

PRESS RELEASE

EDISON, DESPITE STRONG GROWTH IN REVENUES TO 7.1 BILLION EUROS AND IN EBITDA TO 357 MILLION EUROS (+41.7%), CLOSES FIRST QUARTER WITH A SHARP DECLINE IN PROFIT TO 27 MILLION EUROS (-72%) DUE TO THE APPLICATION OF THE “TAGLIA PREZZI” DECREE

Profit was down by 72% compared with the same period of last year due to the application of the “Taglia prezzi” Decree (Decree-Law 21 of March 21, 2022) and “Sostegni-ter” Decree (Decree-Law 4 of January 27, 2022, ratified by Law 5 of March 28, 2022). The estimated impact of the two laws in the first quarter was in excess of 100 million euros, meaning that net profit fell to 27 million euros compared to 98 million euros in the same period of 2021¹.

Milan, May 4, 2022 – Edison's Board of Directors met yesterday and reviewed the Interim Report at March 31, 2022. Against the recovery in industrial activity after the restrictions imposed by the pandemic, Edison reports a sharp decline in profits due to the application of the “Taglia prezzi” Decree (Decree-Law 21 of March 21, 2022) and the “Sostegni-ter” Decree (Decree-Law 4 of January 27, 2022, ratified by Law 5 of March 28, 2022).

In details, during the first quarter **EBITDA increased by 105 million euros (+41.7%)** compared to the same period of 2021, primarily driven by thermoelectric power generation, gas businesses and a number of non-recurring items. This result more than offsets the drop in hydroelectric generation, which suffered from low water resource availability in the period, and the negative impact of higher prices on end-customer sales margins. Against the rising prices environment, Edison took action to protect its customers. This had a negative impact on the profitability of its downstream activities.

Financial debt as at March 31, 2022 shows a cash position of 226 million euros (debt of 104 million euros as at December 31, 2021). This outcome is due to strong cash generation from operating activities, partially balanced by investments to strengthen the strategic repositioning of the company in energy transition activities.

¹ This value doesn't include the impact of the new package of measures approved by the Government on May, 2

EDISON GROUP HIGHLIGHTS

<i>in millions of euros</i>	Q1 2022	Q1 2021
Sales revenues	7,111	2,131
EBITDA	357	252
EBIT	242	144
Profit from continuing operations	66	98
Group interest in net profit (loss)	27	98

Scenario and energy market at March 31, 2022

After a 2020 and 2021 dominated by the pandemic, the current geopolitical tensions triggered by Russia's invasion of Ukraine are weighing heavily on the business environment. The escalation of the Russia-Ukraine conflict has exacerbated the volatility of commodities – especially energy commodities – causing a further rise in prices and increasing inflationary pressures with consequent impact on household and business spending.

In the first quarter of 2022, **electricity demand stood at 80.3 TWh, up 2.5%** from the same period in 2021, when Covid-19 restrictions were still in place. In terms of production, thermoelectric generation increased to 52.1 TWh (+17.8%), offsetting the strong drop in hydroelectric generation (-44.2% to 5.8 TWh) and the decrease in imports (-20.6% to 9.6 TWh). Other renewables grew, with wind-power generation up 11% (6.8 TWh) and photovoltaic production up 10.9% (5.3 TWh). Overall, about 88% of Italy's total electricity demand was met by domestic production. On the price front, the **Single National Price (PUN) averaged 249.3 euros/MWh in the quarter** – four times higher than in the first quarter of 2021 (59.3 euros/MWh).

Gas consumption rose by 1.2% to 25.5 billion cubic metres. During the period, thermoelectric consumption grew (+11.6% to 7.2 billion cubic metres), while residential uses were stable (-0.6% to 13.6 billion cubic metres) and industrial decreased (-7.8% to 4.3 billion cubic metres) due to the deterioration in the broader economic and energy context. The **average spot gas price in Italy during the first quarter of 2022 was 103.7 euro cents per cubic meter** (19.8 euro cents per cubic metre in Q1 2021). As mentioned above, the rise in prices and the high volatility in European gas markets are the results of geopolitical tensions and growing uncertainty over Russian pipeline supplies. Oil prices followed the same trend, averaging 97.3 US dollars per barrel in the first quarter of 2022, up 59.3% compared to the same period in 2021.

Outlook

Characterized by extremely high price volatility and ongoing governmental decisions on several regulatory changes affecting the energy sector, the current context does not yet allow to provide an annual EBITDA forecast. However, the company believes that its operational performance should remain close to that of 2021.

Main events during the first quarter of 2022

January 20, 2022 – Edison completes the acquisition of Energia Italia, a company that owns 10 mini hydroelectric plants positioned in Piedmont's main watercourses. With an installed capacity of over 30 MW, the 10 plants generate more than 80 GWh per year.

February 24, 2022 - Edison announced that the rating agency Standard & Poor's had confirmed the company's long-term rating at BBB and revised the outlook from stable to negative, following the downgrade of parent company EDF by one notch to BBB with negative outlook. 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 growth in Italy, a priority market for EDF.

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

Main events occurring after March 31, 2022

April 1, 2022 - Edison, Italgas and Marguerite signed a binding agreement for Edison to acquire a majority interest in Gaxa, a company owned 51.85% by Italgas and 48.15% by Marguerite. Gaxa operates in Sardinia as a distributor of natural gas, LPG and propane air for residential use. Under Gaxa's new shareholding structure, Edison will hold 70%, Italgas 15.56% and Marguerite 14.44%. The transaction strengthens Gaxa's commercial presence and development prospects in light of the major investment plan for Sardinia brought forward by Italgas, involving the construction of new "digital-native" distribution networks.

April 4, 2022 - Fenice Spa, a wholly owned subsidiary of Edison, and the EDF Group's Citelum SA, a group that provides lighting services to the public administration, signed a binding agreement for the acquisition by Fenice Spa of the entire share capital of Citelum Italia Srl. The sale is expected to be completed by the end of the second quarter of 2022. By acquiring Citelum's Italian and Spanish operations, Fenice will be able to expand its range of local and urban energy services. The deal also creates substantial synergies with Edison's services for the energy transition and local and urban decarbonisation, looking ahead to the smart cities of the future.

Documentation

The Edison Group's Interim Report at March 31, 2022, approved yesterday by the Board of Directors of Edison Spa, will be available to the public as of May 5, 2022 at the Company's headquarters, on the Edison Spa website (<http://www.edison.it/it/bilanci-e-documenti-correlati>) and via the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com).

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The “Dirigenti Preposti alla redazione dei documenti contabili societari” of Edison Spa, Ronan Lory and Roberto Buccelli, certify that – pursuant to art. 154-bis, paragraph 2 of the TUF (Italian Legislative Decree No. 58/1998) – the accounting disclosures in this press release are consistent with the records, ledgers and accounting entries. The Quarterly Report at March 31, 2022 is not audited.

This press release and, in particular, the section entitled “Outlook”, contain forward-looking statements. Such statements are based on the Group’s current forecasts and projections in relation to future events and are, by their very nature, subject to intrinsic risk and uncertainty. Actual results could differ materially from the forecasts referenced in these statements due to many different factors, including the continued volatility and deterioration of capital and financial markets, fluctuations in the prices of raw materials, changes in macroeconomic conditions and in economic growth and other changes in business conditions, changes in legislation, including regulations, and in the institutional context (both in Italy and abroad) and many other factors, most of which are beyond the Group’s control.

Abridged consolidated economic-equity statements are attached.

Material information pursuant to Consob resolution No. 11971 of May 14, 1999, as amended.

Presentation formats

Consolidated income statement

(in millions of euros)	1 st quarter 2022	1 st quarter 2021
Sales revenues	7,111	2,131
Other revenues and income	15	34
Total net revenues	7,126	2,165
Commodity and logistic costs (-)	(6,497)	(1,677)
Other costs and services used (-)	(164)	(131)
Labor costs (-)	(84)	(83)
Receivables (writedowns) / reversals	(2)	(3)
Other costs (-)	(22)	(19)
EBITDA	357	252
Net change in fair value of derivatives (commodity and exchange rate risk)	(19)	(18)
Depreciation and amortization (-)	(94)	(89)
(Writedowns) and reversals	-	-
Other income (expense) non Energy activities	(2)	(1)
EBIT	242	144
Net financial income (expense) on debt	(2)	(3)
Other net financial income (expense)	8	(4)
Net financial income (expense) on assigned trade receivables without recourse	(4)	(4)
Income from (Expense on) equity investments	(1)	1
Profit (Loss) before taxes	243	134
Income taxes	(177)	(36)
Profit (Loss) from continuing operations	66	98
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	66	98
Broken down as follows:		
Minority interest in profit (loss)	39	-
Group interest in profit (loss)	27	98

Consolidated balance sheet

	03.31.2022	12.31.2021
(in millions of euros)		
ASSETS		
Property, plant and equipment	3,742	3,744
Intangible assets	345	339
Goodwill	2,184	2,184
Investments in companies valued by the equity method	168	160
Other non-current financial assets	38	33
Deferred-tax assets	413	329
Non-current tax receivables	2	2
Other non-current assets	94	71
Fair value	1,241	863
Assets for financial leasing	2	2
Total non-current assets	8,229	7,727
Inventories	140	176
Trade receivables	3,686	3,542
Current tax receivables	7	6
Other current assets	446	432
Fair value	6,994	3,843
Current financial assets	2	3
Cash and cash equivalents	1,266	910
Total current assets	12,541	8,912
Assets held for sale	69	69
Total assets	20,839	16,708
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	4,736	4,736
Reserves and retained earnings (loss carryforward)	1,108	980
Reserve for other components of comprehensive income	(329)	(195)
Group interest in profit (loss)	27	413
Total shareholders' equity attributable to Parent Company shareholders	5,542	5,934
Shareholders' equity attributable to minority shareholders	457	419
Total shareholders' equity	5,999	6,353
Employee benefits	37	37
Provisions for decommissioning and remediation of industrial sites	189	188
Provisions for risks and charges	318	239
Provisions for risks and charges for non Energy activities	390	396
Deferred-tax liabilities	45	44
Non-current tax payables	17	17
Other non-current liabilities	17	15
Fair value	1,639	891
Non-current financial debt	600	614
Total non-current liabilities	3,252	2,441
Trade payables	3,133	2,872
Current tax payables	345	136
Other current liabilities	711	402
Fair value	6,947	4,092
Current financial debt	422	382
Total current liabilities	11,558	7,884
Liabilities held for sale	30	30
Total liabilities and shareholders' equity	20,839	16,708

Changes in consolidated shareholders' equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
Balance at December 31, 2021	4,736	980	(195)	413	5,934	419	6,353
Appropriation of the previous year's profit (loss)	-	413	-	(413)	-	-	-
Dividends and reserves distributed (*)	-	(286)	-	-	(286)	-	(286)
Other changes	-	1	-	-	1	(1)	-
Total comprehensive profit (loss)	-	-	(134)	27	(107)	39	(68)
of which:							
- Change in comprehensive income	-	-	(134)	-	(134)	-	(134)
- Profit (loss) at March 31, 2022	-	-	-	27	27	39	66
Balance at March 31, 2022	4,736	1,108	(329)	27	5,542	457	5,999

(*) Edison Spa Shareholders' Meeting, held on March 31, 2022, passed a resolution for the distribution of a portion of 2021 profit, for an overall amount of 286 million euros, as dividend for saving and ordinary shares. Such amount, which was paid on April 27, 2022, is booked under the item "Other current liabilities" at March 31, 2022.