash equivalents	7.2	431.978.397	421.427.881	862.755.563	850.427.881
Total current assets		8.389.102.184		8.449.204.073	
Assets under disposal	1.4	64.849.911		58.257.911	
Total assets		15.549.389.243		14.882.970.822	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		4.736.117.250		4.736.117.250	
Statutory reserve		36.048.691		-	
Other reserves		401		401	
Reserves for other components of comprehensive income		(367.457.189)		(193.095.561)	
Retained earnings/(loss carryforward)		399.239.905		-	
Profit (Loss) for the period		263.241.127		720.973.821	
Total shareholders' equity	6	5.067.190.185		5.263.995.911	
Employee benefits	5.3	12.244.370		13.628.551	
Provisions for decommissioning and remediation of industrial sites	5.3	69.985.146		65.435.090	
Provisions for other risks and charges	5.3	60.889.277		131.891.732	
Provisions for risks on equity investments	5.2	41.863		1.114.159	1.114.159
Provisions for risks on non-energy activity disputes	9	294.046.542		395.623.381	
Non-current trade payables	3.2	9.734.200		-	
Non-current tax liabilities	8.3	-		16.209.076	
Other non-current liabilities	7.2	-		1.000.000	
Fair value	4	1.154.361.674	722.316.476	896.531.176	321.091.519
Long-term financial debt	7.2	574.385.469		485.904.957	(20.429)
Total non-current liabilities		2.175.688.541		2.007.338.122	
Trade payables	3.2	3.392.563.928	544.238.867	2.496.566.735	245.809.192
Payables for taxes	8.3	191.221.850	57.250.209	52.086.834	35.474.608
Other current liabilities	3.3	524.859.231	129.147.078	311.577.553	22.647.284
Fair value	4	3.548.369.105	1.411.235.515	4.091.158.498	1.499.323.236
Current financial payables	7.2	93.693.680	6.768.831	250.267.645	8.322.459
Current financial payables to subsidiaries and affiliated companies	7.2	526.306.824	526.306.824	381.003.620	381.003.620
Total current liabilities		8.277.014.618		7.582.660.885	
Liabilities under disposal	1.4	29.495.899		28.975.904	
Total liabilities and shareholders' equity		15.549.389.243		14.882.970.822	

CASH FLOW STATEMENT

This cash flow statement analyses cash flows relative to short-term liquid funds (due within 3 months), the value of which at year-end is 432 million euros, as compared with those of 2021 equal to 863 million euros. For a better understanding of cash flows, the dynamics of cash generation and absorption and the overall change in the company's financial debt, please refer to the comments in section 7.2 Total Financial Debt and Cost of Debt.

(in euros)	2022 financial year	of which related parties	2021 financial year	of which related parties
Profit (Loss) before taxes of Edison Spa	483,637,200		703,934,745	
Depreciation, amortisation and write-downs	121,446,505		125,944,451	
Net additions to/(Utilisations of) provisions for risks	(82,667,479)		90,643,731	
(Gains) Losses on the sale of non-current assets	3,658,960		(601,466,959)	
(Revaluations) Write-downs of non-current financial assets	138,148,364	136,622,254	(9,239,768)	(6,912,239)
Change in provisions for employee benefits	(1,384,181)		(634,286)	
Change in fair value recognised in EBIT	(54,132,644)	83,703,165	10,091,621	282,768,081
Change in the operating working capital	303,582,765	(459,740,176)	(620,370,554)	(493,511,690)
Dividends from subsidiaries, affiliated companies and other companies	(135,564,479)	(135,452,329)	(57,682,110)	(56,164,243)
Dividends collected (including amounts attributable to previous years)	136,504,917	136,392,768	56,741,671	56,659,832
Net financial income (expense)	(2,818,689)	(17,860,102)	(22,405,069)	(19,100,274)
Financial income collected	24,429,122	21,528,960	31,201,353	20,622,607
Financial (expense) paid	(14,172,255)	(2,441,123)	(6,378,968)	(1,456,205)
Net income taxes paid	(76,719,493)		(54,432,368)	
Change in other operating assets and liabilities	(17,807,450)	128,025,556	221,855,123	(595,494,689)
A. Cash flow from continuing operations	826,141,164		(132,197,387)	
Investments in property, plant and equipment and intangible assets (-)	(264,108,221)		(394,299,990)	
Equity investments and other financial assets (-)	(327,745,628)	(327,745,628)	(470,630,002)	(84,431,889)
Proceeds from the sale of intangibles and property, plant and equipment	266,933		781,000	
Proceeds from the sale of non-current financial assets	54,271,538		1,037,438,921	
B. Cash flow from investment activities	(537,315,379)		173,289,929	
Proceeds from new medium-term and long-term loans	120,415,760		100,000,000	
Redemptions of medium-term and long-term loans (-)	(18,503,953)		(11,913,043)	
Other changes in short-term financial debt	(25,702,056)	143,770,006	244,977,727	57,786,414
Dividends paid	(285,685,224)	(253,118,843)	-	-
Change in other current and non-current financial assets	(510,127,478)	(510,127,478)	254,109,641	252,773,824
C. Cash flow from financing activities	(719,602,951)		587,174,325	
D. Net change in cash and cash equivalents (A+B+C)	(430,777,166)		628,266,867	
E. Opening cash and cash equivalents	862,755,563	850,427,881	234,488,696	213,427,001
F. Closing cash and cash equivalents at year-end (D+E)	431,978,397	421,427,881	862,755,563	850,427,881

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euros)	Share capital capital	Reserve Legal	Other reserves	Reserve from merger by absorption	Reserves and retained earnings (loss carryforward)	Reserve for other components		Profit (Loss) for the period	Total shareholders' equity (loss)
						Cash flow hedge	Actuarial gains (losses) pursuant to IAS 19		
Balances at December 31, 2020	5,377,000,671	2,757,954	-	221,710,485	(797,539,186)	29,572,588	(1,417,816)	(67,812,274)	4,764,272,422
Appropriation of the 2020 result	-	-	-	-	(67,812,274)	-	-	67,812,274	-
Other change in comprehensive income	-	-	-	-	-	(220,517,104)	(733,229)	-	(221,250,333)
Use loss coverage reserve	(640,883,421)	(2,757,954)	401	(221,710,485)	865,351,460	-	-	-	-
2021 Profit (loss)	-	-	-	-	-	-	-	720,973,821	720,973,821
Period changes 2021	(640,883,421)	(2,757,954)	401	(221,710,485)	797,539,186	(220,517,104)	(733,229)	788,786,095	499,723,489
<i>of which total net comprehensive income/(loss)</i>	-	-	-	-	-	(220,517,104)	(733,229)	720,973,821	499,723,488
Balances at December 31, 2021	4,736,117,250	-	401	-	-	(190,944,516)	(2,151,045)	720,973,821	5,263,985,911
Appropriation of the 2021 result	-	36,048,691	-	-	399,239,905	-	-	(435,288,596)	-
Dividends (*)	-	-	-	-	-	-	-	(285,685,225)	(285,685,225)
Other change in comprehensive income	-	-	-	-	-	(175,154,475)	792,847	-	(174,361,628)
2022 Profit (loss)	-	-	-	-	-	-	-	263,241,127	263,241,127
Period changes 2021	-	36,048,691	-	-	399,239,905	(175,154,475)	792,847	(457,732,694)	(196,805,726)
<i>of which total net comprehensive income/(loss)</i>	-	-	-	-	-	(175,154,475)	792,847	263,241,127	88,879,499
Balances at December 31, 2022	4,736,117,250	36,048,691	401	-	399,239,905	(366,098,991)	(1,358,198)	263,241,127	5,067,190,185

(*)The Shareholders' Meeting of Edison Spa, held on March 31, 2022, resolved to distribute a part of the profit for 2021, for a total of 286 million euros, as a dividend for savings and ordinary shares.

This amount was paid on April 27, 2022.

RECLASSIFIED BALANCE SHEET

This schedule, prepared on a voluntary basis, reclassifies the balance sheet items of the main statement, to allow a quicker reconciliation with the information provided in the following chapters.

<i>(in euros)</i>	<i>Chapter</i>	12/31/2022	12/31/2021
NET WORKING CAPITAL	3	(800,141)	494,234,432
Operating Working Capital	3.2	128,010,152	431,592,917
Inventories (+)		293,997,471	108,597,266
Trade receivables (+)		3,236,310,809	2,819,562,386
Current trade payables (-)		(3,392,563,928)	(2,496,566,735)
Non-current trade payables (-)		(9,734,200)	-
Other assets / (liabilities)	3.3	(128,810,293)	62,641,515
Other current assets		364,501,665	346,475,102
Other non-current assets		31,547,273	28,147,116
Other current liabilities		(524,859,231)	(311,980,703)
FAIR VALUE	4	(469,537,394)	(280,741,427)
- current assets		3,765,059,467	3,844,006,211
- non-current assets		468,133,918	862,942,036
- current liabilities		(3,548,369,105)	(4,091,158,498)
- non-current liabilities		(1,154,361,674)	(896,531,176)
INVESTED CAPITAL AND PROVISIONS	5	5,057,082,094	4,600,416,157
Fixed assets	5.1	3,509,671,465	3,309,841,583
Fixed assets		3,509,671,465	3,309,841,583
Equity investments	5.2	1,690,571,285	1,502,644,106
Equity investments		1,669,823,761	1,481,457,842
Investments at fair value through profit and loss		1,379,166	949,219
Other non-current financial assets		19,368,358	20,237,045
Operational Provisions	5.3	(143,160,656)	(212,069,532)
Employee benefits		(12,244,370)	(13,628,551)
Provisions for decommissioning and remediation of industrial sites		(69,985,146)	(65,435,090)
Provisions for other risks and charges		(60,889,277)	(131,891,732)
Provisions for risks on equity investments		(41,863)	(1,114,159)
TAX ASSETS (LIABILITIES)	8	128,132,505	208,563,033
Non-current tax assets		1,719,136	2,290,449
Current-tax assets		-	964,246
Current taxes (payable)		(191,221,850)	(51,683,684)
(Non-current) taxes (payable)		-	(16,209,076)
Deferred-tax assets		317,635,219	273,201,098
NET INVESTED CAPITAL		4,714,877,064	5,022,472,195
Provisions for risks on non-energy activities	9	(294,046,542)	(395,623,381)
Assets (Liabilities) under disposal	1.5	35,354,012	29,282,007
TOTAL NET INVESTED CAPITAL		4,456,184,534	4,656,130,821
SHAREHOLDERS' EQUITY	6	5,067,190,185	5,263,995,911
NET FINANCIAL DEBT (AVAILABLE FUNDS)	7	(611,005,651)	(607,865,090)
Current financial assets from subsidiaries and affiliated companies (-)		(297,254,375)	(466,843,299)
Non-current financial assets from subsidiaries and affiliated companies (-)		(1,076,158,852)	(396,442,450)
Cash and cash equivalents (-)		(431,978,397)	(862,755,563)
Long-term financial debt and other financial liabilities (non-current) (+)		574,385,469	485,904,957
Financial debt and other financial liabilities (current) (+)		93,693,680	250,267,645
Current financial liabilities to subsidiaries and affiliated companies (+)		526,306,824	381,003,620
Other non-current liabilities (+) (*)		-	1,000,000
TOTAL HEDGES		4,456,184,534	4,656,130,821

(*) This item implements the guidelines issued by ESMA with regard to financial debt and therefore includes other non-current liabilities.

Notes to the separate financial statements as at December 31, 2022

1. INTRODUCTION

Dear Shareholders,

We submit for your approval the separate financial statements of Edison Spa at December 31, 2022, which consist of an income statement, a statement of other components of comprehensive income, a balance sheet, a cash flow statement, a statement of changes in shareholders' equity and the accompanying notes. The financial statements were drawn up in accordance with the International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB), based on the text published in the Official Journal of the European Communities (OJEC).

At its meeting held on February 15, 2023, the Board of Directors authorised the publication of these separate financial statements, which are audited by the company KPMG Spa based on the assignment granted by the shareholders' meeting on April 28, 2020, pursuant to Legislative Decree No. 39 of January 27, 2010, with duration for nine financial years (2020-2028).

The values shown in the Notes to the separate financial statements, unless otherwise stated, are expressed in millions of euros.

1.1 Newly applied accounting standards

In preparing the separate financial statements, the accounting standards and valuation criteria applied are consistent with those applied in the preparation of the 2021 separate financial statements.

During the year, certain amendments to IFRSs came into force, applicable for financial years beginning on or after January 1, 2022, which did not have a significant effect:

- amendments to IAS 16 in order to clarify that revenues from the sale of goods produced by a plant before it has entered into commercial operation are to be recognised in the income statement together with the related production costs;
- amendments to IAS 37 to clarify how the onerousness of a contract is to be determined.

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

1.2 Statements adopted by the Company

Edison, based on the numerous projects of the IASB with regard to "Effective Communication", has adopted for some time a presentation method that makes financial reporting more relevant and effective, taking into account the materiality of the information and the expectations of its Stakeholders. For this purpose and in continuity with previous years, the notes to the financial statements have been reviewed and broken down into chapters of similar topics rather than by lines of the financial statements.

The main presentation formats utilised have the following characteristics:

- the **Income Statement** is scalar, with the single items analysed by nature, and comprises the Statement of Comprehensive Income, which shows the result components outstanding in the shareholders' equity;
- in the **Balance Sheet**, assets and liabilities are analyzed by maturity. Current and non-current items, which are due within or after 12 months after the balance sheet date, respectively, are shown separately;
- the **Cash Flow Statement** is prepared reporting the cash flows in accordance with the "indirect method", as permitted by IAS 7;
- the **Statement of Changes in Shareholders' Equity** shows the flows concerning the components of the reserve for other components of comprehensive income separately.
- A **reclassified balance sheet** has been included on a voluntary basis to supplement these schedules, which allows a more rapid reconciliation with the information provided in the following chapters of the notes to the financial statements.

1.3 Extraordinary contribution "Extra-profits" (effects D.L. 21/2022 "Taglia prezzi" and D.L. 50/2022 "Aiuti" and Budget Law 2023)

Art. 37 of DL no. 21/2022, amended and integrated by art. 55 of DL 50/2022 provide for the introduction of an extraordinary contribution to be paid by entities that produce and sell electricity and gas in Italy for subsequent sale and by entities that import electricity and gas from other EU countries. The contribution is paid as an advance for 40% in June 2022 (with a possible supplement in July 2022, following clarifications) and the balance by November 2022. The contribution measure was established at 25% with respect to a taxable base consisting of the increase in the balance between receivable and payable transactions, during the period October 1, 2021 to April 30, 2022 compared to the period October 1, 2020 to April 30, 2021.

The Budget Law 2023 (Law 197/2022 - article 1, paragraphs 120 -121) made further amendments to the legislation, providing for the exclusion from the contribution for entities that do not have at least 75% of the 2021 VAT turnover generated by activities within the scope of the contribution, as well as the exclusion from the taxable base of any transactions involving the purchase and sale of investments between operators subject to the contribution and receivable transactions without the requirement of VAT territoriality if there are corresponding non-territorial purchases. Any adjustments must be settled by March 2023.

In accordance with the regulatory provisions in force and the interpretative clarifications provided the amount owed by the company was determined, which total approximately 2 million euros and are recorded in the item "Income taxes".

The Budget Law 2023, in article 1, paragraphs 115 to 119, introduces an additional "temporary solidarity contribution" to be borne by entities that carry out in the territory of the State, for the subsequent sale of goods, the activity of electricity production, methane gas production or natural gas extraction, entities that sell electricity, methane gas and natural gas, and entities that carry out the activity of production, distribution and trade of petroleum products. Entities that permanently import, or bring into the territory of the State from other EU countries, electricity, natural gas or methane gas or petroleum products are also liable for the contribution.

In any case, the contribution is only due if at least 75% of the 2022 revenue derives from the activities listed.

The amount of the contribution is set at 50% on the portion of total income relating to the financial year ending before January 1, 2023, that exceeds the average income of the previous four tax periods by at least 10%. The amount due may in no event exceed 25% of Equity of the year ending before January 1, 2022.

The contribution, indicated by the rule as for 2023, must be paid within six months of the end of the relevant financial year (generally by June 30, 2023) in a single instalment and is not deductible for the purposes of determining IRES and IRAP. Based on current legal provisions, the amount owed by the company was estimated to be 114 million euros, which was entered under "Income Taxes" as a balancing entry to "Payables for current taxes".

1.4 Disclosures on IFRS 5 - Edison E&P Disposal

At December 31, 2022, assets and liabilities held for sale include certain residual values relating to the disposal of of the equity investment held in Edison E&P Spa and treated as Discontinued Operations.

More specifically:

- **assets held for sale** refer to non-current non-financial assets in the amount of 65 million euros (58 million euros at December 31, 2021) and refer to the estimated present value of the additional consideration under the contract with Energean (up to 100 million dollars, contingent upon the Cassiopea gas field in Italy becoming operational); this consideration will be determined on the basis of gas prices (PSV) recorded at the time the field currently expected to enter into production in 2024; the increase for the period is recognised in the item "Net result from discontinued operations";
- **liabilities held for sale** refer to non-current non-financial liabilities of about 29 million euro (about 29 million euros at December 31, 2021), and include provisions for tax and environmental risks related to the sale to Energean.

For more information on the disposal transactions concluded with Energean and the effects of the application of IFRS 5, please refer to the Separate Financial Statements 2019, 2020 and 2021.

E&P business liabilities

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

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

As noted, the Court of Cassation, with some rulings issued in 2016, confirmed the subjection to ICI/IMU of the offshore hydrocarbon extraction platforms located in territorial waters, although the criteria was not specified for the allocation of territorial jurisdiction to the different coastal municipalities, and especially, assets which, as they are not on land, by legislation cannot be enrolled in the property registry, were deemed subject to enrolment in the property registry.

In 2020 a specific tax, essentially due to the Revenue Agency, was introduced for offshore platforms and only for the value of the structure above the surface of the water, regulating this case for the future, however without a clear position for the past. Furthermore, in compliance with the new tax, a ministerial decree defined the competences for each offshore platform in the relevant coastal municipality.

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

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

Ministry for the Environment - request for compensation for environmental damages

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

The request for compensation is quantified at a total maximum amount of roughly 80 million euros. Civil proceedings are still pending in first instance. The facts in question have already been the subject of a criminal procedure declared invalid by the competent court. Edison believes that this claim for compensation is completely unfounded, since the activities in question are not illegal, rather, on the contrary, authorised according to the applicable regulation, have not produced any environmental damage, nor any risk of geological pollution, or pollution of the aquifer or the sea.

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

Edison, with reference to this dispute, has assumed full indemnity in favor of the purchaser. Therefore, Edison deemed it appropriate, on a completely prudential basis, to forecast an expense correlated with the dispute. This value, together with an estimate of other costs connected with the sale, is included in Liabilities under disposal.

Fraudulent activity to the detriment of the company Edison Norge AS

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

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

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

2. PERFORMANCE

2.1 Core business of the Parent Company

Within the different Group companies, the Parent Company Edison Spa is responsible for the strategic direction, planning, control, financial management, risk and the coordination of activities.

More specifically:

- provides Group companies with business support and operating activity support services, such as administrative, tax, legal, procurement, personnel management, information technology and communication services, as well as risk management, through the management of financial derivatives relating to energy commodities, in order to optimize the available resources and make efficient use of existing know-how, providing subsidiaries with use of spaces for offices and for operating areas, as well as services relating to their use. These services are governed by the appropriate intercompany service agreements;
- in the electric power segment, it manages the generation of thermoelectric and hydroelectric power stations, purchases, sells and trades electricity as well as electricity transport capacity and makes the relative sales to the wholesale market on forward markets as well as spot markets in Italy and abroad;
- in the gas segment, it works in the importing of gas based on long-term contracts and the sale of hydrocarbons for thermoelectric uses, and carries out buying and selling activities in the wholesale market, including through the contracting of fossil fuel storage and transport capacity and the relative rights. In the midstream gas segment, it is present along with international partners with several important projects for the development of foreign gas transport infrastructure, and in Italy in the Small Scale LNG supply chain. Furthermore, with reference to the business model which calls for the separation of retail segment sales activities (residential and industrial market), Edison Spa also provides its subsidiary Edison Energia Spa with the energy and gas needed to meet its requirements, optimizing its supply in terms of both volume and price. It is also indirectly present in the specific wind, thermoelectric and hydroelectric production and energy services sectors through its subsidiaries, which head their respective business lines, Edison Rinnovabili Spa (through its subsidiaries, and Edison Next Spa. Edison also continues to hold certain hydrocarbon exploration and cultivation assets through its subsidiary.

2.2 Key events

In addition to the more detailed comments made in the Report on Operations with reference to the events that characterised 2022 for Edison Spa, the main transactions and their effects on the 2022 financial statements are described below.

Edison enters Hydrogen Park

January 12, 2022 - Edison acquires 9.372% of Hydrogen Park, a consortium company located in Porto Marghera since 2003 with the aim of carrying out industrial-scale experiments in the hydrogen sector. The experience gained and the integration of existing infrastructures allow today the Consortium to be the first point of application of the European energy strategy based on the green molecule.

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

February 22, 2022 - Edison, Eni and Ansaldo Energia have signed an agreement to launch a feasibility study for the production of green hydrogen, produced through water electrolysis, or blue hydrogen through the use of natural gas with capture of the CO₂ produced, to be used to replace a portion of natural gas as fuel at the Edison new power plant in Porto Marghera. The plant, which entered commercial operation in the second half of this year, is a state-of-the-art combined cycle with a total capacity of 780 MW and uses a high-efficiency turbine equipped with technology designed to be powered by hydrogen.

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

February 24, 2022 - Edison announced that the Standard & Poor's rating agency confirmed the company's long-term rating at BBB and revised the outlook to negative from stable, following the downgrade by one notch to BBB with negative outlook of parent company EDF. While noting the solid results achieved by the company in 2021, and in particular the 45% growth in EBITDA, S&P's methodology limits Edison's rating to that of its parent company EDF, given the strategic importance of Edison as a driver of development in Italy, a priority market for EDF.

Edison also announced that Moody's Investors Service lowered the company's long-term rating to Baa3 from Baa2, with a negative outlook, for similar reasons following the downgrade by one notch with negative outlook of the parent company EDF. Both S&P and Moody's note Edison's strong operating performance, solid credit metrics, improved risk profile and progress in Edison's strategic repositioning.

Edison launches a crowdfunding campaign for a new hydroelectric plant in Quassolo (TO)

March 24, 2022 - Edison has promoted Edison Crowd for Quassolo, the initiative addressed to the communities of the municipalities of Quassolo, Borgofranco di Ivrea, Quincinetto, Tavagnasco, Montalto Dora and Settimo Vittone that will be able to become an active part of the energy transition of their territory by contributing to the construction of a new mini-hydroelectric power plant on the banks of the Dora Baltea river and that will benefit from an interest equal to 6% of the amount invested every six months starting from April 30, 2022 until April 30, 2025. It is a plant under construction in Quassolo (2,700 kW of power) the entry into operation of which is expected by the end of 2023, that will meet the energy demand of about three thousand families avoiding the emission into the atmosphere of 3,700 tons of CO₂ per year. From April 1 to April 15, the campaign was also open to holders of a Luce&Gas contract of the Edison Energia subsidiary throughout Italy, who will receive a fixed annual gross interest rate of 5% of the invested capital.

The campaign ended successfully and the collection target of 300,000 euros was reached ahead of the initiative's deadline of April 15. The effect of this initiative in the financial statements can be found under long-term financial liabilities.

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

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

Edison joins CDP Venture Capital

May 25, 2022 - Edison joins Corporate Partners I - EnergyTech Portfolio, an alternative investment fund. With this partnership, Edison has committed to pay 10 million euros over the next five years. The remaining value of the commitment is entered in "Other commitments".

Edison receives a negative creditwatch from Standard&Poor's

May 25, 2022 – Edison communicated that on May 24, 2022, Standard&Poor's placed in negative CreditWatch the long-term 'BBB' rating of Edison Spa, following the same intervention on the EDF rating. In fact, according to the S&P analysis and methodology, Edison's creditworthiness is set at the EDF level. The CreditWatch indicates the possibility of a downgrade of a notch and S&P will monitor developments over the next six months.

Edison inaugurates the new Palestro (PV) hydroelectric power plant

May 27, 2022 - Edison inaugurated the new hydroelectric power plant in Palestro, in the province of Pavia, on the Sesia River, confirming its commitment to the development of renewable source plants, as a strategic axis of the company's growth, and to the creation of shared value with the communities and territories in which it operates. The Palestro

power plant is a small-scale run-of-river plant with 3,600 kW of installed capacity and is fully integrated into the surrounding area thanks to its underground structure and the presence of a special passageway that allows fish to ascend. The investment totaled about 10 million euro.

Water crisis, Edison increases water releases from reservoirs in Valtellina

June 16, 2022 - Edison announced that, in agreement with the Region of Lombardy, from June 16 until the end of July, it will increase the downstream water releases from the reservoirs in Valtellina, in order to mitigate the serious water crisis that is continuing due to the low rainfall recorded since the second half of 2021, and that, in the first five months of 2022,

has led to a reduction in rainfall of around 60%, with a consequent reduction in hydroelectric production of more than 50% compared to historical averages.

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

July 25, 2022 - Snam and Edison have signed a Memorandum of Understanding (MoU) with the aim of collaborating on the development of the Small-Scale LNG market in Italy to foster the decarbonization of land, sea and rail transport, as well as off-grid industrial and domestic users. The initiative aims to leverage the development of the Italian liquefied natural gas sector, also thanks to planned new infrastructure investments, to encourage the progressive replacement of diesel and at the same time support the use of liquid biomethane (Bio-LNG). The shared vision of the two companies is that LNG is the most effective and practical energy carrier to decarbonize transport on a large scale, reducing its environmental impact by replacing diesel. The LNG market in heavy duty transport in Italy even now has about 4,000 trucks, roughly 130 filling stations and annual consumption of around 200 thousand tonnes. With the development of Small-Scale infrastructure and the penetration of LNG in the ship bunkering sector, the market will more than double by 2025, with potential of up to 1.5 million tonnes in annual consumption by 2030.

Edison at Gastech 2022

September 6, 2022 - On the occasion of its participation in Gastech 2022, the world's largest event dedicated to natural gas, LNG, hydrogen and low-carbon solutions, Edison, Italy's second-largest importer of natural gas and the only long-term importer of LNG, announces that it has launched a review of its gas contract portfolio to further increase source diversification and, in the future, limit the risks associated with the continuity of pipeline inflows from countries most exposed to crises and internal tensions. To this end, Edison announces that it is working to balance its supply portfolio through an increasing share of LNG. Edison's goal is to maintain and strengthen its position in Italy's natural gas value chain, with which it meets about 20% of its needs. In fact, Edison boasts a unique position in Italy with activities ranging from importation and storage to the distribution and sale of the commodity. The company has a large and diversified long-term portfolio in terms of countries and supply routes with Qatar (6.4 bcm), Libya (4 bcm), Algeria (1 bcm) and Azerbaijan (1 bcm). After building the Adriatic LNG in 2008, the world's first offshore regasifier and the largest in service in Italy, it now uses 80% of its capacity. Edison informs that the first concrete step in this new strategic trajectory, which will see an increased contribution of long-term LNG contracts, is the inauguration in 2023 of the first supply channel from the United States, under an agreement signed in 2018 with Venture Global, which envisages volumes of 1.4 billion cubic metres per year from the Calcasieu Pass plant in Louisiana. The company also announces that it is studying the development of synergies and partnerships to increase and make available in Italy green gases, such as BioGnl and biomethane, to accompany the country's energy transition. With reference to the current energy crisis and supply uncertainties, the company confirms that it is maximising its imports of natural gas and that it has currently achieved a 5% increase, as planned, by using the flexibility of its portfolio and other purchases. In cooperation with the other operators, the company in recent months has also made available its own methane tank - normally used to supply LNG to the Ravenna coastal depot dedicated to sustainable mobility - to supply the Italian regasifiers. In order to increase Italian and European energy security, Edison is also engaged in the development of a new corridor, the EastMed-Poseidon, which will enable effective diversification by providing access to new sources through the construction of a new supply route from Israeli waters to the Eastern Mediterranean. The infrastructure can be realised in four years and, in a first phase, will bring an additional flow of 10 billion cubic metres per year to Italy, which can be doubled to 20

billion cubic metres in a second phase. It will also be suitable for hydrogen transport, meeting the needs of ecological transition. The work is included in the European Union's fifth list of projects of common interest (PCI). In addition to imports, Edison contributes to the security of the Italian gas system through its regulated storage activities, through its subsidiary Edison Stoccaggio Spa, which is the second largest operator in the sector in Italy with about 1 billion cubic metres of natural gas stored in its reservoirs, and has achieved a fill rate of about 90%. In 2021, Edison created the first integrated logistics chain dedicated to LNG, through the construction and commissioning of a 20,000 m³ small-scale storage facility in Ravenna (in partnership with PIR and Scale Gas) and an LNG carrier dedicated to its supply. Edison's Small-Scale project envisages the construction of two additional plants in Southern Italy, which will enable the development of a logistics chain at the service of sustainable mobility also in Southern Italy.

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

September 20, 2022 - Edison announced its investment in MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Ministry of University and Research as part of the PNRR initiatives and promoted by the University of Milan-Bicocca. The Musa project involves the collaboration of 29 public and private stakeholders and aims to transform the Milan metropolitan area into a hub for sustainability, urban redevelopment and innovation. The Project has been awarded ministerial funding of 110 million euros over three years and involves a total investment of nearly 116 million euros. Musa aims to develop smart solutions for renewable energy and waste management, study new green mobility models, create an incubation and acceleration hub for start-ups, optimize the use of big data for citizen health and well-being, develop new sustainable finance solutions and create the conditions for an increasingly inclusive society. The investment of approximately 300 thousand euros is recognised in the value of investments at fair value through profit or loss.

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

August 1, 2022- Following the agreements signed in September 2021, Edison and Saipem acquire 50% and 10% respectively of the company Alboran Hydrogen Brindisi Srl for the implementation of the Puglia Green Hydrogen Valley project. Saipem also holds an exclusive right for the implementation of the project. The Puglia Green Hydrogen Valley project calls for the construction of three green hydrogen production plants in Brindisi, Taranto and Cerignola (FG), with a total electrolysis capacity of 220 MW, fuelled by around 400 MW of photovoltaic solar energy. Once fully operational, the three plants will be able to produce a total of up to about 300 million normal cubic meters of renewable hydrogen per year, which will be used to fuel industries in the area and sustainable mobility, including through injection into the local gas network. The Brindisi project, which is at an advanced stage of development, calls for the construction of a green hydrogen production plant through electrolyzers with a capacity of 60 MW powered by a dedicated photovoltaic plant. The project was proposed, among others, for the European IPCEI (Important Projects of Common European Interest) funding call. The initial investment is approximately 24 thousand euros and is recognised in the value of investments at fair value through profit or loss.

Launch of commercial operations of the Greece-Bulgaria interconnection gas pipeline (IGB) to contribute to European diversification

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

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

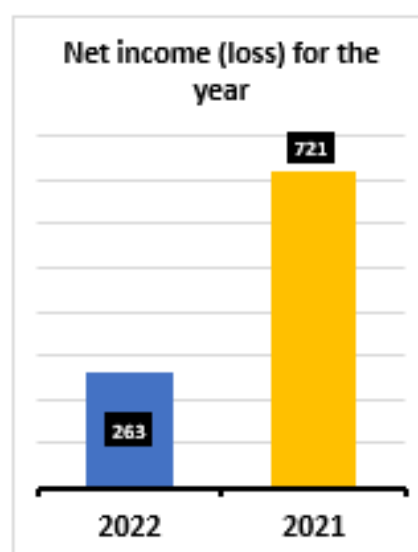
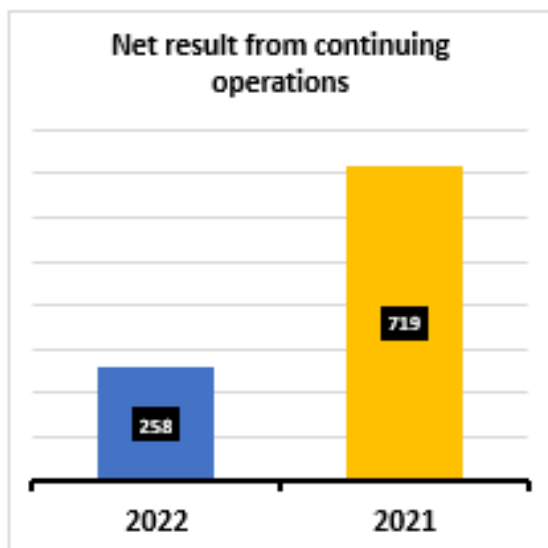
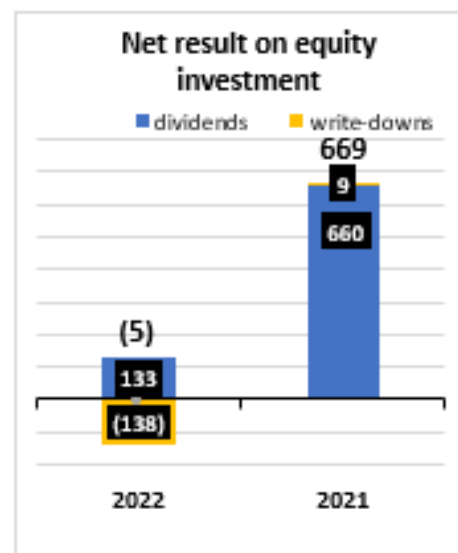
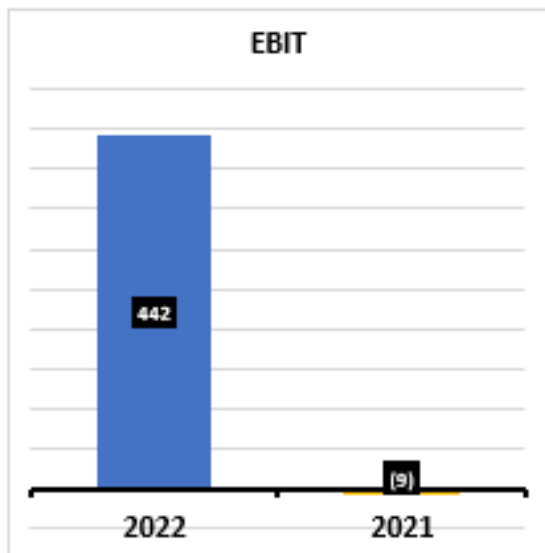
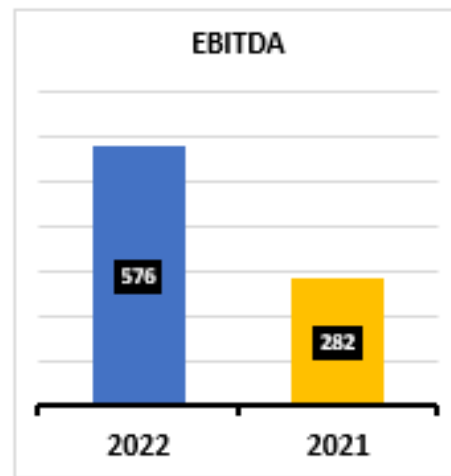
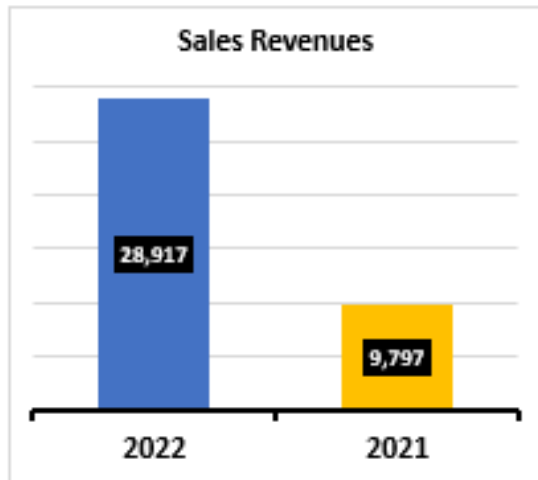
November 24, 2022 - Edison, leading energy transition operator in Italy, and Chiron Energy, an independent platform for the development, investment and management of renewable energies, announce that they have signed a Power Purchase Agreement (PPA) in preparation for the construction of a number of photovoltaic plants in Northern Italy. The agreement, which has a duration of up to 10 years, envisages the construction and commissioning of 8 photovoltaic plants in Piedmont and Veneto by Chiron Energy and the collection by Edison of the renewable energy produced and the guarantees of origin, in order to increase the green generation in its portfolio in line with national and European decarbonization objectives. The plants, which are scheduled to be commissioned in the first half of 2023, will have an average annual output of around 45 GWh, equivalent to the needs of 16 thousand households, which will avoid the emission of more than 35,000 tonnes of CO₂ into the atmosphere annually.

Edison: S&P affirms "BBB" rating and removes creditwatch. Outlook Stable.

December 16, 2022 - Edison announces that the rating agency Standard&Poor's has confirmed the Company's rating at BBB, stable outlook, removing the negative creditwatch assigned on May 24, 2022, following a similar action on the rating of the parent company EDF. S&P rates Edison's stand-alone credit rating at bbb, in view of the company's resilience to the current energy crisis with profits adequately protected by its vertically integrated business model, the strong performance of its gas operations and the growth of its contracted generation capacity. Moreover, S&P considers Edison to be highly strategic for its parent company and therefore limits its rating to the level of EDF, which was recently confirmed at BBB. The rating agency's assessment of Edison's highly strategic value for EDF reflects S&P's view that Italy is a key market for EDF and that Edison is fully integrated into the Group. The stable outlook reflects S&P's view of Edison's creditworthiness and the expectation that growth in generation and procurement activities will offset government measures such as additional taxes and working capital fluctuations.

2.3 Economic performance of operations

(in million euros)



2.3.1 Sales revenues

<i>(in million euros)</i>	2022 financial year	2021 financial year	Change	% change
Natural gas	19,634	6,680	12,954	n.s.
Electricity	8,237	2,901	5,336	n.s.
Steam	101	77	24	31.2%
Environmental securities	23	6	17	n.s.
Realised commodity derivatives	839	55	784	n.s.
Other revenues and services	83	78	5	6.4%
Total sales	28,917	9,797	19,120	n.s.

Sales revenues totalled 28,917 million euros, up significantly compared with fiscal year 2021 (9,797 million euros). They should be compared with a similar increase in commodity and logistics costs, and were generated primarily in Italy. The change is primarily attributable to:

- an increase in the demand for electricity in the financial year 2022 characterised by the rising reference price scenario. There was an increase in thermoelectric production offset by a decrease in hydroelectric production due to lower hydraulicity;
- an increase in gas sales volumes and the significant increase in sale prices following the hike in reference scenario prices.

The results achieved from commodity derivatives, to be analyzed together with the corresponding item, included in "Costs for commodities and logistics", regard hedges on commodities and foreign exchanges put into place to manage the risk of swings in the cost of natural gas as well as risks related to its sale, consistent with the index formulas and risk factors included therein.

2.3.2 Costs for commodities and logistics

<i>(in million euros)</i>	2022 financial year	2021 financial year	Change	% change
Natural gas	20,691	6,120	14,571	n.s.
Realised commodity and foreign exchange derivatives	1,331	279	1,052	n.s.
Electricity	4,971	2,007	2,964	n.s.
Transmission	689	582	107	18.4%
Regasification fee	105	114	(9)	(7.9%)
Environmental securities	384	129	255	n.s.
Utilities and others materials	17	11	6	54.5%
Demineralized industrial water	1	1	-	n.s.
Changes in inventories	(185)	(68)	(117)	n.s.
Total costs for commodities and logistics	28,004	9,175	18,829	n.s.

Commodity and logistics costs, amounting to 28,004 million euros, are also up considerably on the previous year (9,175 million euros), and, similarly to the comment on sales revenues, were determined by both the increase in purchase volumes and average unit costs of commodities that act on the formulas of prices indexed to the PUN, Brent and gas HUBS.

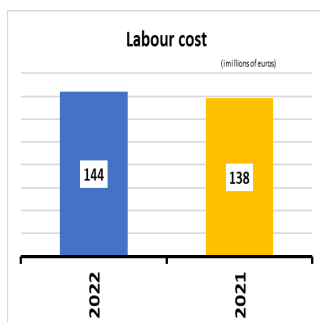
The item "Regasification fee", amounting to 105 million euros, includes charges recognised to Terminale GNL Adriatico, for regasification activities.

2.3.3 Other costs and external services

<i>(in million euros)</i>	2022 financial year	2021 financial year	Change	% change
Plant maintenance	49	44	5	11.4%
Professional services	59	81	(22)	(27.2%)
Insurance services	17	13	4	30.8%
Costs for rents and leases	77	69	8	11.6%
Others	39	41	(2)	(4.9%)
Total other costs and external services	241	248	(7)	(2.8%)

The decrease in professional services is largely related to the 2021 costs incurred for some extraordinary transactions.

2.3.4 Costs for personnel



Costs for personnel came to 144 million euros, marking an increase from 138 million euros in 2021. This change was caused by the increase in the average headcount in 2022 by 65 compared to the average value in 2021 as well as the change in the cost of labour due to the effects of salary and contractual policies.

(number of employees)	Start of the year	Incoming	Outgoing	Changes of classification	Internal movement	End of the year	Average number 2022	Average number 2021
Managers	129	2	(8)	9	-	132	134	128
Middle managers	403	25	(14)	21	2	437	417	394
Office staff	760	69	(50)	(25)	4	758	773	747
Production staff	149	11	(4)	(5)	2	153	152	142
Total	1,441	107	(76)	-	8	1,480	1,476	1,411

2.3.5 Other revenues and income and Other charges

Other revenues and income (in million euros)	2022 financial year	2021 financial year	Change	% change
Release of provisions for other risks		5	(11)	(68.8%)
Insurance and contractual compensation		24	9	60.0%
Revenues for MASA agreement		18	7	63.6%
Recovery of costs, out-of-period income and sundry items		33	(38)	(53.5%)
Total other revenues and income	80	113	(33)	(29.2%)

More specifically:

- the **reversal of sundry provisions for risks** includes, in particular, the operational provisions, accrued in previous years to cover any costs, which are considered to have been extinguished in the period under review;
- **revenues due to the MASA agreement** relate to remuneration for the joint management of the proprietary trading portfolio with EDF Trading Ltd;
- the item **recovery of costs** relates primarily to insurance costs and personnel loans, while **contingent assets and other assets** mainly include assets realized against adjustments relating to previous years in both the gas and electricity sectors.

Other expenses (in million euros)	2022 financial year	2021 financial year	Change	% change
Accruals to provisions for risks	4	22	(18)	(81.8%)
Indirect taxes and fees	9	10	(1)	(10.0%)
Contingent liabilities and other	34	14	20	n.s.
Total other expenses	47	46	1	2.2%

More specifically:

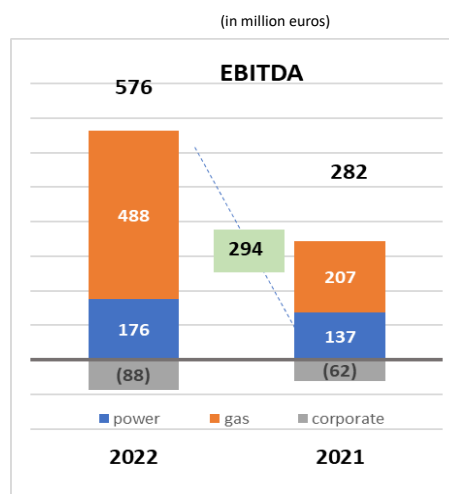
- **sundry provisions for risks** primarily refer to possible future charges connected with contractual issues, as well as environmental and fiscal risks;
- **indirect taxes and fees** include IMU costs of 8 million euros;
- **contingent liabilities and other** mainly refer to insurance costs, fines, and expenses realised against adjustments relating to previous years in both the gas and electricity sectors.

2.3.5 EBITDA

Against a backdrop of strong growth in energy commodity prices compared to FY2021, **EBITDA** was a positive 576 million euros, a significant increase compared to FY2021 (+294 million euros), mainly due to the increase in the gas business.

In detail, as regards the individual sectors, note the following:

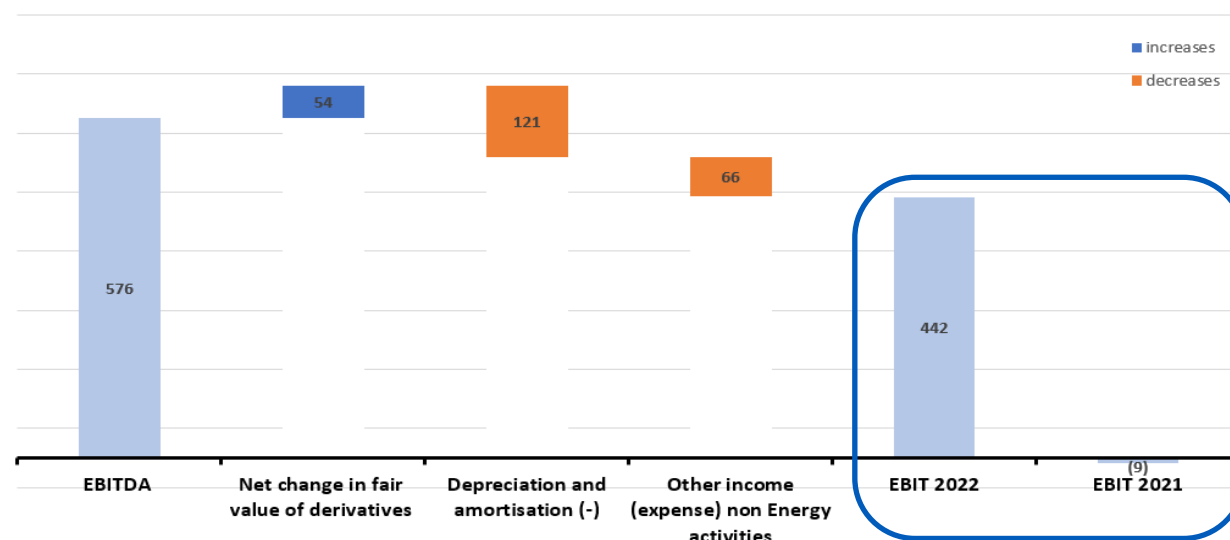
- in the **gas business**, EBITDA was positive at 488 million euros, a significant increase compared to FY 2021, benefiting, among other things, from portfolio optimisation actions and new import contracts;
- in the **power segment**, EBITDA was a positive 176 million euros, slightly higher than in FY2021, showing in particular an upward trend in the thermoelectric segment compared to last year, thanks to positive generation and the contribution of the capacity market. On the other hand, the contribution of hydroelectric generation was negative, due to low hydraulicity. Hydroelectric benefits from a positive one-off component related to the so-called 'Spalma-incentivi', while the effects of the D.L. weigh negatively. January 27, 2022 no. 4 ('Sostegni-ter'), as well as the introduction in *Legge di Bilancio 2023* of a maximum revenues cap at 180€/MWh starting from December 2022, to apply to electric energy producers that use FER not included in the application of D.L. "Sostegni ter";
- in the **Corporate segment**, which incorporates central and cross-company management activities, i.e. not directly connected to specific business, EBITDA was a negative 88 million euros in 2022, worsened compared to the negative value of 62 million euros in 2021, which benefited from revenues one-off for 27 million euros as a consequence of favorable conclusions of two refund of registration taxes disputes.



For the sake of comprehensiveness, for a more significant representation of the operating EBITDA of the individual segments¹, the values shown also include intercompany transactions, i.e., those between the different segments of the Company such as the sale of gas from the hydrocarbons segment to the power segment's thermoelectric power stations on the basis of the volumes consumed, and costs for centralised services in the corporate segment but charged back to the operating business units.

2.3.6 EBIT

(in million euros)



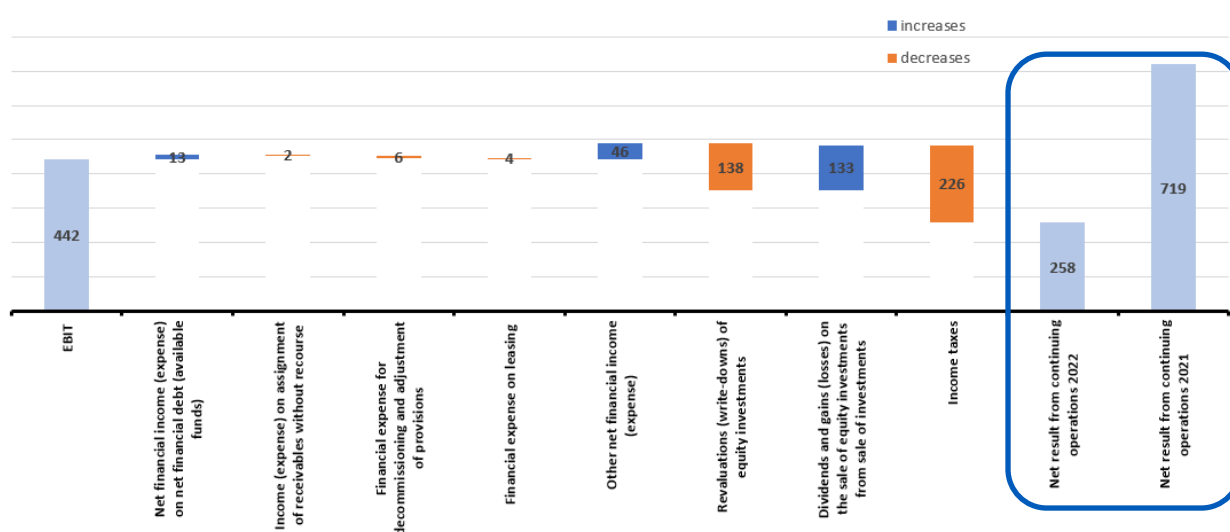
¹ The "Operating" EBITDA of the individual segments is not verified by the Independent Auditors.

EBIT was a positive 442 million euros (negative for 9 million euros in 2021) and includes, in addition to the industrial effects previously described, also:

- 54 million euros, the positive impact connected with the **net change in fair value of derivatives on commodities and foreign exchange rates** (negative for 10 million euros in 2021) (for more information, see chapter 4. “Market risk management”);
- 121 million euros for **depreciation and amortisation** (126 million euros in 2021) (for more information, see chapter 5. “Invested capital and provisions”);
- 66 million euros for **other net non-Energy expenses** (other net expenses in 2021 came to 155 million euros), connected with expenses not directly related to industrial and financial operations, but rather primarily linked to disputes concerning the former Montedison Group (for more information, see chapter 9. “Non-energy activities”), of which approximately 14 million euros for legal expenses.

2.3.7 Net income from continuing operations

(in million euros)



In detail, the main items refer to:

- about 13 million euros in **net financial income** related to the financial position (17 million euros net in FY2021), which was mainly determined by 23 million euros in financial income from subsidiaries and associates (20 million euros in FY2021), net of 4 million euros in interest expense to banks, 3 million euros in financial expense to subsidiaries and associates, and 3 million euros in financial expense to EDF (for more information, see chapter 7);
- approximately 2 million euros (nil in the year 2021) for charges on the assignment of receivables without recourse;
- roughly 6 million euros, unchanged with respect to 2021, for the adjustment of **decommissioning provisions** and the discounting of provisions for risks (details provided in chapter 5);
- roughly 4 million euros in **lease costs** (3 million in 2021) as a result of the adoption of the IFRS 16 accounting standard;

- approximately 46 million euros of **other net financial income** (36 million euros of other net financial income in 2021), including in particular **financial income** 2 million euros of which interest income on trade receivables and 1 million euros from interest on tax receivables net of **financial expenses** of which 4 million euros from bank fees, as well as net foreign exchange gains of 44 million euros (net gains of 21 million euros in FY 2021), mainly related to hedges on exchange rates risk with EDF Sa;
- about 138 million euros in **net write-downs of equity investments** (net revaluations of 9 million euros in 2021);
- 133 million euros for **dividends from investee companies and gains from the sale of equity investments** (660 million euros in 2021) (for more information, see chapter 5);
- 226 million euros from **negative income taxes** (15 million euros positive in the year 2021), consisting mainly of 87 million euros from IRES and 7 million euros from IRAP, approximately 2 million euros from the extraordinary contribution pursuant to article 37 of Legislative Decree 21/2022 already paid during the year, and 114 million euros from the temporary extraordinary contribution pursuant to the Budget Law 2023, estimated on the basis of current provisions. They also include net deferred/prepaid taxes, which had a negative balance of 25 million euros. The main reasons for this balance are the use of deferred tax assets on the provisions for risks and the use of deferred tax assets on the difference in the value of property, plant and equipment (for more information, see chapter 8).

(in million euros)	2022 financial year	2021 financial year	Changes
Other financial income (expense)	2	15	(13)
Exchange gains/(losses)			
Foreign exchange translation gains:	275	56	219
- amount with EDF	188	40	148
- amount with others	87	16	71
Foreign exchange translation losses:	(231)	(35)	(196)
- amount with EDF	(125)	(15)	(110)
- amount with others	(106)	(20)	(86)
Total exchange gains/(losses)	44	21	23
Total other net financial income/(expense)	46	36	10

2.3.8 Net income (loss) for the year

The **net income for the year 2022** of Edison Spa was a profit of 263 million euros (a profit of 721 million euros in 2021).

It should be noted that the previous year included, in particular, the positive effects of the capital gain from the sale of 49% of Edison Renewables Spa.

The result for the year also includes the net positive effect of about 6 million euros from discontinued operations, determined by the revision of the estimate of the present value of the additional consideration envisaged in the contract with Energean (up to 100 million dollars, contingent upon the Cassiopea gas field in Italy coming into production). For more information, see the chapter "1.3 Disclosures on IFRS 5 - Edison E&P Disposal".

3. NET WORKING CAPITAL

3.1. Credit risk

The credit risk represents Edison Spa's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. To control this risk, Edison Spa has implemented procedures and programs designed to evaluate customer credit worthiness and optimised collection strategies for the various customer segments.

The significant increase in commodities prices volatility recorded during 2022, following the geopolitical context associated with the conflict Russia-Ukraine, it contributed to increasing the exposure to credit risk. Actions put in place by the company have allowed to mitigate this risk.

When choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives), Edison Spa deals only with entities with a high credit rating.

At December 31, 2022, there were no significant exposures to risks related to a possible further deterioration of the overall financial environment and/or significant concentrations with individual non-institutional counterparties.

3.2 Operating Working Capital

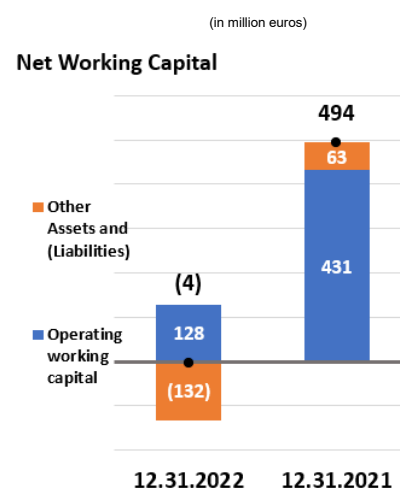
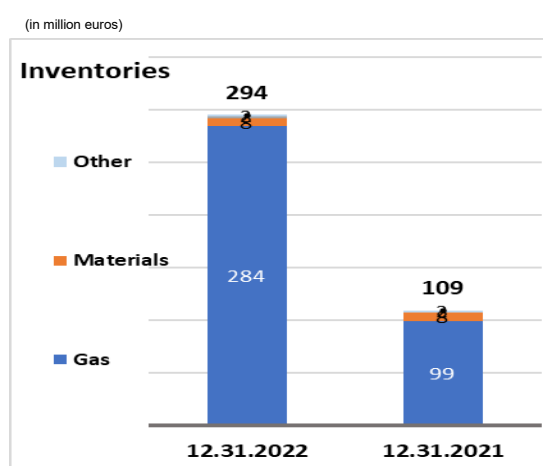
(in million euros)	12/31/2022	12/31/2021	Changes
Inventories (+)	294	109	185
Trade receivables (+)	3,236	2,819	417
Current trade payables (-)	(3,392)	(2,497)	(895)
Non-current trade payables (-)	(10)	-	(10)
Operating Working Capital	128	431	(303)

The dynamics of the change in operating working capital show a significant change compared to December 31, 2021, and are largely attributable to the commodity price scenario, which increased significantly in 2022 compared to 2021.

3.2.1 Inventories

They amount to 294 million euros and consist of gas inventories for 284 million euros (up compared to 99 million euros at December 31, 2021, due to the volume as well as purchase price effect) and materials and equipment for the maintenance and operation of operating plants for 8 million euros (basically unchanged compared to December 31, 2021).

Gas inventories include 142 million euros (5 million at December 31, 2021) in quantities of natural gas stored subject to restricted use, as a guarantee.



3.2.2 Trade receivables

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Total trade receivables	3,236	2,819	417
<i>Broken down as follows:</i>			
- amount owed to outsiders	2,389	2,056	333
- amount owed to subsidiaries and affiliated companies	847	763	84
Total trade receivables	3,236	2,819	417
of which provision for doubtful debt	(27)	(40)	13
Guarantees to cover outstanding loans	2	1	1
Overdue receivables			
Within 6 months	8	2	6
1 to 12 months	-	-	-
Over 12 months	21	9	12

They specifically refer to electricity and steam supply contracts and natural gas supply contracts, with Group companies and Terna, GSE and GME. The change is primarily attributable to price increases and higher volumes sold.

Receivables from subsidiaries and affiliated companies relate almost entirely to gas and electricity sales to the subsidiary Edison Energia for sale on the end market.

The company regularly disposes of trade receivables without recourse on a monthly revolving basis and through the transfer without recourse of the credit risk. These transactions were carried out in 2022 for a total value of 1,763 million euros (936 million euros as at December 31, 2021). These receivables at December 31, 2022 are not exposed to recourse risk. The costs related to managing these activities are recorded under financial items and amount to 24 million euros.

The **provision for doubtful accounts** totalled 27 million euros, down compared with December 31, 2021. The table below shows the changes occurred during the year 2022:

<i>(in million euros)</i>	Balances at 12/31/2021	Provisions	Utilizations	Balances at 12/31/2022
Total	40	2	(15)	27

Allocations derive from the valuation, in application of the Edison group policy, of the various credit statuses taking into consideration the customer segment, the relative past due and aging and of the methodology envisaged by the accounting standard IFRS 9 (so-called expected credit losses model); **uses** were made based on the credit status of individual customers, taking into consideration the amount of the relative credit.

3.2.3 Current and non-current trade payables

<i>(in millions euros)</i>	12/31/2022	12/31/2021	Changes
Total trade payables:	3,402	2,497	905
- current	3,392	2,497	895
- non current	10	-	10
<i>di cui verso:</i>			
- amount owed to outsiders	3,301	2,381	920
- amount owed to subsidiaries and affiliated companies	101	116	(15)
Total	3,402	2,497	905

Trade payables reflect mainly purchases of natural gas deriving from long-term contracts, purchases of electric power and other utilities, and services related to plant maintenance. They include also a contractual fee following a signed agreement with long-term supply counterpart. The change is mainly attributable to the increase in both volumes and prices.

3.3 Other assets and liabilities

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
VAT receivable from the tax administration	4	4	-
Guarantee deposits	14	16	(2)
Other receivables	2	-	2
Receivables for other taxes	12	8	4
Total other non-current assets (A)	32	28	4
Receivables for technical, admin. and financial services to Group companies	158	23	135
VAT receivable from the tax administration	-	46	(46)
Sundry advance account receivables	25	92	(67)
VAT pool receivables	46	18	28
Take or pay receivables	-	65	(65)
Other	136	103	33
Total other current assets (B)	365	347	18
<i>of which provision for doubtful debt</i>	(6)	(9)	3
Other	-	1	(1)
Total other non-current liabilities (C)	-	1	(1)
Amount owed to employees	25	27	(2)
Payables to Social Security and Welfare Institutions	18	19	(1)
Other taxes payable	6	5	1
VAT payables to Erario	42	-	42
VAT pool payables	3	1	2
Other	432	260	172
Total other current liabilities (D)	526	312	214
Total other assets/liabilities (A+B-C-D)	(129)	62	(191)
<i>Of which subsidiaries and affiliated companies</i>			
- Other current assets	204	41	163
- Other current liabilities	12	1	11

Take-or-pay receivables

At December 31, 2021 equal to 65 million euros, the reset is due to the recovery during the year of previously uncollected volumes under long-term natural gas import contracts, for which the company had accrued the payment obligation following the activation of take or pay clauses.

Other current assets

In particular, **others** include receivables for charges on certain derivatives, amounting to 45 million euros, which were realised on December 31, 2022, but settled financially at the beginning of January 2023, and whose value was also affected by the significant rise in the price scenario, moreover, during December 54 million of euros are collected against the price adjustment for the sale of 49% in Edison Renewables.

Receivables for technical, admin. And financial services to Group companies

They refer for 117 million euros to the chargebacks of the effects of the coverage of energy from renewable sources referred to the sogni ter decree law and the so-called "cap 180" year-end decree.

Other current liabilities

The change in **payables for other taxes** is entirely attributable to the recognition of the VAT payable.

Others mainly include:

- payables for charges on certain derivatives, amounting to 156 million euros, which were realised on December 31, 2022, but settled financially at the beginning of January 2023, and whose value was also affected by the significant rise in the price scenario.
- payables for 92 million euros related to the portion to be paid to Solvay as part of the arbitration promoted on the sale of the Agora investment, previously recognised in non energy provisions.

4. MARKET RISK MANAGEMENT

This chapter provides a description of the policies and principles adopted by Edison Spa to manage and control the commodity price risk, tied to the volatility of the prices of energy commodities and environmental securities, the foreign exchange risk linked to commodities and other risks correlated with the exchange rate.

As required by IFRS 7 Financial Instruments - Disclosures, the paragraphs that follow provide information about the nature of risks resulting from financial instruments, based on an analysis of an accounting or managerial nature.

The effects on the income statement and balance sheet at December 31, 2022 are also provided.

4.1 Market risks and risk management

4.1.1 Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

Edison Spa is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, petroleum products and environmental securities), both directly, with pricing formula, and indirectly, through statistical correlations and economic relations, which have an impact on the revenues and expenses of its production, storage and marketing operations. Moreover, because some contracts are settled in currencies different from euro and/or include a translation into different currencies through price indexing formulas, the company is also exposed to exchange rate risk.

The management and control of commodity price and exchange rate risk related to commodity transactions, governed by the Energy Risk Policies, involve the use of derivatives for hedging purposes in order to reduce or mitigate the related risk, balancing the changes in economic value of the underlying hedged item with those deriving from the use of such instruments.

From an organizational standpoint, the governance model adopted by the Group requires the separation of the risk control and management functions from the derivatives trading activity.

At the operational level, the net exposure is computed for the company's entire portfolio of assets and contracts (so-called Industrial Portfolio), which is the net residual exposure after maximizing all available vertical and horizontal integrations provided by the different business operations. This net exposure is then used to compute the overall level of Economic Capital involved (stated in millions of euros), measured in terms of Profit at Risk (PaR²) with a confidence index of 97.5% and an annual time horizon.

Each year, the Board of Directors approves the Economic Capital at Group level ceiling concurrently with the approval of the annual budget. The Risk Committee, which is headed by Senior Management, reviews monthly the Group's net exposure and, if the Profit at Risk is higher than the predetermined ceiling, defines the appropriate Strategic Hedging policies, which may involve the use of suitable derivatives instruments. These activities are performed in line with the policy of the Group with the aim to minimize the use of financial markets for hedging, by maximizing the benefits of vertical and horizontal integration of the various business operations and the homogenization of the formulas and indexing between the sources and physical uses. In addition, the gradualness of Strategic Hedging ensure the minimization of the execution risk, related to the concentration of all the hedges in a phase of unfavourable market, the volume risk, linked to the variability of the underlying hedged based on the best volume projections, and of the operational risk, related to implementation errors.

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

² Profit at Risk: is a statistical measurement of the maximum potential negative variance in the budgeted margin in response to unfavourable markets moves, within a given time horizon and confidence interval.

The unrealized derivatives at December 31, 2022 are measured at fair value with reference to the market forward curve at the reporting date, if the derivative underlying is traded in markets that have official and liquid forward price quotations. If the market has no such forward quotations, forecast price curves based on internal simulation models developed by Edison Group are employed.

The Italian forward market for electric power does not yet meet IFRS requirements to qualify as an active market. Specifically, both the Over The Counter (OTC) markets operated by brokerage firms (e.g., TFS) and those operated by Borsa Italiana (IDEX) and the Manager of the Energy Markets (GME) lack sufficient liquidity for peak and off-peak products and for maturities longer than one year. Consequently, market price data obtained from those markets should be viewed as input for the internal valuation model used to measure at fair value the aforementioned products.

For the derivatives that provide hedging for the Industrial Portfolio, which qualify part as cash flow hedges or fair value hedges pursuant to IFRS 9 and part as economic hedges, a simulation is performed to measure the potential impact that fluctuations in market prices of the underlying item could have on the fair value of the outstanding derivatives, pursuant to IFRS 7. The simulation is performed with reference to the time period of the residual life of the derivative contracts in place, whose maximum term is currently 2027.

For all derivative contracts in place as at December 31, 2022, the methodology makes use of the forward prices of commodities and exchange rates, recorded at the reporting date, and of the associated volatilities and correlations.

Once a probability distribution of changes in fair value is thus obtained, it is possible to extrapolate the maximum expected negative variance in the fair value of the outstanding derivatives, over the time horizon corresponding to the reporting year, for a given level of probability, conventionally set at 97.5%.

The following table shows the maximum expected negative variance in the fair value of the outstanding hedging derivative contracts on commodities and exchanges by the end of 2023, compared with the fair value determined at December 31, 2022.

Value at Risk (VaR) (in million euros)	12/31/2022	12/31/2021
Maximum expected variance in the fair value (*)	6,110.8	2,262.4

(*) Estimated with a level of probability of 97.5%.

The increase in the maximum change in fair value compared to December 31, 2021 is primarily connected to the increase in volatility in the energy markets in which the company operates.

In other words, compared with the fair value determined for hedging derivatives outstanding at December 31, 2022, the probability of a negative variance greater than 6,111 million euros by the end of 2023 is limited to 2.5% of the scenarios.

For derivatives qualified as fair value hedges, also considering the change in the fair value of the hedged contracts, the above-mentioned maximum expected variance value is reduced from 6,111 million euros to 1,953 million euros. Of this value:

- roughly 67 million euros relates to derivatives that may be classified as Economic Hedges and the ineffective part of derivatives qualified as Cash Flow Hedges and Fair Value Hedges; this potential change would therefore be recognised in the income statement;
- around 1,886 million euros relates to the effective portion of hedging derivatives that may be classified as Cash Flow Hedges and would be shown in the balance sheet with recognition in the dedicated shareholders' equity reserve.

Period hedging allowed the Company's risk management objectives to be achieved, reducing the commodity price risk profile of the Industrial Portfolio to within the approved economic capital limit. The table below shows the risk profile of the Industrial Portfolio in terms of the absorption of economic capital:

Industrial Portfolio Economic capital absorption	2022 financial year		2021 financial year	
	without derivatives	with derivatives	without derivatives	with derivatives
Average absorption of the approved economic capital limit	453%	67%	173%	33%
Maximum absorption	736% - Sep. '22	97% - Jan. '22	264% - Jan. '21	54% - Jan. '21

During 2022, the trading transactions of Edison Spa were carried out under the joint venture agreement with EDF Trading: from September 1, 2017, the MASA (Trading Joint Venture and Market Access Services Agreement) between EDF Trading and Edison Spa (formerly Edison Trading Spa merged with Edison Spa from December 1, 2017) is in effect, regarding proprietary trading, calling for the execution of activities through a joint desk with EDF Trading, as well as methods for accessing the forward power market.

4.1.2 Foreign Exchange Risk

The foreign exchange risk arises from the fact that part of the activities of the Edison Group are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contractual components indexed to a foreign currency. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk).

The foreign exchange risk management objectives are described in specific Policies.

The exposure to economic and transaction risk arising from exchange rate, related to commodity transactions, is also managed in accordance with the above-mentioned specific limits and strategies.

4.2. Hedge accounting and economic hedges – Fair value hierarchy

Whenever possible, Edison uses hedge accounting, provided the transactions comply with the requirements of IFRS 9.

4.2.1 Classification

Forward transactions and existing derivatives can be classified as follows:

- 1) **derivatives that qualify as hedges in accordance with IFRS 9:** this category includes (i) transactions that hedge the risk of fluctuations in cash flow (Cash Flow Hedge – CFH) on exchange rates and commodities and (ii) transactions that hedge the fair value of the hedged item (Fair Value Hedge – FVH) on commodities (price and exchange rate);
- 2) **forward transactions and derivatives that cannot be defined as hedges pursuant to IFRS 9,** meeting the requirements of compliance with company risk management policies on exchange rates and on energy commodities.

4.2.2 Fair value hierarchy according to IFRS 13

The classification of financial instruments at fair value, provided by IFRS 13, based on the reliability of inputs used to measure it, is based on the following hierarchy:

- **Level 1:** determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2:** determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g. forward contracts or swaps in futures markets);
- **Level 3:** determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At December 31, 2022, this level includes a category of derivative instruments used to hedge against zonation risk in the power market.

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

4.3 Effects of Hedging Derivative Transactions on the Income Statement and Balance Sheet at December 31, 2022

4.3.1 Effects of Hedging Derivative Transactions on the Income Statement at December 31, 2022

(in million euros)	12.31.2022			12.31.2021		
	Realized change for the year	Fair value change for the year	Values recorded in the income statement as at 12.31.2022	Realized change for the year	Fair value change for the year	Values recorded in the income statement as at 12.31.2021
	(A)	(B)	(A+B)	(C)	(D)	(C+D)
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IFRS 9 (CFH) (*)	(951)	(3)	(954)	(859)	7	(852)
Price risk hedges for energy products	(973)	(3)	(976)	(851)	7	(843)
Exchange risk hedges for commodities	22	-	22	(8)	-	(9)
Total definables as hedges pursuant to IFRS 9 (FVH)	358	16	374	630	(16)	614
Price risk hedges for energy products	316	391	707	636	(814)	(178)
Exchange risk hedges for commodities	42	18	60	(6)	68	62
Fair value physical contracts	-	(393)	(393)	-	730	730
Total not definables as hedges pursuant to IFRS 9	101	41	142	4	(1)	4
Price risk hedges for energy products	104	40	144	4	-	4
Exchange risk hedges for commodities	(3)	1	(2)	-	(1)	(1)
Total price risk and exchange risk hedges for commodities (A)	(492)	54	(438)	(225)	(10)	(234)
TOTAL INCLUDED IN EBIT (A)	(492)	54	(438)	(225)	(10)	(234)
Result from exchange rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	58	0	58	26	0	26
Not definables as hedges pursuant to IFRS 9	11	(0)	11	(1)	0	(1)
Total exchange rate hedges (B)	69	(0)	69	25	0	25
TOTAL INCLUDED IN THE OTHER NET FINANCIAL INCOME (EXPENSE) (B)	69	(0)	69	25	0	25

(*) Includes the ineffective part

The actual results of the activity carried out within the scope of the MASA joint venture agreement in place with EDF Trading, referred to as “profit sharing”, are instead not included here as they are recorded in the item “Other revenues and income” (roughly 18 million euros in 2022).

Focus on the Net change in fair value of derivatives (commodities and foreign exchange)

The following table shows the impact on the income statement of changes in the fair value of derivatives (commodities and foreign exchanges) in 2022 and 2021, positive for 54 million euros and negative for 10 million euros.

(in million euros)

Change in fair value commodities and exchange rate	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total change in fair value
2022				
Hedges of price risk on energy products	(3)	391	40	428
Hedges of foreign exchange risk on commodities	-	18	1	19
Change in fair value in physical contracts (FVH)	-	(393)	-	(393)
Total 2022 financial year	(3)	16	41	54
2021				
Hedges of price risk on energy products	7	(814)	1	(806)
Hedges of foreign exchange risk on commodities	0	68	(1)	67
Change in fair value in physical contracts (FVH)	-	730	-	730
Total 2021 financial year	7	(17)	0	(9)

(*) Refers to the ineffective part

4.3.2 Effects of Hedging Derivative Transactions at December 31, 2022

The table below provides details of the Fair value recorded in Balance Sheet and classification by IFRS 13. As at December 31, 2022, net payables are recognised referring to transactions in derivatives measured at fair value equal to 470 million euros, a significant part carried out with EDF Trading Ltd.

(in million euros)	12.31.2022			12.31.2021		
	Receivables	Payables	Net	Receivables	Payables	Net
- Other assets / liabilities (current portion)	3.765	(3.548)	217	3.844	(4.091)	(247)
- Other assets / liabilities (non current portion)	468	(1.155)	(687)	863	(897)	(34)
Fair Value recognised as assets or liabilities (a)	4.233	(4.703)	(470)	4.707	(4.988)	(281)
<i>of which of (a) related to:</i>						
- Exchange rate risk management	102	(28)	74	45	(12)	33
- Commodity risk management	2.799	(3.669)	(870)	2.494	(3.527)	(1.033)
- Fair value on physical contracts	1.332	(1.006)	326	2.168	(1.449)	719
Broken down on fair value hierarchy:						
- Level 1	188	(19)	169	154	(15)	139
- Level 2	4.045	(4.646)	(601)	4.553	(4.971)	(418)
- Level 3 (*)	-	(38)	(38)	-	(2)	(2)
IFRS 7 Potential offsetting (b)	(1.720)	1.720		(1.628)	1.628	
Potential Net Fair Value (a+b)	2.513	(2.983)	(470)	3.079	(3.360)	(281)

(*) The fair value classified at level 3 is recognized in CFH reserve

Please note that the receivables and payables shown are offset in shareholders' equity by a negative cash flow hedge reserve amounting to 510 million euros, before the applicable deferred taxes (negative for 265 million euros at December 31, 2021).

Instruments Outstanding at December 31, 2022

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

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

A) Interest Rate and Foreign Exchange Rate Risk Management

(in million euros)	Fair value hierarchy (***)	December 31, 2022								December 31, 2021			
		Notional amount (*)								Balance sheet value (**)	Notional amount at 12/31/2021 (*)		Balance sheet value (**)
		due within 1 year		due between 2 and 5 years		due after 5 years		Total			Total		
		to receive	to pay	to receive	to pay	to receive	to pay	to receive	to pay	to receive	to pay		
Foreign exchange rate risk management													
A. Cash Flow Hedge pursuant to IFRS 9:													
- on commercial transactions	2	2.539	(75)	795	-	-	-	3.334	(75)	39	1.127	-	16
- on financial transactions	2	-	-	-	-	-	-	-	-	-	-	-	-
B. Fair Value Hedge pursuant to IFRS 9:													
- on commercial transactions	2	-	-	-	-	-	-	-	-	36	-	-	18
C. contracts that do not qualify as hedges in accordance with IFRS 9, to hedge margins:													
- on commercial transactions	2	19	(2)	3	(9)	-	-	22	(11)	-	-	(25)	-
- on financial transactions	2	(59)	(58)	-	-	-	-	(59)	(58)	-	-	-	-
Total exchange rate derivatives		2.499	(135)	798	(9)	-	-	3.297	(144)	75	1.127	(25)	34

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

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

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

B) Commodity Risk Management

(in million euros)		December 31, 2022					December 31, 2021	
Price risk hedges for energy products	Fair value hierarchy (***)	Notional amount (*)				Balance sheet value (**) (in million euros)	Notional amount (*)	Balance sheet value (**) (in million euros)
		Unit of measurement	due within 1 year	due within 2 years	due in more than two years			
A. to hedge cash flows (Cash Flow Hedge) pursuant to IFRS 9 of which:								
						(560)		(292)
- Electric power	3	TWh	(5)	-	-	(5)	(3)	(2)
- Natural gas	1/2	Millions of therms	302	105	129	536	415	(549)
- LNG and oil	2	Millions of barrels	5	2	-	7	6	139
- CO ₂	1	Millions of tonnes	2	-	-	2	4	119
B. to cover fair value pursuant to IFRS 9 (Fair Value Hedge)								
- Natural gas	2	Millions of therms	(855)	(247)	-	(1,102)	(713)	(1,101)
- OIL	2	BBL	11	5	-	16	15	360
C. not definable as a hedge pursuant to IFRS 9, to cover the margin:								
	-					41	-	-
- Electric power	2	TWh	-	-	-	-	-	-
- Natural gas	2	Millions of therms	(20)	-	-	(20)	48	(1)
- LNG and oil	2	Millions of barrels	-	-	-	-	(0)	1
- CO ₂	1	Millions of tonnes	-	-	-	-	0	-
Totale						(870)	-	(1,033)

(*) + for purchase balance, - for sales balance

(**) Represents the credit (+) or the net debt (-) recorded in the balance sheet following the fair value measurement of the derivatives

(***) For the definitions see the previous paragraph "Fair Value hierarchy according to IFRS 13"

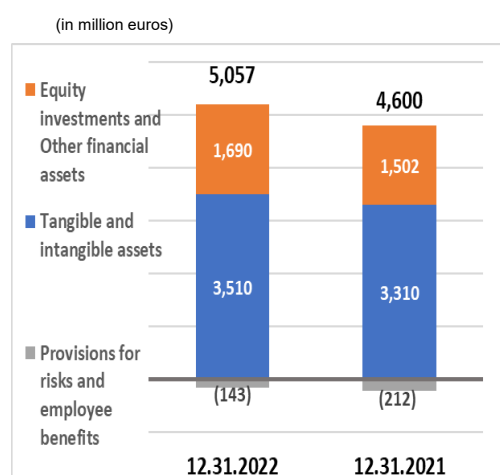
Derivatives classified as "level 3" regard hedges intended to reduce price risk in the Italian electricity market and are classified as cash flow hedges. The valuation is based on models that simulate the functioning of the domestic market on the basis of actual data. The ineffective part had a negative impact of roughly 7 million euros on the income statement (no impact in 2021).

5. INVESTED CAPITAL AND PROVISIONS

Edison Spa is the operating holding of the Edison Group, and through the assets held directly rather than those owned by the companies in which it directly or indirectly holds equity investments, it operates throughout the electricity and natural gas business segment from upstream to downstream, and in the energy efficiency services segment.

The non-current assets thus consist of both productive assets - for the most part large-scale directly operated thermoelectric and hydroelectric production plants - and equity investments in companies which are almost all subsidiaries, as well as the provisions for operational risks associated with such items.

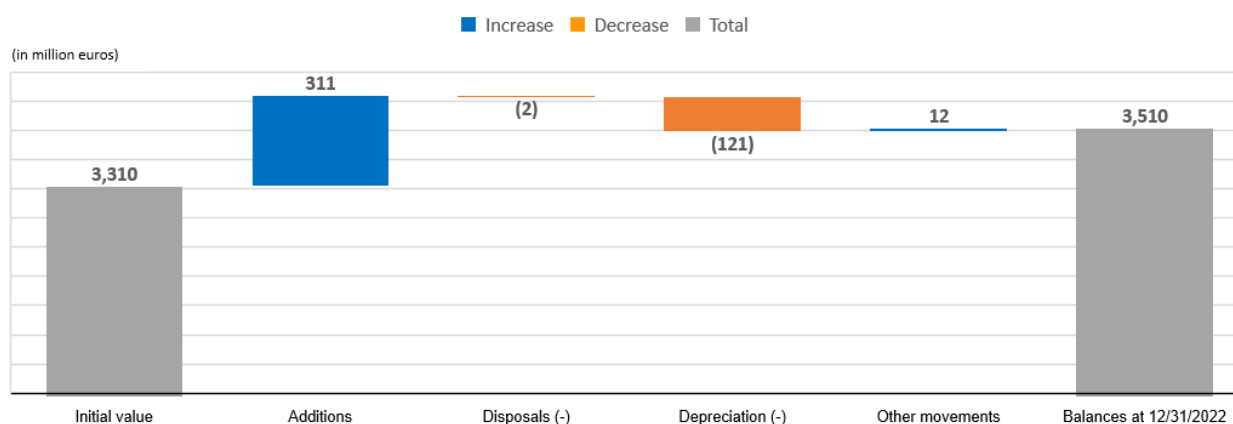
Fixed capital increased by 457 million euros during the year, mainly due to the increase in investments in fixed assets net of amortisation/depreciation for the year, while financial fixed assets increased by 188 million euros; details regarding the changes that occurred during 2022 are provided below.



5.1 Non-current assets

(in million euros)	Property, plant and equipment	Intangible Assets	Leased tangible fixed assets IFRS 16	Goodwill	Total
Opening balances at 12/31/2021 (A)	1,557	71	138	1,544	3,310
Changes at December 31, 2022:					
- acquisitions	291	18	2	-	311
- disposals (-)	(2)	-	-	-	(2)
- amortisation (-)	(89)	(15)	(17)	-	(121)
- other changes	4	2	6	-	12
Total changes (B)	204	5	(9)	-	200
Balances at 12/31/2022 (A+B)	1,761	76	129	1,544	3,510

Changes in Tangible and Intangible Assets



Commitments on non-current assets:

There were commitments of 113 million euros to complete investment projects in progress, which refer primarily to contracts for the construction of a latest-generation combined-cycle thermoelectric power station fuelled with natural gas, in Presenzano (CE) and minor extraordinary maintenance work to be carried out in the next few years on the already existing hydroelectric and thermoelectric parks.

5.1.1 Property, plant and equipment

Property, plant and equipment refers primarily to land and buildings, as well as the assets located there for the production of electricity, consisting of natural gas combined cycles and hydroelectric power stations.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Payments on account and assets under construction	Investment property	Total
<i>(in million euros)</i>							
Opening balances at 12/31/2021 (A)	207	791	1	3	551	4	1,557
Changes at December 31, 2021:							
- acquisitions	4	109	1	1	176	-	291
- disposals (-)	-	(2)	-	-	-	-	(2)
- amortisation (-)	(7)	(81)	-	(1)	-	-	(89)
- other changes	18	293	-	-	(307)	-	4
Total changes (B)	15	319	1	-	(131)	-	204
Balances at 12/31/2022 (A+B)	222	1,110	2	3	420	4	1,761
of which:							
- historical cost	444	3,768	9	17	420	6	4,664
- write-downs (-)	(50)	(537)	-	-	-	(1)	(588)
- amortisation (-)	(172)	(2,121)	(7)	(14)	-	(1)	(2,315)
Net value	222	1,110	2	3	420	4	1,761

The main changes that occurred during the year are reviewed below:

- **acquisitions** of 291 million euros refer mainly to the construction of thermoelectric power plants gas combined-cycle at the Marghera Levante (approximately 145 million euros) and Presenzano (approximately 99 million euros), beyond minor work on other thermoelectric power plants (around 29 million euros) and several hydroelectric power plants (approximately 8 million euros);
- **depreciation and amortisation** amounted to 89 million euros, a slight decrease from the previous year (96 million euros);
- **other changes** mainly include the Marghera gas combined-cycle power plant following the start-up of production.

The net carrying amount of **property, plant and equipment** includes **assets transferable without consideration** attributable mainly to Edison's hydroelectric operations, which holds 38 concessions. A breakdown is as follows:

Freely transferable assets <i>(millions of euros)</i>	Buildings and other assets	Plant and machinery	Total
Opening balances at 12/31/2021 (A)		4	34
Changes at December 31, 2022			
- acquisitions		1	1
- amortisation (-)		(5)	(5)
Total changes (B)		(4)	(4)
Balances at 12/31/2022 (A+B)		4	34
of which:			
- historical cost		7	334
- depreciation (-)		(3)	(304)
Net value		4	34

The balance of **investment property** refers to land and buildings that are not used for production activities.

In accordance with IAS 23 revised, note that during the exercise about 5 million euros in financial expense was capitalized in property, plant and equipment.

The table below provides a **disclosure about the concessions** held by the company recognised in other intangible assets:

	Number	Residual life (years)	
		from	to
Hydroelectric concessions	38	2	29

5.1.2 Leased tangible fixed assets IFRS 16

(in million euros)	Land and buildings	Plant and machinery	Other assets	Total
Opening balances at 12/31/2021 (A)	76	60	2	138
Changes at December 31, 2022:				
- acquisitions	1	-	1	2
- amortisation (-)	(11)	(5)	(1)	(17)
- other changes	6	-	-	6
Total changes (B)	(4)	(5)	-	(9)
Balances at 12/31/2022 (A+B)	72	55	2	129

The item "Land and Buildings" refers mainly to the leased premises of the Foro Buonaparte office in Milan.

In particular, "other changes", amounting to 6 million euros, mainly include the adjustment of the right of use (and related financial debt) of the Foro Bonaparte building following the updating of future rents based on the percentage increase in the ISTAT index.

The item "Plant and Machinery" exclusively includes the LNG carrier, capitalised in the second half of 2021, for the transport of LNG. The LNG carrier was accounted for in accordance with IFRS 16 under the 12-year long-term contract with the shipowner Knutsen OAS Shipping.

5.1.3 Intangible assets

(in million euros)	Other intangible assets
Opening balances at December 31, 2021 (A)	71
Changes at December 31, 2022:	
- acquisitions	18
- amortisation (-)	(15)
- other changes	2
Total changes (B)	5
Balances at December 31, 2022 (A+B)	76
of which:	
- historical cost	174
- amortisation (-)	(97)
- write-downs (-)	(1)
Net value	76

They mainly include:

- 28 million euro the contract to supply gas from the Shah Deniz II field in Azerbaijan;
- 23 million euros software licenses and network applications;
- 13 million euros work in progress.
- 3 million euros the coastal State concession in Oristano.

Additions during the year include the capitalisation of expenses for the implementation and updating of network applications and the acquisition of software licences.

5.1.4 Goodwill

The value of 1,544 million euros is unchanged from the previous year and represents an intangible asset with an undefined useful life and, therefore, it is not subject to systematic amortization, but rather to impairment testing at least once a year.

As indicated in note 5.1.5 below, the impairment test carried out pursuant to IAS 36 did not reveal any impairment loss.

5.1.5 Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles

The impairment test conducted pursuant to IAS 36 did not reveal any write-downs at the level of the CGU, nor at the level of goodwill, while both write-downs of equity investments were recorded for a value of 138 million euros (see comment in paragraph 5.2 Equity investments and other financial assets).

The results of the tests and the sensitivities carried out are commented on below, while for the methodology used, please refer to the extensive comments in chapter 11. Criteria and valuations.

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

The main assumptions that determined the test results are as follows:

- In developing the reference scenario for the Italian electricity market, in continuity with last year's test, the results of the electricity generation capacity remuneration auctions (so-called capacity market) which were held in November 2019 and in February 2022 with reference:
 - for already existing generation capacity: to the years 2023 and 2024;
 - for the generation capacity that will be made available with new investments: for 15 years from entry into operation.The company took part in the auctions both with existing generation capacity and with that which will be available following the making of new investments. In particular, the contribution of two new thermoelectric plants was included, while for existing plants an extension of the incentives was assumed on the basis of prudent tariffs compared to those resulting from past auctions.
- With regard to hydroelectric concessions, the extension of expired or expiring concessions for a further year was assumed, in line with the extension provided for by Law 118/2022 "Annual law for the market and competition 2021".
- Regarding tax regulations:
 - D.L. Sostegni Ter, Law 25/2022; the maintenance of a price cap of around 60 €/MWh was assumed for the entire three-year period 2023-2025 even though the law provides for it only until 30 June 2023;
 - Article 1 paragraph 30 of the 2023 Budget Law, Law 197/2022; for other renewable source plants not falling within the scope of application of the Sostegni Ter Decree from 1 December 2022 until 30 June 2023 a ceiling of €180/MWh was set. Prudentially, it was included in the plans for the entire three-year period 2023-2025
 - D.L. 21/2022 "Taglia Prezzi"; the 2023 Budget Law also provides for the establishment of the extraordinary solidarity contribution. In the absence of the approved regulation, an extension of this regulation for the entire three-year period 2023-2025 was taken into account with a probabilistic sensitivity analysis.
- The WACCs used in the 2022 impairment test are higher than the previous year and are affected both by the effects of the market recovery and by the evolution of the scenario identified in the last quarter of 2022.
- The reference values of the WACC are 6.7% for electricity (5.6% in 2021) and 8.4% for gas (7.5% in 2021).

Specifically for the goodwill test, in addition to the hypotheses set out above, a long-term growth rate of between 0 and 1.5% was assumed in determining the terminal value, depending on the specifics of the individual businesses of the company.

To support the analyses developed from the test, sensitivity analyses were also conducted to highlight the impact on the recoverable amounts of the assets as specific assumptions change. In particular, the theoretical impact of non-renewal of the remuneration mechanism for production capacity at the end of the periods in which the company is already the assignee (2024 for existing plants and after 15 years for plants under construction) was analysed. Sensitivity was performed with all other scenario conditions being equal.

With regard to goodwill, certain key variables were tested using Montecarlo simulations to identify the recoverable value.

In addition to determining the reference recoverable value, the simulation quantifies the possible deviations from this value associated with swings in the variables considered and the statistical probability of these variations. Considering a reasonable interval, the recoverable value would have a relative variation that is marginal and without impact as write-downs.

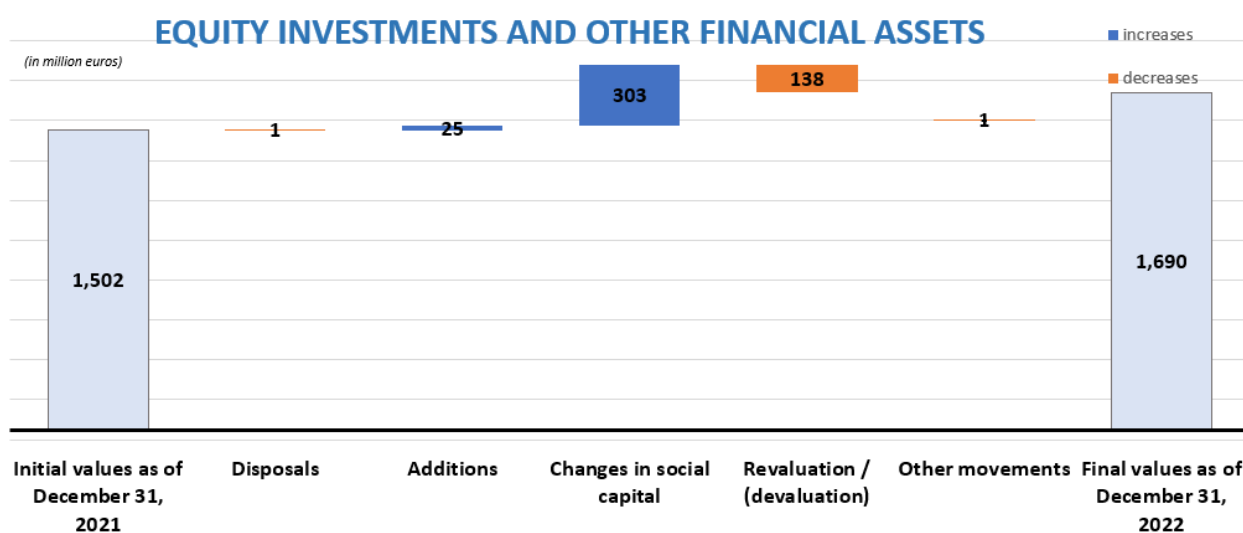
5.2 Equity investments and other non-current financial assets

<i>(in million euros)</i>	Equity investments	Investments at fair value through profit and loss	Other non-current financial assets	Total
Opening balances at 12/31/2021 (A)	1,481	1	20	1,502
Changes at December 31, 2022:				
- disposals (-)	(1)	-	-	(1)
- acquisitions	25	-	1	26
- changes in share capital and reserves	303	-	(1)	302
- rev. (+) / write-down (-) on income statement	(138)	-	(1)	(139)
Total changes (B)	189	-	(1)	188
Balances at 12/31/2022 (A+B)	1,670	1	19	1,690
of which:				
- historical cost	2,145	6	20	2,171
- write-downs (-)	(475)	(5)	(1)	(481)
Net value	1,670	1	19	1,690

Total equity investments and other non-current financial assets amount to 1690 million euros and break down as follows:

- **equity investments**, of which 1,650 million euros in subsidiaries and 20 million euros in associates and joint ventures;
- **equity investments at fair value through profit and loss** for 1 million euros, refer mainly to the equity investment in American Superconductor and in European Exchange Energy, in Bake Two Srl and in Musa Scarl;
- **other non-current financial assets**, equal to 19 million euros, refer for
 - 10 million euros (unchanged compared to December 31, 2021) of the financial receivable claimed by Edison from the company Depositi Italiani GNL (DIG) referring to a shareholder loan granted in 2020 expiring in 2036;
 - 8 million euro (10 million euro as at 31 December 2021) for the investment in the FPCI Electranova - Ildinvest Smart City Venture Fund which focuses on fast growing unlisted companies (from early stage to advanced stage) in the Energies & Cities, mainly at EU level. This investment is measured at fair value and during the year, decreases in value of approximately 1 million euro were recognized in the income statement;
 - 1 million euros the investment in the Corporate Partners I fund of CDP Venture Capital, for the EnergyTech segment (see paragraph "2.2 Significant events"). This investment is measured at fair value and during the exercise any changes in value booked to the income statement.

As required by the Italian Civil Code, information about the changes that occurred during the year and detailed data about investments in subsidiaries, affiliated companies, joint ventures and other companies is provided in the schedule entitled "List of Equity Investments at December 31, 2022" annexed to these separate financial statements.



The main changes in 2022 are reviewed below:

- **disposals** refer to the disposal of Ibiritermo SA;
- **acquisitions** mainly refer to the purchase of 100% of the equity investment in Energia Italia Srl and in Alboran Hydrogen Brindisi Srl;
- **changes in share capital and reserves** refer primarily to:
 - 301 million to Edison Energia Spa (including 1 million as a waiver of the receivable due from Medicoora Srl, merged during the year into Edison Energia Spa);
 - 2 million in favour of Nuova Alba Srl;
- **write-downs/reversals in the income statement**, commented on below, reflect the adjustment of the carrying value of some investees due to the impairment testing process described below;
- **other changes** refer to the write-off of the long-term financial receivable from Intesa Sanpaolo.

Provisions for risks for impairment of equity investments

(in million euros)	12/31/2021	Other changes	12/31/2022
- Medicoora	1	(1)	-
Total investments write-down provision	1	(1)	-

The provision, which had been established to cover future losses of the subsidiary Medicoora, was reclassified as a direct reduction in the value of the investment at the time of its merger into the subsidiary Edison Energia Spa.

The effect on the income statement for the year finds its economic counterparty in the "total income from equity investments".

Impairment test on equity investments

At least once a year the company evaluates whether there are any indicators of impairment on each equity investment, in line with its strategy for the management of legal entities within the Group and, if they are identified, it tests such assets for impairment. The processes and methods for assessing and determining the recoverable amount of each equity investment are based on assumptions which are at times complex and by their very nature require recourse to the judgement of the Directors, in particular with reference to the identification of indicators of impairment, forecasting their future profitability for the Group's business plan period, determining normalised cash flows on the basis of estimated terminal value and determining long-term growth rates and discounting rates to be applied to expected future cash flows.

The write-downs or revaluations of equity investments reflect the valuations resulting from the impairment test performed on such equity investments. The impairment test on the carrying amount of equity investments involves comparing the carrying amount and the respective shareholders' equity and profit (loss) of the investee, which thus includes the effects of the impairment test it has conducted on its own assets. If, following this comparison, the shareholders' equity is lower than the carrying amount, the company decides whether to adjust the book value of the equity investment.

Dividends, write-downs and other income and (expense) from equity investments

<i>(in million euros)</i>	2022 financial year	2021 financial year	Changes
Dividends	136	58	78
Reversal write-downs of equity investments	-	14	(14)
Gains on the sale of equity investments	-	602	(602)
Total income from equity investments	136	674	(538)
Write-downs of equity investments	(138)	(5)	(133)
Losses on the sale of equity investments	(3)	-	(3)
Total expense on equity investments	(141)	(5)	(136)
Income from (Expense on) equity investments, net	(5)	669	(674)

Write-downs for the year, which amounted to 138 million euros, mainly refer to the equity investment in Edison Energia (133 million euros), company that operates in the commercial area and which records a marked drop in results, the causes of which are attributable to the different conditions of the energy markets compared to last year, linked in particular to the exceptional context of the increase in raw material prices, high volatility and uncertainty which have conditioned procurement activities and impacted margins, also as a result the actions promoted by the Company to protect customers as well as the regulatory constraints introduced during the year to protect Retail customers. It is also noted the write-down in Edison International (2 million euros) and in Nuova Alba (1 million euros).

5.3 Operational provisions

<i>(in million euros)</i>	12/31/2021	Financial expense	Provisions	Utilizations	Other changes	12/31/2022
- Employee benefits	14	-	-	(1)	(1)	12
- Provisions for decommissioning and remediation of industrial sites	65	3	-	(2)	4	70
- Provisions for other risks and charges	132	1	4	(80)	4	61
- Provisions for risks on equity investments (*)	1	-	-	-	(1)	-
Total provisions for operational risks	212	4	4	(83)	6	143

(*) for details see chapter 5.2

5.3.1 Employee benefits

The value of 12 million euros (14 million euros at December 31, 2021), reflects the severance indemnities and other benefits accrued at period end in favour of employees. The actuarial gains and losses entered directly as shareholders' equity total around 1 million euros, down by 1 million euros compared to December 31, 2021 (see shareholders' equity table).

An actuarial valuation in accordance with IAS 19 was performed only for the liability corresponding to the provision for employee severance indemnities that is still held by the company. The parameters used for this valuation are as follows:

	12/31/2022	12/31/2021
- Theoretical annual discounting rate	3.90%	1.20%
- Annual rate of inflation	5.9% for 2023, 2.3% for 2024, 2.0% from 2025	1.50%
- Global salary annual increase rate	2.00%	2.00%
- Estimated annual increase in employee severance indemnities	5.93% for 2023, 3.33% for 2024, 3.0% from 2025	2.63%

5.3.2 Provisions for decommissioning and remediation of industrial sites

Equal to 70 million euros, they incorporate the valuation, discounted to the date of the financial statements, of the decommissioning costs that are expected to be incurred with reference to the industrial sites. The change for the year reflects in particular: (i) the recognition of the charge relating to the discounting, in the income statement included under the item "Other net financial income (charges)" and (ii) the recognition of a new provision with consequent increase in the fixed assets involved in the item "plant and machinery".

5.3.3 Provisions for other risks and charges

These refer to provisions of a purely industrial nature for the various areas in which the company operates, as well as some provisions related to the sale of equity investments and provisions for tax disputes related to property taxes. They also reflect the valuation of **contingent liabilities** correlated with some disputes under way for which it was possible to develop a reliable estimate of the corresponding expected obligation, even though the timing of the corresponding cash outlays cannot be objectively predicted.

The overall amount decreased compared to December 31, 2021, mainly due to utilisations related to certain onerous energy commodity contracts, recognised in the 2021 financial statements, with respect to subsidiaries from which Edison Spa purchased electricity from renewable sources at a market price higher than the price at which it committed to sell.

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

With reference to the disputes underway with the Municipality of Piateda concerning the hydroelectric plants located within the municipality's territory, in January 2023, payment was made of the higher amount of ICI tax with related interest for the years from 2003 to 2005 and for 2008, following a final sentence issued by the Court of Cassation, which however annulled the sanctions. Both the charge for what has been paid at the beginning of 2023 and the possible charges resulting from the still pending litigations are covered by special provisions for risks, adjusted in the course of 2022 as a result of the risk related to a part of the penalties no longer applying.

5.4 Contingent assets and liabilities

Contingent assets

Benefit not entered in the financial statements as it is not virtually certain.

As at December 31, 2022, there were no contingent assets to report.

Contingent liabilities

Not recognised in the financial statements as they depend on events that are possible, but not probable, or are probable but cannot be quantified reliably and the corresponding cash outlays cannot be reasonably estimated.

6. SHAREHOLDERS' EQUITY

Edison Spa's **shareholders' equity** is 5,067 million euros, down by 197 million euros compared to 5,264 million euros recorded at December 31, 2021. The breakdown of shareholders' equity at December 31, 2022 is shown in the table below compared with that of December 31, 2021:

Shareholders' equity <i>(in million euros)</i>				12/31/2022	12/31/2021			
	No. shares	Unit. Euro N.V.	% of Share capital		No. shares	Unit. Euro N.V.	% of Share capital	
Share capital of which:								
Common shares	4,626,557,357	1.00	97.69%	4,627	4,626,557,357	1.00	97.69%	4,627
Non-convertible savings shares	109,559,893	1.00	2.31%	110	109,559,893	1.00	2.31%	110
Total share capital	4,736,117,250		100.00%	4,736	4,736,117,250		100.00%	4,736
Statutory reserve				36				-
Cash flow hedge reserve				(366)				(191)
Reserve for actuarial gains (losses)				(1)				(2)
Retained earnings/(loss carryforward)				399				-
Net income (loss) for the year				263				721
Total shareholders' equity				5,067				5,264

Analysed and indicated below are the changes of the individual items making up the company's shareholders' equity at the end of 2022:

Share capital

There are no changes in the composition of the company's share capital.

The Shareholders' Meeting approves a restriction on a portion of the share capital

It is recalled that on June 24, 2021, Edison's Ordinary Shareholders' Meeting approved the placement in the financial statements of a tax restriction for a total amount of 1,572,280,356.02 euros on a corresponding portion of the share capital, pursuant to Article 110 of Decree Law No. 104 of August 14, 2020 and supplementary and related provisions. This resolution was made necessary as Edison had exercised the option to realign the tax values to the higher statutory values of a significant portion of certain amortizable assets and goodwill, as allowed under the above-mentioned law.

Shareholders with Significant Equity Interests

The table that follows, which is based on the data in the Shareholder Register and reflects communications received pursuant to law and other information available as of February 15, 2023, shows that there is no party, other than the EDF Group, that holds, directly or indirectly (including through third parties, nominees and subsidiaries), an interest greater than 3% of the voting stock ("Significant Equity Interests"). A breakdown of the interest held by EDF in Edison's common share capital is as follows:

	Common shares	% exercisable voting rights	% ownership of issued capital
Transalpina di Energia Spa	4,602,160,785	99.473	97.172
Total for the EDF Group	4,602,160,785	99.473	97.172

Rights of the Classes of Shares

COMMON SHARES	SAVINGS SHARES
<p>The common shares, which are registered shares, convey the right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings, in accordance with the applicable provisions of the law and the By-laws, and provide their holders with any additional administrative and property rights attributed to voting shares pursuant to law.</p>	<p>The savings shares can be either bearer or registered shares, as the holder may choose, except for shares held by Directors, Statutory Auditors and the General Manager, if one is appointed, which must be registered shares. They do not convey the right to vote at the company's Ordinary and Extraordinary Shareholders' Meetings. Pursuant to the By-laws, they convey the benefits and have the characteristics that are listed below in addition to those provided pursuant to law:</p> <ul style="list-style-type: none"> ✓ A reduction in the share capital to absorb losses does not cause the par value of savings shares to decrease, except for the amount in excess of the aggregate par value of the shares. ✓ If the savings shares are delisted, they will retain all of the rights attributed to them under the Bylaws and may be converted into common shares according to the terms and conditions determined by a shareholders' meeting, which must be held within two months from the date of delisting. ✓ The remainder of the earnings shown in the duly approved financial statements, after allocating at least 5% to the statutory reserve, which must be set aside until the reserve reaches one-fifth of the share capital, are distributed to the savings shares up to an amount that may not be greater than 5% of their par value (equal to 5 eurocents). If in a given fiscal year the savings shares receive a dividend that is less than the above-mentioned amount, the difference will be brought forward and added to the preferred dividend over the following four years; ✓ If no dividend is distributed to the savings shares for five consecutive years, these shares can be converted one for one into common shares, upon a simple request by the shareholder, during the period from January 1 to March 31 of the sixth year. ✓ Any remaining earnings that the shareholders' meeting decides to distribute are allocated to all of the shares such that the savings shares receive a total dividend that is greater than the dividend paid to the common shares by 3% of their par value.

For any matters not addressed here, please refer to the company's Bylaws.

OTHER SHAREHOLDERS' EQUITY ITEMS

Statutory reserve

The Ordinary Shareholders' Meeting of March 31, 2022 resolved to set aside 5% of the profit for the financial year 2021 to the legal reserve in the amount of 36 million euro.

Cash flow hedge reserves

The cash flow hedge reserve, negative and amounting to roughly 366 million euros, is due to the adoption of IFRS 9 for the accounting of derivatives. It refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities. The amounts recognised directly in equity will be reflected in the income statement concurrently with the economic effects produced by the hedged items. The table below shows the change with respect to December 31, 2021:

<i>(in million euros)</i>	Gross reserve	Deferred taxes	Net reserve
Opening value as at 1/1/2022	(265)	74	(191)
- Period changes	(245)	70	(175)
Value as at 12/31/2022	(510)	144	(366)

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

Reserve for actuarial gains and losses

It is entered directly as shareholders' equity and is negative for around 1 million euros, down by around 1 million euros with respect to 2021. An actuarial valuation in accordance with IAS 19 was performed only for the liability corresponding to the provision for employee severance indemnities that is still held by the company.

Retained earnings and (loss) carryforward

The Ordinary Shareholders' Meeting of March 31, 2022 resolved to allocate 399 million euros to retained earnings.

TAX STATUS OF SHARE CAPITAL AND RESERVES IN THE EVENT OF REPAYMENT OR DISTRIBUTION

The types of tax status and utilisation options of the different items that constitute the company's shareholders' equity are reviewed below:

(thousands of euros)	Carrying amount	Tax Status		Possibility of use
		Share class	Amount	
Share capital				
Common shares	4,626,557			
Savings shares	109,560			
	4,736,117			
	of which:	B	192,082	-
		C	588,628	-
		F	1,572,280	-
Other reserves				
Statutory reserve	36,049	A		2
Reserve from merger by incorporation	-	A		2
Retained earnings	399,240	A		1, 2, 3
Accumulated losses	-			-
CFH derivative valuation reserve	(366,099)	E		-
Actuarial reserve (IAS 19)	(1,358)			-

Tax Status

A: Reserves that, if distributed, would be included in the taxable income of the shareholders

B: Reserves the taxation of which has been suspended that are part of share capital. If the share capital is reduced upon a shareholder distribution, these reserves would become taxable

C: Portion of shareholders' equity restricted pursuant to Section 469 of Law No. 266/2005 (so-called realignment), which, if utilised, would be included in the Company's taxable income, increased by a 12% substitute tax, with the concurrent earning of a 12% tax credit (equal to the substitute tax paid)

D: Reserves that, if distributed, would not be included in the taxable income of the shareholders

E: Cash flow hedge reserve

F: Restricted portion pursuant to paragraphs 3 and 8 of Art. 110 of Decree Law 104/2020, in the event of reduction in capital and assignment to shareholders, will contribute to forming the company's taxable income for IRES purposes, as well as the taxable income of the recipients, without prejudice to the right to a tax credit for the Company, for the substitute tax of 3% paid in relation to any portion allocated to shareholders.

Utilisation options

1: capital increase

2: loss coverage

3: distribution to shareholders

Specifically as concerns the tax regime, please note that the reserves the taxation of which has been suspended that are part of share capital (see letter B) are broken down below according to the relevant regulatory and corporate references (in thousands of euros):

• No. 576 of 12/01/1975 (old Edison form. Montedison)	31,064
• No. 72 of 3/19/1983 (old Edison form. Montedison)	15,283
• No. 576 of 12/1/1975 (former Finagro)	1,331
• No. 72 of 3/19/1983 (former Finagro)	3,310
• No. 72 of 3/19/1983 (former Montedison)	8,561
• No. 72 of 3/19/1983 (former Silos di Genova Spa)	186
• No. 413 of 12/30/1991 (former Finagro)	4,762
• No. 576 of 12/1/1975 (former Calceamento)	976
• No. 72 of 3/19/1983 (former Calceamento)	4,722
• No. 413 of 12/30/1991 (former Sondel)	2,976
• No. 413 of 12/30/1991 (former Edison)	118,911

Any taxes that may be due on the reserves would amount to 46 million euros for those under letter B, 80 million euros (net of tax credit) for those under letter C, and 340 million euros for those under letter F (net of the tax credit).

As for the negative income components that are not reflected in the income statement, which until 2008 could be deducted by listing them on a separate schedule annexed to the income tax return, the provision of the tax code require that a corresponding amount of the unrestricted reserves and retained earnings should be maintained on the company's financial statements and, if the above-mentioned amount is distributed, it would be included in the company's taxable income.

As a result of non-accounting depreciation and amortisation taken in 2006 and 2007 and the derecognition in 2004 of entries booked for tax purposes but which had no relevance for statutory reporting purposes, non-accounting deductions still available totalled about 3 million euros. Deferred taxes totalling about 1 million euros were recognised in connection with these entries.

Therefore, should the company choose to distribute earnings or reserves, it must have residual qualified reserves, as defined in art. 109 of the Uniform Tax Code, totalling 2 million euros. If the company lacks or has insufficient qualified reserves, any uncovered portion of the distribution, increased by the applicable deferred taxes, would become part of the company's taxable income.

Lastly, the reform of the corporate income tax system, which went into effect on January 1, 2004, introduced the overriding presumption that the profit for the year and the portion of reserves other than share capital reserves that has not been set aside in a suspended taxation status will be distributed, irrespective of the motions approved by the shareholders' meeting (art. 47 of the Uniform Tax Code).

7. NET FINANCIAL DEBT (AVAILABLE FUNDS) AND COST OF DEBT

7.1 Management of Financial Resources

Edison Spa defines its financial strategy with the main view of guaranteeing the availability of monetary resources under the best market conditions, and in the appropriate proportions, to support the running of ordinary business activities and the development of investments to support future growth.

For this purpose, Edison Spa also relies although not exclusively on the parent company EDF Sa for funding, to obtain loans in any technical form that guarantee flexibility in liquidity and/or coverage of structural needs. The terms and conditions are aligned with the best market conditions for Edison. In terms of cash management, one of Edison's current accounts is dedicated to the cash pooling relationship with EDF Sa, allowing for significant cash flexibility, thanks to a credit facility of up to 199 million euros under competitive conditions. As for the governance of liquidity, it is centralised at the level of Edison Spa, which directly manages the treasury of its Italian subsidiaries and coordinates the foreign branches, in both cases through correspondence current accounts and intra-group loans. The former are used for the collection and payment system, ensuring, when necessary, cash flexibility in the short term, while the loans make it possible to cover structural requirements, first and foremost investments. The terms and conditions applied reflect prevailing market conditions over time according to the "arm's length" principle, based on which transactions, in this case financial, between members of the same Group must be carried out substantially under the same conditions as would be applied with respect to third parties. To support certain investment activities, Edison turns to the market when it can find particularly favourable financing opportunities, as in the case of EIB financing. Please note that as at December 31, 2021, Edison's credit rating is BBB stable outlook for Standard & Poor's and Baa3 negative outlook for Moody's due to the direct effect of the changes suffered by the rating of the parent company EDF. This paragraph also provides some sensitivity analyses and details to better describe the financial risk management procedures (interest rate risk, credit risk, liquidity risk).

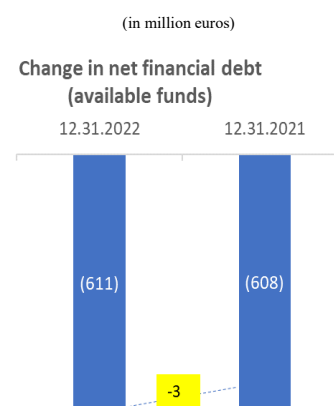
7.2 Net Financial Debt (Available Funds) and Cost of Debt

Below is a summary of the main phenomena which impacted the net available funds, which as at December 31, 2022 came to 611 million euros (net available funds of 608 million euros at December 31, 2021).

The negative change of 3 million euros in net financial debt is in substantial continuity with the previous year's result.

The main cash flows for the year derive from:

- positive change in operating working capital;
- payment of dividends for 286 million euros;
- collection of dividends from subsidiaries for 136 million euros;
- payment of direct taxes for 77 million euros;
- investments in fixed assets mainly relating to the construction of the gas-fired combined cycle thermoelectric plants of Marghjera Levante (90 million euros) and Presenzano (103 million euros);
- investments in financial fixed assets for 328 million euros;
- collection of 54 million euros of the amount by way of price adjustment on the sale of 49% of Edison Renewables, completed in December 2022.



Below is a breakdown of total net financial debt (cash), as defined by the ESMA Guidelines published on March 4, 2021 that CONSOB requested to be adopted as of May 5, 2021 (for more information, see the comments in paragraph 1.8 New Definition of "Total Financial Debt"):

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Non-current financial debt	574	486	88
- Payables to banks	455	358	97
- Lease payables	119	128	(9)
Non-current financial receivable	(1,076)	(396)	(680)
Non-current financial assets from subsidiaries and affiliated companies	(1,076)	(396)	(680)
Other non-current liabilities	-	1	(1)
Non-current financial debt	(502)	91	(593)
Current financial debt (excluding the current portion of non-current financial debt)	578	597	(19)
- Current financial liabilities from subsidiaries and associates (-)	526	381	145
- Payables to banks	15	135	(120)
- Debiti verso società del Gruppo EDF			-
- Payables to subsidiary Transalpina di Energia	7	8	(1)
- Payables to other lenders	30	73	(43)
Current portion of non-current financial debt	42	34	8
- Payables to banks	25	19	6
- Lease payables	17	15	2
Current financial receivable	(297)	(467)	170
Current financial assets from subsidiaries and affiliated companies	(297)	(467)	170
Current financial assets	-	-	-
Cash and cash equivalents	(432)	(863)	431
Net current financial debt	(109)	(699)	590
Total net financial debt	(611)	(608)	(3)
of which:			
Gross Financial Debt	1,194	1,118	76
of which Other non-current liabilities	-	1	(1)
Liquidity	(1,805)	(1,726)	(79)

Below is the breakdown of net financial debt referring to the application of IFRS 16:

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Long-term financial debt	119	128	(9)
Non-current financial assets from subsidiaries and affiliated companies	(4)	(5)	1
Non-current net financial debt (available funds)	115	123	(8)
Current financial payables	17	15	2
Current financial assets from subsidiaries and affiliated companies	(1)	(1)	-
Current net financial debt (available funds)	16	14	2
Total net financial debt (available funds)	131	137	(6)

7.2.1 Non-current financial payables

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Banks	455	358	97
Leasing IFRS 16	119	128	(9)
Total non-current financial payables	574	486	88

Payables to banks mainly consist of medium- and long-term loans granted by the **EIB**. Outstanding loans include those earmarked for development projects in the wind power sector, in storage and for the construction of the Porto Marghera thermoelectric power plant. On the other hand, the increase in bank debt can be attributed to the utilisation of the Green Framework Loan with the EIB, amounting to approximately 120 million euros in 2022. The EIB approved the allocation of funds for certain renewable energy and energy efficiency projects to accompany Edison in these investments.

7.2.2 Current financial payables

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Banks	40	154	(114)
Transalpina di Energia Spa	7	8	(1)
Leasing IFRS 16	17	15	2
Factoring companies	24	67	(43)
Other financial payables	6	6	-
Total current financial payables	94	250	(156)

The reduction in **current financial payables**, compared to December 31, 2021, was mainly due to the reduced exposure of margining accounts for hedging obligations related to the industrial portfolio as of 12/31/2022 and reduced temporary overdrafts on ordinary current accounts for normal operations.

The tables below provide details on **current payables and current and non-current receivables** with respect to subsidiaries and affiliated companies, which represent financial transactions and balances in the intra-group current accounts. Indeed, Edison Spa guarantees liquidity management and finances the investment requirements of its subsidiaries and affiliates.

7.2.3 Current financial payables to subsidiaries and affiliated companies

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Edison Rinnovabili	146	110	36
Cellina Energy	110	108	2
Edison International	61	62	(1)
Edison International Shareholdings	37	4	33
Assistenza Casa	27	16	11
Winbis	27	-	27
Edison Reggane	25	15	10
Bonorva Windenergy	23	2	21
Aerochetto	13	1	12
Other minor	57	63	(6)
Total	526	381	145

The total value of current financial payables to subsidiaries and affiliated companies increased compared to last year due to the cash generated by the companies that was deposited in the intercompany current account with Edison Spa, allowing the company to take advantage of a remuneration. This phenomenon is relatively more relevant in the renewables sector as in the case of Edison Rinnovabili and the recently acquired Winbis.

7.2.4 Current and non-current financial receivables from subsidiaries and affiliated companies

(in million euros)	Of which non-current			Of which current			Total		
	12/31/2022	12/31/2021	change	12/31/2022	12/31/2021	change	12/31/2022	12/31/2021	change
Subsidiaries									
Edison Energia	498	-	498	4	187	(183)	502	187	315
Edison Rinnovabili	132	143	(11)	12	20	(8)	144	163	(19)
Edison Stoccaggio	83	98	(15)	52	62	(10)	135	160	(25)
Edison Reggane	-	60	(60)	60	-	60	60	60	-
Edison Next Government (formerly Citelum)	57	27	30	48	2	46	105	29	76
Edison Next Environment (formerly Sersys)	-	23	(23)	24	-	24	24	23	1
Edison Teleriscaldamento	-	19	(19)	22	-	22	22	19	3
Ecotermica Cirié	12	10	2	-	-	-	12	10	2
Energie Rinnovabili Arpitane (formerly Idroelettrica Saint Ba)	7	6	1	1	2	(1)	8	8	-
Edison Next (formerly Fenice)	232	-	232	37	178	(141)	269	178	91
MF Energy	19	-	19	1	2	(1)	20	2	18
Gaxa	-	-	-	14	-	14	14	-	14
Other minor	36	10	26	23	14	9	59	24	35
Total subsidiaries (A)	1,076	396	680	298	467	(169)	1,374	863	511
Provision for doubtful accounts IFRS 9 (B)	-	-	-	(1)	-	(1)	(1)	-	(1)
Total (A+B)	1,076	396	680	297	467	(170)	1,373	863	510

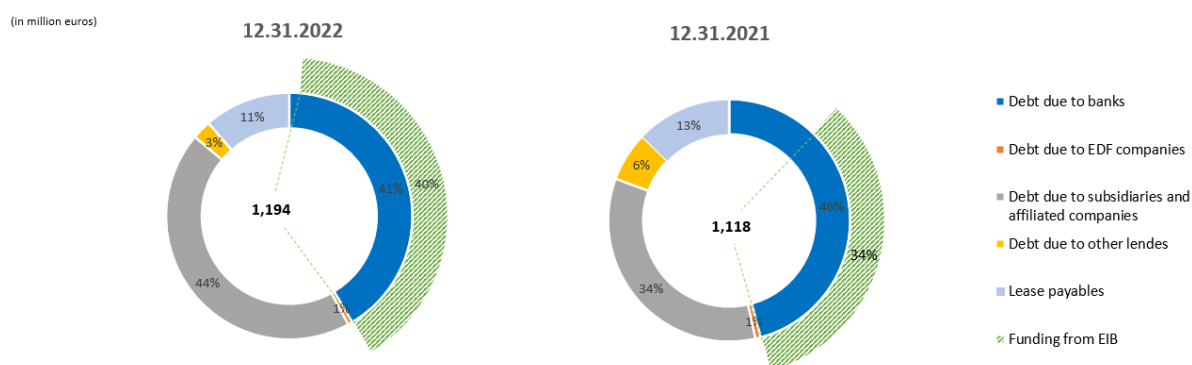
Among the changes illustrated in the table above, it should be noted that part of the short-term debt, which was maturing, was repaid by resorting to new long-term financing. In addition, with regard to Edison Energia, it was decided to grant it an intra-group loan for a three-year term, in order to ensure that its structural financial needs will be covered in future years and to guarantee its equity and financial equilibrium.

7.2.5 Cash and cash equivalents

Cash and cash equivalents, equal to 432 million euros (863 million euros at December 31, 2021) and mainly consisting of current account balances with EDF Sa for 421 million euros (850 million euros at December 31, 2021) and bank account balances for 11 million euros (12 million euros at 31 December 2021), decreased sharply compared to 2021. However, it should be borne in mind that in that year, Edison had sold assets worth around 1 billion euros and, in particular, the proceeds from the sale of 49% of Edison Renewables' capital (over 860 million euros) were received in mid-December 2021. Please recall that the current account with EDF has a credit facility of 199 million euros under competitive conditions.

7.2.6 Breakdown by funding source of gross financial debt

The external **funding sources** are primarily represented by long-term loans for the development of specific projects in the renewable energies and energy efficiency, and gas storage sectors and for the development of the Porto Marghera thermoelectric power plant, granted by the EIB directly to Edison Spa.



7.2.7 Net financial income (expense) linked to debt (available funds)

<i>(in million euros)</i>	2022 financial year	2021 financial year	Change
<i>Financial income</i>			
Financial income from Group companies	23	20	3
Total financial income on cash and cash equivalents	23	20	3
<i>Financial expense</i>			
Financial expense paid to EDF	(3)	(1)	(2)
Interest paid to banks	(4)	(2)	(2)
Financial expense paid to Group companies	(3)	-	(3)
Altro	-	-	-
Total financial expense on debt	(10)	(3)	(7)
Total financial income (expense) on net financial debt (available funds)	13	17	(4)
Income (expense) on assignment of receivables without recourse	(2)	-	(2)
Charges on financial leases IFRS 16	(5)	(3)	(2)

Financial income (expenses) on net cash and cash equivalents worsening due to higher interest rates and increased use of short-term debt due to volatility in working capital requirements.

7.2.8 Cash flow statement reconciliation

Pursuant to IAS 7 “Statement of Cash Flows”, below is a statement of changes in liabilities deriving from lending activities, making it possible to reconcile the cash flows shown in the “Cash Flow Statement” with the total changes recognised during the year in balance sheet items that contribute to net financial debt.

<i>(in million euros)</i>	12/31/2021	Cash flow	No-cash flow	12/31/2022
Long-term financial debt	487	81	6	574
Other current financial payables	631	(11)	-	620
Current and non-current financial assets (-)	(863)	(510)	-	(1,373)
Net liabilities from financing activities	255	(440)	6	(179)
Cash and cash equivalents (-)	(863)	431	-	(432)
Net financial borrowings (available funds)	(608)	(9)	6	(611)

7.3 Financial risk management

7.3.1 Interest rate risk

The Edison’s exposure to interest rate risk has remained basically stable. It should be noted that its fixed rate payables are represented by IFRS 16 leases and uses of EIB funds when Edison has selected the fixed rate option, which is optional for the borrower on each use of the credit lines granted. As a result, the remainder of the payable is primarily indexed to a variable rate (mainly the Euribor rate). Edison assesses its exposure to the risk of changes in interest rates on a regular basis, which it manages mainly by selecting loan utilisation methods.

Gross financial debt: mix fixed and variable rate

Gross Financial Debt Mix fixed and variable rate (in million euros)	12/31/2022			12/31/2021		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion	400	400	34%	312	312	28%
- variable rate portion	794	794	66%	805	805	72%
Total gross financial debt (*)	1.194	1.194	100%	1.117	1.117	100%

* the payable broken down at 12.31.2021 includes the part referring to operating leases for €135 million

Edison's exposure to interest rate risk here takes into account intercompany transactions that are variable-rate, and therefore for a clearer view of interest rate risk to the market, please refer to the Consolidated Financial Statements where intercompany transactions are eliminated.

Sensitivity analysis on financial expense

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

Sensitivity analysis (in million euros)	2022 financial year			2021 financial year		
	Impact on financial expense (P&L)			Impact on financial expense (P&L)		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
	7	6	4	3	2	2

7.3.2 Liquidity risk

Liquidity risk is the risk that Edison Spa may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities.

The company aims to ensure that the Group always has sufficient funding sources to meet its obligations that are falling due and to support the established investment programs, with reasonable margins of financial flexibility.

The table below provides a prudential assessment of the total outstanding liabilities at the time the financial statements were prepared until their natural expiry. It includes:

- in addition to principal and accrued interest, all future interest payments estimated for the entire length of the underlying debt obligation. When present, the effect of interest rate derivatives is also considered;
- financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

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

Projection of future cash flows

Projection of future cash flows (in million euros)	12/31/2022			12/31/2021		
	1 to 3 months	over 3		1 to 3 months	over 3	
		months to 1 year	After 1 year		months to 1 year	After 1 year
Financial debt and other financial liabilities (*)	45	50	654	149	34	525
Payables to suppliers	3,277	115	10	2,402	95	-
Total	3,322	165	664	2,551	129	525
Personal guarantees given (**)	115	-	-	-	115	-
Cash and cash equivalents	432			863		

The **financial debt due within one year**, amounting to 95 million euros (183 million euros as at December 31, 2021) relates mainly to accounting overdrafts on current accounts, margin-setting accounts dedicated to transactions in derivatives and portions of principal and interest on leases and long-term loans due within the year.

The **financial debt due beyond the year** equal to 654 million euros (525 million of euros at December 31, 2021) is increasing mainly due to the utilisation of the Green Framework Loan granted by the EIB.

The maturity structure of Edison's financial debt, with a clear predominance of medium- to long-term debt, is a crucial factor in protecting against liquidity risk.

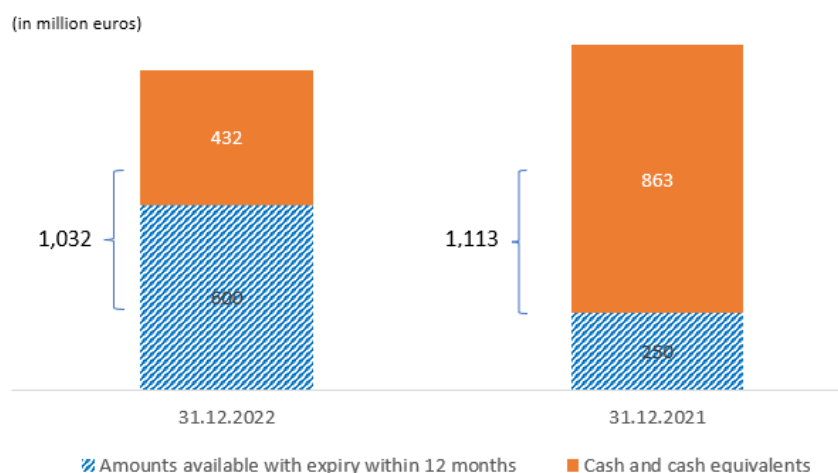
Total available financial resources

As at December 31, 2022, Edison also had cash and cash equivalents of 421 million euros, of which 863 million euros in the treasury current account with EDF Sa.

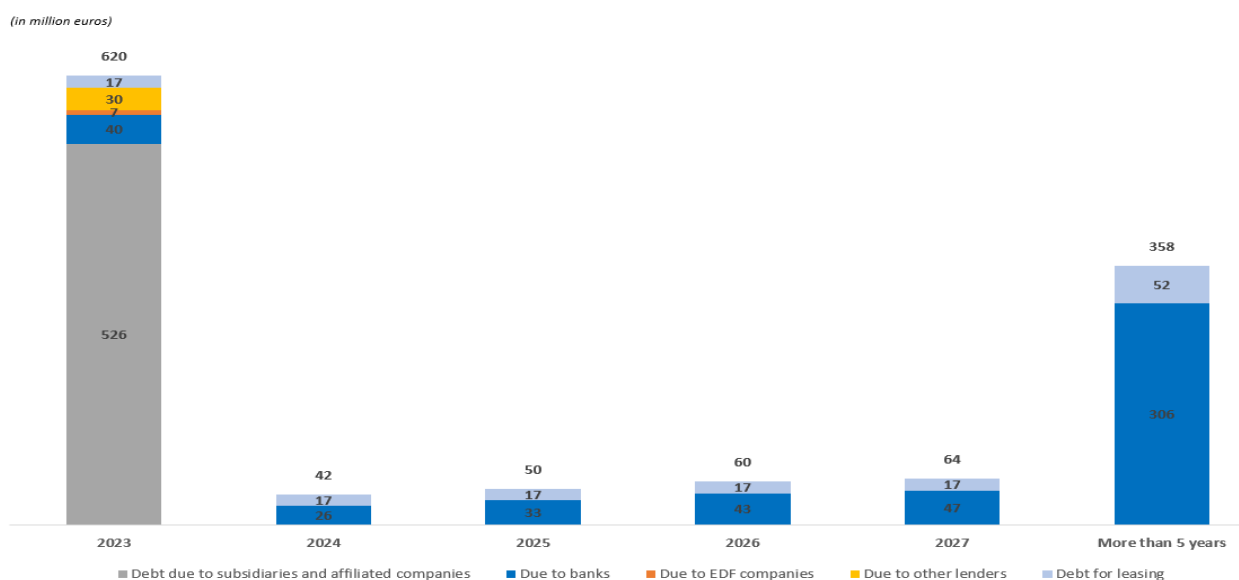
At December 31, 2022, Edison had unused committed lines of credit totalling 780 million euros, represented:

- by the revolving credit line (available for 600 million euros). This line, originally of 250 million euros, with a two-year term and signed with EDF Sa on April 29, 2021, was increased by 350 million euros in 2022. The increase in the line provided Edison with greater financial flexibility to safely cope with rising prices, primarily energy prices, and the high volatility and uncertainty associated with the macroeconomic and geopolitical scenarios that emerged during the year. The line is scheduled to expire between March and April 2023.
- by the Green Framework Loan (180 million euros) granted by the EIB at the end of June 2020 dedicated 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 the end of June 2024.

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



Gross financial debt: debt expiration



7.3.3 Risk of early repayment of loans

The company is not required, under the terms of any of its credit lines, to comply with specific financial covenants. With regard to the effects that a change in control of Edison could have on outstanding loans, please refer to the discussion in the Report on Corporate Governance and on the company's Ownership Structure, in the paragraph "Change of Control Clauses".

The loan agreements do not contain clauses that could result in the early termination of the loan as an automatic effect if the credit rating assigned to Edison Spa by the rating agencies is downgraded or cancelled. Note that the medium/long-term credit lines provided by EIB envisage restrictions on the use of funds and on the management of projects financed, typical of loans for industrial businesses. On the date on which this report was drafted, Edison Spa was not aware of the existence of any default situation with regard to any of its subsidiaries.

8. TAXATION

8.1 Tax risk and tax management

Starting from 2018, Edison and its subsidiaries adopted a tax risk governance and reporting system, which is integrated within the Group's overall control system (the Tax Control Framework or TCF). The TCF adopted consists of a Tax Policy and General Rules applicable to all the Group companies, as well as some specific controls applied to several principal and cross-company processes, coordinated with the provisions of Law No. 262 to which the parent company Edison Spa is subject, as a tax management instrument to monitor activities with potential tax impacts on the results of the Group.

8.2 Taxes

Current income taxes are determined on the basis of the estimated taxable income, calculated in accordance with the tax rates and laws that have been enacted or substantively enacted at the balance sheet date, taking into account any applicable exemptions or available tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the values attributed to assets and liabilities in the balance sheet and the corresponding values recognised for tax purposes, based on the tax rates in effect when the temporary differences will be reversed. Deferred tax assets are recognized if they are likely to be recovered in the future. When measuring deferred tax assets the taxable income estimated in the business plans approved by the company is considered. When gains and losses are recognized directly in shareholders' equity, and namely in the "Reserve for other components of comprehensive income", prepaid-tax assets and deferred-tax liabilities must also be directly recognized in shareholders' equity.

For the three-year period 2022-2024, the company renewed the Group taxation option for corporate income tax (IRES) purposes, pursuant to art. 117 et seq. of the Uniform Tax Code - so-called **National Consolidated Tax Return** - which is filed by Transalpina di Energia Spa (TdE) and involves all the main Group companies. Consequently, the companies included in the return must determine their IRES liability in coordination with the Parent Company TdE. Mutually agreed commitments and actions are governed by new bilateral agreements executed by TdE, the consolidating entity, and the individual companies.

8.2.1 Taxes and tax rate

<i>(in million euros)</i>	2022 financial year	2021 financial year	Change
Current taxes	(93)	(96)	3
Deferred/(prepaid) tax	(25)	109	(134)
Previous years' taxes	8	2	6
Other current taxes	(116)	-	(116)
Total income taxes	(226)	15	(241)

Current taxes, amounting to 93 million euros, include 87 million euros for corporate income taxes (IRES) and 7 million euros for regional business taxes (IRAP), net of less than 1 million euros in income that the National Consolidated Tax Return, filed by Transalpina di Energia Spa, recognised to the company.

Other current taxes consist of:

- 2 million euros, paid within the terms of law for as an extraordinary solidarity contribution established for the year 2022 pursuant to article 37 of Legislative Decree no. 21/2022 and subsequent amendments (so-called Extra Profitti Contribution pursuant to art. 37 DL n. 21/2022);
- 114 million euros from the temporary extraordinary contribution pursuant to the 2023 Budget Law, estimated on the basis of current provisions, as the requisites required by the legislative provision in force have been verified. The payment of this additional contribution is expected by 30 June 2023.

Net deferred/prepaid taxes had a negative balance of 25 million euros. The main reasons for this balance are the use of deferred tax assets on the provisions for risks and the use of deferred tax assets on the difference in the value of property, plant and equipment.

An analysis of the reconciliation between the theoretical tax burden, determined by applying the IRES and IRAP tax rate applicable in Italy, and the actual tax burden for the year, is shown below:

<i>(in million euros)</i>	2022		2021	
Income (loss) before taxes	484		704	
Taxes applicable in the year	116	24.0%	169	24.0%
Non-taxable dividends	(31)	(6.4%)	(13)	(1.8%)
Writedowns (Revaluations) of equity investments	33	6.8%	1	0.1%
Gain on sales of investments	-	-	(137)	(19.5%)
Permanent differences	(10)	(2.0%)	28	4.0%
Regional tax (IRAP)	7	1.4%	3	0.4%
Deferred taxes	4	0.8%	1	0.1%
Substitute tax realignment	-	-	49	7.0%
Effect DTA on realignment	(9)	(1.8%)	(116)	(16.5%)
Extraordinary extra profit contribution	115	23.9%		
Total income taxes in the income statement	226	46.7%	(15)	(2.1%)

For a better understanding of this reconciliation, the impact of IRAP was kept separate to avoid any distortion effects, as that tax is applied on a tax base that is not the same as the pre-tax result.

8.2.2 Income taxes paid

During the year, disbursements for direct taxes amounted to 77 million euros and refer to the 2021 IRES balance of 33 million euros, 2022 IRES advances of 26 million euros, 16 million euros for the second installment relating to the tax realignment and the remaining 2 million euros for the extraordinary contribution "extra-profits".

8.3 Tax assets and liabilities

8.3.1 Taxes receivable and payable

At December 31, 2022, there are net payables of 189 million euros (net payables of 65 million euros at December 31, 2021); the details are provided in the table below:

<i>(in million euros)</i>	12/31/2022	12/31/2021	Changes
Non-current tax assets	2	2	-
Current-tax assets	-	1	(1)
Total tax assets (A)	2	3	(1)
(Non-current) taxes payable	-	16	(16)
Current taxes payable	134	16	118
Amount due to the controlling company TDE for the filing of a c	57	36	21
Total taxes payable (B)	191	68	123
Taxes receivable (payable) (A-B)	(189)	(65)	(124)

In detail:

- **current tax payables** include the remaining instalment for the payment of the substitute tax related to the realignment of the tax values of property, plant and equipment and goodwill carried out by the company in 2021, the payable for IRAP for the year and the payable for the contribution on extra profits pursuant to the Budget Law 2023 to be paid by June 30, 2023;
- **payables to the parent company** for tax consolidation refer to the IRES National Consolidated Tax Return.

8.3.2 Deferred tax assets and liabilities

At December 31, 2022, there were no longer any liabilities, while assets amounted to 318 million euros (273 million euros at December 31, 2021).

Details of the changes in "Deferred tax assets" and "Deferred tax liabilities" are provided below, broken down by type of timing difference, determined based on the tax rates envisaged by governing measures.

Please recall that if the requirements set forth in IAS 12 are met, the items are offset.

Impacts on the income statement and shareholders' equity

Changes in deferred-tax liabilities and deferred-tax assets <i>(in million euros)</i>	12/31/2021	Effect in income statement	Effect in shareholders' equity (loss)	12/31/2022
Deferred-tax liabilities:				
Adoption of IFRS 9 to value financial instruments: - impact on shareholders' equity	-		-	-
Offsets	-			-
Total deferred-tax liabilities	-	-	-	-
Deferred-tax assets:				
Taxed provisions for risks	72	(21)		51
Adoption of IFRS 9 to value financial instruments: - impact on shareholders' equity	74		70	144
Differences in the valuation of property, plant and equipment	41	(4)		37
Tax value goodwill realigned	86	-		86
Other	-	-	-	-
	273	(25)	70	318
Offsets	-	-	-	-
Total deferred-tax assets	273	(25)	70	318

In particular, please note that the valuation of **deferred tax assets** reflects the assumption of probable realisation and recoverability for tax purposes, based on the realisation time horizon.

9. NON-ENERGY ACTIVITIES

The Edison group is involved in various judicial and arbitration proceedings of different types, through Edison Spa, as full legal successor for the merged company Montedison Spa. As a result, there are charges and risk provisions in the financial statements for disputes deriving from past events, connected, among other things, to the management of chemical production facilities previously belonging to Montedison Group - which, from the 1990s through 2010, were involved in an extensive divestiture process that led to Edison Group's activities being redirected into the energy sector - and which therefore are not relevant to the current business management of Edison Spa and its subsidiaries.

Precisely for this reason, we decided to separate and represent in a dedicated section the contribution of such management to the income statement and the balance sheet, as well as the relative contingent liabilities.

In following the judicial and tax disputes related to these business activities and in the assessment of likely impacts, the company's management must use estimates and assumptions that are more relevant, in particular as regards provisions related to environmental litigation for the chemical facilities of Montedison Group. In this regard, note that the current levels of allocations have been determined as the residual amount of what was initially recorded with reference to the specific litigation, considering the complexity and differentiation of the reference legal cases, as well as the uncertainties in terms of merit and time horizons of developments in the various proceedings and, therefore, of the outcomes themselves. These provisions are quantified and updated according to a periodic audit process that takes into account the above considerations; similarly and more generally, this periodic audit concerns the quantification and updating of the other risk provisions related to judicial and arbitration disputes.

The non-recurring economic effects associated with such activity, which are joined by the correlated legal costs, are recognised in the item **"Other income (expense) non-energy activities"** included in EBIT and which in 2022 amounted to a net expense of 66 million euros (net expense of 155 million euros in 2021), of which roughly 14 million euros for legal expenses.

The breakdown and changes in the **risk provisions** and tax liabilities, amounting to 294 million euros (395 million euros at December 31, 2021), present in the financial statements and the elements that led to their recognition are as follows:

(in million euros)	12/31/2021	Financial expense	Provisions	Utilizations	Other changes	12/31/2022
A) Risks for disputes, litigation and contracts	115	2	-	(27)	-	90
B) Charges for contractual guarantees on sale of equity investments	152	-	-	-	(92)	60
C) Environmental risks	125	-	46	(27)	-	144
D) Disputed tax items	3	-	-	(3)	-	-
Provisions for risks on non-energy activity disputes	395	2	46	(57)	(92)	294

Probable liabilities for which a provision for disputes, litigation and contracts risks was recognized

Date started / Jurisdiction	Description of dispute	Status of proceedings
Collapse of the Stava Dam		
October 25, 2000 Court of Milan / Milan Court of Appeals / Court of Cassation	The last civil dispute that is still pending with regard to the events that occurred in Val di Stava in 1985, when the levies of two mining mud holding ponds, operated by a Montedison-owned company were breached causing the well-known disaster. In its decision, the lower court ruled that the statute of limitation prevented the action filed against Edison. By a decision published in November 2015, the Milan Court of Appeals upheld that decision. The Court of Cassation instead voided the decision in the second instance and referred the case back to the Milan Court of Appeals, indicating the items for the quantification of the damages for which compensation is to be provided. In 2022, the Court of Appeals of Milan, in ruling no. 2242/2022, ordered Edison (formerly Montedison) to pay the pecuniary damages suffered as a result of the Stava disaster, quantified at approximately 300,000 euros, which, due to the effect of interest and	As per the description of the dispute.

	revaluation from 1985 to the present day, are revalued at 2,191,707.14 euros, plus legal expenses. By virtue of the agreement with the other parties to the dispute, Edison is called upon to pay the entire sum, subject to pro rata recourse against Eni, the Autonomous Province of Trento and Finimeg for 70% of the total.	
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Actions for damages and administrative proceedings arising from the operation of industrial facilities conveyed to Enimont
Edison is a party to these proceedings in its capacity as universal successor to Montedison Spa

Mantua – Criminal Proceedings		
Court of Mantua	<p>The Public Ministry of Mantua decided to initiate criminal proceedings against some executive directors working for the company over time since 2015 and some of the company's representatives, due to alleged environmental offences, also relevant pursuant to Legislative Decree 231 of 2001, in relation to certain portions of the Mantua petrochemical plant subject to orders of the Province of Mantua, which were confirmed in the Council of State's ruling of April 2020, described in a separate section.</p> <p>Following the decision of the GUP of Mantua to remand the defendants for trial, the trial will begin before the Court of Mantua on May 5, 2023.</p> <p>The Mantua petrochemical plant - which Edison (as the successor of Montedison) has not owned or managed since 1990 - was over time subject to a large-scale, detailed and complex programme of environmental clean-up and reclamation activities which also regarded all of the areas relating to which the Public Prosecutor has decided to lodge proceedings. These activities were initiated and carried out for two decades, with significant although uneven progress, by the ENI Group and, after the transfer in June 2020 of the relative operational reclamation projects following the Council of State ruling referred to above, Edison, which had already previously performed some preparatory activities, methodically took them over. For at least one of those areas, the reclamation was completed in compliance with the relative project, according to what has been confirmed by the Ministry for the Environment and the Province of Mantua.</p> <p>On these grounds, as well as for an extensive list of legal elements, the company believes that the charges are completely first of all factually and also legally groundless, and it has already filed several defence briefs accompanied by quite considerable documentary evidence.</p>	As per description.
Mantua – Administrative Proceedings		
2012 - 2020 Lombardy Regional Administrative Court (BS) – Council of State	<p>In recent years, the Province of Mantua sent Edison 8 different orders pursuant to art. 244 of Legislative Decree 152/2006, which required securing and reclamation activities on just as many areas of the Mantua Site of National Interest, transferred from Montedison to the ENI Group in 1990 along with the entire Mantua Petrochemical site. These orders were imposed although the environmental remediation obligations relating to the Mantua site had already been subject to two separate settlement agreements entered into by Edison with ENI (2003) and with the Ministry for the Environment (2005), respectively.</p> <p>Edison submitted separate appeals before the Regional Administrative Court of Lombardy - Brescia Section against all of these orders. In August 2018, the Court, which had joined them, rejected them en bloc. Edison then challenged this Regional Administrative Court decision before the Council of State. With decision of April 1, 2020, the appeal lodged by Edison was rejected.</p> <p>Edison, which considers this decision illegitimate, lodged appeals before the Court of Cassation and the Council of State, which rejected them. An independent appeal brought by the Company before the European Court of Human Rights is still pending. At the same time, Edison in any event began the remediation activities on the site, taking over from the ENI Group companies in performing the reclamation activities set forth in the provincial orders mentioned above.</p>	As per the description of the dispute.
Crotone – Criminal Proceedings		
2005 Court of Crotone	<p>Of the three disputes outstanding at the end of 2018, a single criminal case is currently pending at the preliminary hearing against former executives and employees of the company Montecatini for alleged poisoning of the aquifer and, consequently, of the water used for food.</p> <p>The proceedings concluded with a dismissal. However, as the grounds were not deemed fully satisfactory, the Company decided to lodge an appeal. The setting of the hearing is pending.</p>	As per the description of the dispute.

Crotone – administrative proceedings		
November 2022 Province of Crotone	The Province, as part of the preliminary activities relating to the process of identifying the party responsible for the contamination, asked Edison S.p.A., as the successor to Montedison, for a note on the reconstruction of the corporate history of the companies operating in the area within the SIN.	As per the description of the proceedings.
Claims for Damages Caused by Exposure to Asbestos		
In recent years, there has been a significant increase in the number of claims for damages arising from the deaths or illnesses of workers that were allegedly caused by exposure to different forms of asbestos at factories formerly owned by Montedison Spa (now Edison) or from judicial cases taken over by Edison as a result of corporate transactions. Without rendering an opinion on the merits of these claims, considering the long latency of illnesses related to exposure to different types of asbestos and the industrial activities carried out in the past by Group companies that belonged to the chemical industry, the presence of these companies throughout Italy and the manufacturing technologies used (considering the dates when these activities were carried out and the state of technological advancement at the time), which complied fully with the laws in force at that time, the possibility that new legitimate claims for damages may emerge in addition to those that are already the subject of several civil and criminal proceedings cannot be excluded.		

B) Probable liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognised in the balance sheet:

Date started / Jurisdiction	Description of dispute	Status of proceedings
<i>Civil lawsuits, criminal trials and administrative proceedings concerning the sale of Aqorà Spa, which owned 100% of the shares of Ausimont Spa</i> <i>Edison is a party to these proceedings in its capacity as universal successor to Montedison Spa</i>		
Ausimont – Bussi sul Tirino – Administrative proceedings regarding the clean-up of the "Solvay Internal Areas"		
December 18, 2019	<p>On December 18, 2019, the Province of Pescara served Edison with an order pursuant to art. 244 of Legislative Decree No. 152/2006 (the "Environmental Code") for the remediation of the areas where the Ausimont plant in Bussi, which was sold to Solvay in 2002, was located.</p> <p>With regards to this measure, it should be stressed that: i) the area on which the facility is built was contributed to Ausimont from the date of its incorporation in 1981; ii) Ausimont, and only and exclusively Ausimont, operated that establishment continuously from 1981 to 2002 and it is during that time that the rules for the remediation of industrial sites affected by historical pollution came into force; iii) Ausimont's shares were transferred to Solvay Solexis Spa, now Solvay Specialty Polymers Italy Spa, in May 2002; iv) Ausimont was merged into Solvay Solexis in November 2002, resulting in the latter taking over any of Ausimont's legal positions as both defendant and plaintiff.</p> <p>Edison steadfastly contests the legitimacy of this order, so the company lodged an appeal before the Abruzzo Regional Administrative Court.</p> <p>Pending the judgment, Edison and the current owner of the area, Società Chimica Bussi, are negotiating an agreement for the definition of the procedures for taking over the management of the existing plants and the reclamation activities.</p>	As per the description of the dispute.
Ausimont – Bussi sul Tirino – Administrative proceedings regarding the clean-up of the "Solvay External Areas", areas "2A" and "2B"		
February 28, 2018 Pescara Regional Administrative Court / Council of State	<p>On February 28, 2018, the Province of Pescara notified the companies Solvay Specialty Polymers Italy Spa and Edison Spa that it was initiating proceedings pursuant to Title V Part IV of Legislative Decree No. 152/2006 to identify the party liable for the contamination of the "Solvay External Areas" or "North areas" in Bussi sul Tirino, landfill areas 2A and 2B and adjoining areas.</p> <p>Subsequently, on June 26, 2018, the Province of Pescara served Edison with an order pursuant to art. 244 of Legislative Decree No. 152/2006 (the "Environmental Code") for the removal of all waste dumped over time in the above-mentioned areas of the Bussi site.</p> <p>With regard to this measure, it is necessary to note that: i) the portions of land in question were contributed to Ausimont since its date of establishment in 1981; ii) Ausimont, and only and exclusively Ausimont, obtained authorization to run, built, managed and closed landfills 2A and 2B located on such portions of land; iii) the shares of Ausimont were transferred to Solvay Solexis Spa, today Solvay Specialty Polymers Italy Spa, in May 2002; iv) Ausimont was merged with Solvay Solexis in November 2002, with the latter becoming successor of any and all legal positions lodged by and against Ausimont.</p> <p>Edison, deeming this order illegitimate, challenged the decision before the Regional Administrative Court of Pescara, which however dismissed the company's appeal.</p> <p>Edison has therefore filed an appeal before the Council of State.</p>	As per the description of the dispute.

	<p>With a ruling published on April 6, 2020, the Council of State confirmed, although requalifying its scope and content, the decision of the Province of Pescara and the subsequent ruling of the Pescara Regional Administrative Court in relation to the reclamation procedure for the "North" areas of the Bussi sul Tirino site.</p> <p>Therefore, on June 11, 2021, the decision was published by which the Council of State rejected the appeal by the Ministry of the Environment against the sentence of the Abruzzo Regional Administrative Court "regarding the cancellation of the award of the integrated contract relating to decontamination works in the 'Solvay external areas' located in the Municipality of Bussi sul Tirino". The Ministry had, in fact, annulled the tender procedure that in 2019, had awarded to an ATI headed by the Belgian company Dec Deme the decontamination of the areas so-called 2A and 2B, sold by Montedison to Solvay in 2002 together with Ausimont. These areas are now owned by the Municipality of Bussi.</p> <p>Edison, which was already proceeding to complete the works to make these areas safe (not carried out by Solvay) pursuant to the sentence of the Council of State of April 2020, is now discussing the remediation and removal of the own waste.</p>	
Ausimont – Spinetta Marengo – Administrative proceedings		
February 2012 Piedmont Regional Administrative Court	<p>The case concerns activities that Solvay Specialty Polymers was ordered to carry out, under various titles, to ensure safety and environmental remediation of areas inside the Spinetta Marengo (AL) chemical plant. This plant was operated until 2002 by Ausimont Spa, a Montedison Group company sold to the Solvay Group in May 2002.</p> <p>Edison joined these proceedings exclusively to protect its rights and legitimate interests in connection with the challenges filed against the administrative actions of the relevant Services Conference by Solvay Specialty Polymers, which specifically contested the failure to identify Edison as a respondent or correspondent in the proceedings.</p>	As per the description of the dispute.
Ausimont – Solvay Arbitration		
May 2012 ICC – Geneva	<p>These arbitration proceedings were initiated in 2012 by Solvay Sa and Solvay Specialty Polymers Italy Spa against Edison, for alleged violations of certain representations and warranties in the environmental area concerning the industrial sites of Bussi sul Tirino and Spinetta Marengo included in the deed of sale of Agorà Spa (parent company of Ausimont Spa) executed on the one hand by Montedison Spa and Longside International Sa and on the other hand by Solvay Solexis Spa (now Solvay Specialty Polymers) in December 2001.</p> <p>The proceeding, after an initial phase focused on preliminary and prejudicial issues, proceeded with the examination of the various requests formulated by the parties regarding the merits of the dispute and at the end of June 2021, the Secretariat of the International Court of Arbitration at the International Chamber of Commerce notified Edison of the partial award with which the Arbitration Tribunal largely upholding the claims made by Solvay Specialty Polymers Italy in connection with the environmental guarantees provided by Montedison in the contract for the sale of Ausimont, signed in 2001, ordered Edison to pay damages quantified at approximately 91 million euros for the period from May 2002 (date of closing) to December 2016.</p> <p>The partial award is accompanied by a dissenting opinion of one of the members of the Arbitral Tribunal. The same award was immediately appealed by Edison before the competent Swiss courts, but the appeal was rejected.</p> <p>In the parallel 'exequatur' proceedings of the partial award before the Court of Appeal of Milan, the judges, in a ruling published on January 24, 2023, rejected Edison's summons, recognising the enforceability of the award in Italy.</p> <p>Edison is considering a further appeal to the Court of Cassation.</p> <p>In the meantime, the arbitration proceeding proceeds with a further phase aimed at quantifying any further damage suffered by Solvay Specialty Polymers in the period after January 2017 and at the interest rate applicable to this claim.</p> <p>Solvay's Statement of Claim was notified in April 2022 and Edison replied with the Statement of Defense in September 2022. The hearing is scheduled for September 2023.</p>	As per the description of the dispute.

C) Probable liabilities for which a provision for environmental risks was recognised:

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

D) Probable liabilities for which a provision for tax dispute risks was recognised:

Date started / Investigating department	Description of dispute	Status of proceedings
Income Tax Assessments for 1991 and 1992 (Old Calcestruzzi Spa)		
Assessments notified in 1997-1998 by the former Ravenna Income Tax Office	The disputes, relating to the years 1991 and 1992, regard the tax treatment of transactions performed by Calcestruzzi Spa involving beneficial interests in shares. On March 31, 2022, the Supreme Court of Cassation issued two rulings, mostly favourable to Edison, referring the decision on the taxes and fines claimed on the usufruct of shares back to the Regional Tax Commission, however definitively cancelling the other elements contested by the tax authorities. The residual risk provision was therefore released.	As per the description of the proceedings.

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

Contingent liabilities associated with legal disputes

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

Date started / Jurisdiction	Description of dispute	Status of proceedings
Ausimont - Bussi sul Tirino - Civil proceedings for alleged environmental disaster		
April 8, 2019	<p>On April 8, 2019 the Ministry for the Environment and Protection of Land and Sea, the Abruzzo Region and the Presidency of the Council of Ministers sued Edison Spa before the Court of L'Aquila and, with it, six of the defendants who had already been involved, in relation to the same events, in the criminal proceedings brought in 2011 before the Court of Pescara and concluded with the acquittal decision of the Court of Cassation No. 47779 of 2018, asking the judge before whom the proceedings were filed to:</p> <p>a) <i>ascertain and declare that the defendants are obligated to accept liability for the environmental damage caused by the pollution, allegedly occurred in the industrial area of Bussi sul Tirino and, as a consequence, order the defendants to pay compensation for environmental damage to the Ministry for the Environment and Protection of Land and Sea, quantified at 1,376,954,137 euros subject to better quantification in the course of the proceedings;</i></p> <p>b) <i>order the defendants to restore, even naturally, the state of the sites by carrying out, at their own expense, environmental repairs in the manner and within the time-limits laid down by the relevant legislation;</i></p> <p>c) <i>order the defendants to reimburse all costs which may be paid in advance and/or incurred in lieu of payment by the Ministry for the Environment;</i></p> <p>d) <i>order the defendants to pay compensation for all pecuniary and non-pecuniary damage, other than environmental damage, resulting from the damage to the environment and the damage to the protected assets/interests belonging to the Abruzzo Region, to be settled on an equitable basis and in any event in an amount of no less than 500,000,000 euros;</i></p> <p>e) <i>order the defendants to pay compensation for all pecuniary and non-pecuniary damage, other than environmental damage, caused to the Abruzzo Region and the Presidency of the Council of Ministers [and] damage to their image in such a way as the Court may consider fair, and in any event no less than 50,000,000 euros".</i></p> <p>As mentioned earlier, the charges on which the current lawsuit is based are the same as those raised in the above-mentioned criminal proceedings, from which Edison was excluded pursuant to law and which ended with the acquittal of all of the defendants. These charges refer mainly to the management of the Bussi plant, which was transferred from Montedison (now Edison) to the Ausimont/Montefluos Group in 1981, the 2A and 2B landfills, which were opened, developed and closed by Ausimont in the 1990s, and the so-called "Tre Monti" area, currently owned by Edison, in which, in the 1970s, production residues from the same factory were collected and for which a reclamation process is already under way.</p> <p>Edison joined the proceedings on July 18, 2019, vigorously contesting the opposing claims in a number of areas, from the inapplicability at this juncture of the aspects established in the criminal proceedings, to the lack of capacity to be sued, from the statute of limitations, to the lawfulness on the merits of the conduct being investigated and, finally, to the erroneous quantification of any damage to the environment.</p> <p>By order dated November 10, 2021, the judge hearing the case, after a reservation lasting more than a year regarding the preliminary and interlocutory issues raised by Edison and the evidence requested by the parties, ordered (i) the postponement of the examination of Edison's preliminary and interlocutory motions to the merits of the case and (ii) the admission of witnesses' evidence and an expert witness's report, for which hearings were set for Q1 2022.</p> <p>With reference to this dispute, Edison, following assessments performed with leading legal and accounting advisors, believes that the necessary requirements are not met to define a provision with respect to a contingent liability, or its actuality, probability and quantifiability. Therefore, in essence, there is no current obligation, either legal or environmental in nature, to be met for which the use of economic resources is currently expected.</p>	These proceedings are currently pending at the court of first instance at the preliminary investigation phase with the technical advice provided by the judge.

Montecatini Spa – Montefibre Spa – Verbania – Criminal proceedings		
2002-2015 Court of Verbania / Turin Court of Appeals / Court of Cassation	All these trials concern the alleged responsibility of former Directors and executives of the Montedison Group for the crimes of involuntary manslaughter and involuntary personal injuries in the violation of the occupational accident prevention regulations, caused in connection with the death or illness of employees of Montefibre Spa at the old plant Montefibre of Pallanza (VB) allegedly caused by exposure to asbestos. Edison Spa is exclusively involved in its capacity as the former parent company (until 1989) of Montefibre. To date, all proceedings have led to the acquittal of the defendants on all counts ("because the fact does not exist").	As per the description of the dispute.
Rada of Augusta – administrative procedure		
2020	During 2020, the Minister of Ecology Transition and the Sicily Region signed a program agreement for the definition of the safety and reclamation interventions of the areas included in the "Priolo" Site of National Interest, also including the Augusta bay, the portion of the marine area overlooking the industrial site of Priolo Gargallo. As is well known, an important petrochemical plant still exists in Priolo, managed by Montecatini and then by Montedison until 1989 and then passed to the ENI group in 1990 following the events involving the Enimont company.	As per the description of the dispute.
Bussi – Tirino river – reclamation procedure		
July 2022	On July 22, 2022, Edison was notified of the order pursuant to art. 244 of Legislative Decree 152/2006 of the Province of Pescara with which Edison itself was identified as "responsible for the contamination of the sediments of the Tirino river in the section from upstream to downstream of landfills 2A 2B and neighboring areas". The drafting of an investigation plan on the sediments is being defined with the Public Administration.	As per the description of the dispute.

10. OTHER NOTES

10.1 Other Commitments

<i>(in million euros)</i>	12/31/2022	12/31/2021	Change
Guarantees provided	2,607	1,595	1,012
Other commitments and risks	276	354	(78)
Total	2,883	1,949	934
Maturity:			
- 1 to 3 months	653	379	274
- More than 3 months and up to 1 year	1,160	609	551
- After 1 year	1,070	961	109
Total	2,883	1,949	934

Personal guarantees provided were determined based on the potential amount of the commitment not discounted at the balance sheet date. In particular, the personal guarantees provided include:

- guarantees provided by the company or by banks and counter guarantees on its own behalf and on behalf of subsidiaries and affiliated companies mainly to secure the performance of contractual obligations;
- guarantees issued to third parties concerning activities on the Power Exchange, in particular to the GME, and on the natural gas balancing market towards SNAM, plus sureties issued to the individual operators with which the company carries out electricity and gas buying/selling activities;
- guarantees given to the Revenue Agency totalling 338 million euros (down by 44 million euros), primarily relating to VAT credit refunds for the years 2016 and 2020;
- guarantees issued on behalf of Elpedison Sa for 115 million euros to cover the Bond Loan and the revocable lines of credit drawn down.

It should be noted that Edison has an agreement with Azerbaijan Gas Supply Company (AGSC) for the long-term procurement of gas for a contractual volume of 1 billion cubic metres per year until 2044. As stipulated in the agreement, AGSC benefits from a rating-related clause that allows it to apply for a bank guarantee in the event of a deterioration in credit standing. On February 21, 2022, Moody's downgraded Edison Spa's long-term unsecured debt rating from Baa2 to Baa3 with a negative outlook, and consistent with the contract, AGSC requested credit support from Edison equivalent to a six-month prepayment. In this context, the parent company EDF S.A. procured a guarantee to AGSC, on behalf of its subsidiary Edison, in the amount of 682 million dollars (640 million euros).

Other commitments and risks specifically include:

- 113 million euros (221 million euros at December 31, 2021) for the completion of investments in progress, including 66 million euros for the construction of a latest-generation combined-cycle thermoelectric power station fuelled by natural gas in Presenzano in the province of Caserta and 40 million euros for minor extraordinary maintenance work to be carried out in the coming years on existing hydroelectric and thermoelectric parks.
- 116 million euros for a long-term 7-year contract with a shipowner for the charter of an LNG vessel. Delivery of the ship is expected by the first quarter of 2023 at the latest.

It should be noted, that in the financial year 2022, investment commitments decreased compared to the financial year 2021, in particular for:

- 29 million, the progress of work on the Presenzano (CE) power plant.
- 84 million, following the finalisation of the thermoelectric plant at Marghera Levante (VE), which started operation at the end of the year.

For further information, see Chapter 5 of Fixed Capital.

Unrecognised Commitments and Risks

As regards significant commitments and risks not included in the amounts listed above, in the hydrocarbons segment, the company is a party to contracts for the importation of natural gas, for a total nominal supply of 12 billion cubic metres of natural gas a year.

These contracts typically have an extended duration (as at December 31, 2022 between 1 and 22 years) and therefore their margins are susceptible to change over time as conditions change in the economic and external competitive context and the commodities scenarios used as a reference in the purchase cost/sale price indexing formulas. The presence of procurement price renegotiation clauses as well as revisions of flexibility conditions thus represent important elements to partially mitigate the risk noted above to which the parties may make recourse during contractual windows that open periodically.

The table below provides details by maturity on natural gas supplies already in place at December 31, 2022 on the basis of the minimum contractual deliveries:

		within 1 year	from 2 to 5 years	beyond 5 years	Total
Natural gas	Billions of cubic metres	12.0	47.8	63.5	123.3

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

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

Furthermore, based on the agreement in place with Terminale GNL Adriatico, Edison benefits from 76% of the terminal's regasification capacity until 2025 and about 72% from 2026 until 2034.

Finally, it should be noted that, following a Commercial Agreement signed with a counterparty for the long-term supply of gas, the Company will pay a contractual fee in 2023, following a revision of the agreements.

10.2 Intercompany and related-party transactions

Within the Group, the Parent Company Edison Spa operates in the purchase, sale, exchange and supply of electricity and natural gas, with particular regard to the subsidiaries and affiliated companies, as well as the buying/selling of environmental securities. As regards the mix of sources and total funding of the company, special sale agreements are in place with the subsidiary Edison Energia Spa, which, nonetheless, allow the selling party, taking account of the specific roles that the companies play within the Group, to have adequate coverage of both fixed and variable costs.

In line with the related company policies, the economic, equity and financial transactions in place as at December 31, 2022, with related parties, are shown below, in accordance with the disclosure required by IAS 24. These transactions are implemented under the scope of normal operations and regulated at contractual conditions established by the parties in line with ordinary market practice. The table below summarizes the company's related-party transactions:

(in million euros)	Related parties in accordance with IAS 24				Total for related parties	Total for financial statem. line item	% impact
	Edison Group companies	Parent companies	With other EDF Group companies				
	(A)	(B)	(C)				
Balance sheet transactions							
Equity investments	1.670	-	-	1.670	1.670	100,0%	
Non-current financial assets from subsidiaries and affiliated companies	1.076	-	-	1.076	1.076	100,0%	
Other non-current financial assets	10	-	-	10	19	52,6%	
Other non-current assets	2	-	-	2	32	6,3%	
Fair value non-current assets	-	-	244	244	468	52,1%	
Trade receivables	847	-	917	1.764	3.236	54,5%	
Other current assets	203	5	50	258	365	70,7%	
Fair value current assets	60	-	1.471	1.531	3.765	40,7%	
Current financial assets from subsidiaries and affiliated companies	297	-	-	297	297	100,0%	
Cash and cash equivalents	-	421	-	421	432	97,5%	
Fair value non-current liabilities	2	-	721	723	1.154	62,7%	
Trade payables	103	6	435	544	3.393	16,0%	
Payables for taxes	-	57	-	57	191	29,8%	
Other current liabilities	12	1	116	129	525	24,6%	
Fair value current liabilities	42	-	1.369	1.411	3.548	39,8%	
Current financial payables	-	7	-	7	94	7,4%	
Current financial payables to subsidiaries and affiliated companies	526	-	-	526	526	100,0%	
Income statement transactions							
Sales revenues	9.646	4	6.257	15.907	28.917	55,0%	
Other revenues and income	23	-	20	43	80	53,8%	
Costs for commodities and logistics (-)	667	-	2.948	3.615	(28.004)	(12,9%)	
Other costs and external services (-)	4	31	8	43	(241)	(17,8%)	
Other expenses (-)	1	-	-	1	(47)	(2,1%)	
Net change in fair value of derivatives	27	-	(111)	(84)	54	(155,6%)	
Other net income (expense) - non-energy activities	(17)	-	-	(17)	(66)	25,8%	
Net financial income (expense) on net financial debt (available funds)	21	(3)	-	18	13	138,5%	
Lease income (expense)	-	-	-	-	(4)	-	
Other net financial income (expense)	1	63	-	64	46	141,3%	
Revaluations (write-downs) from equity investments	(137)	-	-	(137)	(138)	99,3%	
Dividends	135	-	-	135	136	99,3%	
Gains (losses) on the sale of equity investments	(3)	-	-	(3)	(3)	100,0%	

A) Transactions with Edison group companies

Transactions between Edison Spa and its subsidiaries and affiliated companies and its controlling companies consist primarily of:

- commercial transactions involving the buying and selling of electric power, natural gas and environmental securities;
- transactions involving contracts for the provision of services (technical, organizational, legal and administrative) by headquarters staff functions;
- financial transactions involving lending, risk hedging and current account facilities established within the framework of the cash pooling system with its subsidiaries;
- transactions required to file a consolidated VAT return for the company (so-called VAT Pool).

In particular, **trade receivables** are predominantly from the subsidiary Edison Energia Spa, the same as regards **sales revenues**.

With the exception of transactions related to the VAT Pool and the consolidated corporate income tax return, which are executed first of all pursuant to law, all of the transactions listed above are governed by contracts with conditions that are consistent with market terms, i.e., the terms that would be applied by two independent parties.

Consolidated VAT Return

Edison Spa has a consolidated Group VAT return in place (so-called VAT Pool), that includes the Edison Group companies that meet the requirements of art. 73, paragraph 3 of Presidential Decree No. 633/72). The payment of Group VAT relating to 2022 presented a debt of 42 million euros due from the tax authorities.

B) Transactions with Controlling Companies

B.1. With Transalpina di Energia (TdE)

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

With respect to the consolidated tax return, it shows a payable of the company of 57 million euros; please refer to as commented on in chapter 8. Taxation.

Intercompany current account by Transalpina di Energia Spa

At December 31, 2022, the current account established by Edison Spa with Transalpina di Energia Spa had a debit balance for 7 million euros (8 million euros at December 31, 2021).

Dividends paid to Transalpina di Energia Spa

It is worth to mention that following the deliberation of Shareholder's meeting at March 31, 2022, the company Edison Spa on April 27, 2022, has paid dividends to Transalpina di Energia Spa for 253 million of euros.

B.2. With EDF Sa

Cash pooling transaction with EDF Sa

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

Loan by EDF Sa

The revolving credit line signed between EDF Sa and Edison in April 2021 with a two-year duration is in place, for a nominal value of 250 million euros. In consideration of the strong volatility of the macroeconomic scenarios and of the energy market, with the aim of further mitigating the liquidity risk, Edison had negotiated a temporary increase, until January 31, 2023, of the revolving credit line for an additional 350 million euros up to a maximum of 600 million euros. On January 31, 2023, the expiry of this increase was extended until March 31, 2023.

At December 31, 2022, the credit line is fully available.

To the loan and its increase have been applied the provisions of the Procedure for Transactions with Related Parties adopted by the company for ordinary transactions of major importance at market conditions.

For further information please see chapter 6. Net financial debt (liquidity) and cost of debt.

Other relationships

For main economic relationships, please take note of the following:

- operating costs equal to 30 million euros referring in particular to insurance costs, royalties for trademark use, the provision of services, as well as the chargeback of corporate costs, basically linked to remuneration for members of the Board of Directors;
- revenues and income totalling 4 million euros referring to services provided, particularly in the management of activities regarding the gas portfolio.

In the context of financial transactions, Edison entered into transactions to hedge the exchange rate risk that, affected by the currencies' trend, generated net realized financial gains for 63 million euros (net realized financial gains of 25 million euros at December 31, 2021).

C) Transactions with other Companies of EDF Group

C.1 Loans

There are no existing loans with other companies in the EDF group.

C.2 Other operational transactions

The main transactions with other EDF Group companies are essentially commercial in nature and almost all with respect to EDF Trading Ltd, in particular:

- since September 1, 2017, a MASA (Trading Joint Venture and Market Access Services Agreement) cooperation agreement has been in force, regarding proprietary trading activities as well as methods for exclusive access to the forward power market. The item **other revenues and income** includes profit sharing with EDF Trading Ltd, a remuneration mechanism set forth in the MASA cooperation agreement mentioned above, for roughly 18 million euros (11 millions of euros at December 31, 2021);
- there are derivatives in Cash Flow Hedge, Fair Value Hedge and Economic Hedge; the estimate of the fair value on these derivatives is shown in the balance sheet under the item Fair Value under current and non-current assets and liabilities (net liabilities for 129 million euro); the estimated economic effects, mainly related to Fair Value Hedge contracts, are recorded in the income statement under the item "Net change in fair value on derivatives (commodities and exchange rates)".

It should also be noted that during the year insurance reimbursements were obtained for approximately 2 million euros from the company Wagram Insurance Company.

D) Other transactions with related parties

Please note that on March 17, 2022 a Novation Agreement was signed between Edison Spa, EDF trading and Uniper Global Commodities SE, on the basis of which EDF Trading takes over all contractual obligations and rights in place of the third party counterparty and under the same conditions stipulated at the time with Edison Spa, concerning forward sales of natural gas for a total of approximately 3.8 TWh. This Novation operation was carried out in execution of the counterparty risk mitigation and guarantee policies in consideration of the current extreme volatility and riskiness of the gas market. The transaction was not approved by Edison Spa's Related Party Transactions Committee as it is an ordinary and repetitive transaction at standard market conditions.

11. VALUATION CRITERIA

11.1 Use of estimated values

The preparation of the financial statements and of the notes required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events could differ from these estimates.

Estimates and assumptions are revised on a regular basis, and the impact of any such revision is immediately accounted.

The use of estimates is particularly significant for the following items:

- the evaluation that property, plant and equipment and intangible assets, including goodwill, are recognised in the financial statements for a value no higher than their recoverable amount (“impairment testing”). First and foremost, the impairment testing process calls for testing the sustainability of the value of the individual assets broken down into Cash Generating Units (CGUs) and, subsequently, a test on goodwill with reference to the aggregates of the CGUs and as an evaluation of the company overall due to the presence of unallocated general costs, which cannot be objectively allocated to the above-mentioned CGUs (second level impairment testing).

The CGUs, which have been identified in a way that is consistent with the company’s organisational and business structure, are assets that generate cash inflows independently, through their continued use and have a two-fold dimension related, on one hand, to the source of production and relative technology and, on the other, the current outlet market.

At each reporting date, the company verifies whether there is any indication that an asset may have suffered a loss in value (impairment indicator), with the exception of goodwill, which is annually subjected to mandatory impairment testing.

IAS 36 defines the recoverable amount as the higher of the fair value of an asset or cash generating unit, less costs to sell, and its value in use. Thus, the recoverability of the value of fixed assets is verified by comparing the carrying amount recorded in financial statements with the relative recoverable value, after deducting from both the values of any risk provision recognised for costs to decommission and remediate sites.

The recoverable amount is calculated in compliance with the criteria laid out in IAS 36 and is determined as the value in use through the discounting of cash flows expected from the use of the asset or a set of assets (CGUs) as well as the amount expected from its disposal at the end of its useful life. Thus, the recoverability of the value of fixed assets is verified by comparing the carrying amount recorded in financial statements with the relative recoverable value, after deducting from both the values of any risk provision recognised for costs to decommission and remediate sites. This process entails the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discounting rates.

Future cash flows are based on the most recent economic-financial plans developed by the management with reference to the functioning of productive assets (production, operating and capital expenses, useful life of the assets), the market environment (sales, prices of reference commodities, margins) and the evolution of the regulatory and legislative framework.

In particular, in developing future cash flows, reference was made to information reflecting the best estimates that could be made by the Top Management with respect to company operations, or:

- the 2023 budget and 2024-2026 Medium Term Plan approved by the Board of Directors on December 7, 2022;
- the long-term plan drawn up by senior management.

When the valuation entails estimates beyond the forecast period included in the economic-financial plans developed every year by the management, projections based on conservative growth assumptions are used. The valuation of assets entailed an estimation of cash flows until the end of the useful life of the fixed assets including, if present, a residual value when activities are completed.

Specifically, to determine the recoverable amount of goodwill, a terminal value was calculated that is consistent with the long-term plan based on business continuity assumptions. These assumptions and the

corresponding cash flows were deemed to be suitable for impairment test purposes by the Board of Directors, which approved the results on February 15, 2023.

With reference to the businesses in which the Company operates, the factors with the greatest relevance in estimates of future cash flows are:

- for activities related to the electric power sector: single national price (“PUN”) and spark spread scenarios, the evolution of Italian sector regulations on producer governance and incentives (e.g., capacity market) and national demand trends;
- for activities related to the hydrocarbons sector: oil commodity, natural gas and EUR/USD exchange rate scenarios;
- for goodwill, the future growth rate necessary to determine the terminal value.

The discount rates applied were estimated by determining the weighted average cost of capital (WACC), taking into consideration the specific risks of the company’s business, and are based on data observable in the financial markets.

The company relies on an independent expert to determine the recoverable amount (i.e., value in use) and, through statistical simulation techniques (Montecarlo method), weights the cash flows linked to variables with the greatest risk of volatility (capacity market remuneration rates, parameters of discount rates and growth rates, the level of non-discretionary investments to maintain normal business operating conditions).

For details on the results of the impairment test conducted this year, please refer to the paragraph “Impairment test pursuant to IAS 36 on the value of goodwill, property, plant and equipment and intangible assets” (paragraph 5.1.4).

- the determination of some provisions for risks and charges, in particular the:
 - **provisions for decommissioning and remediation of industrial sites:** the valuation of future liabilities connected to industrial site decommissioning and remediation obligations is a complex process based on technical and financial assumptions of the management supported, when necessary, by independent appraisers. These liabilities reflect estimated dismantling, removal and clean-up costs that the company will need to incur when production and operating activities at a production site are completed, to restore environmental conditions in compliance with local regulations as well as specific contractual arrangements.

The initial estimate of remediation costs, after deducting income that it is estimated could derive from the resale of recoverable parts, takes into consideration the value of inflation estimated until the expected site decommissioning date and is then discounted on the basis of a risk-free rate. The estimate is based on the principle of prudence in light of the market, legislative and technological conditions known at the moment of the valuation. This value is capitalised with that of the asset to which it refers and is subject to depreciation; the relative provision for decommissioning is recognised as an offsetting entry which, taking into account the expected time horizon, is then adjusted from time to time by recognising the effect of discounting under financial expense.

At each reporting date, the estimates are revised so as to verify that the amounts recognised are the best expression of the costs that will likely be incurred by the company and, if there are significant changes, the amounts are adjusted. The main factors triggering a revision of cost estimates are the revision of the useful life of the site, market scenarios, the evolution of environmental technologies and regulations and inflation and discounting rate trends.
 - **provisions for legal and tax disputes**, within which the types that require greater recourse to estimates and assumptions by the management are the **provisions relating essentially to environmental disputes** connected to legal and arbitration proceedings of various types in which Edison Spa, as the universal successor of Montedison Spa, which it absorbed, is involved. Specifically as regards the provisions recognised in relation to disputes deriving from events dating back some time, connected to the management of chemical production sites formerly owned by the Montedison Group - which were subject to a large-scale decommissioning process between the 1990s and the first decade of the new century, resulting in the conversion of the Edison group’s

activities in the energy sector - the current levels of the provisions have been determined as the residual amount of the amount recognised initially with reference to the specific dispute, considering the complexity and differentiation of the reference legal matters, as well as the uncertainties in terms of the merit and the time horizons for the evolution of the various proceedings and, therefore, their outcomes. For the purposes indicated in paragraph 1.2 "Presentation formats of the financial statements adopted by the company", since the economic and financial impact associated with the aforementioned disputes is not part of the company's ordinary business, it is separated in the summary schedules and identified as non-energy activities.

These provisions are quantified and updated according to a periodic audit process that takes into account the above considerations; similarly and more generally, this periodic audit concerns the quantification and updating of the other risk provisions related to judicial and arbitration disputes.

- the determination of **some sales revenues**, in particular revenues from the sale of electricity and natural gas to customers and the subsidiary Edison Energia Spa. These revenues include turnover on the basis of the periodic reading of consumption for the year and the estimate for the supply of commodities provided but not yet invoiced at the reference date.

This estimate is calculated in a differentiated manner depending on the commodity and on the basis of the segment of customers receiving the supply, according to the following factors:

- 1) volumes distributed (based on communications coming from third parties: transporters and distributors);
- 2) historical consumption of the customer;
- 3) pipeline leaks and adjustments to reflect weather conditions or other factors that could impact the consumption estimate.

Specifically, the first factor is subject to potential invoicing settlements up to the fifth subsequent year as laid out in reference legislation; in particular, the estimate impacts revenues from natural gas sales. Historical consumption, on the other hand, is most significant in determining the revenues from electricity sales to residential customers. Please also note that at each reporting date, revenues from the sale of natural gas and electricity from residential and other customers include the estimate referring to the last two months of consumption.

11.2 Other valuation criteria applied

Net working capital

Inventories

Inventories relating to industrial activities are valued at purchase or production cost, including incidental expenses, determined by applying the FIFO method and the net realisable value.

Trade receivables, Other assets, Trade payables, Other liabilities

They are qualifiable as financial instruments. They are initially recognised at fair value. Trade receivables without a significant financial component are initially recognized at the transaction price. The recoverability of receivables is evaluated on the basis of the Expected Credit Losses model set forth in IFRS 9.

As regards the prerequisites for the elimination of receivables and payables from the balance sheet, please refer to the comments below with reference to financial assets and liabilities.

Revenues from contracts with customers are recognised in accordance with IFRS 15.

Revenue from contracts with customers is recognised based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation, represented by contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the sale price of each good or service; and (v) recognition of the revenue only when the associated performance obligation is satisfied, or when the promised good or service is transferred to the customer. The transfer is deemed completed when the customer obtains control over the good or service, which may take place over time or at a specific point in time.

Revenue is recognised in the amount equal to the fair value of the consideration which the Company believes it is entitled to in exchange for the goods and/or services promised to the customer, with the exclusion of amounts collected on behalf of third parties. If there is variable consideration, the Company estimates the amount of the consideration it will be entitled to in exchange for the transfer of the goods and/or services promised to the customer. In particular, the amount of the consideration may vary as a result of discounts, allowances or premiums or if the price itself depends on the occurrence or otherwise of certain future events.

No revenue is recognised for exchanges between goods or services that are similar in nature and value as these are not representative of sale transactions.

Lease payments under operating leases receivable are recognised in the income statement over the term of the contract.

Operating grants are booked in full in the income statement when the conditions for recognition are satisfied; items that qualify as operating grants include agreed incentives for energy produced by plants using renewable sources, which are measured at fair value pursuant to IAS 20.

Costs are recognised when they relate to goods and services that have been consumed during the year. Materials used include the cost of environmental securities attributable to the period and, if applicable, those referred to facilities divested during the period attributable to the seller; while purchases of environmental securities held for sale are included under inventory.

Valuation of medium/long-term gas importation contracts (“take-or-pay”)

Under the terms of medium/long-term contracts for the importation of natural gas, the Group is required to take delivery of a minimum annual quantity of natural gas. If delivery of the minimum annual quantity is not achieved, the company is required to pay the consideration attributable to the undelivered quantity. This payment can be treated either as an advance on future deliveries or as a penalty for the failure to take delivery. The first situation (advance on future deliveries) occurs in the case of undelivered quantities at the end of the reporting period for which there is a reasonable certainty that, over the remaining term of the contract, the shortfall will be made up in future years by means of increased deliveries of natural gas, in excess of minimum annual contract quantities. The second situation (penalty for failure to take delivery) occurs in the case of undelivered quantities for which there is no expectation that the shortfall can be made up in the future. The part of the payment that qualifies as an advance on future deliveries is initially recognised in “Other non-current assets” pursuant to IAS 38. The recognised amount is maintained based on the prior periodic verification that: i) over the residual duration of the contract, the company estimates that it will be able to recover the volumes below the contractual minimum (quantitative valuation); ii) the company believes that the contracts entail, over their entire residual lives, expected positive net cash flows based on approved company plans (economic valuation). These recoverability assessments are also applied to quantities that, while scheduled for delivery, were still undelivered and unpaid at the end of the reporting period, the payment for which will occur in the following period. The corresponding amount is recognised as a commitment.

Advances are reclassified to inventory only when the company actually takes delivery of the gas or are recognised in profit or loss as penalties when it is unable to take delivery of the gas. In estimating the estimated realizable value of the gas inventory, any contractual renegotiations on a three-year basis of the price of delivered natural gas may be considered as a price adjustment, if applicable.

Derivatives

Financial derivatives, including embedded derivatives, subject to separation from the main contract, are assets and liabilities measured at fair value.

As part of the risk management strategy and objectives, the following are required for transactions to be classified as hedges: (i) verification of the existence of an economic relationship between the hedged item and the hedging instrument such so as to offset the relative changes in value, and such offsetting capacity should not be negatively impacted by the level of counterparty credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives within the Group’s risk management strategy, carrying out the appropriate rebalancing actions when necessary. Changes in risk management objectives, the absence of the conditions indicated above for the qualification

of transactions as hedges or the activation of rebalancing operations determine the total or partial prospective discontinuation of the hedge.

The company applies hedge accounting extensively; in particular:

- a) when derivatives hedge the risk of changes in the fair value of the hedged instruments (Fair Value Hedge), the derivatives are recognised at fair value through profit or loss. The carrying amount of the hedged items is adjusted accordingly to reflect changes in fair value associated with the hedged risk in the income statement.
- b) when derivatives hedge against the risk of changes in cash flows of the hedged instruments (Cash Flow Hedge), changes in the fair value of derivatives deemed effective are initially recognised in the shareholders' equity reserve and in other comprehensive income and, subsequently, allocated to the income statement consistent with the economic effects of the hedged transaction.

Please note that the economic effects of transactions for the purchase or sale of commodities entered into to meet company needs in the ordinary course of business and which are expected to be settled with the physical delivery of the goods, are recognised on an accrual basis ("own use exemption").

The fair value of financial instruments listed in an active market is based on market prices at the reporting date (type 1). The fair value of instruments that are not listed in an active market is defined using specific measurement techniques (type 2 internal model with market input and type 3 with internal models).

Fixed assets

Property, plant and equipment

In the financial statements, these assets are shown at purchase or production cost, or at their conveyance value, including any attributable incidental costs and direct costs deemed necessary to make them operable, net of any capital grants.

After acquisition, property, plant and equipment are recognized using the cost model.

Costs incurred for periodic maintenance, particularly in the thermoelectric sector (major and/or revamping) are charged to the relevant assets and they are depreciated over the specific residual possible use of those assets.

The estimated realizable value that the company expects to recover at the end of an asset's useful life is not depreciated. Non-current assets are depreciated every year on a straight-line basis, according to economic-technical rates calculated based on the residual possible use of assets.

The following table shows the ranges of the depreciation rates applied by the company:

	<u>Electric power operations</u>		<u>Corporate</u>	
	minimum	maximum	minimum	maximum
Buildings	1%	6%	4%	5%
Plant and machinery	2%	6%	6%	13%
Industrial and commercial equipment	5%	10%	5%	12%
Other assets	6%	16%	6%	20%
Investment property	-	-	1%	3%

The depreciation of the portion of assets that is transferable free of charge is taken on a straight-line basis over the remaining term of the respective contracts (taking into account any renewals/extensions) or their estimated useful lives, whichever is shorter.

Upon first-time adoption of the IFRS, the company used fair value as deemed cost. As a result, accumulated depreciation and the provision for write-downs booked through January 1, 2004 were derecognised.

As from January 1, 2009, the financial expense directly related to the purchase, construction or production of an asset having a significant life is capitalized if the investment exceeds a pre-defined size threshold; please note that, until December 31, 2008, the financial expense was not capitalized.

Leased assets (IFRS 16)

The provisions of IFRS 16 were applied upon transition on a prospective basis, by adopting some simplifications (so-called Practical expedients), whereby contracts with a duration of less than 12 months and some contracts with a low market value were excluded from the valuation. A lease is defined as a contract for which, in exchange for a fee, the lessee has the right to control the use of a specific asset for a certain period of time. The application of the standard to the contracts identified resulted in the recognition of a right of use plus, when applicable, any accessory costs required to make the asset ready for use. The right of use is depreciated over the shorter duration between the economic-technical life of the asset and the residual duration of the contract. During the transition phase, the exemption from the provision for deferred taxes provided for by IAS 12 "Income taxes" was applied.

Intangible assets and Goodwill

Intangible assets are recognised in financial statements at their purchase price. After acquisition, they are recognised using the cost model and are amortised on a straight-line basis over their estimated useful life (at least 1 year/at most 50 years). The intangible assets recognised have a definite useful life.

Goodwill is not subject to systematic amortisation, but is tested for impairment at least once a year. Any write-downs cannot be reversed in subsequent periods.

Environmental securities

The Company secures a supply primarily of CO₂ emissions rights to meet its own requirements in the exercise of its industrial activities.

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

The costs attributable to the year are recorded under "Materials and services used" (this item also includes any costs referred to plants disposed of in the transferor's accounting period). In the course of the year, expected costs are calculated by valuing at market price the difference between emissions for the period and the rights held; if there are derivative hedging instruments correlated with the acquisition of rights (typically futures with physical delivery), the relative fair value is recognized as an adjustment of the estimated cost.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are companies in which Edison has the power to make strategic decisions independently, in order to receive the corresponding advantages. As a rule, control is assumed when the company directly or indirectly holds over a half of the voting rights that can be exercised within the ordinary shareholders' meeting, also considering potential votes, i.e. voting rights linked to convertible instruments.

Other investments comprise joint ventures that do not qualify as joint operations and affiliates over which Edison has a significant influence in determining the company's strategic choices, while it does not control them, also considering potential votes, i.e. voting rights linked to convertible instruments; significant influence is assumed when Edison directly or indirectly holds over 20% of the voting rights that can be exercised within the ordinary Shareholders' Meeting. Equity investments in subsidiaries, affiliates and joint ventures are measured at acquisition cost. The acquisition cost may be permanently written down to reflect any distributions of share capital or equity reserves or any impairment losses detected as a result of an impairment test. If the reasons that justified the write-down cease to apply in subsequent years, the original cost can be reinstated. The reversal cannot exceed the original cost. If the loss attributable to Edison

Spa exceeds the carrying amount of the equity investment and the investor is obliged to meet legal or implicit obligations of the investee company or in any event cover its losses, any excess with respect to the carrying amount is recognized in a dedicated liability provision under provisions for risks and charges.

Provisions for risks and employee benefits

Employee benefits

The Company provides its employees with short-term benefits (only for example, holidays, production bonus, flexible benefits correlated with welfare services and benefits); the relative costs are recognised in the period in which the company receives the service from the employee.

With reference to employee severance indemnities specifically, in accordance with Budget Law No. 296 of December 27, 2006, only the liability for vested employee severance benefits that remained at the company was valued for IAS 19 purposes, since the portion applicable to future vesting benefits is being paid to separate entities (supplemental pension funds or INPS funds). Following the entry into force of that Law and as a result of these payments, the company has no further obligations with regard to the work that employees will perform in the future. Thus, the company considers the portion accrued prior to that reform as a “defined benefit plan”, while the portion accrued subsequently is a “defined contribution plan”.

Provisions for risks and charges

Provisions for risks and charges are recognised against obligations existing at the reporting date and are valued on the basis of the best estimate of the expense required to fulfil such obligations. The estimates are reviewed at each reporting date and adjusted when necessary. For details, please refer to the section below, “Use of estimated values”.

Shareholders' equity, financial debt and cost of debt

Dividends are recognised when the shareholders' right to collect them arises, usually in the year when the shareholders' meeting of the investee resolving on the distribution of profits or reserves takes place.

Financial assets are initially recognised at fair value. Subsequent to initial recognition, financial assets that generate contractual cash flows representative solely of payments of principal and interest are measured at amortised cost.

The recoverability of financial assets not at fair value through profit or loss is evaluated based on the Expected Credit Losses model set forth in IFRS 9.

Financial liabilities other than derivatives are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs and are subsequently measured at amortised cost.

Financial income and expense are recognised on an accrual basis.

Elimination of financial assets and liabilities

Financial assets are derecognised when the right to receive the related cash flows is extinguished and all of the risks and benefits related to the ownership of the assets have been substantially transferred (so-called Derecognition) or when an asset is deemed to be totally non-recoverable after all necessary recovery procedures have been carried out. The financial liabilities are removed from the balance sheet when the specific contractual obligation is redeemed. Also the amendment of existing contractual terms is understood as redemption, if the new terms change the original understandings significantly and however when the current value of cash flows generating from the revised agreements differs by over 10% from the value of discounted cash flows of the original liability.

Financial assets and liabilities are offset in the balance sheet when there is a current legally enforceable right to offset and the company intends to settle on a net basis (or to realise the asset and simultaneously extinguish the liability).

Translation of items denominated in foreign currencies

Transactions in foreign currencies are translated into euros at the exchange rate in force on the transaction date. At the end of the reporting period, cash assets and liabilities are translated at the exchange rate in force on the balance sheet date. Any resulting foreign exchange translation differences are recognised in the income statement. Non-cash

assets and liabilities denominated in foreign currencies and measured at cost are translated at the exchange rate in force on the transaction date.

Taxation

Current tax liabilities and assets are measured at the value expected to be paid to tax authorities, calculated by applying the tax rates in force or essentially in force at the reporting date.

Deferred tax assets are recognised only to the extent that their future recovery is probable. In valuing deferred tax assets, the time-frame of the business planning period for which approved company plans are available is taken into account.

The deferred tax liability on retained earnings of Group companies is recognised only if there is truly an intent to distribute those earnings and provided that the tax liability is not cancelled when a consolidated tax return is filed.

Tax treatments for which there is uncertainty regarding application are valued separately or together with other situations of tax uncertainty, depending on the approach that best represents its resolution. The company accounts for uncertain tax treatment based on the probability that the tax authority will accept this treatment. Uncertain tax treatments can be estimated using one of the two methods that best represents the uncertain tax treatment: i) the most probable amount; ii) the expected value. Also see the point on "Use of estimated values" below.

12. OTHER INFORMATION

12.1 Significant non-recurring events and transactions

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, it should be noted that no significant non-recurring transactions took place during the financial year 2022.

12.2 Transactions resulting from atypical and/or unusual activities

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, it should be noted that, in 2021, Edison Spa did not enter into any atypical and/or unusual transactions, as defined by said Communication, according to which the typical and/or unusual transactions are as such that, owing to their significance/relevance, nature of the counterparties, object of the transaction, method of determination of transfer pricing and timing of the event (proximity to close of the year), they may raise doubts regarding the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets and protection of minority shareholders.

12.3 Treasury Shares

At December 31, 2022, Edison Spa owned no treasury shares.

12.4 Compensation, Stock Options and Equity Investments of Directors, Executives with Strategic Responsibilities and Statutory Auditors

For information concerning:

- the compensation of Directors and Statutory Auditors;
- stock options awarded to Directors;
- equity investments of Directors;

reference should be made to the information provided in the "Corporate Governance" section of the "Report on Remuneration Policy and Remuneration Paid".

12.5 Fees of the Independent Auditors

(Information pursuant to art. 149-duodecies of the Consob Issuers' Regulations)

The statement below, drafted pursuant to art. 149-duodecies of the Consob Issuers' Regulations, shows the consideration for the year 2022 for auditing services and for non-auditing services provided by the same auditing company and entities belonging to its network.

<i>(in euros)</i>	KPMG S.p.A. 12/31/2022	Network KPMG S.p.A. 12/31/2022	Total KPMG S.p.A. 12/31/2022
Edison S.p.A.	905.481	-	905.481
Legal and accounting audit	750.615	-	750.615
Certification services	91.166	-	91.166
Other services	63.700	-	63.700
Group Companies (1)	1.597.950	161.835	1.759.785
Legal and accounting audit	1.353.228	161.835	1.515.063
Certification services	209.722	-	209.722
Other services	35.000	-	35.000
Total	2.503.431	161.835	2.665.266

(1) Subsidiaries and other companies consolidated line by line.

12.6 Summary of Public Disbursements Pursuant to Art. 1, Paragraphs 125-129, Law No. 124/2017

Law No. 124 of August 4, 2017 ("Annual market and competition law") introduced, in art. 1, paragraphs 125-129, new disclosure obligations to ensure transparency as regards public disbursements, both received and given.

Please note that no collections for the year 2021 arising from green certificates, feed-in tariffs, white certificates or the energy account were taken into consideration, as they all constitute a fee for supplies and services rendered.

The reporting approach to be followed is the "cash approach". In 2021, Edison Spa did not receive any contributions of the types referred to in Law No. 124 of August 4, 2017.

Via: University of Padua

Lender: European Executive Agency for Climate, Infrastructure and the Environment (CINEA) ("EU executive agency" or "granting authority"), within the powers delegated by the European Commission

Operational programme: Horizon Europe

Project name: H-HOPE - Hidden Hydro Oscillating Power for Europe

Action: The project addresses the development and demonstration of innovative and sustainable energy harvesting systems capable of recovering hidden hydroelectric energy from existing pipeline systems, open waterways and open channels. This new technology is based both on the use of piezoelectric materials fixed to submerged bodies with deformable walls and on electromagnetic regulators which absorb the transversal motion of oscillating bodies within the flows.

Financing instrument: grant.

Grant received: 54,854.55 euros

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2022

There are no significant events to report after 31 December 2022.

Milan, February 15, 2023

**On behalf of the Board of Directors
The Chief Executive Officer
Nicola Monti**

List of Equity Investments

Investments in subsidiaries

Company	Head office	Share capital			Shares or par value interests held		Initial value (A)		
		Curr.	Amount	Par value per share	%	Number or par value	Cost	Revaluations (Writedowns)	Net carrying amount
Atema DAC	Dublin (Ireland)	EUR	1,500,000	0.50	100.000	3,000,000	1,381,681	-	1,381,681
Cellina Energy Srl (Sole shareholder)	Milan (*)	EUR	5,000,000	-	100.000	5,000,000	171,128,000	(168,000)	170,960,000
Edison Energia Spa (Sole shareholder)	Milan (*)	EUR	40,000,000	SVN	100.000	41,000,000	385,601,807	(121,922,765)	263,679,042
Edison Hellas Sa	Athens (Greece)	EUR	263,700	2.93	100.000	90,000	187,458	(8,000)	179,458
Edison International Spa (Sole shareholder)	Milan (*)	EUR	75,000,000	1.00	100.000	75,000,000	70,926,759	(1,925,070)	69,001,689
Edison International Shareholdings Spa (Sole shareholder)	Milan (*)	EUR	26,000,000	1.00	100.000	26,000,000	102,400,000	-	102,400,000
Edison Stocaggio Spa (Sole shareholder)	Milan (*)	EUR	90,000,000	1.00	100.000	90,000,000	134,280,847	-	134,280,847
Edison Renewables Spa ex Edison Renewables Srl ⁽²⁾	Milan (*)						406,733,099	-	406,733,099
Edison Rinnovabili Spa	Milan (*)	EUR	4,200,000	1.00	51.000	2,142,000	-	-	-
Edison Reggane Spa (Sole shareholder)	Milan (*)	EUR	200,000	1.00	100.000	200,000	200,000	-	200,000
Edison Next Spa (Sole shareholder) ex Fenice Qualità per l'ambiente Spa (Sole shareholder)	Rivoli (TO) (*)	EUR	330,500,000	100.00	100.000	3,305,000	291,994,680	(40,000,000)	251,994,680
Frendy Energy Spa	Milan (*)	EUR	14,829,312	SVN	76.971	45,656,952	15,451,454	(5,406,000)	10,045,454
Hydro Dynamics Srl (Sole shareholder) ⁽¹⁾	Aosta (*)						15,289,740	-	15,289,740
Jesi Energia Spa	Milan (*)	EUR	5,350,000	1.00	70.000	3,745,000	15,537,145	(12,922,445)	2,614,700
Idroelettrica Brusson Srl (Sole shareholder) ⁽¹⁾							2,127,468	-	2,127,468
Idroelettrica Cervino Srl (Sole shareholder) ⁽¹⁾							11,300,418	-	11,300,418
Energie Rinnovabili Arpitane Srl (Sole shareholder) ex Idroelettrica Saint-Barth Basso Srl (Sole shareholder)	Aosta (*)	EUR	100,000	-	100.000	100,000	4,000,000	-	4,000,000
Medicoora Srl (Sole shareholder) ⁽²⁾							30,000	(30,000)	-
MS Energy Srl (Sole shareholder)	Milan (*)	EUR	20,000	-	100.000	20,000	898,004	-	898,004
Nuova Alba Srl (Sole shareholder)	Milan (*)	EUR	2,016,457	-	100.000	2,016,457	39,669,151	(38,478,617)	1,190,534
Nuova Cisa Spa in bankruptcy (Sole shareholder)	Milan (*)	EUR	1,549,350	1.00	100.000	1,549,350	3,500,109	(1,086,596)	2,413,513
Sistemi di Energia Spa	Milan (*)	EUR	10,083,205	1.00	88.276	8,901,029	4,400,206	4,150,094	8,550,300
Società Generale per Progettazioni Cons. e Part. Spa (extraordinary administration)	Rome	LIT	300,000,000	10,000.00	59.333	17,800	1	-	1
Tre Monti Srl ex Trementi Srl (Sole shareholder)	Milan	EUR	100,000	-	15.000	15,000	50,000	(29,000)	21,000
Termica Cologno Srl	Milan (*)	EUR	1,000,000	-	65.000	650,000	2,819,782	-	2,819,782
Energia Italia Srl (Sole shareholder)	Milan (*)	EUR	20,000	-	100.000	20,000	-	-	-
Total Investments in subsidiaries							1,680,308,809	(218,227,399)	1,462,081,410

(A) Amounts in euros.

(*) Company subject to management and coordination by Edison Spa.

(**) Values as per draft financial statements submitted to the Board of Directors if already available; alternatively the last approved budget.

(1) Merged in Energie Rinnovabili Arpitane Srl (Sole shareholder) ex Idroelettrica Saint-Barth Basso Srl (Sole shareholder).

(2) Merged in Edison Energia Spa (Sole shareholder).

(3) Merged in Edison Rinnovabili Spa.

The currency codes used are consistent with the ISO 4217 International Standard, with the exception of the Italian lira for which the traditional L-lille has been maintained.

EUR Euro

USD U.S. dollar

Changes during the year (A)					Ending value at December 31, 2022 (A)							
Additions	Disposals	Advance on (Distribution of) capital and reserves	Revaluations (Writedowns)	Merge	Cost	Revaluations (Writedowns)	Net present value recorded in the balance sheet	S.E. last financial statements (**)	Pro rata interest in S.E. (**)	Net result last fin. Statements (**)	Pro rata interest in net result (**)	
-	-	-	-	-	1,381,681	-	1,381,681	1,383,385	1,383,385	(80,505)	(80,505)	
-	-	-	-	-	171,128,000	(168,000)	170,960,000	178,418,975	178,418,975	(2,793,700)	(2,793,700)	
-	-	300,000,000	(133,000,000)	135,290	685,737,097	(254,922,765)	430,814,332	307,592,981	307,592,981	(111,990,714)	(111,990,714)	
-	-	-	-	-	187,458	(8,000)	179,458	638,387	638,387	19,424	19,424	
-	-	-	(1,826,689)	-	70,926,759	(3,751,759)	67,175,000	67,231,619	67,231,619	(662,823)	(662,823)	
-	-	-	-	-	102,400,000	-	102,400,000	112,875,060	112,875,060	10,254,949	10,254,949	
-	-	-	-	-	134,280,847	-	134,280,847	234,800,241	234,800,241	23,439,248	23,439,248	
-	-	-	-	(406,733,099)	-	-	-	-	-	-	-	
639,550	-	-	-	406,733,099	407,372,649	-	407,372,649	649,493,882	331,241,880	59,919,603	30,558,998	
-	-	-	-	-	200,000	-	200,000	17,403,215	17,403,215	16,735,852	16,735,852	
-	-	-	-	-	291,994,680	(40,000,000)	251,994,680	266,541,716	266,541,716	7,838,036	7,838,036	
-	-	-	-	-	15,451,454	(5,406,000)	10,045,454	13,045,319	10,041,113	53,292	41,020	
-	-	-	-	(15,289,740)	-	-	-	-	-	-	-	
-	-	-	(373,300)	-	15,537,145	(13,295,745)	2,241,400	3,148,906	2,204,234	(540,030)	(378,021)	
-	-	-	-	(2,127,468)	-	-	-	-	-	-	-	
-	-	-	-	(11,300,418)	-	-	-	-	-	-	-	
-	-	-	-	28,717,626	32,717,626	-	32,717,626	12,092,175	12,092,175	736,162	736,162	
-	-	1,200,000	(1,064,710)	(135,290)	-	-	-	-	-	-	-	
-	-	-	-	-	898,004	-	898,004	384,343	384,343	(24,078)	(24,078)	
-	-	2,000,000	(1,422,265)	-	41,669,151	(39,900,882)	1,768,269	1,768,269	1,768,269	(1,422,265)	(1,422,265)	
-	-	-	-	-	3,500,109	(1,086,596)	2,413,513	3,257,353	3,257,353	(34,587)	(34,587)	
-	-	-	-	-	4,400,206	4,150,094	8,550,300	21,593,756	19,062,104	263,528	232,632	
-	-	-	-	-	1	-	1	-	-	-	-	
-	-	-	-	-	50,000	(29,000)	21,000	211,087	31,663	101,513	15,227	
-	-	-	-	-	2,819,782	-	2,819,782	4,439,386	2,885,601	119,762	77,845	
22,000,000	-	-	-	-	22,000,000	-	22,000,000	7,671,821	7,671,821	(726,655)	(726,655)	
22,639,550	-	303,200,000	(137,686,964)	-	2,005,053,650	(354,819,653)	1,650,233,997					

List of Equity Investments (continued)

Investments in joint ventures and affiliated companies

Company	Head office	Share capital			Shares or par value interests held		Initial value (A)		
		Curr.	Amount	Par value per share	%	Number or par value	Cost	Revaluations (Writedowns)	Net carrying amount
Depositi Italiani GNL Spa	Ravenna	EUR	20,000,000	100.00	30.000	60.000	6,000,000	-	6,000,000
Dolomiti Edison Energy Srl	Trento	EUR	5,000,000	-	49.000	2,450,000	8,187,900	-	8,187,900
Ibiritermo Sa							1,161,904	-	1,161,904
Iniziativa Universitaria 1991 Spa	Varese	EUR	16,120,000	520.00	32.258	10.000	4,405,565	(378,938)	4,026,627
Nuova ISI Impianti selez. inerti Srl (in bankruptcy)	Vazia (RI)	LIT	150,000,000	-	33.333	50,000,000	1	-	1
Alboran Hydrogen Brindisi Srl	Bari	EUR	2,750,471	-	50.000	1,375,236	-	-	-
Total investments in joint ventures and affiliated companies							115,657,570	(96,281,138)	19,376,432
Total Equity investments							1,795,966,379	(314,508,537)	1,481,457,842

(A) Amounts in euros.

(*) Company subject to management and coordination by Edison Spa.

(**) Values as per draft financial statements submitted to the Board of Directors if already available; alternatively the last approved budget.

(1) Merged in Energie Rinnovabili Arpitane Srl (Sole shareholder) ex Idroelettrica Saint-Barth Basso Srl (Sole shareholder).

(2) Merged in Edison Energia Spa (Sole shareholder).

(3) Merged in Edison Rinnovabili Spa.

The currency codes used are consistent with the ISO 4217 International Standard, with the exception of the Italian lira for which the traditional L-lille has been maintained.

EUR Euro

USD U.S. dollar

Changes during the year (A)					Ending value at December 31, 2022 (A)							
Additions	Disposals	Advance on (Distribution of) capital and reserves	Revaluations (Writedowns)	Merge	Cost	Revaluations (Writedowns)	Net present value recorded in the balance sheet	S.E. last financial statements (**)	Pro rata interest in S.E. (**)	Net result last fin. Statements (**)	Pro rata interest in net result (**)	
-	-	-	-	-	6,000,000	-	6,000,000	18,165,317	5,449,595	(2,133,465)	(640,040)	
-	-	-	-	-	8,187,900	-	8,187,900	56,947,055	27,904,057	4,482,705	2,196,525	
-	(1,161,904)	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	4,405,565	(378,938)	4,026,627	14,060,925	4,535,773	192,096	61,966	
-	-	-	-	-	1	-	1	-	-	-	-	
1,375,236	-	-	-	-	1,375,236	-	1,375,236	2,508,253	1,254,127	(242,217)	(121,109)	
1,375,236	(1,161,904)	-	-	-	115,870,902	(96,281,138)	19,589,764					
24,014,786	(1,161,904)	303,200,000	(137,686,964)	-	2,120,924,551	(451,100,791)	1,669,823,760					

List of Equity Investments (continued)

Fixed equity investments valued at fair value through profit or loss

Company	Head office	Curr.	Share capital		Shares or par value interests held	
			Amount	Par value per share	%	Number or par value
European Energy Exchange Ag - EEX	Leipzig (Germany)	EUR	60,075,000	1.00	0.505	303,106
FCA Security S.c.p.a, ex Sirio Sicurezza Industriale Scpa	Turin	EUR	152,520	1.00	0.250	382
I,SVE,UR, Spa (in liquidation)	Rome	EUR	2,500,000	1,000.00	1.000	25
MIP Politecnico di Milano Graduate School of Business Scpa	Milan	EUR	414,000	1.00	2.899	12,000
Consel Scrl	Rome	EUR	51,000	-	1.000	510
Nomisma - Società di studi economici Spa	Bologna	EUR	6,963,499	0.24	1.096	320,000
Reggente Spa	Lucera (FG)	EUR	260,000	0.52	5.209	26,043
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome	EUR	154,950	51.65	12.600	378
Ditne Scarl	Brindisi	EUR	421,193	-	1.821	7,671
Syremont Monument Management Spa	Rose (CS)	EUR	3,248,200	1.00	9.236	300,000
American Superconductor	Devens (United States)	USD	284,577	0.01	0.056	16,000
Hydrogen Park - Marghera per l'Idrogeno Scrl	Venice	EUR	245,000	-	9.732	23,843
Bake Two Srl	Milan	EUR	13,889	-	8.000	1,111
Musa Scarl	Milan	EUR	100,000	-	7.000	7,000

Total Long-term investments valued at fair value through profit or loss

(A) Amounts in euros

The currency codes used are consistent with the ISO 4217 International Standard
 EUR Euro USD U.S. dollar

Initial value (A)			Changes during the year (A)		Ending value at December 31, 2022 (A)		
Cost	Revaluations (Writedowns)	Net carrying amount	Additions	Revaluations (Writedowns)	Cost	Revaluations (Writedowns)	Net present value recorded in the balance sheet
680,500	-	680,500	-	-	680,500	-	680,500
288	-	288	-	-	288	-	288
5,620	-	5,620	-	-	5,620	-	5,620
12,000	-	12,000	-	-	12,000	-	12,000
510	-	510	-	-	510	-	510
479,473	(404,393)	75,080	-	-	479,473	(404,393)	75,080
13,450	-	13,450	-	-	13,450	-	13,450
1	-	1	-	-	1	-	1
7,671	-	7,671	-	-	7,671	-	7,671
400	-	400	-	-	400	-	400
4,975,111	(4,821,412)	153,699	-	(100,896)	4,975,111	(4,922,308)	52,803
-	-	-	23,843	-	23,843	-	23,843
-	-	-	200,000	-	200,000	-	200,000
-	-	-	307,000	-	307,000	-	307,000
6,175,024	(5,225,805)	949,219	530,843	(100,896)	6,705,867	(5,326,701)	1,379,166

MOTION FOR A RESOLUTION

Dear Shareholders,

Your Company's separate financial statements at December 31, 2022 show a profit of 263,241,127.06 euros. If you concur with the criteria adopted to prepare the financial statements and the accounting principles and methods applied, we recommend that you adopt the following resolutions.

Motions for resolutions to the Shareholders' Meeting

"The Shareholders' Meeting,

- having reviewed the Company's separate financial statements, the Group's consolidated financial statements at December 31, 2022, which show a profit of 151 million euros, the Report on Operations submitted by the Board of Directors, the Report on Corporate Governance and the Company's Ownership Structure, as well as the Consolidated Non-Financial Statement;
- considering the Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to art. 153 of Legislative Decree No. 58/1998 (TUF);
- considering the Reports of the Independent Auditors on the separate and consolidated financial statements at December 31, 2022;
- taking into account the provisions of art. 2430 of the Italian Civil Code regarding the legal reserve, as well as art. 25 of the By-laws regarding the preferred dividend due to savings shares and the increase compared to the dividend of common shares;
- considering that as at April 5, 2023 capital is 4,736,117,250.00 euros, divided into 4,626,557,357 common shares and 109,559,893 savings shares, all with a par value of 1 euro each;
-

resolves

FIRST RESOLUTION

- i) to approve the Company's separate financial statements for the year ended December 31, 2022, as a whole, and the individual items contained therein, which show a profit of 263,241,127.06 euros, rounded to 263,241,127 euros in the financial statements.

SECOND RESOLUTION

ii)	to allocate 5% of net income for the year, amounting to 263,241,127.06 euros to the statutory reserve for a total of	13,162,056.35 euros
iii)	to allocate the net income of 250,079,070.71 euros remaining after its partial use for allocation to the legal reserve referred to in point ii) above:	
a)	to dividends for the 109,559,893 savings shares:	
-	5% of the nominal value, i.e. 0.050 euros per share, to a preferred dividend for 2022, for a total of	5,477,994.65 euros
-	0.2% of the nominal value, i.e. 0.002 euros per share, to a dividend increase, taking into account the extent of the dividend assigned to common shares referred to under point (b) for a total of	219,119.79 euros
	for a total of 0.052 euros for each savings share and therefore for a grand total of	5,697,114.44 euros
b)	to a dividend for the 4,626,557,357 common shares:	
-	2.2% of the nominal value, i.e. 0.022 euros per share, for a total of	101,784,261.85 euros
c)	to retained earnings for the remaining amount, taking into account what is proposed in ii) above; and iii) a) and b)	142,597,694.42 euros

The dividend for the savings shares and for the common shares will be paid on **Wednesday April 26, 2023**, with an ex-dividend date of Monday April 24, 2023, and record date of Tuesday April 25, 2023.

Milan, February 15, 2023

The Board of Directors
By: Nicola Monti
Chief Executive Officer

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

1. The undersigned Nicola Monti, as “Chief Executive Officer”, Ronan Emmanuel Lory and Roberto Buccelli, as “Dirigenti Preposti alla redazione dei documenti contabili societari” of Edison Spa, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998, hereby certify the following:

- the adequacy in relation of the characteristics of the business and
- the effective application,

of the administrative and accounting procedures for drawing up the financial statements during the period ranging from January 1 to December 31, 2022.

2. We further certify that:

2.1 – the financial statements:

- a) are drawn up in compliance with the applicable international accounting principles accepted within the European Community pursuant to the (EC) Regulations No. 1606/2002 of the European Parliament and of the Council, dated July 19, 2002;
- b) are consistent with the data in the accounting records and other corporate documents;
- c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer;

2.2 – the Report on Operations includes a reliable analysis of the trend and of the operating profit, the situation of the issuer and of all of the consolidated companies, together with the description of the major risks and uncertainties to which they are exposed.

Milan, February 15, 2023

The Chief Executive Officer

“Dirigenti Preposti alla redazione
dei documenti contabili societari”

Nicola Monti

Ronan Emmanuel Lory
Roberto Buccelli



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

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

*To the shareholders of
Edison S.p.A.*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Edison S.p.A. (the "company"), which comprise the balance sheet at 31 December 2022, the income statement and other components of the comprehensive income statement, cash flow statement and statement of changes in shareholders' equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Edison S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year.

These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Edison S.p.A.

Independent auditors' report

31 December 2022

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

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2022 include goodwill of €1,544 million, intangible assets of €76 million, property, plant and equipment of €1,890 million and equity investments of €1,670 million.</p> <p>Impairment testing entails firstly checking the carrying amount of the items of the assets allocated to the individual cash-generating units ("CGUs") and secondly a test on goodwill with reference to the aggregate of CGUs and as an evaluation of the company as a whole due to the presence of general expenses that aren't allocated and couldn't be objectively related to the above mentioned CGUs, as a second-level check.</p> <p>The company tests its assets for impairment with the assistance of an independent expert, by estimating their recoverable amount (i.e., value in use) and their ability to generate future cash flows.</p> <p>At least annually, the company checks whether there are indicators that its equity investments may be impaired. If so, it tests the equity investments for impairment by comparing their carrying amount with the company's share of the investees' net equity</p> <p>Impairment testing is complex and requires management to make assumptions about, inter alia, the CGUs' expected cash flows and the appropriate discount (WACC) and long-term growth (g-rate) rates.</p> <p>To estimate the future cash flows the group made mainly reference to:</p> <ul style="list-style-type: none">the 2023 budget approved by the board of directors on 7 December 2022;the 2024-2026 medium-term projections approved by the board of directors on the same date;the long-term projections prepared by management. <p>The most significant variables underlying the estimated cash flows are as follows:</p> <ul style="list-style-type: none">variations in the national single price (PUN) and the related spark spread, changes in the Italian regulations governing and incentivising producers and national demand trends with respect to the electricity power segment;variations in the price of oil commodities and natural gas and in the €/USD exchange rate, with respect to the gas segment;	<p>We checked how management calculated the CGUs' and equity investments' value in use by challenging the methods and assumptions used in impairment testing.</p> <p>Our audit procedures, carried out partly by involving experts of the KPMG network, included the following:</p> <ul style="list-style-type: none">understanding the company's impairment testing procedure;analysing the reasonableness of the key assumptions used to estimate cash flows, including through sector data analyses;comparing actual figures to forecasts to assess any discrepancies and the reliability of the estimation process;challenging the reasonableness of the discount (WACC) and long-term growth (g-rate) rates;checking the mathematical accuracy of the model used to calculate the CGUs' and equity investments' value in use;checking the calculation of the carrying amount of the CGUs, the groups of CGUs relating to the electricity and hydrocarbons markets, the assets as a whole and equity investments and comparing it with the recoverable amount resulting from the impairment tests;challenging management's sensitivity analysis;checking whether how management carried out impairment tests complied with the IFRS;assessing the appropriateness of the disclosures provided in the notes about the impairment tests and their compliance with the requirements of IAS 36.



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Independent auditors' report

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-
- the discount and long-term growth rates to assess the terminal value with respect to the goodwill.

Considering the materiality of the carrying amount of assets and the subjectivity affecting the estimated cash flows and the most significant variables set out above, we believe that impairment testing is a key audit matter.

Notes "5.1.5 Impairment Test in Accordance with IAS 36 Applied to the Value of Goodwill, Property, Plant and Equipment and Other Intangibles", "5.2 Equity investments and other non-current financial assets" and "11.1 Use of estimated values" to the separate financial statements present the disclosures about the impairment tests, the impairment losses recognised on equity investments and the changes in the most significant variables used for impairment testing.

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

Key audit matter	Audit procedures addressing the key audit matter
<p>Revenue from sales of electric power operations and natural gas of €8,237 million and €19,634 million, respectively, include sales invoiced on the basis of actual metering and the estimated commodities sold but not yet invoiced at the reporting date.</p> <p>The related estimation methods differ depending on the type of commodity and end-user, based on the following variables:</p> <ol style="list-style-type: none">1 volumes transported (according to communications from third parties: i.e., carriers and distributors);2 the customer's historical data;3 network losses and adjustments to reflect weather conditions or other factors that may affect estimated consumption. <p>The first variable is subject to potential adjustments up to the fifth subsequent year under applicable laws. The estimate has a greater impact on revenue from the sale of natural gas.</p> <p>We believe that how the above revenue from sales is determined is a key audit matter, taking into account i) the discretionary component of any estimates; (ii) the materiality of the total amount; (iii) the large number of transactions involving users and (iv) the effort necessary to carry out the related audit procedures, which require the involvement of experienced personnel and specialists.</p> <p>Note "11.1 Use of estimated values" to the separate financial statements discloses the revenue recognition policies used by the company.</p>	<p>We carried out the following audit procedures on the estimated revenue from the sales carried out between the last metering date and the reporting date:</p> <ul style="list-style-type: none">• checking the algorithms and data used in the IT systems, including by involving our IT specialists;• understanding the revenue recognition process and the main controls implemented by the company, again by involving our IT specialists;• performing substantive procedures on the electricity and gas volumes considered in the estimation;• checking the accuracy of the selling prices used in the estimation;• comparing the estimates recognised in the separate financial statements with the subsequent actual figures;• assessing the appropriateness of the disclosures provided in the notes.



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Provisions for non-energy activities

Key audit matter	Audit procedures addressing the key audit matter
<p>The company's separate financial statements at 31 December 2022 include provisions for non-energy activities of €294 million.</p> <p>The provisions relating to non-energy activities cover: i) disputes, litigation and contracts, ii) contractual guarantees on the sale of equity investments, iii) environmental risks and iv) tax disputes.</p> <p>The different types of disputes include disputes of an environmental nature that entail a high level of complex estimates and uncertainties, as they are linked to different legal proceedings in which the company is involved as a result of the merger of Montedison S.p.A. into it.</p> <p>The company regularly remeasures these provisions and adjusts them in line with changes in the related legal and arbitration disputes. Considering the complexity of the pending proceedings, the uncertainty of the estimation process and the significant potential effects on the company's financial position, financial performance and cash flows, we believe that this is a key audit matter.</p> <p>Notes "9. Non-energy activities" and "11.1 Use of estimated values" to the separate financial statements present the disclosures about estimates of provisions.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• understanding the controls implemented by the company over the process for the identification, initial recognition and monitoring of proceedings and investigations at the organisation's various levels;• understanding the controls implemented by the company over the process for the identification, initial recognition and updating of provisions;• assessing the appropriateness of management's estimation methods in relation to the requirements of the IFRS;• analysing the accounting policies and assumptions used by management to estimate provisions;• checking the accuracy and completeness of the data used for the estimates;• discussing the progress of the most significant disputes with the company's legal and tax departments;• sending requests for information to the legal and tax advisors assisting the company and checking the consistency of the information obtained with the risk assessment made by management and the legal and tax departments;• analysing supporting documentation, including minutes of the board of directors' meetings, agreements with counterparties and updates prepared by the company;• analysing the events after the reporting date up to the date of this report;• assessing the appropriateness of the disclosures provided in the notes.

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

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

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless



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the directors believe that the conditions for liquidating the company or ceasing operations exist or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the separate financial statements

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

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

We also:

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

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships



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and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate the related risk or the safeguards applied.

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

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

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

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

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

Report on other legal and regulatory requirements

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

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (UE) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements as at 31 December 2022 to be included in the annual financial report.

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

In our opinion, the separate financial statements as at 31 December 2022 have been prepared in the XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

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

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate



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financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

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

Milan, 23 February 2023

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi
Director of Audit