

PRESS RELEASE

EDISON: SUSTAINED GROWTH IN THE FIRST 9 MONTHS WITH REVENUES AT 6.8 BILLION EUROS (+52%), EBITDA AT 676 MILLION EUROS (+32.3%) AND PROFIT AT 435 MILLION EUROS

In a changing economic context, the company has revised its forecasts for 2021 EBITDA upward to a range of 830 to 890 million euros in light of the good business performance and certain one-off effects recorded in the period.

Milan, October 29, 2021 – The Edison Board of Directors met yesterday and examined the Quarterly Report at September 30, 2021 which closed with a solid growth in all financial statement items driven by the performance of all business areas.

In particular, in the first nine months of the year **Edison's revenues increased by 51.5% to 6,849 million euros** from 4,521 million euros in the same period of 2020, benefiting from the recovery in economic activity and the rise in sales prices related to the commodity market.

The EBITDA was also up sharply rising 32.3% to 676 million euros from 511 million euros in the first nine months of 2020, mainly due to the positive performance of Electric Power Operations. This sector benefited from the positive contribution of all its business areas, from renewable and thermoelectric generation to the production portfolio optimisation activities and downstream activities. Gas Operations improved thanks also to the one-off contribution of the Infrastrutture Distribuzione Gas (IDG) sale.

The Group closed the first nine months of the year with a net profit of 435 million euros, compared to a net loss of 78 million euros in the same period of 2020. This result was due to the good industrial performance - driven by the recovery in the economic scenario – to non-recurring elements related to non-Energy Activities¹ and positively to the option exercise to realign the fiscal value of some assets and of the goodwill. The current net result² is 326 million euros.

Financial debt³ at September 30, 2021 decreased to 407 million euros, from 520 million euros at December 31, 2020 and reflects Edison's investments, mainly in low-carbon generation, as well as the extraordinary transactions carried out during the period (acquisition of 70% of Edison Rinnovabili, formerly E2i Energie Speciali, sale of the E&P activities in Norway and of IDG), in line with its commitment to accompanying the Country on its path to decarbonisation targets.

The relevance of strategic decisions taken in the recent period by Edison to focus on the energy transition activities, the achieved results and the new company's risk profile led the rating agencies to upgrade their evaluation.

¹ Integration of the provision for the remediation works of industrial sites inherited from Montedison.

² The current net result is calculated excluding the impact of non-Energy activities and the tax realignment.

³ Financial debt represents the total financial indebtedness in accordance with the ESMA Guidance published on March 4, 2021, which Consob, the supervisory authority, required companies to adopt as from May 5, 2021.

EDISON GROUP HIGHLIGHTS⁴

<i>in millions of euros</i>	9 months 2021	9 months 2020
Sales revenues	6,849	4,521
EBITDA	676	511
EBIT	296	169
Profit from continuing operations	438	102
Group interest in profit (loss)	435	(78)

Group performance at September 30, 2021

As the economic scenario progressively strengthened, the first nine months of 2021 saw a significant recovery in energy demand and a rise in commodity prices after the contraction of the previous year.

In particular, **Italian demand for electricity increased by 6.2% to 239 TWh** from 225.1 TWh in the first nine months of 2020. To the rise in demand corresponded the growth in wind power production (+5.3% to 14.6 TWh), hydroelectric production (+0.7% to 36.7 TWh) and thermoelectric production (+0.3% to 130.3 TWh), which together more than offset the drop in photovoltaic production (-3.4% to 21 TWh). Imports also grew: +65.7% to 34.1 TWh. The Single National Price (abbreviated as “PUN”) grew nearly three-fold on the same period of the previous year, hitting an average of 86.2 euro/MWh compared to 35.6 euro/MWh.

Similarly, demand for gas grew **7.2% to 53.2 billion cubic meters** in the period, up from 49.6 billion cubic meters in the same period of 2020. All gas segments showed growth: residential consumption was up 12% (to 20 billion cubic meters), industrial consumption rose 8.4% (to 13.1 billion cubic meters) and gas consumption for thermoelectric generation increased 1.9% (to 18.5 billion cubic meters). The **average spot gas price in Italy was 31.8 euro cents per cubic meter**, compared to 9.5 cents per cubic meter in the first nine months of 2020.

Oil prices also rose, averaging 67.7 dollars per barrel in the first nine months of 2021, a 59.1% increase on the average 42.6 dollars per barrel of the same period of 2020. Oil demand recovered sharply around the world thanks to the production and transport rebound after the restrictions related to the pandemic.

In this context, Edison closed the first nine months of the year with **revenues of 6,849 million euros**, up 51.5% on the 4,521 million euros of the same period of 2020. This performance was mainly due to **Gas**

⁴ Pursuant to the international accounting standard IFRS 5, the income statement items that contribute to the result of continuing operations: (i) exclude the contribution of E&P activities sold in December 2020 to Energean and classified as discontinued operations until disposal; (ii) include the contribution of E&P activities in Norway, until their disposal in 2021, and in Algeria, which were retrospectively reconstituted as from January 1, 2020.

Operations, with revenues up by 86.7% in the first nine months of the year to 4,214 million euros from 2,257 million euros in the same period of the previous year, thanks especially to higher sales prices following a rise in the reference scenario. Also **Electric Power Operations** contributed positively **with revenues up by 11.4% to 3,106 million euros** from 2,789 million euros in the first nine months of 2020.

The EBITDA showed sharp growth in the first nine months of the year rising by 32.3% to 676 million euros from 511 million euros in the same period of the previous year. This increase was mainly due to **Electric Power Operations, whose EBITDA increased by 36.7% to 473 million euros** thanks to the positive contribution of all businesses in this sector. EBITDA improved in the renewables business, more than offsetting the deconsolidation of Dolomiti Edison Energy Srl; in the thermoelectric business, boosted by the good performance of the production portfolio optimisation; in sales to residential customers, recovering after the negative effects of Covid-19 in the first nine months of 2020; and in energy efficiency services. **Gas Operations rose by 5.1% to 249 million euros** from 237 million euros in the first nine months of 2020. This performance reflects the positive effects of the sale of IDG and the improvements on the commercial side, offset by the smaller profit margins in other segments of the operation.

EBIT amounts to 296 million euros, up 75.2% from 169 million euros in the same period of 2020, due to the trends described above. EBIT was impacted by depreciation and amortisation (268 million euros compared to 256 million euros in the first nine months of 2020) and other net expenses related to *non-Energy Activities* of 137 million euros.

The Edison Group closed the first nine months of 2021 with a profit of 435 million euros compared to the loss of 78 million euros in the same period of 2020, as a result of the dynamics commented above and of a net tax benefit for the exercise of the option to realign the fiscal values of some industrial assets and the goodwill – with a positive impact of 230 million euros –, as well as for lesser net expenses associated to the E&P assets already sold (impact of 170 million euros in the first nine months of 2020). The net current result⁵ is 326 million euros.

Financial debt⁶ at September 30, 2021 amounted to 407 million euros from 520 million euros of December 31, 2020 and includes Edison's investments in low-carbon generation (latest-generation thermoelectric power plants in Marghera and Presenzano), energy efficiency services as well as the extraordinary transactions realized in the period (among which, acquisition of 70% of Edison Rinnovabili, formerly E2i Energie Speciali, sale of the E&P activities in Norway and of IDG), in line with its commitment to accompanying the Country on its path towards energy transition and decarbonisation targets.

Outlook

In a changing economic context, the company has revised its forecasts for 2021 EBITDA upward to a range of 830 to 890 million euros, compared to the previously forecast range of 770 to 830 million euros, in light of the good business performance and certain one-off effects recorded in the period.

⁵ The current net result is calculated excluding the impact of non-Energy activities and the tax realignment.

⁶ See the note on page 1.

Main events during the third quarter of 2021

July 2, 2021 – Edison announced the acquisition from ESA Italia of Energia Etica, a company that sells electricity and natural gas to end users in Lombardy, Umbria, Marche, Campania and Basilicata. With this acquisition, Edison has added to its portfolio around 22,000 new customers, mainly in the residential market, including 17,000 gas customers and 5,000 electricity customers.

July 30, 2021 – Edison announced that it had concluded the acquisition of 100% of Vibinum Srl from the Futuren Group and 90% of Aerochetto Srl (51% from Futuren Group and 39% from Repower Spa), pursuing the renewables generation growth plan and consolidating its leadership position in wind power. With these acquisitions, Edison added 40 MW to its portfolio (30 MW in Sicily and 10 MW in Puglia) for a total (wind and photovoltaic) installed capacity of 1.1 GW.

August 30, 2021 - Edison announced that on August 27th the rating agency Moody's Investors Service had raised the company's outlook to stable from negative, following the same revision for EDF Sa, Edison's controlling company. Edison's rating is confirmed to Baa2.

September 10, 2021 - Edison announced that on September 9th it had started the first LNG offloading into the coastal deposit in Ravenna owned by Depositi Italiani GNL (DIG), starting the controlled filling of tanks for the plant's roll-out.

September 14, 2021 - Edison and Snam signed a memorandum of understanding (MoU) together with Saipem and Alboran Hydrogen for the joint development of the Puglia Green Hydrogen Valley project to build three green hydrogen production plants in Brindisi, Taranto and Cerignola (Foggia) with total capacity of 220 MW, powered by photovoltaic production for total power of 380 MW. Once fully operational, the three plants are expected to produce up to 300 million cubic meters of renewable hydrogen per year.

September 20, 2021 – Edison announced that it had won the arbitration against Qatargas for the price review of the long-term contract for the purchase of liquefied natural gas from Qatar. The arbitration board, fully accepting Edison's defensive arguments, decided to reject all Qatargas' requests to obtain a price increase.

Significant events after September 30, 2021

October 11, 2021 - Edison and Michelin Italiana announced the signing of a long-term agreement for the energy efficiency, environmental sustainability and carbon footprint reduction of the Michelin site in Cuneo. According to the agreement, Edison will build a new high-efficiency trigeneration plant, photovoltaic plants to be installed on the car park covers and an integrated system consisting of water heaters to provide the steam for producing tyres.

October 13, 2021 - Edison and Dolomiti Energia Trading announced the signing of a power purchase agreement (PPA). Edison will build a 7 MW photovoltaic plant in Alessandria and Dolomiti Energia Trading will take all the renewable energy produced. The plant will meet the needs of around 4,000 households.

October 26, 2021 – Edison has inaugurated in Ravenna the first *small scale* deposit of liquefied natural gas (LNG) in continental Italy at the service of the sustainability of heavy and maritime transport. The deposit, built with an investment of approximately 100 million euros, has a storage capacity of 20,000 cubic meters of LNG and an annual handling capacity of over 1 million cubic meters of liquid gas, making LNG available for the

supply of at least 12,000 trucks and up to 48 ferries per year. During its operation it will avoid the emission of 6 million tons of CO2 and will eliminate those of particulate and sulfur oxides emissions.

Documentation

The Edison Group's Quarterly Report at September 30, 2021 is available to the public from November 3, 2021 at the company's office, on Borsa Italiana Spa's website (www.borsaitaliana.it) and Edison Spa's website (<http://www.edison.it/it/bilanci-e-documenti-correlati>) and on the electronic storage mechanism "eMarket STORAGE" (www.emarketstorage.com).

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The "Dirigenti Preposti alla redazione dei documenti contabili societari" of Edison Spa, Didier Calvez 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 September 30, 2021 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

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	9 months 2021	9 months 2020
Sales revenues	6,849	4,521
Other revenues and income	133	75
Total net revenues	6,982	4,596
Commodity and logistic costs (-)	(5,565)	(3,393)
Other costs and services used (-)	(428)	(380)
Labor costs (-)	(245)	(237)
Receivables (writedowns) / reversals	(21)	(20)
Other costs (-)	(47)	(55)
EBITDA	676	511
Net change in fair value of derivatives (commodity and exchange rate risk)	25	(15)
Depreciation and amortization (-)	(268)	(256)
(Writedowns) and reversals	-	(24)
Other income (expense) non Energy activities	(137)	(47)
EBIT	296	169
Net financial income (expense) on debt	(7)	(9)
Other net financial income (expense)	2	(18)
Net financial income (expense) on assigned trade receivables without recourse	(8)	(11)
Income from (Expense on) equity investments	13	3
Profit (Loss) before taxes	296	134
Income taxes	142	(32)
Profit (Loss) from continuing operations	438	102
Profit (Loss) from discontinued operations	(2)	(170)
Profit (Loss)	436	(68)
Broken down as follows:		
Minority interest in profit (loss)	1	10
Group interest in profit (loss)	435	(78)

CONSOLIDATED BALANCE SHEET

	09.30.2021	12.31.2020
(in millions of euros)		
ASSETS		
Property, plant and equipment	3,606	3,447
Intangible assets	312	265
Goodwill	2,184	2,174
Investments in companies valued by the equity method	148	123
Other non-current financial assets	32	80
Deferred-tax assets	682	189
Non-current tax receivables	2	2
Other non-current assets	198	60
Fair value	1,065	201
Assets for financial leasing	2	2
Total non-current assets	8,231	6,543
Inventories	177	113
Trade receivables	1,527	1,053
Current tax receivables	5	16
Other current assets	280	359
Fair value	4,693	428
Current financial assets	2	7
Cash and cash equivalents	675	313
Total current assets	7,359	2,289
Assets held for sale	72	551
Total assets	15,662	9,383
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital (*)	4,736	5,377
Reserves and retained earnings (loss carryforward)	447	(58)
Reserve for other components of comprehensive income	(525)	11
Group interest in profit (loss)	435	19
Total shareholders' equity attributable to Parent Company shareholders	5,093	5,349
Shareholders' equity attributable to minority shareholders	16	131
Total shareholders' equity	5,109	5,480
Employee benefits	37	37
Provisions for decommissioning and remediation of industrial sites	187	172
Provisions for risks and charges	428	228
Provisions for risks and charges for non Energy activities	392	299
Deferred-tax liabilities	53	92
Non-current tax payables	17	-
Other non-current liabilities	13	5
Fair value	1,135	187
Non-current financial debt	609	623
Total non-current liabilities	2,871	1,643
Trade payables	1,612	1,256
Current tax payables	152	53
Other current liabilities	199	195
Fair value	5,226	425
Current financial debt	454	216
Total current liabilities	7,643	2,145
Liabilities held for sale	39	115
Total liabilities and shareholders' equity	15,662	9,383

(*) The amount at September 30, 2021 takes into account the effects of the resolution to reduce the share capital, taken by the Extraordinary Shareholders' Meeting of March 31, 2021 and effective from a legal point of view starting from April 27, 2021.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
Balance at December 31, 2020	5,377	(58)	11	19	5,349	131	5,480
Appropriation of the previous year's profit (loss)	-	19	-	(19)	-	-	-
Dividends and reserves distributed	-	-	-	-	-	-	-
Change in the scope of consolidation (*)	-	(161)	-	-	(161)	(115)	(276)
Reduction of the share capital to cover loss carry-forward (**)	(641)	641	-	-	-	-	-
Other changes	-	6	-	-	6	(1)	5
Total comprehensive profit (loss)	-	-	(536)	435	(101)	1	(100)
of which:							
- Change in comprehensive income	-	-	(536)	-	(536)	-	(536)
- Profit (loss) at September 30, 2021	-	-	-	435	435	1	436
Balance at September 30, 2021	4,736	447	(525)	435	5,093	16	5,109

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

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