

## PRESS RELEASE

### **EDISON: 9-MONTH EBITDA AT 938 MILLION EUROS (vs 676 MILLION IN THE SAME PERIOD OF 2021). FINANCIAL DEBT RISES TO 954 MILLION EUROS, UP FROM 104 MILLION EUROS AS AT DECEMBER 31, 2021**

*Net profit dropped to 265 million euros from 435 million euros in the same period of 2021, which included non-recurring effects, and is affected in 2022 by the “Aiuti”, “Taglia prezzi” and “Sostegni-ter” decrees.*

Milan, October 27, 2022 – Edison’s Board of Directors met yesterday and examined the Quarterly Report at September 30, 2022, which showed a marked growth in sales revenues as a result of the evolution of the current price scenario and the strategic role played by the company for the Country’s energy security of supply.

The first nine months of 2022 were characterised by a sharp increase in energy prices strengthened by the effects of the Russian invasion of Ukraine and by the uncertainties regarding the security of gas supply. This increase in price combined with higher volumes sold – to support security of supply as Edison maximised the flexibility in its gas import portfolio – led **Edison’s revenues to reach 22,842 million euros** (vs 6,849 million euros in the same period of 2021).

The increase in **EBITDA to 938 million euros** (from 676 million euros) was more moderate due to the impact of the increase in raw material costs. The result was primarily driven by thermoelectric power generation and gas supply operations. These factors more than offset the drop in hydroelectric power generation, which suffered from low water resource availability in the period and the negative impact of higher prices on end-customer sales margins, especially on the B2C power segment. Against this rising price scenario, Edison took measures to protect its customers which adversely affected the profitability of its energy sales activities.

**The Group closed the first 9 months of 2022 with a net profit of 265 million euros**, a decline compared to the profit of 435 million euros in the first nine months of 2021 that included positive one-off items. The result in 2022 was adversely affected by the application of the “Aiuti”, “Taglia prezzi” and “Sostegni-ter” decrees. It should also be noted that the tax rate in the first nine months of 2022 was 42%, compared to a normalized average for companies between 28% and 32%.

**Financial debt as at September 30, 2022 stood at 954 million euros**, up from 104 million euros as at December 31, 2021. This increase, despite the marked improvement in industrial performance, reflects the general rise in the price of raw materials, the impact it has on working capital mainly linked to sales to final customers, and the significant investments to strengthen the energy transition businesses.

## EDISON GROUP HIGHLIGHTS

<i>million euros</i>	9 months 2022	9 months 2021
Sales revenues	<b>22,842</b>	<b>6,849</b>
EBITDA	<b>938</b>	<b>676</b>
EBIT	<b>495</b>	<b>296</b>
Net profit from continuing operations	<b>314</b>	<b>438</b>
Net profit/(loss) of the Group	<b>265</b>	<b>435</b>

### Group Operating Performance at September 30, 2022

In the first nine months of 2022 **electricity demand in Italy stood at 241 TWh, an increase of 1.3% compared to the same period of 2021**. The thermoelectric power generation (144 TWh, up 12% compared to the first nine months of 2021) satisfied 60% of the demand, more than offsetting the sharp decline in hydroelectric power generation (-37.6% to 23.2 TWh) due to scarce rainfall. Photovoltaic (+9.8% to 23.5 TWh) and wind power generation (+7.5% to 15.5 TWh) grew year-on-year. On the price front, the Single National Price (PUN) averaged 324.2 euros/MWh – almost four times higher than in the first nine months of 2021 (86.2 euros/MWh). The sharp increase in power prices was boosted by higher thermoelectric power generation costs, due to uncertain gas supplies from Russia and the impact of heavy drought, which limited hydroelectric power generation.

**Gas demand fell in the first nine months of the year: -3.5% to 51,3 billion cubic meters.** Industrial uses decreased the most (-11.6% to 11,6 billion cubic meters) due to the higher cost of gas and to inflation. Household consumption also decreased (-3.9% to 19.1 billion cubic meters) as a result of warmer temperatures. Conversely, consumption for thermoelectric uses grew by 2.9% in the period to 19.1 billion cubic meters. On the price side, spot gas in Italy stood at an average value of 138.4 euro cents per cubic meter in the period, which is over four times higher than the 31.8 euro cents per cubic meter recorded in the first 9 months of 2021. Also in this case, the rising trend was driven by high volatility in European gas markets as a result of growing uncertainties regarding the reliability of gas supply from Russia, in a context of geopolitical tensions until the complete interruption of imports from the Nord Stream 1 pipeline at the end of August. Likewise, Brent oil prices in the first nine months of 2022 averaged 102.2 dollars per barrel, up 50.8% compared to 67.7 dollars per barrel in the same period of 2021.

In this context, Edison closed the first nine months of the year with **sales revenues of 22,842 million euros** up from 6,849 million euros in the same period of 2021, as a result of the rise in prices above mentioned and of the increase in sales volumes across gas and power businesses. Specifically, revenues from **Gas Operations grew to 17,930 million euros** (vs 4,214 million euros in the same period of 2021) also thanks to Edison's strong commitment in maximising gas imports, thus contributing to the Country's energy security of

supply by leveraging on a long-term contract portfolio with diversified gas supply sources and routes. The company also contributed to energy security of supply through Edison Stocaggio, which in September 2022 had already exceeded 90% of its storage capacity. **Revenues from Electric Power Operations stood at 7,321 million euros** (vs 3,106 million euros in the same period of 2021) as a result of production volumes being higher by 14.8% compared to the first nine months of last year. The positive performance was supported in particular by thermoelectric power generation, which last year, among other things, had suffered from a shutdown of a power plant. This increase offset the drop in hydroelectric power generation, which decreased by 50.2% due to lower water resources available in the period. Wind and photovoltaic power generation grew (+5.7% compared to the same period last year) as a result in particular of the acquisition made within the wind power sector.

**EBITDA stood at 938 million euros**, up 38.8% from 676 million euros in the first nine months of 2021. The result was driven by greater thermoelectric power generation and by gas supply activities. These factors more than offset the fall in margins in the renewable energy sector, strongly affected by the persistent drought, and the lower margin in sales activities, impacted by the actions taken by Edison to protect its customers against the rising price scenario.

**EBIT stood at 495 million euros** from 296 million euros in the same period of 2021. This result was mainly driven by the level of amortisation and depreciation for 288 million euros (vs 268 million euros in the first nine months of 2021).

**Edison Group closed the first nine months of 2022 with a net profit of 265 million euros**, compared to the profit of 435 million euros in the same period of 2021, due to the impact of the application of the “Taglia prezzi”, “Aiuti” and “Sostegni-ter” decrees and to the elimination of non-recurring effects (mostly related to the exercise of the option for the realignment of tax values) recorded in the same period last year. It should also be noted that the tax rate in the first nine months of 2022 was 42%, compared to a normalized average for companies between 28% and 32%.

**Financial debt as at September 30, 2022 stood at 954 million euros** up from 104 million euros as at December 31, 2021. This increase, despite the marked improvement in industrial performance, reflects the general rise in the price of raw materials, the impact it has on working capital mainly linked to sales to final customers, and the significant investments (equal to 576 million euros) to strengthen the energy transition businesses, in particular those supporting the growth of energy efficiency and environmental services. Financial debt was also impacted by the payment of dividends (286 million euros) and taxes (183 million euros, including the effects of the “Taglia prezzi” and “Aiuti” decrees).

### **Forecasts**

In the context of current price scenario, still characterised by high volatility, and based on the existing regulatory framework, the company expects to close 2022 with an EBITDA in the range of 1,100 and 1,200 million euros, against an EBITDA of 989 million euros in 2021.

### **Significant events in Q3 2022**

**July 25, 2022** – Snam and Edison signed a Memorandum of Understanding (MoU) aimed at cooperating in the development of the Small-Scale LNG market in Italy to foster the decarbonisation of land, sea and rail

transport, as well as off-grid industrial and household users. This initiative will leverage on the development of the Italian liquefied natural gas sector, also thanks to planned new infrastructure investments, to encourage the progressive replacement of diesel and simultaneously boost the use of liquid biomethane (Bio-LNG). The two companies share the vision in that LNG is the most solid and effective energy carrier to decarbonise large-scale transport by reducing the environmental impact through diesel replacement.

**July 28, 2022** – Edison informed that it has acquired from Axpo a 66 MW wind farm in Campania, in the province of Avellino, in line with its development strategy in the renewable energy sector, which aims at increasing its installed green capacity from 2 GW to 5 GW by 2030, investing 3 billion euros. Edison already owned a neighbouring 70 MW wind park; following this acquisition, it currently operates one of the largest wind farms in Italy, with total power capacity of 136 MW. The new wind power hub meets the energy needs of 96,000 households and enables the saving of about 90,000 tons of CO<sub>2</sub> emissions every year.

**August 2, 2022** – Edison Next, Federmetano and Greenfuel established a partnership in the field of sustainable mobility, with a view to jointly develop a pilot project to decarbonise the existing car fleet that relies on hydrogen production. The project envisages the construction of a plant to produce green hydrogen, which will be blended with natural gas and used at the methane and biomethane filling station of Greenfuel – a Federmetano member company – in Brescia.

**September 6, 2022** – Edison announced that it has joined the company MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Italian Ministry of University and Research in the framework of the PNRR and supported by University of Milan-Bicocca. The Musa project involves 29 public and private organisations and aims at converting the Milan metropolitan area into a hub for sustainability, urban regeneration and innovation. Musa seeks to develop smart solutions for renewable energy and waste management, study new models for green mobility, create an incubation and acceleration centre for start-ups, optimise the use of big data for the health and wellbeing of citizens, devise new solutions of sustainable finance and pave the way for a more inclusive society.

**September 8, 2022** – Following the agreements signed in September 2021, Edison and Saipem acquired 50% and 10% respectively of Alboran Hydrogen Brindisi Srl for the implementation of the Puglia Green Hydrogen Valley project. Furthermore, Saipem also holds an exclusive right for the project implementation. The project involves the construction of three green hydrogen production plants in Brindisi, Taranto and Cerignola (FG), for a combined electrolysis capacity of 220 MW, powered by approximately 400 MW of photovoltaic solar energy. Once fully operational, the three plants will produce up to 300 million cubic metres of green hydrogen per year, which will be used to power local industry and sustainable mobility, also by means of injection into the local gas grid.

#### **Significant events after September 30, 2022**

**October 1, 2022** – Edison announced the start of the commercial operations of the Greece-Bulgaria interconnection pipeline (IGB). The infrastructure, developed by IGI-Poseidon (a 50:50 joint venture by Edison and Depa) and Bulgarian Energy Holding (BEH), was inaugurated in Sofia. The pipeline has a capacity for 3 billion cubic meters of gas, equal to Bulgaria's entire domestic demand, which can be increased to approximately 5 billion cubic meters of natural gas. Its entry into operation will enable the countries of Southeast Europe to access new supply routes, which is strategic in terms of security and diversification, and provides access to alternative sources to Russian supplies. Together with the Poseidon and Eastmed projects,

this pipeline is part of an infrastructure system promoted by IGI Poseidon that contributes to the expansion of the “Southern Corridor” of natural gas and to the diversification of routes and sources of supply for Europe.

**October 13, 2022** – Edison Energia, the Edison Group company that sells electricity and natural gas and provides sustainable opportunities, services and solutions, submitted a plan for the development of residential energy communities, with a view to implementing 200 of them in Italy by 2024. The company, in partnership with Gabetti Lab, started works to build two residential energy communities in Bergamo, which will entry into operation in early 2023; thirteen more are currently in the pipeline, including the one in Vimercate, which will become the largest in Italy, with a power capacity of some 150 kW.

### **Documentation**

Please note that Edison Group’s Quarterly Report at September 30, 2022 will be available to the public from October 28, 2022 at the registered office, on the websites of Borsa Italiana Spa ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and Edison Spa (<http://www.edison.it/it/bilanci-e-documenti-correlati>), and via the electronic storage mechanism “eMarket STORAGE” ([www.emarketstorage.com](http://www.emarketstorage.com)).

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*The “Dirigenti Preposti alla redazione dei documenti contabili societari” of Edison S.p.A., Ronan Lory and Roberto Buccelli, certify that – pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Finance Act (Legislative Decree no. 58/1998) – the disclosure in this press release is consistent with the company’s accounting records, documents and entries. The Quarterly Report at September 30, 2022 was not audited.*

*This press release and, in particular, the section entitled “Outlook”, contains 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.*

*Please find attached the abridged consolidated financial statements.*

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

## Presentation formats

### Consolidated income statement

(in millions of euros)	9 months 2022	9 months 2021
Sales revenues	22,842	6,849
Other revenues and income	100	133
<b>Total net revenues</b>	<b>22,942</b>	<b>6,982</b>
Commodity and logistic costs (-)	(21,131)	(5,565)
Other costs and services used (-)	(548)	(428)
Labor costs (-)	(258)	(245)
Receivables (writedowns) / reversals	(24)	(21)
Other costs (-)	(43)	(47)
<b>EBITDA</b>	<b>938</b>	<b>676</b>
Net change in fair value of derivatives (commodity and exchange rate risk)	(102)	25
Depreciation and amortization (-)	(288)	(268)
(Writedowns) and reversals	-	-
Other income (expense) non Energy activities	(53)	(137)
<b>EBIT</b>	<b>495</b>	<b>296</b>
Net financial income (expense) on debt	(7)	(7)
Other net financial income (expense)	70	2
Net financial income (expense) on assigned trade receivables without recourse	(17)	(8)
Income from (Expense on) equity investments	1	13
<b>Profit (Loss) before taxes</b>	<b>542</b>	<b>296</b>
Income taxes	(228)	142
<b>Profit (Loss) from continuing operations</b>	<b>314</b>	<b>438</b>
Profit (Loss) from discontinued operations	6	(2)
<b>Profit (Loss)</b>	<b>320</b>	<b>436</b>
Broken down as follows:		
Minority interest in profit (loss)	55	1
<b>Group interest in profit (loss)</b>	<b>265</b>	<b>435</b>

## Consolidated balance sheet

	09.30.2022	12.31.2021
(in millions of euros)		
<b>ASSETS</b>		
Property, plant and equipment	3,880	3,744
Intangible assets	363	339
Goodwill	2,231	2,184
Investments in companies valued by the equity method	174	160
Other non-current financial assets	90	33
Deferred-tax assets	1,006	329
Non-current tax receivables	2	2
Other non-current assets	132	71
Fair value	2,809	863
Assets for financial leasing	2	2
<b>Total non-current assets</b>	<b>10,689</b>	<b>7,727</b>
Inventories	481	176
Trade receivables	4,848	3,542
Current tax receivables	34	6
Other current assets	672	432
Fair value	10,095	3,843
Current financial assets	18	3
Cash and cash equivalents	362	910
<b>Total current assets</b>	<b>16,510</b>	<b>8,912</b>
<b>Assets held for sale</b>	<b>77</b>	<b>69</b>
<b>Total assets</b>	<b>27,276</b>	<b>16,708</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	4,736	4,736
Reserves and retained earnings (loss carryforward)	1,114	980
Reserve for other components of comprehensive income	(1,738)	(195)
Group interest in profit (loss)	265	413
<b>Total shareholders' equity attributable to Parent Company shareholders</b>	<b>4,377</b>	<b>5,934</b>
Shareholders' equity attributable to minority shareholders	477	419
<b>Total shareholders' equity</b>	<b>4,854</b>	<b>6,353</b>
Employee benefits	39	37
Provisions for decommissioning and remediation of industrial sites	197	188
Provisions for risks and charges	465	239
Provisions for risks and charges for non Energy activities	413	396
Deferred-tax liabilities	54	44
Non-current tax payables	-	17
Other non-current liabilities	27	15
Fair value	4,450	891
Non-current financial debt	690	614
<b>Total non-current liabilities</b>	<b>6,335</b>	<b>2,441</b>
Trade payables	3,989	2,872
Current tax payables	291	136
Other current liabilities	386	402
Fair value	10,788	4,092
Current financial debt	602	382
<b>Total current liabilities</b>	<b>16,056</b>	<b>7,884</b>
<b>Liabilities held for sale</b>	<b>31</b>	<b>30</b>
<b>Total liabilities and shareholders' equity</b>	<b>27,276</b>	<b>16,708</b>

## 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
<b>Balance at December 31, 2021</b>	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)
Change in the scope of consolidation	-	(1)	-	-	(1)	3	2
Other changes	-	8	-	-	8	-	8
<b>Total comprehensive profit (loss)</b>	-	-	(1,543)	265	(1,278)	55	(1,223)
of which:							
- Change in comprehensive income	-	-	(1,543)	-	(1,543)	-	(1,543)
- Profit (loss) at September 30, 2022	-	-	-	265	265	55	320
<b>Balance at September 30, 2022</b>	4,736	1,114	(1,738)	265	4,377	477	4,854

(\*) 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 was paid on April 27, 2022.