Semiannual Report

AT JUNE 30, 2021

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

HIGHLIGHTS OF THE GROUP

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables below contain "alternative performance indicators". The methods used to compute these indicators, consistent with the guidelines of the European Securities and Markets Authority (ESMA), are described in the footnotes to the tables.

Income Statement Data (in millions of euros)	**Chapter** (*)	**First half 2021**	First half 2020	% change
Sales revenues	2	4,120	3,107	*32.6%*
EBITDA	2	472	380	24.2%
as a % of sales revenues		*11.5%*	*12.2%*	-
EBIT		156	164	(4.9%)
as a % of sales revenues		*3.8%*	*5.3%*	-
Profit (Loss) from Continuing Operations		322	104	*n.m.*
Profit (Loss) from Discontinued Operations	2;9	(3)	(162)	*98.1%*
Group interest in profit (loss)		319	(65)	*n.m.*

Financial Data (in millions of euros)	**Chapter** (*)	**06.30.2021**	12.31.2020	% change
Net invested capital (A + B) (1)		5,996	6,000	*(0.1%)*
Total financial indebtedness (A) (1) (2)	6	423	520	*(18.7%)*
Total shareholders' equity (B)(1)	6	5,573	5,480	*1.7%*
Shareholders' equity attributable to Parent Company shareholders(1)	6	5,558	5,349	*3.9%*

Rating	**06.30.2021**	12.31.2020
Standard & Poor's		
-Medium/Long-term rating	BBB	BBB-
-Medium/Long-term outlook	Stable	Stable
-Short-term rating	A-3	A-3
Moody's		
-Rating	Baa2	Baa3
-Medium/Long-term outlook	Negative	Positive

Key Indicators	**06.30.2021**	12.31.2020	% change
Debt / Equity (A/B)	0.08	0.09	-
Gearing (A/A+B)	7.1%	8.7%	-
Number of employees (1)(3)	4,814	4,786	*0.6%*

(1) Period-end data. The changes in these values were calculated compared to December 31,2020.

(2) The item incorporates the ESMA Giudelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted starting from May 5, 2021. A breakdown of this item is provided in paragraph 6.3 "Total financial indebtedness and cost of debt" of the Notes to the Condensed Consolidated Semiannual Financial Statements.

(3) At December 31 2020, they included 100 employees of the companies Edison Norge and Infrastrutture Distribuzione Gas (IDG).

(*) See the Notes to the Condensed Consolidated Semiannual Financial Statements.

Operating data	**First half 2021**	First half 2020	% change
Net production of electric power (TWh)	8.2	9.1	*(9.9%)*
Sales of electric power to end users (TWh)	6.5	7.4	*(12.2%)*
Gas imports (Bn m^3)	5.9	5.9	*0.8%*
Total net gas sales in Italy (Bn m^3)	9.1	8.7	*4.6%*
Locations served power and gas (in thousands)	1,566	1,520	*3.0%*

INFORMATION ABOUT THE EDISON SHARES

Shares at June 30, 2021	number	price
Ordinary shares	4,526,557,357	(*)
Savings shares	109,559,893	1.1589

Shareholders with significant holdings at June 30, 2021	% of voting rights	% interest held
Transalpina di Energia Spa (1)	99.473%	97.172%

(*) Delisted as of September 10, 2012.
(1) 100% indirectly controlled by EDF Eléctricité de France Sa.

CORPORATE GOVERNANCE BODIES

Board of Directors (*) (1)		
Chairman		Marc Benayoun (2)
Chief Executive Officer		Nicola Monti (3)
Directors		Béatrice Bigois (4)
	Independent Director	Paolo Di Benedetto (5)
	Independent Director	Fabio Gallia (6)
	Independent Director	Angela Gamba (7)
		Xavier Girre (8)
		Jean-Bernard Lévy (9)
		Florence Schreiber (10)
Secretary to the Board of Directors		Lucrezia Geraci
Board of Statutory Auditors (11)		
Chairman		Serenella Rossi
Statutory Auditors		Lorenzo Pozza Gabriele Villa
Independent auditors (12)		KPMG Spa

(1) In office until the Shareholders' Meeting convened to approve the 2021 financial statements.
(2) Confirmed as Director by the Shareholders' Meeting on April 2, 2019 and as Chief Executive Officer by the Board of Directors on April 2, 2019, resigning from the latter office effective as of July 1, 2019. Elected to the position of Chairperson by the Board of Directors on June 19, 2019, effective as of July 1, 2019 after Jean-Bernard Lévy renounced the position. (see notes 3) and 9)).
(3) Elected as Director by the Shareholders' Meeting on April 28, 2020 and confirmed as Chief Executive Officer by the Board of Directors on April 28, 2020. Elected previously to the position of Chief Executive Officer by the Board of Directors on June 19, 2019, effective as of July 1, 2019 after Marc Benayoun renounced the position.
(4) Confirmed as Director by the Shareholders' Meeting on April 2, 2019. Member of the Control and Risk Committee.
(5) Confirmed as Director by the Shareholders' Meeting on April 2, 2019. Chairperson of the Compensation Committee and the Related Party Transactions Committee. Lead Independent Director and member of the Control and Risk Committee and the Oversight Board.
(6) Elected as Director by the Shareholders' Meeting on April 2, 2019. Chairperson of the Control and Risk Committee and member of the Related Party Transactions Committee.

(7) Elected as Director by the Shareholders' Meeting on April 28, 2020. Member of the Compensation Committee, the Related Party Transactions Committee and the Oversight Board.
(8) Elected as Director by the Shareholders' Meeting on April 2, 2019.
(9) Confirmed as Director and Chairperson by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.
(10) Elected as Director by the Shareholders' Meeting on April 28, 2020. Member of the Compensation Committee.
(11) Elected by the Shareholders' Meeting on April 28, 2020 for a three-year period ending with the Shareholders' Meeting convened to approve the 2022 financial statements.
(12) Audit engagement awarded by the Shareholders' Meeting on April 28, 2020 for the nine-year period from 2020 to 2028.

Semiannual Report on Operations

AT JUNE 30, 2021

KEY EVENTS

Edison: completes Edison Norge sale to Sval Energi

March 25, 2021 – Edison announces the closing of the agreement signed with Sval Energi on December 30, 2020 to sell 100% of Edison Norge AS. Through this transaction, Edison exits the hydrocarbon exploration and production activities in Norway.

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

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

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

April 7, 2021 - Edison acquired in Valle d'Aosta 100% of Hydro Dynamics, the company that owns seven mini-hydro plants, thereby strengthening its presence in the region and its commitment in a sector, that of small hydroelectric power plants, which is key to the company's development strategy of renewable and low carbon energy production. The power plants involved in the operation are located between Val d'Ayas and Saint Vincent along the tributaries of the Dora Baltea, with a total installed capacity of 4.1 MW and annual production of approximately 12.2 GWh. With this transaction, Edison's hydroelectric portfolio grows to 104 hydroelectric power plants, including 61 mini-hydro facilities, for a total renewable capacity, including installed wind power and photovoltaic facilities, of more than 2,000 MW.

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

April 19, 2021 – Edison announced that Moody's Investors Service rating agency raised Edison Spa's credit rating to Baa2 from Baa3. Edison's higher rating reflects the improvement in the Group's risk profile following the sale of substantially all of its hydrocarbon exploration and production (E&P) assets between 2020 and 2021. The rating also captures the positive earnings momentum and higher cash flow generation, as electricity generation capacity increased, and the performance of the gas business. Moody's expects Edison to maintain robust financial metrics; however, it assigns it a negative outlook in line with EDF's outlook, which supports its credit rating.

Edison: change in share capital

April 27-28, 2021 – On April 27, 2020, it has become effective the resolution to reduce the capital represented by ordinary shares (for 640,883,421 euros), taken by the Extraordinary Shareholders' Meeting of March 31, 2021, implemented by annulment of no. 640,883,421 ordinary shares, in the ratio of 0.12167 fraction of a share for each ordinary share held. On April 28, 2021, it followed the voluntary conversion (whose exercise period ended on the previous March 31, 2021) of n. 50,128 savings shares in an equal number of ordinary shares, because, as resolved by the aforementioned Shareholders' Meeting of March 31, 2021, the ordinary shares resulting from the conversion were excluded from the reduction of the capital represented by ordinary shares. As a consequence of the reduction of capital represented by ordinary shares and voluntary conversion of the aforementioned savings shares, the share capital of Edison is now equal to 4,736,117,250 euros, represented by n. 4,626,557,357 ordinary shares and by n. 109,559,893 savings shares.

Fondazione Edison Orizzonte Sociale (EOS) is established for shared planning on creative innovation, inclusion and sustainability

April 29, 2021 - Edison announced the establishment of Fondazione EOS (Edison Orizzonte Sociale), a corporate foundation with which the Company will consolidate its social commitment by contributing with its people and competencies to the objectives of the 2030 Agenda and, specifically, those concerning quality education (SDG4), social inclusion and reduction of inequalities (SDG10) and promotion of sustainable communities in which cultural and natural heritage are essential elements of identity and development (SDG11).

Edison completes the sale of Infrastrutture Distribuzione Gas to 2i Rete Gas

April 30, 2021 - Edison sold to 2i Rete Gas 100% of IDG for 150 million euros, pursuant to an agreement signed on January 13, 2021.

Work begins on Edison's new Alzano Lombardo district heating system

May 5, 2021 - Edison is completing the first phase of construction of the new Alzano Lombardo district heating system. The project is implemented and managed by Edison Teleriscaldamento, a wholly owned subsidiary of Edison. The project, a virtuous example of cooperation between a public body and a private entity, will supply thermal energy to the community and foresees the total renovation of the current production plant with the construction of a new and more efficient 2 MW cogeneration plant for the production of electrical and thermal energy and the modernization of the existing network with an extension of over 6 km of new network to reach over 40 users including citizens, shopping centres, companies and public entities. This investment of around 5.5 million euros will be entirely made by Edison. The new power plant will start operating at the beginning of the 2021-2022 thermal season and will efficiently and sustainably produce all the thermal energy to meet the needs of the users that will be connected.

S&P raises the long-term and short-term credit rating to BBB/ A-2 from BBB-/A-3

May 21, 2021 - Edison announced that Standard&Poor's rating agency raised the company's rating to BBB with stable outlook, from BBB- with positive outlook. According to S&P, first quarter 2021 results confirm significant resilience against the adverse effects of the prevailing pandemic scenario and improvement in expected performance.

The company Tremonti is established: Ambienthesis, Herambiente, Sersys Ambiente and Edison work together on the remediation of sites that need to be restored

May 24, 2021 - From the expertise of four leading operators in environmental services, Ambienthesis, Herambiente (Hera Group), Sersys Ambiente and Edison, Tremonti was established, a NewCo specialising in soil and groundwater remediation services. The NewCo will carry out its first activities in the Tre Monti area of the site of national interest (SIN) of Bussi sul Tirino (Pe) and will progressively extend its activities to the Piano d'Orta area and the Bussi industrial plant as soon as the legal cases still involving the site allow it. This special-purpose entity represents a paradigmatic model for the management and successful resolution of land contamination cases.

Consumers: Italy's largest energy, water and district heating companies sign a single protocol for joint conciliation

June 11, 2021 - A historic agreement has been signed between seven major companies in the energy, water and district heating sectors and the twenty National Consumer Associations of the CNCU (National Council of Consumers and Users) with the aim of relaunching the joint negotiation, strengthening the alternative dispute resolution tool by consolidating the dialogue between companies and consumer associations and strengthening the relationship of trust with consumers.

Renewables at the centre of Edison's strategy

June 16, 2021 - Edison, consistent with Italy's Integrated Energy and Climate Plan and the European Green Deal, announced its objective of increasing its share of installed renewable capacity, both wind and photovoltaic, from the current 1.1 GW to 4 GW by 2030. The company has therefore confirmed its role as a responsible operator, leader in the country's energy transition, with an industrial plan that has the growth of renewable generation as one of its cornerstones of strategic development, together with energy efficiency, sales and services for end customers and gas and green gas activities. A development plan of high value for the Italian economy, which translates into investments of approximately 3 billion euros by 2030, in order to accompany the rapid growth required by the challenge of energy transition and the objectives set for decarbonization.

Edison: the shareholders' Meeting approves to restrict a portion of the share capital

June 24, 2021- Edison Shareholders' Meeting resolved to recognize, in the Company's financial statements, pursuant to Article 110 of Law Decree no. 104 of August 14, 2020 and by supplemental and related provisions, a tax restriction totalling 1,572,280,356.02 euros on a corresponding portion of the share capital. This resolution became necessary after Edison opted to realign the tax-base amounts of a portion of Edison's amortisable assets and goodwill to the corresponding higher statutory values, as permitted by the abovementioned law.

Edison acquires Energia Etica and strengthens its position in the retail market

July 2, 2021 - Edison completed the acquisition from ESA Italia of Energia Etica, a company that operates in the market for the sale of electricity and natural gas to end users in Lombardy, Umbria, Marche, Campania and Basilicata. This transaction enabled the Group to broaden its portfolio to include about 22,000 customers, mainly in the residential market (residential customers and VAT account holders), 17,000 of whom are gas customers and 5,000 of whom are electricity customers, to whom it can offer innovative service solutions developed by Edison.

EXTERNAL CONTEXT

Economic Framework

The outlook for the global economy has improved considerably compared to the beginning of the year, although to varying degrees across the world's economies; the economic recovery appears to be more buoyant but with profound differences between advanced countries, where vaccination campaigns are proceeding at a faster pace, and emerging and lower-income countries where vaccines are in short supply. Globally, in 2021, GDP is expected to grow robustly (+5.8% in OECD estimates, compared to a 3.5% contraction in 2020) and industrial production is expected to recover strongly (+6%, after the 3.5% contraction recorded in 2020). However, tourism is also gradually rebounding and world trade is regaining momentum (+8.2% in 2021, after a decline of 8.5% in 2020), despite persistent weakness in services trade. Indeed, the fiscal stimulus put in place by governments is helping to increase demand by reducing spare capacity. Global retail sales volumes returned to growth after remaining unchanged for several months. In contrast, many service sector activities are still affected by restrictions related to the health emergency and trade in cross-border services remains weak, although the gradual reopening of economies and support from fiscal policy are strengthening demand. Household savings rates are still above pre-pandemic levels. However, consumer confidence is recovering, as is business confidence, which has returned to investment since mid-2020.
However, the problem of global vaccination coverage remains on the horizon: until the vast majority of the world's population is not vaccinated, we will all be exposed to the emergence of new variants of COVID-19 and, therefore, to the risk of new health emergencies and, consequently, of new tightening of measures to contain the virus and further interruptions to economic activities, with an inevitable worsening of the climate of confidence and a new reduction in consumption. The economic recovery can therefore be sustained provided that effective vaccines can be rapidly

deployed worldwide and monetary and fiscal policies continue to support demand. Many countries have announced new fiscal measures or extended programs in recent months to support the emergency. Among these are the United States which, with the American Rescue Plan, have planned a stimulus of no less than 1,900 billion dollars, and for which pre-pandemic levels are expected to be exceeded by mid-2021, with GDP growth estimated at around 7% for the year. Job growth is also expected to be strong this year, thanks to the boost provided by the American Rescue Plan, with employment growth estimated at more than 3.5% and the unemployment rate down 1.5 percentage points. In Japan, the slow start of the vaccination campaign has slowed the economic recovery, estimated at 2.6% in 2021. The new measures to contain the virus have in fact slowed private consumption and the production of services; only the strong foreign demand (mainly from the United States, China and other Asian countries) and public investments are helping to support manufacturing activity. Fundamental to the recovery will be the success of the vaccination campaign, launched in Japan with extreme slowness, also considering that the spread of infections could interrupt the Olympic Games causing further damage to the economy, as well as an expansive fiscal and monetary policy until the recovery is consolidated.

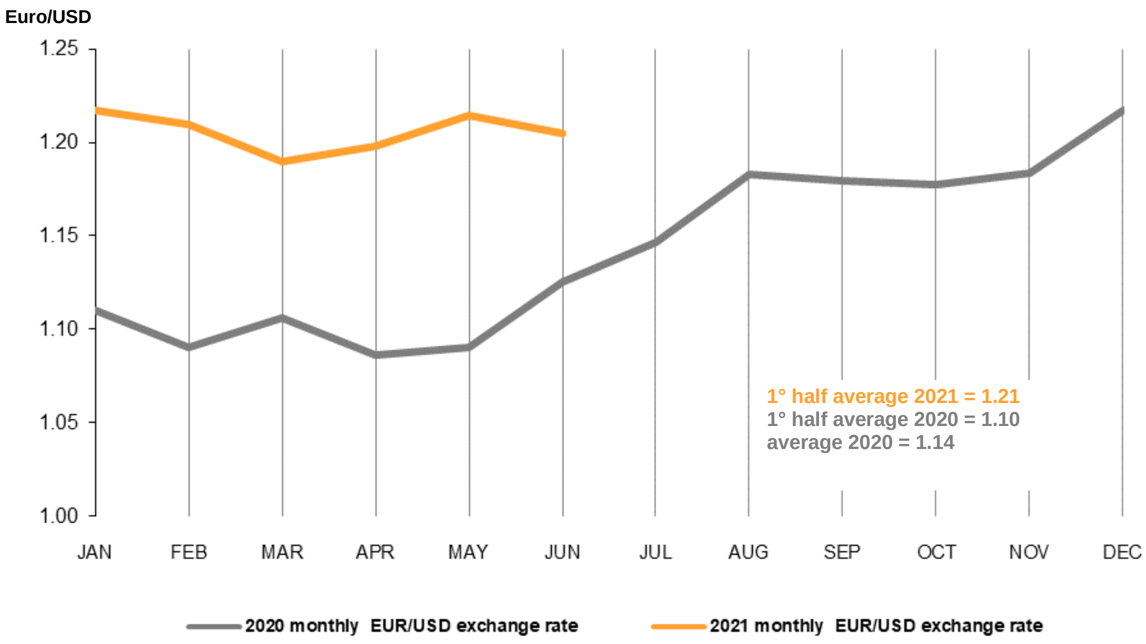
In China, economic growth will continue to be robust (+8.5% in 2021), thanks above all to exports and an accommodating monetary policy, which is however destined to gradually return; investments are one of the key drivers of growth, while the recovery in consumption is taking place more gradually. In the UK, where a large proportion of the population has already taken at least the first dose of vaccine, we are seeing strong economic growth, driven by a rebound in consumption, particularly of services. The labour market is also stabilising, with employment levels rising. Foreign trade, which contracted at the beginning of 2021 also as a result of the exit from the European single market and not only because of the containment measures, is expected to recover slowly. Fiscal and monetary policies should continue to provide support until the recovery is solid, and thus well beyond the phasing out of most of the containment measures. For 2021, economic growth is expected to be 7.2% according to OECD estimates.

Finally, as far as Europe is concerned, the old continent is recovering more slowly than the United States, and there have been fewer improvements in the labour market, although employment has held up better during the pandemic thanks to the support measures adopted by governments. In this first part of the year, private consumption and the services sector were held back by the strict containment measures put in place to deal with the second wave of the virus. However, strong foreign demand helped to support manufacturing activity. Fiscal policy in 2021 will be expansionary, and funds from the Next Generation EU Programme will support investment. All this, together with the gradual spread of vaccinations and the phasing out of restrictions, will lead to GDP growth of just over 4% in 2021. With regard to the main EU countries, in Germany the virus containment measures introduced in the first part of the year delayed the recovery of services, while the export-focused manufacturing industry was able to benefit from strong global demand, despite some disruptions in the supply chain. The labour market has been resilient, partly due to the extension of short-time work. Fiscal policy remains expansionary, with 240 billion euros in new federal borrowing in 2021 to support households and businesses affected by the containment measures. In the second half of 2021, the driver of economic growth is expected to shift from foreign to domestic demand as a result of increasing vaccination coverage and the reopening of economic activity; on average for the year, economic growth is estimated to reach 3.3%. Containment measures were also reinforced in France with the arrival of the second wave of the virus; however, the extension of short-time work and support for smaller businesses and the self-employed (extended through 2021) mitigated the impact of the late 2020 and early 2021 restrictions. After the weak start to the year, the easing of some health measures, the launch of the vaccination campaign and the improvement in the climate of confidence suggest a significant recovery in the second half of the year, but uneven in manufacturing and services, the latter being penalised by the restrictions that will remain in place until the autumn of 2021 in those sectors characterised by greater contact between people. The measures put in place by the French government to support the ongoing recovery are remarkable, including the France Relance 100 billion euros recovery plan. While the Next Generation EU plan, by helping to finance fiscal measures in France (France will receive 40 billion euros in European subsidies to be used over two years) and in its main trading partners, will stimulate both domestic and foreign demand. Economic activity is forecast to grow 5.8% in 2021. Also in Spain, after a weak start to the year due to the new wave of the virus and the new containment measures, economic activity is regaining strength: thanks to the faster pace at which the vaccination campaign is proceeding and the improvement in the health situation, restrictions are easing and the climate of confidence is improving; this will lead in the second half of the year to a fall in savings and therefore an increase in private consumption; investment will also grow robustly, driven by the funds made available by the Next Generation EU and, in general, by the budgetary policy that will remain expansionary throughout 2021, supporting families and businesses. The recovery observed so far has been faster in the manufacturing sector than in services, for which there has nevertheless been a significant increase in confidence indicators; the labour market also appears to be improving. The OECD estimates that growth in 2021 will be 5.9%.

Finally, in Italy, the strong boost given to the pace of vaccine administration (the government aims to vaccinate 80% of the population by September) is now facilitating the easing of restrictions and encouraging the restart of economic activities, especially those related to entertainment services, which were particularly penalised by the measures to contain the pandemic. The first part of the year was in fact characterised by a contraction in activity in which the contact intensive services sectors suffered the most, including tourism which continued to contract, particularly in the airline flights and overnight stays component. The manufacturing sector, on the other hand, suffered less, supported by foreign demand, mainly from European countries. Indeed, business confidence in manufacturing and construction is above 2019 levels, while business confidence in services is still below, although it has recently improved. As for the forecasts for 2021, the Italian economy is estimated to grow by 4.5%, thanks to the aforementioned speed with which the vaccination campaign is proceeding, the easing of restrictions and the huge stimulus measures implemented by the government to support families and businesses, which in 2021 will reach 72 billion euros. In addition, the Next Generation EU has made available substantial funds that will benefit the country’s investment and modernization.

During the first half of 2021, the average EUR/USD exchange rate came in at 1.21, up 9.5% on the same period of 2020. The appreciation of the single currency over 2020 is set against a backdrop of a gradually improving global macroeconomic context, thanks to vaccination campaigns and the improved ability of major economies to cope with the COVID-19 pandemic.

A monthly trend in the EUR/USD exchange rate shows that the euro weakened during the first quarter of the year. This was caused by a slower pace in the Eurozone compared to the US in launching vaccination campaigns, as well as high levels of COVID-19 infection, which led to the extension and tightening of containment measures with consequent impacts on economic activities, especially for the service sector. Against this backdrop, the ECB confirmed its highly accommodative monetary policy stance and at its March meeting, announced an acceleration in the pace of purchases under the PEPP (Pandemic Emergency Purchase Programme) for the second quarter of the year. Subsequently, in April and May, the euro strengthened in the wake of the gradual recovery of the Eurozone economy, as the health situation improved and vaccination campaigns made significant progress. However, the ECB decided to keep its accommodative monetary policy unchanged, stressing the need to preserve favourable financing conditions. Finally, in June, there was a month-on-month decline in the exchange rate due to the strengthening of the dollar. At its June meeting, the FED, after reaffirming its commitment to maintaining an expansionary monetary policy for a long time in the early part of the year, warned that it might change its line sooner than expected if inflation moves persistently above levels consistent with its objective of 2% average inflation over the medium term. The quarterly update of the US central bank committee members’ forecasts for interest rate developments led to a strengthening of the dollar, following indications that the first rate hikes could take place in 2023, earlier than had emerged at the March meeting.



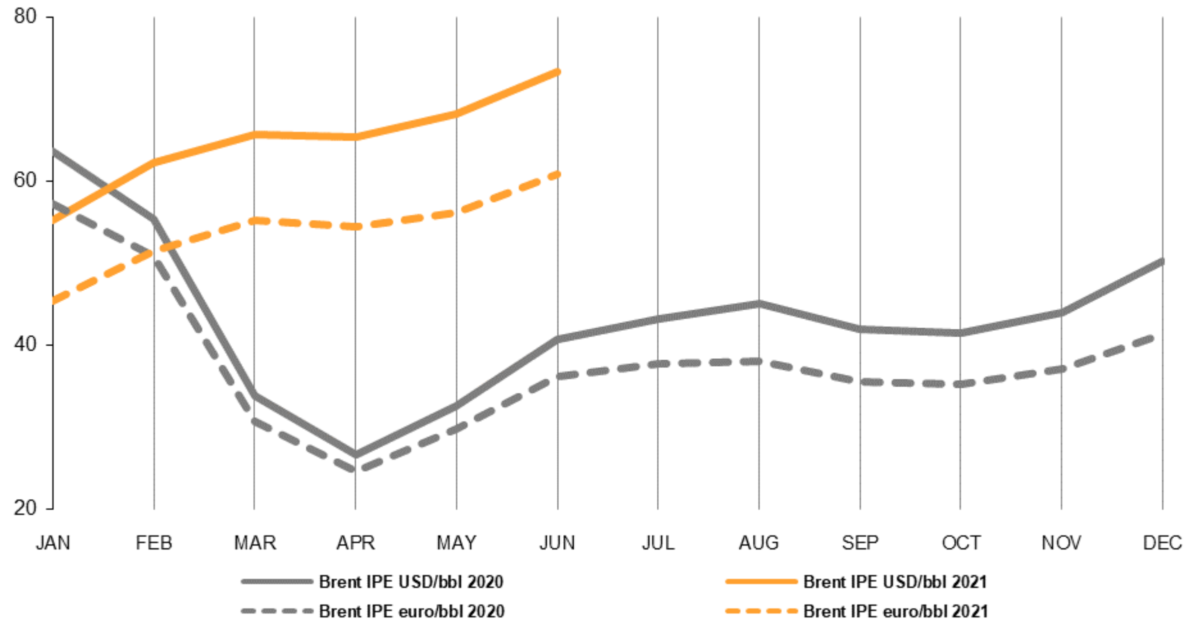
As regards the oil markets, the average price of Brent for the first six months of 2021 came to 65.0 USD/barrel, up 54.2% compared to the same period of 2020.

Quotations showed a bullish trend throughout the half year, driven by the progressive rebalancing of the global market with consumption recovering faster than supply. Optimism about advancing vaccinations gradually outweighed uncertainty related to the persistence of COVID-19 and the spread of its variants, pushing prices in June to the highest since October 2018. The recovery in demand differed from region to region and was driven mainly by a robust economic recovery in the United States and China, the main oil consuming countries, while consumption in the emerging economies was weaker due to difficulties in keeping the pandemic under control. The lack of homogeneity in the recovery both across countries and sectors means that consumption is not expected to return to 2019 levels until 2022. The discipline of the OPEC+ countries in sticking to the agreement on production cuts and the decision to review production levels through monthly meetings to deal with uncertainty due to the pandemic was another bullish factor. In particular, the unilateral decision by Saudi Arabia - the main producer in the OPEC+ alliance - to introduce additional voluntary cuts of one million barrels per day from February to April accelerated the gradual elimination of the oversupply created in 2020. Since May, OPEC+ has decided on a limited increase in production and Saudi Arabia has chosen to only gradually reverse its extra cut, as a result global inventories have continued the downward trend supporting upward prices.

In the first half of 2021, the crude oil price in euro came to an average value of 53.9 EUR/barrel, marking an increase of 41.1% compared to the same period of 2020, more limited than that in dollars due to the appreciation of the single currency compared to the US currency. The table and chart that follow respectively show the average data for the half-year and the monthly trends for this year and the previous year:

	First half 2021	First half 2020	% change
Oil price in USD/barrel[1]	65.0	42.2	*54.2%*
EUR/USD exchange rate	1.21	1.10	*9.5%*
Oil price in EUR/barrel	53.9	38.2	*41.1%*

(1) Brent IPE



Coal prices on the Atlantic market recorded a growing trend, coming in at 79.4 USD/ton, up 71.4% compared to the first half of 2020. Robust Chinese demand, driven by the economic recovery, has pushed up prices.
Gas prices at the main European hubs have more than tripled their level, recording a significant increase, on average of 172.6%, with respect to the prices observed during the first half 2020.
In the first six months of 2021, the CO_2 emissions rights market showed an upward trend. Prices closed the half-year at an average of 43.7 EUR/ton, up by 98.9%. The upward trend, which began at the beginning of the year, took direction from the transition from phase 3 to phase 4 of the ETS, which resulted in the inability to use phase 4 permits for phase 3 compliance purposes and a decrease in free allocations. Greater resilience to pandemic impacts than other commodities has also attracted interest from speculative traders, which has fuelled appreciation. In the second quarter, the agreement at the European level on stricter limits on greenhouse gas emissions by 2030 made it highly likely that the European Commission would intervene on the ETS as well, with an extension to other sectors (primarily the maritime sector) and a reduction in the annual caps. The “Fit for 55” package of measures will be presented in mid-July, and will provide clarity on the evolution of the ETS. Many European countries have shown an acceleration in their decarbonization plans, encouraging bullish sentiment in the market.
In the first six months of 2021, the market of Energy efficiency certificates (EEC) had an average price of 272.8 euro/EEC, up 4.1% compared with the same period of 2020. The rise in prices came on due to the continuing imbalance between supply and demand, exacerbated by the economic slowdown caused by the pandemic. Uncertainty about the evolution of the obligations for the four-year period from 2021 to 2024, caused by delays in the enactment of the corresponding decree, further drove up prices, which peaked in March at 290.2 euro/EEC.

Subsequently, quotations have marked a downward correction with the publication of the new Decree, which has drastically cut the obligations relating to 2020 and has set for the coming years the energy saving objectives more contained than in the past.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	**First half 2021**	First half 2020	% change
Net production:	134.4	131.0	*2.6%*
- Thermoelectric	84.4	81.2	*3.9%*
- Hydroelectric	23.7	23.3	*2.0%*
- Photovoltaic	12.8	13.4	*(4.4%)*
- Wind power	10.8	10.3	*4.0%*
- Geothermal	2.7	2.8	*(3.5%)*
Net imports	21.9	13.9	*56.9%*
Pumping consumption	(1.4)	(1.4)	*3.3%*
Total demand	**154.9**	**143.6**	***7.8%***

Source: processing of final 2020 and preliminary 2021 Terna data.

Gross electricity demand in Italy in the first half of this year shows the first signs of recovery compared to 2020 consumption, strongly influenced by the pandemic context, closing at about 154.9 TWh (TWh = billion kWh) up 7.8% on 2020, however still slightly below the pre-pandemic levels of 2019 (158 TWh) and 2018 (159 TWh). The upturn in consumption was particularly evident in the second quarter of the year, when consumption returned to about 76.2 TWh, substantially in line with pre-2020 levels, making up the shortfall of about 10 TWh compared with 2020 (+14.4%), when measures to contain the pandemic had temporarily slowed industrial production, causing a reduction in demand for electricity.

As regards the coverage of electricity demand, national production for the half-year met roughly 86% of demand, down by around 4 percentage points compared to the first half of 2020, especially due to the increase in imports, which gained approximately +8 TWh (56.9%), returning to pre-pandemic values.

In terms of the contribution provided by the source portfolio, renewables as a whole ended the period at about 50 TWh, substantially in line with the previous year, despite the lower contribution provided by photovoltaic energy (-4.4%), which was affected by colder and more unstable weather during the second quarter of the year, but benefited wind power, the contribution of which improved by 4%. As for hydroelectric sources, the contribution for the first six months of the year was +2% compared with 2020, despite a lower storage coefficient.

Lastly, thermoelectric power plants accounted for almost 3.9% more energy (+3.2 TWh) in the first half of 2021 than in the first six months of 2020, with a more than positive performance, particularly in the second quarter (10.4%). Lastly, in terms of pumping utilization, a status almost in line with that of the corresponding half year of 2020 is denoted.

Insofar as the price scenario at June 30, 2021 is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) settled at 67.0 euros per MWh, up 107.9% compared with the previous year (32.2 euros per MWh).

This marked price increase, compared with the first half of 2020, is part of a recovery in demand for electricity and a sharp increase in generation costs, which was particularly evident in the second quarter.

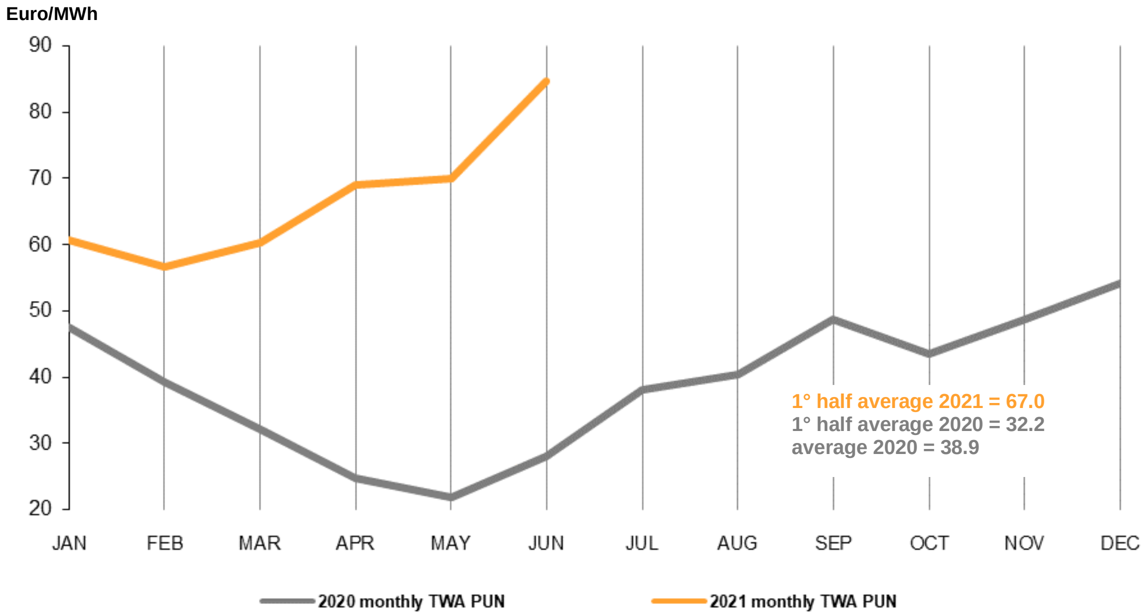
Despite the persistence of the COVID-19 pandemic, the start of the vaccination campaign and the introduction of guidelines aimed at preserving the operation of production activities have favoured the recovery of electricity consumption on an annual basis.

As far as zonal prices are concerned, the bullish dynamic was established in all zones, with increases of about 104%. The most significant gains were observed on prices in northern areas, which are more dependent on thermoelectric production. The gap between Sicily and the South zone stands at a half-year average of 4.6 euro/MWh, up on the 3.6 euro/MWh recorded during the first half of 2020, with a limited effect on the PUN, due to the little weighting of the island on total demand.

When looking at the PUN monthly trend, the largest annual differences were recorded in the second quarter (April +178.2%, May +220.9%, June +202.8%): these months were affected by a rebound in commodity prices, in a context of temperatures that were out of line with the seasonal average and lower output from renewable sources than in the previous year. The re-establishment of the Net Transfer Capacity (NTC) at the northern border implied higher import flows from neighbouring countries. However, they too experienced upward pressure.

In observing the group of hours F1, F2 and F3, we note, coherently with what has been described thus far, an increase across all brackets, of 107.7%, 96.7% and 115.6%, respectively.

The monthly performance as compared with the previous half-year is shown in the graph below:



As was the case in Italy, prices were up in other countries: in France, quotations increased by 146.6%, reaching an average of 58.5 euro/MWh. This result was affected by the availability of nuclear power plants, which was below the average of the last three years. The German market was also affected by a significant increase, rising by 134.7% to 55.0 euro/MWh, due to a sharp reduction in windiness and a strengthening of the EUA market, to which the domestic production mix is significantly exposed.

Demand for Natural Gas in Italy and Market Environment

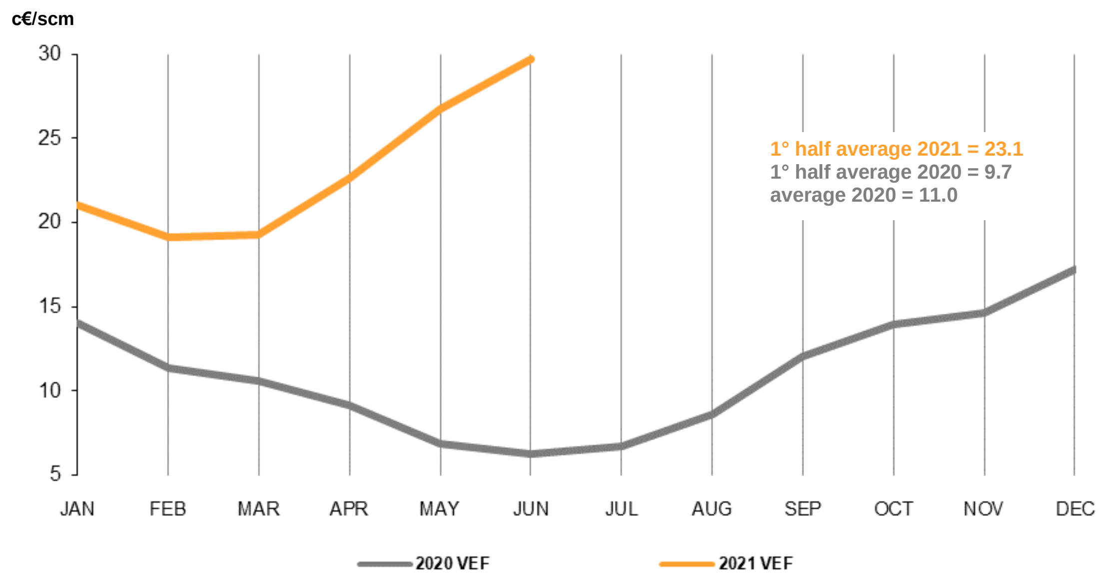
(billions of m³)	First half 2021	First half 2020	% change
Industrial use	9.1	8.1	*11.5%*
Services and residential customers	17.8	15.9	*12.1%*
Thermoelectric fuel use	11.9	11.0	*8.8%*
Consumptions and system losses	1.0	0.9	*12.7%*
Total demand	**39.8**	**35.8**	***11.0%***

Source: data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

During the first half of 2021, the demand for natural gas in Italy rebounded 11% compared to the first half of the previous year, reaching about 39.8 billion cubic meters.
The effects of colder-than-average weather, particularly during the second quarter of the year, drove consumption in all market segments, primarily in the residential segment, which increased by about 1.9 billion cubic meters (+12.1%), followed by the industrial segment, which returned to its pre-pandemic level, adding about 1 billion cubic meters (+11.5%), and, lastly, thermoelectric users, which grew by about 0.9 billion cubic meters (+8.8%).
As for supply sources, the following developments characterized the first half of 2021:

- a sharp decline in national production (-21% vs 2020);
- higher gas imports (+3 billion cubic meters; +9% compared to 2020);
- a net balance of withdrawals of gas in storage that was higher than last year (1.5 billion cubic meters as compared with 0.2 billion cubic meters in the first half of 2020).

The spot gas price in Italy in the first half of 2021 (shown in the chart below, which refers to the price on the VEF), comes in at 23.1 c€/scm, up on the first half of 2020 by 137.9%. Quotations have shown a strongly upward trend since the beginning of the year due to a cold season that continued into the spring months of April and May, with temperatures that were lower than the historical average: this resulted in a greater use of the gas available in storage and a consequent delay in the start of the filling period. The trend became more pronounced in the second quarter, in the wake of the generalized rise in all the raw materials in the energy sector.



The TTF (the European gas reference hub) showed an even more marked increase compared to that described for the VEF, coming in at 22.9 c€/scm, up 187.0% on the first six months of 2020.
The trend in the TTF was similar to that for the VEF with regard to the relationship between price increases and the level of storage capacity, while competition with the Asian market for LNG cargoes and maintenance work on Norwegian wells created additional tensions on the supply side.
The VEF -TTF spread recorded an average of 0.2 c€/scm, down significantly (-89.1%) on the figure for the same period of 2020. The figure was affected by the reversal of the differential that occurred in January and June. The reduction in the spread between VEF and TTF is mainly due to the commissioning of the new TAP pipeline, an infrastructure that makes it possible to import gas from Azerbaijan and which, together with Libyan and Algerian gas, increases the overall supply of gas from the south. The commissioning of this source makes Italy less dependent on gas from northern Europe via Gries Pass, which is linked to the price of the TTF.

Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework relating to the first half of 2021, for the various areas of the corporate business.

Electric Power

Environment

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

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

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

Strengthening of MITE - The Decree-Law no. 92 of June 23, 2021 was published in the Official Gazette no. 148 of June 23, 2021, regarding "Urgent measures for the Strengthening of the Ministry of Ecological Transition and in the field of sports", which came into force as of June 24, 2021.
Specifically, it provides:

- appointment of a special envoy for climate change;
- transfer of state jurisdiction over projects involving photovoltaic systems for the production of electricity with a total capacity of more than 10 MW for requests submitted after July 31, 2021.

Interventions for climate change adaptation in urban areas for municipalities - Published in the Official Gazette no. 135 of June 8, 2021 was the Decree of April 15, 2021 of MITE “Experimental programme of interventions for climate change adaptation in urban areas” establishing the “Experimental programme of interventions for climate change adaptation in urban areas” for municipalities with a population of 60,000 inhabitants or more.
The programme is aimed at increasing the resilience of settlement systems subject to the risks generated by climate change, with particular reference to heat waves and extreme rainfall and drought phenomena through the implementation of various interventions with available resources for a total of 79,372,058.00 euros.

IEA update for the operation of the power plant in Presenzano (CE) - The Minister for the Ecological Transition, no. DEC-MIN-0000140 of April 14, 2021, updated the integrated environmental authorization issued by the decree of the Minister for the Environment and the Protection of Land and Sea no. exDSA-DEC-2009-0001885 of December 14, 2009 to Edison S.p.A. for the operation of the thermoelectric power plant located in the Municipality of Presenzano (CE), pursuant to Legislative Decree no. 152 of April 3, 2006 and subsequent amendments and additions.

Wholesale Market

Capacity mechanisms - The European Commission launched a public consultation relating to the Implementation Plan sent by the Italian government on June 25, 2020 pursuant to article 20.3 of Regulation EU 2019/943 on the internal market for electricity, which establishes that Member States that have found adequacy concerns should draft and publish an implementation plan accompanied by a calendar for the adoption of measures intended to guarantee the proper functioning of the energy markets, before deciding on the introduction of a capacity mechanism. As highlighted by the European Commission in the introduction to the Implementation Plan, article 21.6 of Regulation (EU) 2019/943 establishes that Member States that already apply a capacity mechanism must refrain from concluding new contracts when adequacy concerns no longer emerge and until the Implementation Plan obtains the opinion of the European Commission.
The final version of the Implementation Plan was published by the Italian government in February 2021, taking into account the comments made by the European Commission on the measures presented by the Italian government. The Italian authorities, and in particular Terna, seem intent on organizing the Capacity Market parent auction for the 2024 and 2025 delivery years by the end of 2021. In view of this objective, Terna launched the following consultations in the period May-June 2021: update of the framework for the years 2024 and 2025 and the respective Technical Operating Provisions for the necessary adjustments to the provisions introduced by the Clean Energy Package (CEP) and further non-substantial updates (no new notification to the European Commission will be required). Following the consultation, the amendments will be approved by MiSE and the Regulatory Authority for Energy, Networks and the Environment (ARERA).
The document, prepared by Terna in compliance with Resolution no. 507/2020, illustrates the analysis carried out by Terna itself in application of the European methodologies adopted by the Agency for the Cooperation of Energy Regulators (ACER) (Decision no. 23-2020). Therefore, expected after the summer is the adoption of a new decree by the Ministry to proceed with the auctions for 2024 and 2025. Some operators have submitted appeals to the Regional Administrative Court and the Court of First Instance of the European Union against the current design of the Capacity Market, which could result, in the worst case scenario, in a cancellation of the auctions already carried out and a revision of the regulations, with a possible new notification to the Commission to verify compatibility with European regulations on State Aid. Edison played an active role in the current appeals to the Regional Administrative Court and the Court of First Instance of the EU to support Terna and Italian institutions to preserve the application of the Capacity Market in the 2022 and 2023 delivery years. With regard to the appeal to the Regional Administrative Court, at the hearing of March 24, the President of the Lombardy Regional Administrative Court asked that the discussion be limited to the suspension of the administrative proceedings pending the decision of the Luxembourg Court. At the conclusion of the discussion, the Chairman and the Board considered it appropriate to postpone the decision pending the sentence of the Luxembourg Court. Edison has a strong interest in the continued implementation of the Capacity

Market for delivery years subsequent to 2023, which would make it possible to leverage its likely available capacity (CDP) relating to existing plants (roughly 2.8 GW awarded in the 2022 and 2023 auctions for this capacity category at a premium of 33,000 euro/MW/year) and any new capacity to be developed.

Retail Market

Changes in the Commercial Code of Conduct - By Resolution No. 426/2020/R/com, ARERA introduced provisions reinforcing the current reporting obligations set forth in the Commercial Code of Conduct currently in force. The new obligations, which have a particular impact from both an implementation and an economic point of view, include the sending of communications two months in advance of the event, in the event of automatic changes in contract terms, and the inclusion and sending of information on annual expenditure. By Resolution 97/2021, in partial response to requests for extensions made by Edison and other market sellers, the effective date of the Resolution (July 1, 2021) was postponed to October 1, 2021 with regard to communications about automatic and unilateral contractual variances and the payment of compensation for failure to comply with the deadlines for submitting changes.

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

Gradual Protection Service for Small and Medium Enterprises (SMEs) - Consistent with EU obligations requiring the removal of regulated electricity prices for larger SMEs (other than micro-businesses), the 2019 Milleproroghe Law had set January 1, 2021 as the date for the termination of price protections for this customer segment, which consists of approximately 250,000 Point Of Delivery (POD) out of a total of more than 17 million still served under greater protection electricity. Subsequently, a special Ministry of Economic Development decree governed the manner in which these customers are able to gain informed access to the deregulated market, stipulating that they be provided with a dedicated service of last request, called Gradual Protection Service (STG), which is assigned for different territorial areas through auction procedures. The detailed design of the auctions, as well as the characteristics of the service to be provided to end customers has been defined by a special ARERA resolution (491/2020/R/eel and subsequent amendments and additions), which has provided that the auction will be held on April 26, 2021, while the activation of the supply will take place on July 01, 2021. The STG is characterized by being a service of last request lasting three years, at the end of which the auctions will be repeated and the service reallocated with reference to the nine territorial areas identified aggregating regions (or municipalities, in the case of Milan). There is also a cap on the number of areas that may be awarded to a single operator, which is set at 35% of the volume of energy consumed. In terms of pricing, ARERA set most of the components of the final price to cover, for example, energy costs (PUN monthly average) and dispatching costs; it established a minimum coverage for some commercial and unbalancing costs, but the remaining commercial costs will be covered with the value in euro/MWh offered in the auction by each operator. The auction will be awarded to the seller that offers the lowest price for that area, taking into account that ARERA has set a floor at 0 euro/MWh and a cap, the value of which will not, however, be disclosed before the auction. Although the values offered and won in different areas may be different (reflecting, for example, delinquency), end customers will pay the same price throughout the country and an equalization mechanism will be set up to ensure that each operator receives the price offered in the tender. Auctions for the allocation of the Gradual Protection Service to small and medium-size businesses with an output of more than 15 kW that are without a supplier with greater protection status due to the termination of this system were held on April 26. Of the 9 lots, the 5 considered most attractive due to the lowest level of arrears were assigned by drawing lots since the bids of the companies participating in the competitive procedure were all at the same level, i.e. equal to the floor set by the regulator. The assignees of the lots are A2A, Iren Mercato, Axpo Italia and Hera Comm. Edison was not awarded any areas as a result of the draw.

Gas Operations

Rates and Market

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

Infrastructures

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

Gas storage, conclusion of the “CONI” litigation (new investment operating costs) - The long dispute concerning the failure to recognize, for the years 2012-2014, the higher operating costs incurred by Edison Stoccaggio (ES) in 2010-2012 as a result of the expansion of the Cellino and Collalto sites and the development of the S. Potito and Cotignola site has been successfully concluded. The dispute lasted about 10 years, with the first challenge of the resolution approving the 2012 revenue tariff, which took place at the end of 2011. In August 2016, the proceedings reached the Council of State (CdS) and the latter ruled in April 2019 ordering the appointment of a third-party Verifier (the President of the Superior Council of Public Works) to accurately assess the eligibility and extent of the amounts requested for recognition and the correctness of the claimant’s arguments as well as the Authority’s reasons for denial. The final hearing could only be held on February 18, 2021 and was followed by the sentence of June 8, 2021 upholding ES’s appeals. Basically, the judge considered eligible for recognition the CONI relating to personnel costs (relating only to the Collalto site), purchase of materials, maintenance and technical services.

Recognition of these costs, due to an amplifying effect of the increase in the relative variable tariff component and the growth in volumes traded in the three years of reference, generates extra revenues of approximately 3 million euros.

ARERA, with Resolution 288/2021, initiated the procedure to comply with the Council of State’s sentence, through the process of the tariff components for those years so as to adjust ex-post the revenues recognized to the company and introduce a mechanism for recovering the above sum, presumably through the Fund for energy and environmental services (Cassa per i Servizi Energetici e Ambientali, CSEA). The procedure is expected to be completed by November 2021.

Gas storage, conclusion of dispute "Revenues for S. Potito and Cotignola - Res. 66/2016" - On June 10, the final decision of the Council of State was published, highly favourable to Edison Stoccaggio (ES), on the 5-year-long dispute concerning the non-recognition of about 30% of the Capex of the S. Potito and Cotignola storage plant, as provided by tariff resolution 66/2016. The final hearing before the Council of State had been held February 18, after, with the order of October 2019, the Judge of the Council of State had ordered the completion of a "third" verification, aimed at establishing the correctness of the decisions taken by the Regulator.
When fully operational, i.e. at the end of the plant regulation phase, the application of a revenue reduction factor would have entailed, for the entire duration of the useful life of the plant, a reduction in the value of the average invested capital of 30% and this reduction would have entailed, over the period of the concession to 2039, a loss of remuneration quantifiable at approximately 90 million euros.
In the final decision, the judge of the Council of State faithfully adhered to the technical evaluations, fully espousing the conclusions of the Verifier which, in short, proved ES right on all the main points of its defence.
In light of the judgement of the Council of State, the company should be able to recover the loss of remuneration so far, from 2015 to date, due to the application of the reproportioning coefficient described above.

Issues affecting multiple business segments

National Recovery and Resilience Plan (PNRR) - In February 2021 was the entry into force of Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility (RRF), the central instrument of the Next Generation EU (NGEU) programme, the European Union's plan to address the economic and social impacts of the COVID-19 pandemic.
Member States prepared National Recovery and Resilience Plans, which set out their reform and investment agenda for the period 2021-2026.
The final Plan was sent to the European Commission at the end of April. The Italian plan allocates 191.5 billion euros (of which 68.9 grants and 122.6 loans) over the period 2021-2026. Investments are accompanied by reforms to improve the regulatory conditions of the context and to increase equity, efficiency and competitiveness. The focus is on projects dedicated to the green revolution and the ecological transition and on infrastructure for sustainable mobility (70 billion euros). Among the main areas of interest: RES production, development of the green hydrogen supply chain, solutions for sustainable mobility and efficiency of public and private buildings.
On June 22, 2021, the European Commission positively evaluated the PNRR and submitted a proposal for approval. The Plan will need to be approved by the Council, within four weeks, on the basis of this proposal.

Decree-Law "PNRR Complementary Fund" on "Urgent measures relating to the Complementary Fund for the National Recovery and Resilience Plan and other urgent measures for investments" - Decree-Law no. 59 of May 6, 2021, published in the Official Gazette of May 7, 2021 and sent to Parliament for the start of the process of conversion into law.
The measure defines an investment programme aimed at supplementing PNRR interventions with national resources of approximately 30.62 billion euros.

Decree-Law "Simplification and Governance" on the "Governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures and accelerate and streamline procedures" - Decree-Law no. 77 of May 31, 2021, published in the Official Gazette of May 31, 2021 and sent to Parliament for the start of the process of conversion into law by July 30 this year.
The following measures are provided, inter alia:

- provisions on the governance model for the implementation of the interventions foreseen in the PNRR;
- simplifications of environmental impact assessment (EIA) procedures relating to PNRR and PNIEC interventions;
- measures to speed up permit procedures for the development of renewable energy sources: simplified environmental procedures for photovoltaic facilities up to 10 MW and support measures for agrovoltaic facilities; simplification of permits for repowering projects for existing facilities and for electrochemical storage and pumping systems;
- simplification measures regarding the “110% Superbonus”;
- simplifications for the promotion of circular economy and actions against hydrogeological risk;
- measures on public contracts.

MD “White Certificates”
The Ministerial Decree of May 21, 2021 “Determination of the national quantitative energy saving objectives that can be pursued by electricity and gas distribution companies for the years 2021-2024 (so-called white certificates)” was published in the Official Gazette of May 31, 2021.
The measure provided for the extension of the expiry date of the 2020 obligation year to July 16, 2021, the reduction of the quantitative targets for the year 2020 and the identification of the national quantitative energy saving targets to be achieved in the period 2021 - 2024, as well as the related obligations for electricity and gas distributors. In addition, the rule introduces an additional auction mechanism for awarding incentives and additional flexibility for meeting obligations. Lastly, the list of eligible types of projects and their useful life values will be extended.

Delegated Acts of the Taxonomy Regulation - On April 21, the European Commission published the delegated acts of the Taxonomy Regulation, which establish the criteria and emission thresholds for identifying the “sustainable” nature of economic activities for the purpose of identifying investment opportunities. Additional gas and nuclear specific screening criteria will be published in Q4 2021. Sustainable activities include solar and wind (all activities of installation, maintenance and repair of solar PV and wind power systems); with respect to gas networks, activities of (i) construction/management of new networks for hydrogen or other low-carbon gases; (ii) conversion/repurposing of existing gas networks into 100% hydrogen networks; (iii) retrofitting of existing gas networks for the integration of hydrogen and other low-carbon gases, including in blending; hydrogen, where, however, the emission threshold for production activities is set at 3 tCO_2e/tH_2 (green hydrogen and highly efficient blue hydrogen would be included); hydroelectric, where (i) the plant is run-of-river and does not have a reservoir; (ii) the power density of the plant is greater than 5 W/m^2; (iii) the life cycle GHG emissions of the plant are less than 100gCO_2e/kWh.

New EU climate targets 2030 and 2050 - agreement reached between the European institutions on the European Climate Law, which defines the new EU climate targets for 2030 and 2050. The agreement provides for the increase, at the aggregate EU level, of the CO_2 emission reduction target for 2030 to 55% (compared to 1990 levels), the previous target was set at 40%; the definition, in 2023 and in line with the evolution trajectories of the 2030 target, of an intermediate climate objective for 2040; the confirmation of the climate neutrality target for 2050 (with the commitment of negative emissions from 2050 onwards).

ECONOMIC & FINANCIAL RESULTS AT JUNE 30, 2021

Sales Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	Chapter (*)	First half 2021	First half 2020	Change	% change
Electric Power Operations					
Sales revenues	2	2,006	1,831	175	*9.6%*
EBITDA	2	337	259	78	*30.1%*
Gas Operations and E&P					
Sales revenues	2	2,388	1,630	758	*46.5%*
EBITDA	2	174	167	7	*4.2%*
Corporate Activities (1)					
Sales revenues	2	38	27	11	*40.7%*
EBITDA	2	(39)	(46)	7	*15.2%*
Eliminations					
Sales revenues	2	(312)	(381)	69	*18.1%*
Edison Group					
Sales revenues		**4,120**	**3,107**	1,013	*32.6%*
EBITDA		**472**	**380**	92	*24.2%*
as a % of sales revenues		***11.5%***	***12.2%***	-	-

(1) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied with a specific business and certain holding companies and real estate companies.
(*) See the Notes to the Condensed Consolidated Semiannual Financial Statements.

Revenues at June 30, 2021 increased compared with the previous year to 4,120 million euros, attributable to both lines of business. This increase, which mostly affected the Gas Operations and E&P, reflects primarily an increase in sales prices caused by a rise in the benchmark scenario.
EBITDA totalled 472 million euros, or 24.2% more than the previous year, in particular, with a positive contribution from Electric Power Operations.

See the sections of this Report that follow for a more detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

(GWh) [1]	First half 2021	First half 2020	% change
Edison's production:	**8,173**	**9,118**	***(10.4%)***
- thermoelectric	*5,803*	*6,524*	*(11.1%)*
- hydroelectric	*1,372*	*1,634*	*(16.0%)*
- wind power and other renewables	*998*	*959*	*4.1%*
Other purchases (wholesalers, IPEX, etc.) [2]	**9,393**	**10,153**	***(7.5%)***
Total sources	**17,566**	**19,271**	***(8.8%)***
EESM Division Production	**595**	**363**	***63.9%***

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

Uses

(GWh) [1]	First half 2021	First half 2020	% change
End customers [2]	**6,530**	**7,449**	*(12.3%)*
Other sales (wholesalers, IPEX, etc.)	**11,036**	**11,822**	*(6.6%)*
Total uses	**17,566**	**19,271**	***(8.8%)***
EESM Division Sales	**595**	**363**	***63.9%***

(1) 1 GWh is equal to 1 million kWh.
(2) Before line losses.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on the end market (business and retail) and wholesale market and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximising their profitability through their optimisation.

Within this model, Edison production amounted to 8,173 GWh, down 10.4% from the same period of 2020. The negative trend reflects primarily the impact of a decrease of 11.1% in thermoelectric production, due mainly to the shutdown of two power plants, one for breakdowns and the other for maintenance, and of a 16.0% decrease in hydroelectric production, attributable mainly to the deconsolidation of Dolomiti Edison Energy Srl on July 1, 2020.

Sales to end customers dropped by 12.3%, due to the smaller volumes sold, in particular in the business segment.

Other purchases and other sales are down on the same period of the previous year by 7.5% and 6.6% respectively; it should be noted that, however, these items include not only purchases and sales on the wholesale market but also purchases and sales on IPEX, connected with the balancing of portfolios.

There was an increase in volumes for the Energy & Environmental Services Market Division.

Income Statement Data

(in millions of euros)	**First half 2021**	First half 2020	% change
Sales revenues	2,006	1,831	*9.6%*
EBITDA	337	259	*30.1%*

Sales revenues in the first half of 2021 came in at 2,006 million euros, up 9.6% compared to the first half of 2020.
The half-year's EBITDA is 337 million euros, up 78 million euros. The renewables sector achieved higher results, particularly in the hydroelectric area, which more than offset the deconsolidation of Dolomiti Edison Energy Srl, thanks to the positive performance in the Day-Ahead (MGP) and Dispatching Services (MSD) markets. The thermoelectric sector showed an upward trend compared with the previous year, when two power plants were shut down early in the year, and performed well in the MSD and MGP markets despite the breakdown of a plant in the first months of the year. This performance was also affected by some one-off components such as the contribution of CIP6 incentives for 2003-2004 and the release of a provision for risks. On the commercial side, results were up thanks to a positive contribution from sales to residential customers, which grew both in terms of volume and unit margins, recovering the negative effects recorded in the first half of 2020 due to COVID-19. The results of sales of value-added services (VAS) are also up.

Energy services

The economic data of Electric Power Operations include the results of the Energy & Environmental Services Market Division.
Through the Division's activities, Edison plays an active role in the regions and in their business ecosystems, in researching and implementing practical and effective solutions in response to the burning issues of contemporary transformation: climate change, social development and new business paradigms.
Edison, in particular, contributes its personnel and its expertise, to create innovative and digital solutions for the efficient use of resources according to circular economy and urban regeneration paradigms.
Edison has an extensive offering in the energy and environmental services market which includes, by way of an example: energy and environmental advisory services, laboratory analysis, creation and management of systems for automatic production from renewable or high efficiency sources, integrated industrial waste management, energy redevelopment and efficient building management, urban district heating, digital platforms for the analysis, management and intelligence of solutions.
The solutions proposed are targeted at developing investment projects and efficient management of energy resources and environmental services for large industrial companies, small and medium enterprises, condominiums, commercial services sector, regions and the Public Administration.
The Energy & Environmental Services Market Division showed a 23.3% increase in sales revenues in the first half of 2021 compared to the first half of 2020, reaching 286 million euros (232 million euros in the same period of 2020). EBITDA increased by 21.9% compared to the first half of 2020, recording 40 million euros (33 million euros in 2020) mainly attributable to the Industry Tertiary Market segment and to a lesser extent to the performance of the foreign business and the Environmental Service; the activities related to the Public Administration recorded a slight deterioration in results.

Gas Operations and E&P

Sources of Gas

(millions of m^3 of gas)	**First half 2021**	First half 2020	% change
Production [1]	4	5	*(1.9%)*
Production outside Italy [2]	69	66	*4.5%*
Imports (Pipeline + LNG)	5,938	5,892	*0.8%*
Other purchases	3,065	2,666	*15.0%*
Change in stored gas inventory [3]	53	91	*(41.8%)*
Total sources	**9,129**	**8,720**	***4.7%***
Production outside Italy from discontinued operations	**-**	**673**	***n.m.***

(1) Production by Edison Stoccaggio. Net of self-consumption and at standard calorific power.
(2) Production related to the concession in Algeria.
(3) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.

Uses of Gas

(millions of m^3 of gas)	**First half 2021**	First half 2020	% change
Residential use	1,140	1,307	*(12.8%)*
Industrial use	2,938	2,506	*17.2%*
Thermoelectric fuel use	2,428	2,784	*(12.8%)*
Sales of production outside Italy	69	66	*4.5%*
Other sales	2,554	2,057	*24.2%*
Total uses	**9,129**	**8,720**	***4.7%***
Sales of production outside Italy from discontinued operations	**-**	**673**	***n.m.***

Gas imports and other purchases at June 30, 2021 show growth compared to the first half of 2020 of 0.8% and 15.0%, respectively.
Insofar as uses are concerned, which totalled 9,129 million cubic meters, there was a decrease in sales to residential users due to fewer contracts with wholesalers and in sales for thermoelectric uses due to a reduction in production.
Sales to industrial users and other sales were up 17.2% and 24.2%, respectively, thanks to an increase in the number of contracts signed, a cold winter and temperatures below the historical average in April and May.

Income Statement Data

(in millions of euros)	**First half 2021**	First half 2020	% change
Sales revenues	2,388	1,630	46.5%
EBITDA	174	167	4.2%

In the half-year, sales revenues grew to 2,388 million euros, or 46.5% more than in the first half of 2020 thanks to a favourable price scenario and an increase in volumes sold to industrial users.
EBITDA, which includes the result of regulated activities, amounted to 174 million euros and benefited from some one-off components linked to the positive results of IDG sale and rulings related to Edison Stoccaggio. Significant improvements in the commercial area, due mainly to higher volume, were offset by margin reductions in other

segments of the business, including those generated by the E&P activities in Algeria (and Norway until the disposal) of 7 million euros (12 million euros in the first half of 2020).

Corporate Activities

Income Statement Data

(in millions of euros)	**First half 2021**	First half 2020	% change
Sales revenues	38	27	*40.7%*
EBITDA	(39)	(46)	*15.2%*

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

Sales revenue and EBITDA for the first half of 2021 show an upward trend compared to the first half of 2020, due to progressive updating of service contracts to operating units.

Other Components of the Group's Income Statement

(in millions of euros)	First half 2021	First half 2020	% change
EBITDA	**472**	**380**	***24.2%***
Net change in fair value of derivatives (commodity and exchange rate risk)	(14)	3	*n.m.*
Depreciation, amortization and write-downs	(177)	(200)	*11.5%*
Other income (expense) non Energy activities	(125)	(19)	*n.m.*
EBIT	**156**	**164**	***(4.9%)***
Net financial income (expense)	(18)	(25)	*28.0%*
Income (expense) from equity investments	12	1	*n.m.*
Income taxes	172	(36)	*n.m.*
Profit (Loss) from Continuing Operations	**322**	**104**	***n.m.***
Profit (Loss) from Discontinued Operations	**(3)**	**(162)**	***98.1%***
Group interest in profit (loss)	**319**	**(65)**	***n.m.***

EBIT of 156 million euros incorporates depreciation and amortization totalling 177 million euros, the negative net change in the fair value of derivatives hedging commodity and foreign exchange transactions amounting to 14 million euros (positive for 3 million euros in the first half of 2020) and other net expenses relating to non Energy activities of 125 million euros.

The net result from continuing operations was a gain of 322 million euros (104 million euros in the first half of 2020), after net financial expense of 18 million euros, net income from equity investments of 12 million euros and positive income taxes of 172 million euros, which include the positive effect deriving from the option exercize to realign the fiscal values of some industrial assets and of the goodwill with an impact of 230 million euros.

Total Financial Indebtedness and Cash Flows

The table below provides a breakdown of the changes that occurred in financial debt:

(in millions of euros)	**First half 2021[(*)]**	First half 2020
A. TOTAL FINANCIAL (INDEBTEDNESS) AT BEGINNING OF PERIOD	**(520)**	**(516)**
EBITDA	472	380
Elimination of non-cash items included in EBITDA	21	(94)
Net financial expense paid	(11)	(17)
Net income taxes paid (-)	(61)	(23)
Dividends collected	6	2
Other items from operating activities	(29)	(17)
B. CASH FLOW FROM OPERATING ACTIVITIES	**398**	**231**
Change in the operating working capital	(51)	(99)
Change in non-operating working capital	(157)	(40)
Net investments (-)	(78)	(166)
C. CASH FLOW AFTER NET INVESTMENTS AND CHANGES IN WORKING CAPITAL	**112**	**(74)**
Dividends paid (-)	-	(30)
Other	(15)	8
Monetary increase/decrease in financial debt (Discontinued operations)	-	(12)
D. NET CASH FLOW FOR THE PERIOD	**97**	**(108)**
E. CLOSING TOTAL FINANCIAL (INDEBTEDNESS)	**(423)**	**(624)**

[(*)] The item incorporates the ESMA Giudelines on financial debt, published on March 4 ,2021, which CONSOB requested to be adopted starting from May 5, 2021.

The main cash flows for the period derive from EBITDA, as commented above, the change in working capital and net investments, which include net capital expenditures for 201 million euros, mainly relating to:

- thermoelectric generation sector, mainly for the construction of the Marghera Levante (48 million euros) and Presenzano (47 million euros) combined-cycle thermoelectric power plants;
- energy and environmental services for 36 million euros, mainly linked to services for the Public Administration (14 million euros), the industry sector (13 million euros) and District Heating (6 million euros);
- Exploration & Production activities not subject to disposal to Energean for 15 million euros. They refer mainly to concessions in Norway (now sold to Sval Energi) for 12 million euros and Algeria (2 million euros), in addition to investments in exploration.

Net investments also include:

- the net effects of changes in the scope of consolidation, for a total of -127 million euros, relating mainly to the acquisition of 70% of Edison Rinnovabili (ex E2i Energie Speciali) (276 million euros), previously already fully consolidated, the sale of Edison Norge (-264 million euros), the acquisition of Hydro Dynamics (8 million euros) and the sale of IDG (-147 million euros);
- investments in financial fixed assets (4 million euros) relating to capital increase in the company IGI Poseidon SA related to the Eastmed pipeline.

Outlook

The company has revised the estimates for 2021 EBITDA upwards in a range between 770 and 830 million euros, versus the previous range between 710 and 770 million euros, thanks to the good industrial performance and some one-off effects recorded in the first-half of the year.

Risks and Uncertainties

Risk Management at the Edison Group

Edison has developed an integrated business risk management model based on the international principles of Enterprise Risk Management (ERM), the Committee of Sponsoring Organizations (COSO) Frameworks specifically, the main purpose of which is the adoption of a systematic approach in mapping the company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to mitigate them.
With this in mind, Edison adopted a risk mapping and risk scoring methodology that assigns a relevance index to each risk based on an assessment of its overall impact, probability of occurrence and level of control, and a Corporate Risk Model, developed in accordance with best industry and international practices that places within an integrated framework the different types of risks that characterise the business in which the Group operates:

- risks related to the external environment, which have to do with conditions in the market and the competitive environment in which the Group operates and changes in the political, legislative and regulatory context;
- operational risks, which are tied to processes, structures and business management systems, specifically regarding production and distribution activities;
- strategic risks, which are related to the definition and implementation of the company's strategic guidelines.

More specifically, with the coordination of the Risk Office, the managers of the various company departments map and assess risks within their scope of activity through a risk self-assessment process and provide an initial indication of the mitigating actions associated with those risks. The results of this process are then consolidated at the central level into a mapping system in which risks are prioritised based on the scores assigned to them and aggregated, so as to facilitate the coordination of mitigation plans within the framework of an integrated risk management approach.
The Enterprise Risk Management process is closely linked with the medium/long-term planning process with the aim of associating the Group's overall risk profile with the projected profitability resulting from the plan/budget document. The results produced by ERM are communicated to the Control and Risk Committee and the Board of Directors on predetermined dates and are used by the Internal Audit Department as a source of information to prepare special risk-based audit plans.
An analysis of the overall results of the process for the year just ended is provided in the "Risk Factors" section that follows, in particular the main factors related to the commodity price, exchange rate, credit, liquidity and interest rate risks are reported in the "Financial Risks" section, for which specific safeguards have been adopted over the years to manage and minimise their impact on the Group's economic and financial equilibrium. For additional details about these risks see the information provided for IFRS 7 purposes in chapter 4 of the Condensed Consolidated Semiannual Financial Statements entitled "Market Risk Management", paragraph 3.1 "Credit risk management" and paragraph 6.4 "Financial risk management".
In 2018, the Group adopted a tax risk management 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 Group companies, as well as matrices, coordinated with the provisions of Law 262/2005, to monitor activities with potential tax impacts in the main business processes.

RISK FACTORS

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential source of uncertainty for Edison is the constant evolution occurring in the reference legislative and regulatory framework, which affects market activity, rate plans, required levels of service quality and technical and operational compliance requirements.
In this regard, Edison is engaged in an ongoing activity to monitor and carry out a constructive dialogue with national and local public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.

In this context, among the main changes in the evolving legislative framework, the most significant risk factors include:

- the renewal of large-scale diversion hydroelectric concessions, whose regulation was revised by Decree-Law no. 135 of December 14, 2018, converted by Conversion Law No. 12 of February 11, 2019. The law provided, inter alia, that by March 31, 2020 the Regions were to enact laws governing: (i.) the methods and procedures for assigning concessions (with procedures to be launched within two years of approval of the regional law); and (ii.) for concessions set to expire before December 31, 2023, including those that had already expired, the methods, conditions and quantification of the additional consideration and any other charges to be borne by the outgoing concessionaire for the continuing operation of the concession after expiry and for the time required to complete the assignment procedures. Decree-Law No. 18 of March 17, 2020 (the “Cura Italia” Decree), converted by Conversion Law No. 27 of April 24, 2020, extended the above expiry by seven months to October 31, 2020. This extension shall also apply to the effects of regional laws already approved. With regard to Regions in which elections were held in 2020, the deadline of October 31, 2020 was further extended by seven months from the date of entry into office of the new Regional Council. In addition, the final time limits for temporary continuation of plant operation for concessions that have expired or are nearing expiry were also extended by seven months (until July 31, 2024). In this framework, several regions have recently issued the relevant regulations. However, a number of regional laws have been challenged by the Council of Ministers, which has challenged certain profiles of unconstitutionality; these include the laws of Lombardy, Piedmont and Calabria;
- the methods of discontinuing the protection of the electricity and gas price, with particular regard to implementation measures for the provisions of Decree-Law no. 162/2019, converted by Conversion Law no. 8 of February 28, 2020 and of Decree-Law no. 183/2020, “Milleproroghe Decree”, converted by conversion law February 26, 2021, no. 21. This latest measure provided for an extension to January 1, 2023 of the date for ending price protection for residential and micro-business electricity customers and gas customers. On the other hand, for non-domestic electricity customers other than micro-businesses, steps have been taken to introduce a “gradual protection service” from 2021;
- a non-substantial amendment to the rules governing the Capacity Market in order to fully adopt the provisions of the European Clean Energy Package for post-2023 auctions. Terna’s final feedback, the subsequent approval by ARERA and the Ministry of Economic Development and the setting of the dates for the next auctions for the 2024 and 2025 delivery years are expected in the coming months;
- the appeals submitted by several operators to the Regional Administrative Court and the Court of First Instance of the European Union against the current design of the Capacity Market, which could result, in *extrema ratio*, in a cancellation of the auctions already carried out and a revision of the regulations, with a possible new notification to the Commission to verify compatibility with European regulations on State Aid.

Market and Competitive Environment

The energy markets in which the Group operates recorded significant fluctuations in terms of demand in the first half of 2021, with competitive pressure remaining high and a significant increase in prices. Please refer to the section "The Italian energy market" for more in-depth information.

In the Italian electricity market, during the first half of 2021, there was a recovery in electricity consumption in the various sectors compared with 2020, a year that was particularly impacted by the restrictive measures defined by the Italian government to counter the spread of the COVID-19 pandemic (such as the temporary closure of a subset of commercial activities in a differentiated manner depending on the criticality of the spread of the infection and the sustainability of healthcare facilities). The growing demand for electricity was met in part by an increase in thermoelectric generation, which accounts for a significant portion of the Group's production mix, and an increase in imports, the latter due in part to the restoration of NTC (net transfer capacity) at the northern border. On the other hand, exports decreased in line with the lower competitiveness of Italian generating capacity compared to that of neighbouring countries. On the renewable-source front, hydroelectric production increased due to more favourable weather conditions, while photovoltaic production was down significantly in percentage terms.

With regard to the abovementioned hydroelectric production, the portion produced by large-scale derivation concessions, of which the Group is the concession holder, will remain exposed in future years to the above-mentioned risk of the adverse outcome of tenders for the renewal of concessions that have already expired or are about to expire.

Moreover, technological changes in the electric power sector could make some technologies/services more competitive than those that are part of the company's business. In order to mitigate this risk, Edison monitors and assesses the development of new technologies on an ongoing basis, which are discussed in greater detail in the "Innovation, Research and Development" section.

In the natural gas market, demand also rebounded in the first half of 2021, compared with the same period last year, due mainly to an improvement in the economic context, which in previous months had been burdened by the spread of the COVID-19 pandemic, and the continuation of below-average temperatures also in the spring months. This increase had an overall impact on a number of sectors: in particular, the change in demand in the residential and industrial sectors was most linked to the reasons mentioned above, and the change in the thermoelectric sector was impacted by the dynamics of electricity supply and demand and by a reduction in photovoltaic generation.

In this context, an important tool to mitigate the effects of changes in the energy scenario and market conditions is provided by market risk management policies (price, volume and counterparty).

Country Risk

The Edison Group's presence in the international markets involving both the production and marketing of electric power, exposes the company to a whole series of risks stemming mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. Currently, the area of greatest importance for the Group is Greece, where Edison, through Elpedison Sa, produces and markets electric power in a joint venture with its Greek partner Hellenic Petroleum.

The centre-right government (the New Democracy, which won the elections in July 2019) continued with the measures, already defined in 2020, to counter the impact of the COVID-19 virus, including additional healthcare expenditure, deferred tax and social security payments, targeted tax cuts, lockdown periods with closures of commercial activities and a prohibition on movements between regions. The vaccination plan, together with the containment measures defined by the Government, is helping to slow down the pandemic and support the economy in several sectors. European funds, from which the country is expected to benefit through the Multi-Annual Financial Framework for 2021-27 and the Next Generation EU fund, are expected to enable economic recovery from the second half of 2021. International analysts expect GDP to rebound by 4.9% in 2021. The new Government is expected to continue with planned privatizations, including in the energy sector, and with the optimisation of the implementation of large infrastructure projects, although with possible delays. In April, Standard&Poor's raised the

sovereign rating to BB with positive outlook. With regard to the energy sector, the capacity remuneration mechanism ended in April 2019; the new system has not yet been defined.
The company is committed to constant monitoring of the country's political and economic environment, to which the Group is exposed at June 30, 2021, as indicated below:

(in millions of euros)	06.30.2021	12.31.2020
Loan receivable from the affiliate	54	56
Guarantees provided (1)	69	70
Equity investments (2)	72	60
Total	**195**	**186**

(1) Of which 36 million euros in bond loans and 33 million euros in other guarantees.

(2) Refers to the equity investments IGI Poseidon Sa and Elpedison Sa.

Additionally, with reference to the long-term gas procurement contracts, the company is exposed to the geo-political context of the countries from which it obtains its supplies and, therefore, constantly monitors the situations therein.

Operational risks

Processes, Structures and Business Management Systems

Edison's core businesses include building and operating technologically complex facilities for the production of electric power, managing gas storage centres, developing gas infrastructures, marketing energy efficiency services and solutions and distributing electric power and gas in retail and wholesale markets. These activities, which could entail the involvement of third parties, expose the company to risks deriving from the potential inefficiency of internal processes and organisational support structures or exogenous events, such as malfunctions or unavailability of equipment and machinery. These risks could potentially have repercussions on the company's profitability, the efficiency of its business activities and/or its own reputation.
With reference to the COVID-19 pandemic, the Vaccination Plan of the Extraordinary Commissioner, General Francesco Paolo Figliuolo, and the containment measures defined by the Government are effectively contributing to a significant reduction in the spread of the infection throughout the country, allowing a significant recovery in the various sectors. In order to allow business activities to be carried out, while at the same time containing the possibility of infection at the company's premises, the crisis management activities launched in 2020 continued, such as the use of agile working methods, the optimization of staff carrying out essential activities and the possibility of carrying out rapid antigenic tests on a voluntary basis for those who need to travel to work on site. In addition, the Company has activated the 'SOS Vaccines' and 'Welfare Coach' services to support its employees during this period of emergency and has prepared a company vaccination plan to support and supplement the national plan; this plan is currently in a stand-by status since the national plan through the National Health Service is continuing at a fast pace in all Italian regions.
The policy to manage these operational risks calls for the adoption of specific security and quality standards, and the implementation of upgrades to comply with international and national laws and the requirements of local entities with regulatory authority over such issues and of activities to improve the quality of processes in the various areas of business, with special focus on customer services. In addition, the management of potential crisis events is governed by specific internal guidelines designed to provide a quick and effective response to potential crisis situations that could cause injuries to people and damage the environment and the company's facilities and reputation.
Additional information about the management of environmental and occupational safety risks is provided in the section of this report entitled "Health, Safety and the Environment."

Information Technology

The Group's diverse activities and business processes are supported by complex information systems. Risk issues exist with regard to the adequacy of these systems and the availability, integrity and confidentiality of data and information.

With respect to the first point, in the first half of 2021 several important projects continued and/or were completed and new ones were also launched; in particular:

- for the Energy & Environmental Services Market Division:
    - following the conclusion of the RACE *(Revisione Applicativi Corporate EESM*) project, evolutionary developments continue on the released systems; several implementation initiatives have been started on the Tagetik system and integration projects (Ambyenta and Pavoni Rossano companies);
    - the EMS (Energy Management System) based on the Metron system is being developed for the Industry & Tertiary Market area and integrated with the Enterprise Data Platform, the company platform containing different types of data coming from very different systems;
    - the Computerized Maintenance Management System (CMMS) was released for the new PA sites and the development of Workforce Management functions was started;
    - the new agile CRM sourcing model was launched and the Salesforce Restart project for the Industry & Tertiary Market area is currently being implemented;
- for the Gas & Power Market Division:
    - the CCX (Customer Centricity Experience) of the digital channels was implemented, in particular with the revision of the user experience and the user interface of the mobile app; as part of the same project, all the systems of the digital area were upgraded and migrated to the cloud and data analysis of the customer care and marketing customer experience areas was carried out, the results of which were used to create dashboards to monitor the actions of the customer base;
    - the sales portal dedicated to commercial partnerships and the commissioning system with accounting integration of the liability cycle were implemented;
    - the customer document system was centralized, expanding both document and workflow aspects;
- in the midstream gas area, the necessary adjustments were made to comply with new resolutions in the power market (Capacity Market and Continuous Trading) and the MDP (Market Data Platform) application was released for the purpose of collecting external analysis data published by the various providers (prices, volumes, productions, forecasts, etc.), as well as the Maverick application, for price scenario certification.

The integration of the newly acquired companies continued, ensuring uniform standards and technologies throughout the Edison Group and managing all of these companies through the Group's ERP.

With regard to the risk of unavailability caused by a system fault, Edison adopted high reliability hardware and software configurations for those applications that support critical activities. These configurations were regularly tested during normal operations. To protect against disasters, a disaster recovery solution is in operation which is tested periodically. A similar test is also performed for the Rivoli data centre. Lastly, the transfer to the cloud of several applications was initiated to boost service flexibility and improve its time-to-market, without any reduction in security levels. A study is underway to define appropriate disaster recovery solutions for applications that are moved to the cloud.

Due to the health emergency, the Company continued with as already arranged in 2020, making available workstations, devices, software and services to guarantee the remote continuity of operations. The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks that are increasingly more frequent and sophisticated, is mitigated with the adoption of strict security standards and solutions; the service of the Security Operation Centre, operational since January 2016, which aims to identify current cyber attacks, was subsequently optimized through a process of "refinement" of analyses to improve their effectiveness. Finally, the Rex Wannacry project is currently being developed, targeted at strengthening the company IT system's resilience to new generation attacks: a precise and automatic inventory of all devices connected to the network was obtained, asset, vulnerability, triage and incident & crisis management procedures were developed and the threat intelligence and CERT (Computer Emergency Response Team) service was assigned for the supervision and management of systems during cyber attacks. A crisis management project is underway, including ransomware attacks. The new antivirus was installed. It has a specific feature, based on artificial intelligence systems, against ransomware attacks.

Strategic Risks

The development of the core businesses of the Edison Group must be supported with investments, acquisitions and selected divestments, implemented as part of a strategy to streamline the overall portfolio and constantly responding to the competitive environment: the Group's ability to strengthen its core businesses in the markets where it operates is dependent on the effective deployment of these initiatives.

More specifically, insofar as direct investments are concerned, they typically entail a risk related to potential overruns in operational and investment costs, as well as possible delays in the start of commercial service, due in part to uncertainties in the permit issuing process, with a resulting impact on the profitability of these initiatives.

As for the strategy of growth through acquisitions, its success depends on the availability in the market of opportunities that could help the growth of the Group's core businesses at an acceptable cost and on the company's ability to identify those opportunities on a timely basis and effectively integrate the acquired assets into the Group's activities.

In order to mitigate these risks, the company adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorisation processes, project risk assessment activities and project management and project control activities.

Financial Risks

Commodity Price Risk

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, which affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the above-mentioned commodity prices are quoted in a foreign currency, the Group is also exposed to the resulting foreign exchange rate risk.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly used in the market for the purpose of containing the risk exposure within preset limits.

Foreign Exchange Risk

The activities carried out by the Group in currencies different from the euro and its strategies of expansion in the international markets expose the company to fluctuations in foreign exchange rates. The guidelines concerning the governance and strategies to mitigate the foreign exchange risk generated by business activities are set forth in specific policies, which describe the foreign exchange risk management objectives depending on the different nature of the risk in question.

The company adopts a centralised type of management model, through which the Parent Company is able to constantly safeguard the Group's economic and financial equilibrium by constantly monitoring exposures and implementing appropriate hedging and foreign exchange procurement strategies designed for risk mitigation purposes.

Credit Risk

With regard to the risk of potential losses caused by the failure of any of the counterparties the company interacts with to honour the commitments they have undertaken, the Group has implemented for some time procedures and tools to evaluate and select counterparties based on their credit rating, constantly monitor its exposure the various counterparties and implement appropriate mitigating actions, primarily aimed at recovering or transferring receivables.

Interest Rate Risk

Because it is exposed to fluctuations in interest rate primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest rates, which it manages mainly by defining the characteristics of the facilities during the negotiation phase.

Liquidity Risk

The liquidity risk has to do with the possibility that the company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The policy to manage this risk, integrated at the EDF Group level, is designed to ensure that the Edison Group has access to sufficient credit facilities to meet short-term financial maturities, while at the same time consolidating its funding sources.

Provisions for risks and charges

In addition to the risk management and mitigation activities described above, when faced with present obligations deriving from past events, which can be of a legal or contractual nature or result from statements or conduct of the company such as to engender in third parties a valid expectation that the company is responsible or assumes responsibility for fulfilling an obligation, the Edison Group recognized over the years adequate accruals to special provisions for risks and charges listed among the liabilities in the financial statements (see also the accompanying Notes to the consolidated financial statements). Specifically, the Edison Group is a party to several legal and arbitration proceedings of different types, acting through Edison Spa, in its capacity as universal successor, as incorporating company of Montedison Spa. For a description, please refer to Chapter 8 “Non-Energy Activities” of the Notes to the consolidated financial statements.

OTHER RESULTS FROM OPERATIONS

Innovation, Research and Development

The Research, Development and Technological Innovation Department operates in synergy with Edison’s other Departments and Business Units on a wide range of activities that include monitoring technological evolution and innovation, the performance of research and development projects and strengthening the network of scientific relationships with outside centres of excellence (e.g., EDF R&D centres, Polytechnic University of Milan, Polytechnic University of Turin, University of Pavia, Research institutions), including by engaging in joint projects.
In the first half of 2021, research activities, developed at the Officine in Milan and Turin, focused on the following technological themes:

Electric mobility

In the area of electric mobility, research and development initiatives are focused on studying and testing the most advanced smart charging solutions available on the market, particularly with regard to two-way charging stations and the corresponding management platforms for vehicle-to-x applications, taking into account current and future technical regulations and the development of the energy market.

Storage

This regards the study and experimentation of storage technologies for stationary applications on various scales. The focus of the laboratory activities is on residential applications. The large battery characterization relates to the annual performance assessment of the demonstrator operating in Altomonte since September 2018. Finally, a technology watch activity is underway on innovative electrochemicals capable of overcoming the current limits of Li-ion batteries.

Hydrogen and Decarbonization

The topic relates to solutions for reducing carbon dioxide emissions for those sectors where electrification cannot be used, and which are therefore defined as “hard to abate”. “Green” hydrogen, or in any case hydrogen produced with low emissions, is a valid decarbonization alternative for these areas; the objective of RD&TI’s activities is to increase its competences, in particular focusing on electrolysis technologies, also through laboratory tests of the most innovative systems.

Smart Home-IoT

The Internet of Things offers opportunities for a combined physical and digital presence with our customers, not limited to the provision of solutions directly linked to energy (such as smart thermostats), but open to everything that contributes to caring for home and family. Increasing attention is devoted to advanced technologies for interactions with customers, even including the exploration of cutting edge topics like service robotics, not only in the residential environment.

Health, Safety and the Environment

The main results achieved in the first half of 2021 and projects under development are reported below:

Safety Performance Trend

The practice was confirmed of presenting, based on a comprehensive and integrated approach, the effects of prevention programmes to promote a culture of occupational health and safety, combining the data for Edison’s personnel and for employees of suppliers, assigning to the management throughout the organisation improvement objectives compared with the average results for the previous three years.

The reference indicators in the domestic context are:

- the frequency rate, calculated by multiplying the number of injuries divided by the number of hours worked, by one million;
- the seriousness rate, calculated by multiplying the number of days lost due to injuries divided by the number of hours worked, by one thousand.

Therefore, on the basis of this approach, the first half of 2021 closed with an overall injury frequency rate that came in at 2.0, thus a worsening over 1.7 in the same period of 2020 (2.0 at the end of the year). More specifically, the injury frequency rate was 1.84 for company employees, a slight deterioration compared to the value of 1.0 in the same period of 2020, while that for employees of contractor companies stood at 2.2, a significant improvement compared to 4.1 in the same period of 2020 (however, still 2.3 at year-end). The total seriousness rate at the end of 2021 was 0.05, substantially in line with the same period in 2020 (0.03), confirming the limited severity of our accidents.

It should be noted that, for the purposes of comparison also within the group to which it belongs (EDF Group), the company also uses the Lost Time Index Rate (LTIR) indicator relating only to accidents occurring for causes directly related to work related activities. In this sense, the first half of 2021 closed with an overall LTIR of 1.7, in line with the same period of 2020 (1.7). More specifically, the LTIR for Company employees closed at 1.4, slightly higher than the 1.0 recorded in 2020, while that of employees of contractor companies stood at 1.9, a marked improvement compared to 4.1 in the same period of 2020.

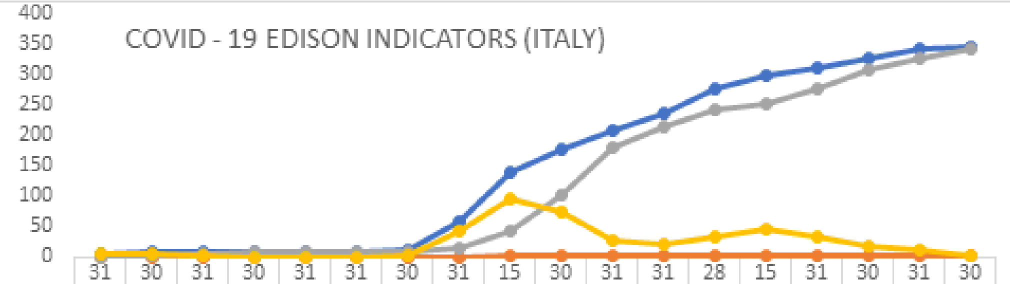
The results achieved in these first six months confirm, in summary, the overall positive trend in rates, in particular relating to the personnel of contractor companies.
However, it is important to keep in mind that in January, a fatal event caused by an occupational accident occurred at a construction site operated by the Hydroelectric Division while clearing vegetation along a water diversion canal, involving an outside contractor on a tractor. The event was categorized by supervisors as a traffic accident.

Activities Concerning Health, Safety and the Environment

The main activities and processes carried out in the first half of 2021 are reviewed below.
The period was conditioned by the continuity of the emergency related to the COVID-19 pandemic, in particular for the first 4 months of the half-year, characterized by the so-called “third wave”. However, despite this scenario, the planned activities were carried out, albeit with the planned limitations.
The requirements established by applicable regulations on health, safety and the environment were met, and the expected internal audit plan was initiated with the aim of completing it by the end of the year. The first half of the year was also marked by the preparation of all those activities preparatory to the process of surveillance, renewal or new certification of health, safety, environment and quality management systems, which will be completed in the second half of the year by the external accredited bodies.
As for the previous year, the unique period during which we have been operating was managed by the HSE Select Committee, consisting of the HSE representatives of every Division, coordinating all necessary activities to ensure respect for the prevention and protection measures identified and prescribed by the competent authorities in order to counter the COVID-19 pandemic.
There were no incidents in first half of the year with an impact on environmental matrices (soil, subsoil, surface water and biodiversity).
The process of collecting and analysing the environmental and health and safety data needed to draft and issue the Group sustainability report and Edison’s non-financial disclosure for 2020 was carried out and completed in accordance with the time-scales and methods required by the reference standards.

Management of the COVID-19 Pandemic Crisis

In the first six months of the year, the emergency situation generated by the pandemic was managed in continuity with as was prepared during 2020 and in line with the epidemiological scenario and its evolution.
In particular, all the indications expressed by the competent health authorities were followed, as well as the legislative measures issued from time to time, confirming and renewing all the company measures identified in 2020 and expressed in the guidelines updated in April 2021.
During the latter part of the half-year, Edison prepared a plan for the COVID-19 corporate vaccination campaign to offer its employees, as an additional prevention and protection measure (in addition to the voluntary campaign of administering rapid antigenic tests that was in effect throughout the half-year), the vaccination prophylaxis service, in conjunction with the national campaign; however, the successful implementation of the national vaccination campaign caused the corporate vaccination plan to be suspended.
The corporate vaccination plan remains an additional option that may be useful to re-evaluate in the event of subsequent vaccination campaigns, in support and integration of national plans.
At June 30, 2021, the total number of positive cases recorded in Edison (Italy and abroad) since the start of the pandemic emergency is 388 (289 at the end of 2020). At the same date, only one case remains open (59 at the end of 2020) although admitted but not in critical condition. No deaths occurred during the half-year, while unfortunately one had occurred during 2020.
A table showing the trend of Edison’s data in Italy is provided below.



	31 Mar 2020	30 Apr 2020	31 May 2020	30 Jun 2020	31 Jul 2020	31 Aug 2020	30 Sep 2020	31 Oct 2020	15 Nov 2020	30 Nov 2020	31 Dec 2020	31 Jan 2021	28 Feb 2021	15 Mar 2021	31 marc 2021	30 Apr 2021	31 May 2021	30 Jun 2021
Rolling positive cases	4	7	8	8	8	8	11	58	139	177	209	237	278	299	313	327	342	346
Rolling deceased	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1
Rolling healed	0	1	6	8	8	8	8	15	43	102	181	215	243	253	277	309	329	344
Rolling positive cases open	4	6	2	0	0	0	3	43	95	74	27	21	34	45	35	17	12	1

Human Resources and Industrial Relations

Human Resources

The period at June 30, 2021 closed with 4,814 employees compared to 4,786 on December 31, 2020, with an overall increase during the half-year of 28 employees, generating an increase in headcount of 0,6%, which can be ascribed primarily to the start of projects for the Public Administration in the Energy & Environmental Services Market Division, partially mitigated by the exit from the company perimeter of the company Infrastrutture Distribuzione Gas Spa (-76 employees) and of the company E&P Norge (-24 employees).

Industrial relations

The table below shows the main events of general significance for the Edison Group that occurred in the first half of 2021:

Management of the health emergency linked to the spread of the COVID-19 virus

During the period from January to June 2021, two agreements were signed with the National Trade Union Secretariats through which the continued application of the hygiene and health prevention and organizational measures was agreed. Among the measures extended is the continuation of the special emergency regime for carrying out work in agile mode until July 31, 2021.

Hydroelectric area video surveillance

On May 24, 2021 an agreement pursuant to art. 4, paragraph 1, of Law no. 300/1970 was signed with the Territorial Trade Union Secretariats of Friuli Venezia Giulia concerning the installation of a video surveillance system for the company Cellina Energy Srl. The agreement, which is part of the September 11, 2020 national framework agreement, will allow for the use of a camera system for more effective management of facility operations and protection of company assets.

Signing of a new contractual area of the National Collective Labour Agreement (CCNL) for Electrical Workers

On June 11, 2021, after lengthy negotiations, an agreement that broadens the potential scope of application of the National Collective Bargaining Agreement for Electrical Workers to new areas of business that are primarily covered by other collective bargaining agreements was signed by the National Trade Union Secretariats and the employers' associations Elettricità Futura and Utilitalia, simplifying the contractual structure and reducing the economic impact.

Fenice Spa Supplemental Agreement

By an agreement dated June 25, Fenice Spa, the National and Territorial Trade Union Secretariats and representatives (RSU) extended for 2021 the Supplemental Agreement that expired on December 31, 2020. At the same time, the Parties regulated the conversion of the balance of the 2021 PdR into welfare goods and services and the procedures for the use of the 200€ of corporate welfare provided by the CCNL for Metalworkers of February 5, 2021 and extended for a two-year period the agreement on professionalism of November 9, 2018.

Merger by incorporation of Pavoni Rossano Srl into Ecologica Marche Srl

On May 18, the trade union procedure relating to the merger by incorporation of Pavoni Rossano Srl into Ecologica Marche Srl was initiated and concluded with the minutes of June 1. The reasons for the merger are to be found in the intention to concentrate, in order to manage them more effectively and efficiently in a single dedicated company, all activities related to the transport, management and storage of civil and industrial waste from reclamation activities, industrial cleaning services, large suction, sewer and pipeline cleaning and sanitation and hydro-demolition activities. The merger will presumably take effect on July 1 and will involve a total of 60 employees who will retain all the economic and regulatory treatments accrued and in force at their place of work. In particular, the personnel at the Jesi (AN) site will continue to be covered by the National Collective Labour Agreement for Environmental Hygiene (FISE Assoambiente), while the personnel at the Melfi (PZ) site will continue to be covered by the National Collective Labour Agreement for Multi-service Cleaning.

Organisation and Employee Services

The main organisational changes that occurred in the reference period are reviewed below:

- during the first half of the year, in the Energy & Environmental Service Market Division, the responsibilities and structures of the Industry & Tertiary Market Department were redefined, with the aim of responding more adequately to the development needs of specific types of customers. The Department has assumed a different operational structure and the commercial responsibilities for the search for new customers have been assigned to two different structures, Sales & Development Industry and Sales & Development Tertiary.
- As of June 4, 2021, the responsibilities of the Energy & Environmental Service Market Division were reconfigured, with the appointment of a new Chief Executive Officer of Fenice Spa, which groups together the Company's investments in Energy and Environmental Services; at the same time, new managerial responsibilities were assigned to support Edison's Chief Executive Officer with regard to urban regeneration projects.
- The Board of Directors of Edison Facility Solutions Spa approved a Turnaround Operating Plan designed to ensure that the Company's profitability is restored and expanded in the short and medium term.
- The Wind and Photovoltaic Asset Management Department of the Power Asset Division, with a view to greater integration between photovoltaic and wind asset management activities, revised its operating model, assigning responsibility for O&M management of plants on a territorial basis and thus overcoming the organizational logic of supervision by technology.
- As part of the Finance Division, implementation of a new service operating model has begun for the management of transactional activities entrusted to a new divisional department called Finance Operations.

Also within the division, the structure and responsibilities of the Planning & Control Department were partially reconfigured and the Department was renamed Planning, Performance & Investments.

- In order to continue to play the responsible role that Edison intends to have within the framework of the sustainable energy transition and the management of climate change, two distinct but integrated business models were adopted in parallel. A new internal corporate structure was created, the CEO's Office & Sustainability Department, which absorbs the resources and responsibilities previously assigned to the Sustainability & CSR Team of the Institutional Affairs, Regulatory, Climate Change & Sustainability Division. Similarly, Fondazione EOS - Edison Orizzonte Sociale was established to direct the Company's activities towards civil society, the cultural world and the third sector.
- At the beginning of the first half, the acquisition of the remaining stake in E2i was completed. From an organizational standpoint, the company now operates within the Power Asset division. Lastly, the organizational structure of the Renewable Sources Development Department was redefined within the Division.

With regard to employee services, the company continued to provide significant support to the "Edison per Te" employee well-being programme, the objective of which is to help employees reconcile their personal needs with their professional obligations with the aim of improving their quality of life.
The portal for the use of services was updated to improve the welfare experience by simply and intuitively extending Welfare services to all companies in the Group, on both the commodity and service side. During these months, the gradual expansion of the services provided to the Energy & Environmental Services Market Division in the area of family management services continued, as did Edison Per Te's efforts to expand its family assistance and health prevention services to support the hardships caused by the COVID-19 emergency.

Training and Development

During the first half of 2021, managerial training initiatives continued in line with the Group's Leadership model; in particular, digital sessions were organized on People Management, Entrepreneurship and Risk Taking, Innovation and the Management of Change and Communication. In addition, an important training campaign on Performance Management was launched for all company people managers, with the aim of learning more about the purpose and logic of the new assessment model and process, aligning assessment criteria among managers and strengthening the assessment culture within our company.
The platform Digital Training MyLA – My Learning Area was enriched with new contents, an environment integrated with the Edison Intranet that makes it possible to quickly and easily access all e-learning contents, in particular, on certain matters like HSE, Compliance and digital education. In addition, the Digital Empowerment project aimed at all company personnel was launched and the new Digital Sherpa Community was set up.
Moreover, the training programme dedicated to the training and development of young new graduates entering the company, the so-called Young Community, continued with new initiatives and also in the first half of 2021, was carried out entirely in digital format. Also in digital format is the new workshop on entrepreneurship, introduced in May, with the aim of strengthening the entrepreneurial skills of young colleagues.
"Meet Young Community up" continued, digital meetings to reflect on the situation and the future, to educate oneself and learn more about the Company, and "Edison Talks", which included a presentation by Lucio Caracciolo on the international geopolitical situation complicated by the emergency crisis.
In the first six months of 2021, training webinars continued on the Cookies Platform, a schedule of training content aimed at professionals, which went into greater depth on the topics of resilience, presentation effectiveness, the power of networking and the effective use of voice in remote meetings.

The fifth edition of the Corporate Master in Energy Business & Utilities, dedicated to 30 Group colleagues, started in May. The goal is to increase cross-functionality by exploring business logic and industry dynamics. This year is the second edition in blended mode, with the addition of very innovative teaching techniques activated by MIP following the remote approach of the courses. The Corporate Master is accredited by ASFOR, the Italian Association for Managerial Training, confirming the quality of the programme.

In the first half, the first training cycle related to the Edison Digital Academy ended: a permanent training programme developed in collaboration with Talent Garden, launched on June 4, 2020, which has the objective of accelerating the company's digital transformation by aiming to enhance people's skills. In the first 12 months of training, it involved nearly 170 employees from all areas of the company. However, in the future, it will aim to include an increasingly high number of employees. The initial course was structured into 10 master classes, of which 4 in 2021, dedicated to strategic topics for the company, i.e. artificial intelligence and the ensuing transformations for the energy sector, the areas of application of the Internet of Things and the importance of thinking and designing products and services at user scale.

The third edition of the Mentorship programme, which involves senior managers as mentors and developing professionals as mentees, has come to an end. They have worked in a cross-functional mode, discussing outside the hierarchy the company's vision, the challenges of sustainability and responsibility in the context of the energy transition, as well as leadership styles consistent with its achievement.

In the first half of the year, activities with the world of universities and upper secondary schools continued. In particular, we note in the case of PCTO (Percorsi Competenze Trasversali e Orientamento - Transversal Skills and Orientation Paths), participation in Deploy Your Talent, a project promoted by Fondazione Sodalitas, which aims to encourage the dissemination of studies in technical-scientific disciplines and overcome gender stereotypes. This year, Edison participated in the project in collaboration with the Russell Institute in Milan. Also in digital mode, we continued with "Tuned On Edison", a path designed and managed by the young people of the Edison Young Community aimed at fostering knowledge of the energy professions. This year, the initiative was carried out with the Molinari Institute of Milan and the Ferrari Institute of Turin. Also in the PCTO area, an orientation course was activated for the children of employees on an e-learning platform for a total of 60 hours, in order to support them in their professional and university choices during this difficult period. With respect to the university world in the first half of 2021, 21 curricular and extracurricular internships were activated, as well as other initiatives such as:

- the scholarships proposed by Eng. Fossati for two deserving students;
- the activation of webinars and seminars on orientation, support for preparing a CV or for a job interview with the Bocconi University, Polytechnic University of Milan and Turin, Catholic University of Milan and Bicocca University of Milan;
- the Edison Energy Camp, organized in collaboration with LUISS and WEC, involved 30 university students from UniBO, Polytechnic University of Milan, Turin, Bari, Federico II of Naples, Catholic University and Bocconi in a two-week intensive course on the world of energy and its trends.

For the seventh year in a row, in 2021 Edison received the Top Employers Italia award, the certification of quality and excellence guaranteed by the Top Employer Institute, an independent international organization which analyses more than 2,500 companies worldwide on an annual basis. The certification, which is the result of research conducted independently and based on objective data, recognised the excellence of Edison in terms of the employment conditions offered to employees, training and development policies circulated at all company levels; the on-boarding process, in employer branding and CSR, hence demonstrating that it is a leading company in HR, committed to constantly improving its practices.

OTHER INFORMATION

Pursuant to art. 2428 of the Italian Civil Code, the company provides the following disclosure:

- at June 30, 2021, it did not hold treasury shares or shares of its parent company in the portfolio, neither indirectly through nominees nor other third parties. No transactions involving treasury shares or shares of the parent company were executed during the period, either directly or indirectly through nominees or other third parties;
- the Group executed transactions with related parties during the half-year. A description of the most significant transactions is provided in paragraph 9.3 “Intercompany and Related-party Transactions” of the Condensed Consolidated Semiannual Financial Statements;
- no secondary registered offices have been established.

The company chose to avail itself of the options provided under art. 70, paragraph 8, and art. 71, paragraph 1-*bis*, of the Issuers’ Regulations. Consequently, it is not complying with the requirement to make available to the public an Information Memorandum in connection with significant transactions involving mergers, demergers, capital increases through conveyances of assets in kind, acquisitions and divestments.

Condensed Consolidated Semiannual Financial Statements

AT JUNE 30, 2021

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Chapter	1st half 2021	of which related parties	1st half 2020	of which related parties
Sales revenues		4,120	637	3,107	397
Other revenues and income		101	9	52	5
Total net revenues		**4,221**	**646**	**3,159**	**402**
Commodity and logistic costs (-)		(3,251)	(343)	(2,321)	(294)
Other costs and services used (-)		(283)	(16)	(246)	(13)
Labor costs (-)		(168)		(158)	
Receivables (writedowns) / reversals	3	(6)		(14)	
Other costs (-)		(41)		(40)	
EBITDA	2	**472**		**380**	
Net change in fair value of derivatives (commodity and exchange rate risk)	4	(14)		3	
Depreciation and amortization (-)	5	(177)		(176)	
(Writedowns) and reversals	5	-		(24)	
Other income (expense) non Energy activities	8	(125)		(19)	
EBIT		**156**		**164**	
Net financial income (expense) on debt	6	(5)	(1)	(7)	(4)
Other net financial income (expense)	2	(6)	(1)	(11)	2
Net financial income (expense) on assigned trade receivables without recourse	3	(7)		(7)	
Income from (Expense on) equity investments	5	12	10	1	1
Profit (Loss) before taxes		**150**		**140**	
Income taxes	7	172		(36)	
Profit (Loss) from continuing operations		**322**		**104**	
Profit (Loss) from discontinued operations	2;9	(3)		(162)	
Profit (Loss)		**319**		**(58)**	
Broken down as follows:					
Minority interest in profit (loss)		-		7	
Group interest in profit (loss)		**319**		**(65)**	

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Chapter	1st half 2021	1st half 2020
Profit (Loss)		**319**	**(58)**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	6	**42**	**(30)**
- Gains (Losses) arising during the period		57	(41)
- Income taxes		(15)	11
B) Differences on the translation of assets in foreign currencies		**4**	**(4)**
- Gains (Losses) arising during the period not realized		-	(4)
- Losses reversal to profit and loss		4	-
- Income taxes		-	-
C) Pro rata interest in other components of comprehensive income of investee companies		-	-
D) Actuarial gains (losses) (*)		**(1)**	**(1)**
- Actuarial gains (losses)		(1)	(1)
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D)		**45**	**(35)**
Total comprehensive profit (loss)		**364**	**(93)**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		-	7
Group interest in comprehensive profit (loss)		**364**	**(100)**

(*) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Chapter	06.30.2021	of which related parties	12.31.2020	of which related parties
ASSETS					
Property, plant and equipment	5	3,473		3,447	
Intangible assets	5	303		265	
Goodwill	5	2,174		2,174	
Investments in companies valued by the equity method	5	144	144	123	123
Other non-current financial assets	5	79	59	80	59
Deferred-tax assets	7	452		189	
Non-current tax receivables	7	2		2	
Other non-current assets	3	187		60	
Fair value	4	521		201	
Assets for financial leasing	6	2		2	
Total non-current assets		**7,337**		**6,543**	
Inventories	3	115		113	
Trade receivables	3	1,180	134	1,053	105
Current tax receivables	7	6	3	16	6
Other current assets	3	401	32	359	36
Fair value	4	1,492		428	
Current financial assets	6	3	1	7	4
Cash and cash equivalents	6	535	470	313	213
Total current assets		**3,732**		**2,289**	
Assets held for sale	9	**65**		**551**	
Total assets		**11,134**		**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		56		11	
Group interest in profit (loss)		319		19	
Total shareholders' equity attributable to Parent Company shareholders	6	**5,558**		**5,349**	
Shareholders' equity attributable to minority shareholders	6	15		131	
Total shareholders' equity		**5,573**		**5,480**	
Employee benefits	5	37		37	
Provisions for decommissioning and remediation of industrial sites	5	182		172	
Provisions for risks and charges	5	323		228	
Provisions for risks and charges for non Energy activities	8	396		299	
Deferred-tax liabilities	7	79		92	
Non-current tax payables	7	17		-	
Other non-current liabilities	6	10		5	
Fair value	4	449		187	
Non-current financial debt	6	570		623	
Total non-current liabilities		**2,063**		**1,643**	
Trade payables	3	1,323	88	1,256	58
Current tax payables	7	96	63	53	45
Other current liabilities	3	228	3	195	16
Fair value	4	1,446		425	
Current financial debt	6	371	56	216	28
Total current liabilities		**3,464**		**2,145**	
Liabilities held for sale	9	**34**		**115**	
Total liabilities and shareholders' equity		**11,134**		**9,383**	

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

CASH FLOW STATEMENT

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half of 2021 and in the first half of 2020. In order to provide a better understanding of the Group's cash generation and utilization dynamics and changes in financial debt, please see paragraph 6.3 Total financial indebtedness and cost of debt. The information provided below is supplemented by the data presented in a separate statement included in the Semiannual Report on Operations.

	(in millions of euros)	Chapter	1st half 2021	of which related parties	1st half 2020	of which related parties
	Profit (Loss) before taxes		**150**		**140**	
	Depreciation, amortization and writedowns	5	177		200	
	Net additions to provisions for risks		72		9	
	Interest in the result of companies valued by the equity method (-)	5	(10)	(10)	(1)	(1)
	Dividends received from companies valued by the equity method	5	6	6	2	2
	(Gains) Losses on the sale of non-current assets		(18)		1	
	Change in employee benefits		(1)		(2)	
	Change in fair value recorded in EBIT	4	14		(3)	
	Change in operating working capital		(51)	1	(99)	10
	Change in non-operating working capital		(157)	(9)	(40)	12
	Change in other operating assets and liabilities		49		(90)	
	Net financial (income) expense		18	2	25	4
	Net financial income (expense) paid		(11)	(2)	(17)	(4)
	Net income taxes paid		(61)	(41)	(23)	
	Operating cash flow from discontinued operations	9	-		59	
A.	**Operating cash flow**		**177**		**161**	
	Additions to intangibles and property, plant and equipment (-)	5	(203)		(145)	
	Additions to non-current financial assets (-)	5	(280)		(23)	
	Net price paid on business combinations	1	(6)		-	
	Proceeds from the sale of intangibles and property, plant and equipment		432		2	
	Proceeds from the sale of non-current financial assets		-		-	
	Cash used in investing activities from discontinued operations	9	-		(71)	
B.	**Cash used in investing activities**		**(57)**		**(237)**	
	Receipt of new medium-term and long-term loans		70		20	
	Redemption of medium-term and long-term loans (-)		(115)		(80)	(40)
	Other net change in financial debt		143	28	(19)	
	Change in current financial assets		4	3	5	
	Net liabilities resulting from financing activities (*)	6	102		(74)	
	Capital and reserves contributions (+)		-		-	
	Dividends and reserves paid to controlling companies or minority shareholders (-)	6	-		(30)	
	Cash used in financing activities from discontinued operations	9	-		(7)	
C.	**Cash used in financing activities**		**102**		**(111)**	
D.	**Net currency translation differences**		**-**		**(2)**	
E.	**Net cash flow for the period (A+B+C+D)**		**222**		**(189)**	
F.	**Cash and cash equivalents at the beginning of the year**		**313**	**213**	**344**	**156**
G.	**Cash and cash equivalents at the end of the period (E+F)**		**535**	**470**	**155**	**47**
H.	**Cash and cash equivalents at the end of the period discontinued operations**		**-**	**-**	**29**	**-**
I.	**Cash and cash equivalents at the end of the period continuing operations (G-H)**		**535**	**470**	**126**	**47**

(*) For the reconciliation with the amounts of balance sheet please refer to paragraph 6.3 "Total financial indebtedness and cost of debt".

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
			Cash Flow Hedge reserve	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)				
Balance at December 31, 2019	**5,377**	**374**	**(14)**	**31**	**-**	**(5)**	**(436)**	**5,327**	**186**	**5,513**
Appropriation of the previous year's profit (loss)	-	(436)	-	-	-	-	436	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	**-**	(33)	**(33)**
Change in the scope of consolidation	-	-	-	-	-	-	-	**-**	-	**-**
Other changes	-	(8)	-	-	-	-	-	**(8)**	-	**(8)**
Total comprehensive profit (loss)	**-**	**-**	**(30)**	**(4)**	**-**	**(1)**	**(65)**	**(100)**	**7**	**(93)**
of which:										
- Change in comprehensive income	-	-	(30)	(4)	-	(1)	-	**(35)**	-	**(35)**
- Profit (loss) from 01.01.2020 to 06.30.2020	-	-	-	-	-	-	(65)	**(65)**	7	**(58)**
Balance at June 30, 2020	**5,377**	**(70)**	**(44)**	**27**	**-**	**(6)**	**(65)**	**5,219**	**160**	**5,379**
Dividends and reserves distributed	-	-	-	-	-	-	-	**-**	(21)	**(21)**
Change in the scope of consolidation	-	-	-	-	-	-	-	**-**	(15)	**(15)**
Other changes	-	12	-	-	-	-	-	**12**	-	**12**
Total comprehensive profit (loss)	**-**	**-**	**74**	**(41)**	**-**	**1**	**84**	**118**	**7**	**125**
of which:										
- Change in comprehensive income	-	-	74	(41)	-	1	-	**34**	-	**34**
- Profit (loss) from 07.01.2020 to 12.31.2020	-	-	-	-	-	-	84	**84**	7	**91**
Balance at December 31, 2020	**5,377**	**(58)**	**30**	**(14)**	**-**	**(5)**	**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)	**-**	**-**	**42**	**4**	**-**	**(1)**	**319**	**364**	**-**	**364**
of which:										
- Change in comprehensive income	-	-	42	4	-	(1)	-	**45**	-	**45**
- Profit (loss) from 01.01.2021 to 06.30.2021	-	-	-	-	-	-	319	**319**	-	**319**
Balance at June 30, 2021	**4,736**	**447**	**72**	**(10)**	**-**	**(6)**	**319**	**5,558**	**15**	**5,573**

(*) The item 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.

1. INTRODUCTION

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2021 were prepared in accordance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998 as amended, and the interim financial disclosures provided are consistent with the provisions of IAS 34 – Interim Financial Reporting. The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

The Board of Directors, meeting on July 28, 2021, authorized the publication of the Condensed Consolidated Semiannual Financial Statements, which were the subject of a limited audit by KPMG Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 28, 2020 for a period of nine years (2020-2028), pursuant to Legislative Decree No. 39 of January 27, 2010.

Unless otherwise stated, all amounts in these accompanying notes are in millions of euros.

1.1 Newly applied standards

The accounting principles, the valuation criteria and the consolidation criteria applied for the preparation of these Condensed Consolidated Semiannual Financial Statements are consistent with those adopted for the 2020 Consolidated Financial Statements, which should be referenced for additional details.

During the period there were no changes of accounting standards with effects on Group's Financial Statements.

1.2 Presentation formats adopted by the Group

It should be noted that based on the numerous projects that IASB is developing on the topic **"Effective communication"** Edison opted for the introduction, starting from 2018 Consolidated Financial Statements, of a new presentation method in order to make the financial statements information more relevant and effective, considering information materiality and stakeholders' expectations. For this purpose, the notes to the financial statements have been reviewed and broken down into chapters of similar topics, instead of detailing them for single items of the financial statements. For further information please refer to 2018 Consolidated Financial Statements.

With reference to the effects related to application of accounting standard IFRS 5 please see the following paragraph 1.6. and chapter 9. Other notes – paragraph 9.1 Disclosure pursuant to IFRS 5.

1.3 Use of estimated values

Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2021 and the accompanying notes required the use of estimates and assumptions both in the measurement of certain assets and liabilities and the valuation of contingent liabilities. The future results that will arise upon the occurrence of the relevant events could differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in the financial statements. Generally, the use of estimates is particularly significant for the following items: i) the assessment that the value of the company's property, plant and equipment and intangible assets, including the goodwill, may be subject to a permanent reduction (so called impairment test); ii) the valuation of certain provisions for risks and charges, such as the provisions for decommissioning and remediation of industrial sites and those for legal and tax disputes; iii) measurement of certain revenues.

For a more detailed description of the valuation processes with a more significant impact on the Group, unchanged compared to the previous year, please see paragraph 10.3 Valuation Criteria in 2020 Consolidated Financial Statements.

1.4 Significant assumptions in determining control in accordance with IFRS 12

With regard to the definition of control set forth in IFRS 10 please note that comparative income statement and balance sheet data set out in this document include the line-by-line consolidation of some companies of which Edison Group did not hold a majority stake; more specifically:

- as regards the data at June 30, 2020, Dolomiti Edison Energy Srl (owned at 49%); starting from July 1, 2020, following the application of new governance and management agreements, which entered into force at the same date and resulted in the loss of control over relevant activities, the company is instead classified as an associate and accounted for using the equity method;
- as regards the data at June 30, 2020 and at December 31, 2020, the company E2i Energie Speciali Srl (now Edison Rinnovabili Spa), which was owned at 30% by Edison Group and consolidated line-by-line due to the governance and management agreements. On February 16, 2021 the purchase from F2i Fondi Italiani per le Infrastrutture of 70% of the company has been executed, and therefore the company is now owned at 100% by Edison Renewables (formerly Edison Partecipazioni Energie Rinnovabili Srl).

With regard to these companies, the comparative data, as described above, show the profit (loss) and shareholders' equity attributable to minority shareholders separately from those attributable to the Group.

For a more complete and exhaustive information please refer to the comments in 2020 Consolidated Financial Statements.

1.5 Main changes in the scope of consolidation compared with December 31, 2020

The main changes in the period involved:

- the sale, executed on March 25, 2021, of 100% of **Edison Norge AS** to Sval Energi, for a consideration of 280 million euros, for which reference should be made to the following paragraph;
- the purchase, on April 7, 2021, of 100% of the company **Hydro Dynamics**, which owns 7 mini-hydro plants, for a consideration of 6 million euros, subject to adjustment;
- the sale, executed on April 30, 2021, to 2i Rete Gas of 100% of **Infrastrutture Distribuzione Gas (IDG)**, for a consideration of 150 million euros, for which reference should be made to the following paragraph.

Furthermore, as previously described, on February 16, 2021 the purchase from F2i Fondi Italiani per le Infrastrutture of 70% of E2i Energie Speciali (now Edison Rinnovabili Spa) has been executed. The consideration paid amounted to about 276 million euros. The purchase, concerning a company already consolidated line-by-line pursuant to IFRS 10, has been treated as a transaction between shareholders and the corresponding value has been booked to shareholders' equity.

1.6 Application of accounting standard IFRS 5

Disposal group – sale of Edison Norge to Sval Energi

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

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

- in the income statement and in flows the contribution of Edison Norge to Group values until the sale is included under continuing operations;
- in the balance sheet at June 30, 2021 the balances relating to Edison Norge are deconsolidated, while at December 31, 2020, exposed for comparative purposes, these assets and liabilities were classified under Assets and Liabilities held for sale.

The execution of the operation determined an improvement in Edison Group's financial debt of about 264 million euros, determined by the collection of a consideration for 280 million euros net of 16 million euros for the deconsolidation of net liquidity of the disposed company. In addition to that amount, a sum of about 12 million euros was paid in advance by the purchaser together with the signing of the contract in December 2020; a deferred consideration is also provided, amounting to 12.5 million dollars and that will be received at the Dvalin field production start-up.
Lastly, it should be noted that the sale determined the recognition of a loss, included in EBITDA.

Disposal group – sale of IDG to 2i Rete Gas
On January 13, 2021 Edison signed an agreement with 2i Rete Gas, a company participated by the investment funds managed by F2i, Ardian and APG, for the sale of 100% of IDG; this agreement was later executed on April 30, 2021.

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

- in the income statement and in flows the contribution of IDG to Group values until the sale is included under continuing operations;
- in the balance sheet at June 30, 2021 the balances relating to IDG are deconsolidated, while at December 31, 2020, exposed for comparative purposes, these assets and liabilities were classified under Assets and Liabilities held for sale. It is highlighted that in compliance with IAS 36, par. 86, at December 31, 2020 a portion of the indistinct goodwill of the Gas Operations and E&P, for an amount of 39 million euros, had been allocated to these assets.

The execution of the operation determined an improvement in Edison Group's financial debt of about 147 million euros, determined by the collection of a consideration for 150 million euros net of 3 million euros for the deconsolidation of net liquidity of IDG. The sale determined the recognition of a gain, included in EBITDA.

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

Income statement and flow data relating to the first half of 2020, exposed for comparative purposes, show the contribution of E&P assets, later sold to Energean, under **discontinued operations**. In particular, in the income statement for the first half of 2020 the revenues and income and costs and expenses of the assets that constituted discontinued operations, as well as the adjustment of the carrying amount to fair value less cost to sell, are classified under the item **Profit (Loss) from discontinued operations** (negative by 162 million euros); this result reflected, among other things, the effects of the revisions of the terms of the agreement with Energean.

Please remember that E&P assets in Algeria and Norway were excluded from the perimeter of the sale to Energean as a result of the aforementioned amendments to the terms of the agreement and therefore their contribution to the income statement of Edison Group is included under continuing operations.
EBITDA of the first half of 2021 for these operations totaled 7 million euros (12 million euros in the first half of 2020).

For more information regarding the application of IFRS 5 accounting standard see paragraph 9.1 Information pursuant to IFRS 5.

1.7 Information pursuant to IFRS 3 revised

Hydro Dynamics

Preliminary fair value of acquired assets and liabilities for the company Hydro Dynamics Srl are described in the following table:

(in millions of euros)	Fair value of acquired assets and liabilities
Non-current assets	22
Total assets	**22**
Defferred-tax liabilities	5
Other liabilities	9
Current financial debt	2
Total liabilities	**16**
Fair value of net acquired assets	**6**
% attributable to Edison	100%
Fair value attributable to Edison	**6**
Goodwill	-
Price of acquisition	**6**
Cash and cash equivalents acquired	-
Net price paid on business combination	**6**

The contribution of the company to Group's income statement from the acquisition date at June 30, 2021 is not material.

Completion of Purchase Price Allocation process (PPA) referred to acquisitions of 2020 – CEA Biogas Srl and Ambyenta Srl

It should be noted that during the first half of 2021 the PPA process was completed relating to the acquisitions of CEA Biogas Srl and Ambyenta Srl by Sersys Ambiente Srl (a company entirely held by Fenice Qualità per l'Ambiente Spa), carried out in July and August 2020, confirming the values recognised during the provisional purchase price allocation. For further information please refer to 2020 Consolidated Financial Statements.

1.8 Realignment of tax values of property, plant and equipment and of goodwill

Edison Spa and some Group companies opted to realign the tax-base amounts of a significant portion of some amortizable assets and goodwill to the corresponding higher statutory values, as permitted by Article 110 of Law Decree no. 104 of August 14, 2020. By consequence, Edison Shareholders' meeting resolved to recognize, in the company's financial statements, a tax restriction totalling 1,572 million euros on a corresponding portion of the share capital. For more information please see paragraph 7.2 Realignment of tax values of property, plant and equipment and of goodwill.

1.9 New definition of "Total financial indebtedness"

On March 4, 2021, ESMA (European Securities and Markets Authority) published the Guidelines on Disclosure Requirements under EU Regulation 2017/1129 (the "Prospectus Regulation").

In "Attention Notice no. 5/21" dated April 29, 2021, CONSOB stated its intention to bring its supervisory practices regarding net financial position in line with the aforementioned ESMA Guidelines. In particular, CONSOB has declared that the prospectuses approved by it, as from May 5, 2021, must comply with the aforementioned ESMA Guidelines.

Therefore, according to the new provisions, listed issuers will have to present, in the notes to their annual and semiannual financial statements, published as from May 5, 2021, a new debt statement to be prepared in accordance with the indications contained in paragraphs 175 et seq. of the aforementioned ESMA Guidelines.

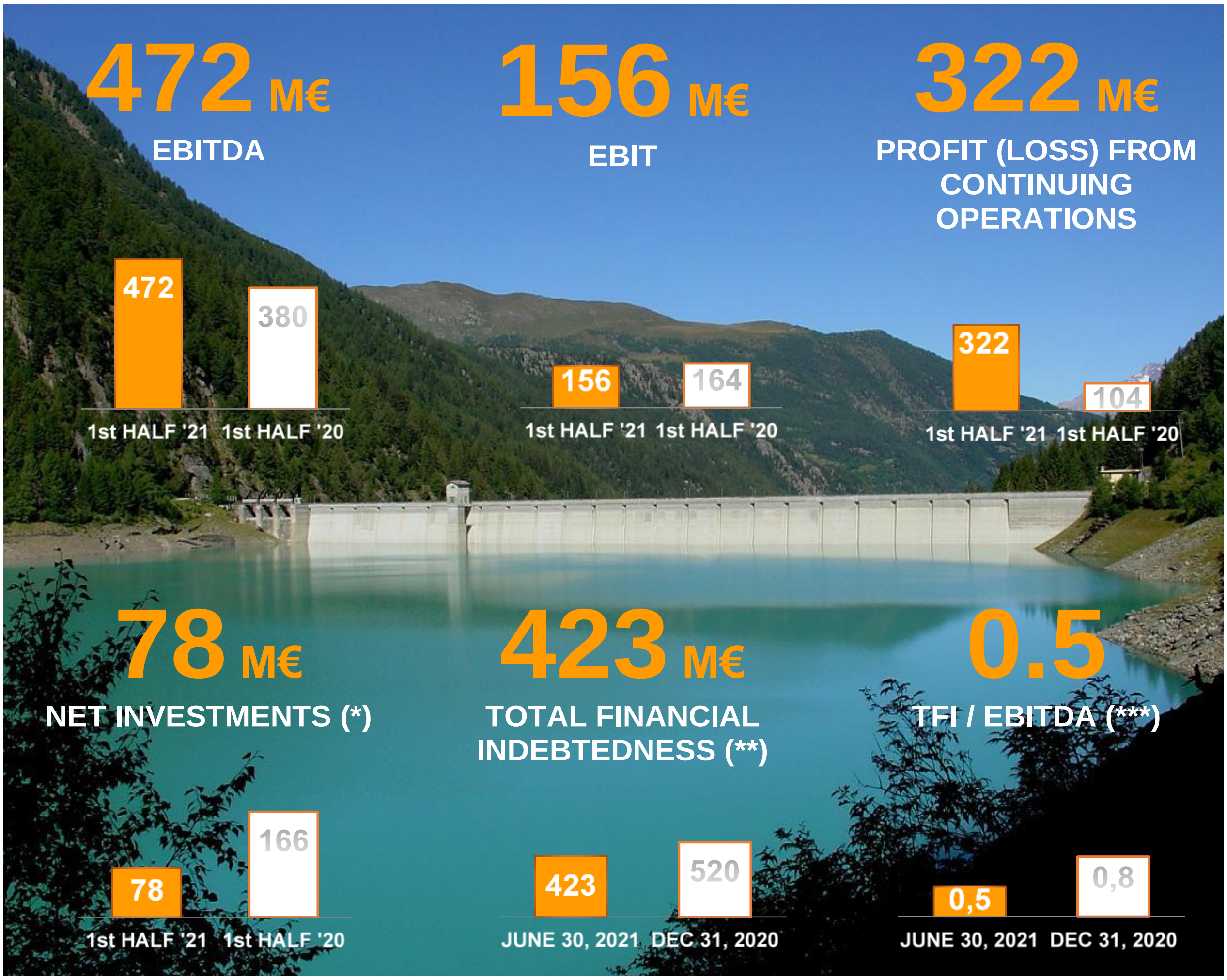
In this respect, the ESMA Guidelines provide for the following main changes to the debt statement:

a. reference is no longer made to “Net financial position”, but to “Total financial indebtedness”;
b. non-current financial debt also includes trade and other non-current payables, i.e. payables that are not remunerated but have a significant implicit or explicit financing component;
c. as part of current financial debt, the current portion of non-current financial debt should be shown separately.

The implementation of the ESMA Guidelines and the adoption of the new definition of “Total financial indebtedness” resulted in an increase in the financial debt of the Edison Group by about 12 million euros at June 30, 2021.

2. PERFORMANCE

2.1 Highlights



(*) Effect on indebtedness as described in paragraph 6.3 Total financial indebtedness and cost of debt.

(**) The item incorporates the ESMA Guidelines on financial debt and therefore includes other non-current liabilities.

(***) **TFI** Total Financial Indebtedness; the ratio at June 30, 2021 was calculated using an EBITDA based on the last twelve months.

Highlights 1st half 2021 (in millions of euros)	Electric Power Operations	Gas Operations and E&P (*)	Corporate	Eliminations	**Edison Group**
EBITDA	337	174	(39)	-	**472**
EBIT	195	135	(174)	-	**156**
Gross Investments (**)	179	43	3	-	**225**

(*) Including E&P business activities in Algeria and Norway, this latter until the sale
(**) Relating to increases of property, plant and equipment and of intangible assets during the period

2.2 Segment Information

The segments, as identified by the Group in accordance with IFRS 8, correspond to the Electric Power Operations, the Gas Operations and E&P and Corporate. This segment information disclosure is based on the same structure used for the reports that are periodically analyzed by Management and the Board of Directors to manage the Group's business activities and for management reporting, planning and control purposes.

Electric Power Operations: the Group operates throughout the entire electricity supply chain with a portfolio of power generation plants from thermoelectric, hydroelectric, wind and photovoltaic sources and performs activities related to plant management and development, enhancement, dispatching and sale of energy to both wholesalers and end customers (residential, PA, SMEs and business). Electric Power Operations also includes the assets and activities of energy and environmental services.

Gas Operations and E&P: Edison is present in the various phases of the hydrocarbon supply chain with activities: i) midstream gas: development of transport infrastructure, procurement contracts, storage management and distribution networks; ii) downstream gas: sale to wholesalers and end consumers (industrial and residential); iii) upstream, which, following the sale of Edison Norge in the first half of the year, include assets for exploration, development and production of hydrocarbons in Algeria.

Corporate: include centralized and cross-functional activities by the Parent Company and the activities of certain holding and real estate companies. This includes the management of non-Energy Activities discussed in chapter 8. Non-Energy Activities.

(in millions of euros)	Electric Power Operations	Gas Operations and E&P	Corporate	Adjustments	**Edison Group**
Income statement 1st half 2021					
Sales Revenues	**2,006**	**2,388**	**38**	**(312)**	**4,120**
- Third parties	1,999	2,116	5	-	4,120
- Intra-Group	7	272	33	(312)	-
Commodity and logistic costs	(1,343)	(2,185)	-	277	(3,251)
Other costs and services used	(241)	(37)	(42)	37	(283)
Labor costs	(110)	(22)	(36)	-	(168)
Other revenues and income/(costs), net	25	30	1	(2)	54
EBITDA	**337**	**174**	**(39)**	**-**	**472**
Net change in fair value of derivatives	4	(18)	-	-	(14)
Depreciation and amortization	(146)	(21)	(10)	-	(177)
(Writedowns) and reversals	-	-	-	-	-
Other income (expenses) non Energy activities	-	-	(125)	-	(125)
EBIT	**195**	**135**	**(174)**	**-**	**156**
Balance Sheet at 06.30.2021					
Current and non current assets	6,290	3,814	3,866	(2,901)	11,069
Assets held for sale	-	10	55	-	65
Total assets	6,290	3,824	3,921	(2,901)	11,134
Current and non current liabilities	2,552	2,938	1,615	(1,578)	5,527
Liabilities held for sale	-	-	34	-	34
Total liabilities	2,552	2,938	1,649	(1,578)	5,561
Total shareholders' equity					5,573
Total financial indebtedness					423
Other information and ratios					
Number of employees	3,675	440	699	-	4,814
Employees in activities held for sale	-	-	-	-	-
EBITDA/Sales revenues	16.8%	7.3%	n.m.	n.m.	11.5%
EBIT/Sales revenues	9.7%	5.7%	n.m.	n.m.	3.8%
TFI/EBITDA					0.5
Income statement 1st half 2020					
Sales Revenues	**1,831**	**1,630**	**27**	**(381)**	**3,107**
- Third parties	1,823	1,279	5	-	3,107
- Intra-Group	8	351	22	(381)	-
Commodity and logistic costs	(1,276)	(1,406)	-	361	(2,321)
Other costs and services used	(197)	(31)	(40)	22	(246)
Labor costs	(102)	(22)	(34)	-	(158)
Other revenues and income/(costs), net	3	(4)	1	(2)	(2)
EBITDA	**259**	**167**	**(46)**	**-**	**380**
Net change in fair value of derivatives	3	-	-	-	3
Depreciation and amortization	(146)	(22)	(8)	-	(176)
(Writedowns) and reversals	(24)	-	-	-	(24)
Other income (expenses) non Energy activities	-	-	(19)	-	(19)
EBIT	**92**	**145**	**(73)**	**-**	**164**
Balance Sheet at 12.31.2020					
Current and non current assets	5,993	2,338	3,282	(2,781)	8,832
Assets held for sale	-	495	56	-	551
Total assets	5,993	2,833	3,338	(2,781)	9,383
Current and non current liabilities	2,275	1,805	1,197	(1,489)	3,788
Liabilities held for sale	-	56	59	-	115
Total liabilities	2,275	1,861	1,256	(1,489)	3,903
Total shareholders' equity					5,480
Total financial indebtedness					520
Other information and ratios					
Number of employees	3,580	431	675	-	4,686
Employees in activities held for sale (*)	-	100	-	-	100
EBITDA/Sales revenues	14.1%	10.2%	n.m.	n.m.	12.2%
EBIT/Sales revenues	5.0%	8.9%	n.m.	n.m.	5.3%
TFI/EBITDA					0.8

(*) At December 31, 2020 were included the employees of the companies Edison Norge A.S and IDG;

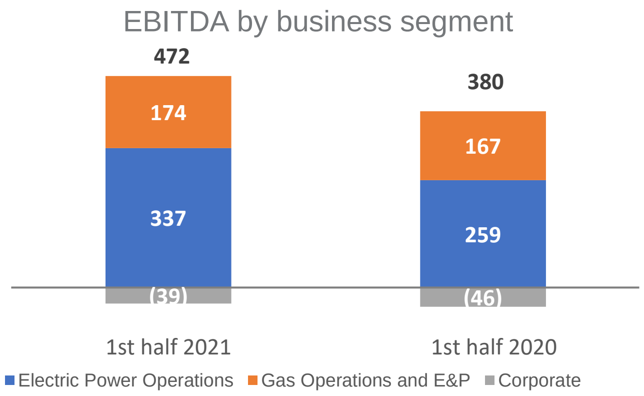
The Group does not view geographic area segment information as meaningful.

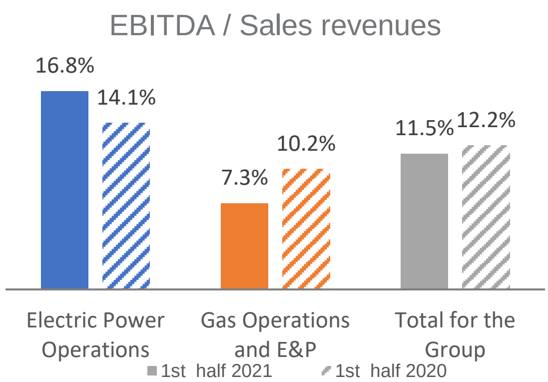
Major customers as defined by IFRS 8

Sales revenues of the Group are usually not concentrated; there is only one major customer (a related-party) with total sales revenues amounting to about 614 million euros in the first half of 2021, mainly referred to Electric Power Operations (corresponding to about 25% of sales revenues of the segment and about 15% of Group's sales revenues).

2.3 EBITDA

EBITDA (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Electric Power Operations	337	259	78	30.1%
Gas Operations and E&P	174	167	7	4.2%
Corporate	(39)	(46)	7	15.2%
Total for the Group	**472**	**380**	**92**	**24.2%**





Within a context of recovery in demand and a sharp increase in energy commodity prices compared to the first half of 2020, Group EBITDA was a positive 472 million euros, a significant increase compared to the same period of 2020 (380 million euros).

Electric Power Operations reported, in particular, good performance by hydroelectric power generation and an increase in the renewables sector. The contribution of the thermoelectric sector, which also benefited from some one-off components during the half-year, such as the contribution of CIP6 incentives for 2003-2004, was also positive. On the commercial side, results were up above all thanks to sales to residential customers, which grew both in terms of volume and unit margins.

Electric Power Operations also benefited from the contribution of the Energy & Environmental Services Market Division, which totalled 40 million euros (33 million euros in the first half of 2020); this increase is attributable mainly to the Industry Tertiary Market segment and, to a lesser extent, to the performance of foreign operations and the Environmental Service.

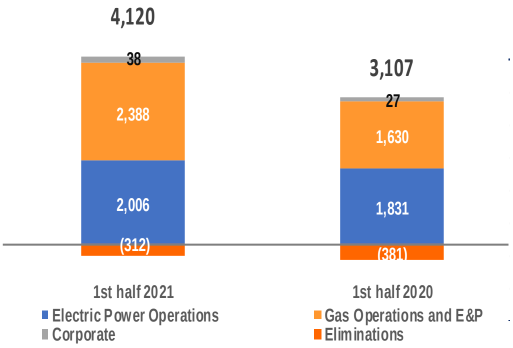
The EBITDA of Gas Operations and E&P benefited from some one-off components related to the positive results of IDG sale and rulings related to Edison Stoccaggio. The contribution of E&P activities in Algeria and Norway amounted to 7 million euros (12 million euros in the first half of 2020).

Lastly, EBITDA for the first half of 2021 benefited, for about 19 million euros, from the capitalization of the incremental costs incurred to obtain new contracts, as described in the following section 2.3.3.

The main components of EBITDA are analyzed below.

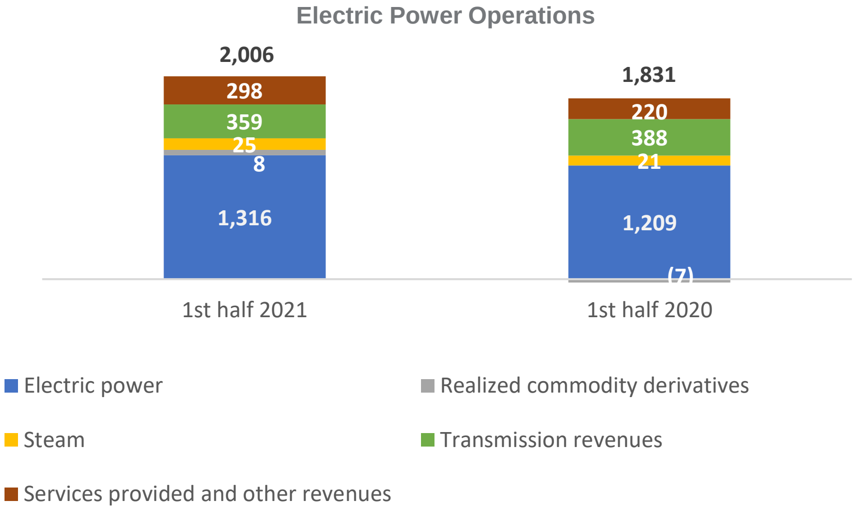
2.3.1 Sales revenues

Sales revenues (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Electric power	1,313	1,208	105	8.7%
Natural gas	1,854	1,329	525	39.5%
Realized commodity derivatives	108	(222)	330	n.s.
Steam	25	21	4	19.0%
Transmission revenues	473	500	(27)	(5.4%)
Storage services	39	38	1	2.6%
Revenues from services provided	261	219	42	19.2%
Other revenues	47	14	33	n.s.
Total	**4,120**	**3,107**	**1,013**	**32.6%**

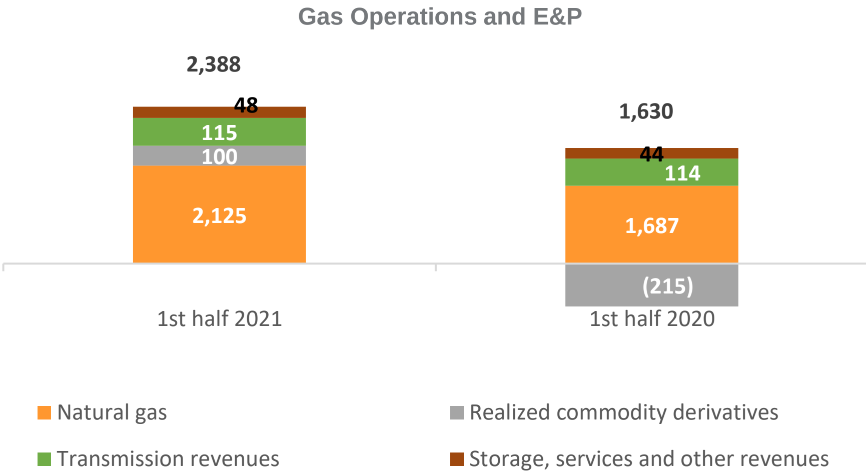


Revenues from the sale of electric power were up mainly due to the increase in energy prices in Italy.

Revenues from services provided include the energy services of Energy and Environmental Services Market Division (238 million euros in the first half of 2021, 196 million euros in the same period of 2020).



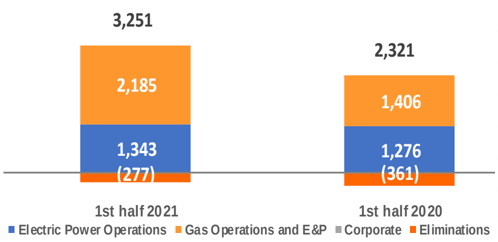
Group revenues from the sale of natural gas recorded a sharp increase, mainly as a result of the rise in energy commodity prices and, to a lesser extent, for the increase in volumes sold for industrial uses. Please note that gas sales of Gas Operations and E&P also include the sales to Electric Power Operations.



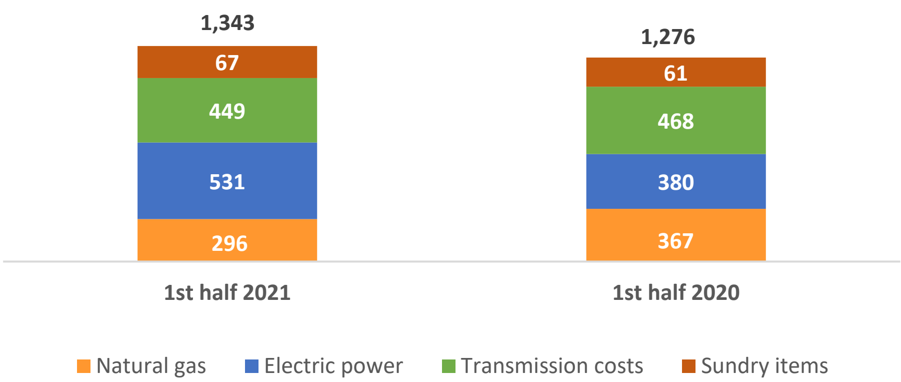
The realized results on commodity derivatives, that should be analyzed together with the corresponding item included in Commodity and logistic costs, concern the commodities and foreign exchange hedge executed to mitigate the risk of fluctuation in the cost of natural gas and that related to its sale, in line with the indexing formulas and the risk factors included.

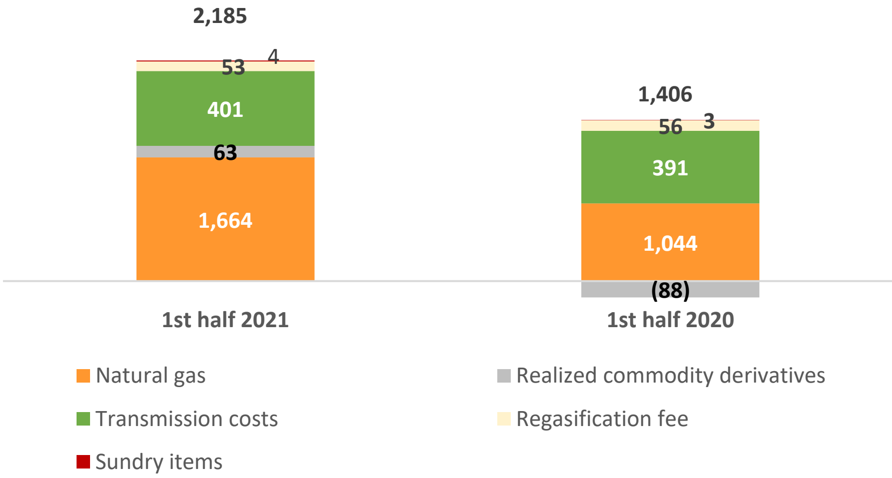
2.3.2 Commodity and logistic costs

Commodity and logistic costs (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Natural gas	1,687	1,053	634	60.2%
Realized commodity derivatives	63	(88)	151	n.s.
Electric power	531	380	151	39.7%
Transmission costs	850	859	(9)	(1.0%)
Regasification fee	53	56	(3)	(5.4%)
Sundry items	67	61	6	9.8%
Total	**3,251**	**2,321**	**930**	**40.1%**



Commodity and logistic costs show a sharp increase and reflect the issues already commented on the previous section.

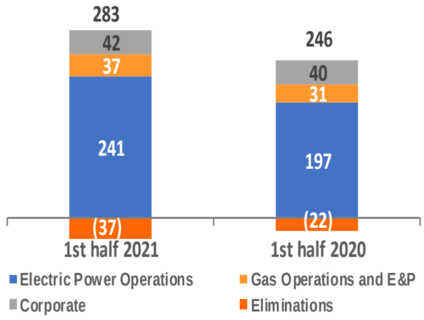




The item Regasification fee, amounting to 53 million euros, includes charges recognized to Terminale GNL Adriatico for regasification activities.

2.3.3 Other costs and services used

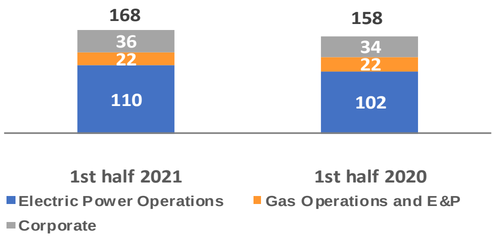
Other costs and services used (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Maintenance	108	96	12	12.5%
Professional services	63	52	11	21.2%
Use of property not owned	39	40	(1)	(2.5%)
Insurance costs	13	11	2	18.2%
Advertising and communication costs	6	2	4	n.s.
Sundry items	54	45	9	20.0%
Total	**283**	**246**	**37**	**15.0%**



In the half-year there was an increase in maintenance costs, while the items Professional services and Sundry items rose mainly due to the increase in volumes of value added services sold. It should also be noted that the comparison with the first half of 2020 benefits from the capitalization, carried out starting from 2020 Consolidated Financial Statements, of the incremental costs incurred to obtain new contracts, according to the provisions of IFRS 15 and following the evaluation of their recoverability; for further information about the capitalization of such costs, also pointed out in the following section 5.1.2 Intangible assets, please refer to the comments in 2020 Consolidated Financial Statements.

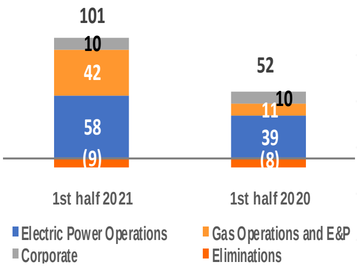
2.3.4 Labor costs

These costs recorded an increase of 10 million euros compared to the same period of the previous year, mainly linked to the Energy and Environmental Services Market Division.



2.3.5 Other revenues and income and Other costs

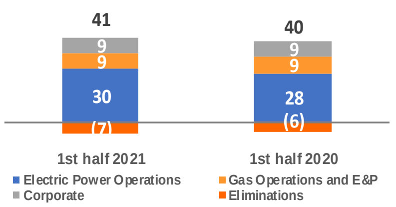
Other revenues and income (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Net reversals in earnings of provisions for sundry risks	29	8	21	n.s.
Gains on disposals	20	-	20	n.s.
Insurance indemnities	3	-	3	n.s.
Out of period and other income	49	44	5	11.4%
Total	**101**	**52**	49	94.2%



The item Gains on disposal relating to the first half of 2021 includes, among other, the income resulting from the sale of the company IDG.

It should be noted that the item Out of period and other income includes 6 million euros (4 million euros in the first half of 2020) from the operations managed in compliance with MASA joint venture agreement with EDF Trading.

Other costs (in millions of euros)	1st half 2021	1st half 2020	Change	Change %
Indirect taxes and duties	7	11	(4)	(36.4%)
Additions to provisions for risks	13	8	5	62.5%
Out of period and sundry items	21	21	-	0.0%
Total	**41**	**40**	1	2.5%



The item Out of period and sundry items includes losses on disposals for 2 million euros.

2.4 From EBITDA to Profit (Loss) from continuing operations

In addition to the industrial performance discussed above, it is worth of noting, in particular, depreciation and amortization for 177 million euros (176 million euros in the first half of 2020). Please remember that in the first half of 2020 writedowns of fixed assets were also booked for 24 million euros (please refer to Chapter 5. Fixed assets and provisions).

Net expense on non-Energy activities amounted to 125 million euros (19 million euros in the first half of 2020); for further detail please refer to chapter 8. Non-Energy Activities.

EBIT amounted to 156 million euros (164 million euros in the first half of 2020).

Financial items recorded a total of 18 million euros in net expenses, in improvement compared with the first half of 2020 (net expenses of 25 million euros), which was affected by foreign exchange translation losses linked to loans denominated in foreign currencies granted to some companies pertaining to E&P business, now sold.
As regards Net financial income (expense) on debt and Net financial income (expense) on assigned trade receivables without recourse reference should be made to paragraphs 6.3 Total financial indebtedness and cost of debt and 3.2 Operating working capital, respectively. The following table is a breakdown of the item **Other net financial income (expense).**

Other net financial income (expense) (in millions of euros)	**1st half 2021**	1st half 2020	Change
Financial expenses on provisions	(5)	(5)	-
Net foreign exchange translation gains (losses) (*)	-	(12)	12
Other	(1)	6	(7)
Other net financial income (expense)	**(6)**	**(11)**	**5**

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

The item Net foreign exchange translation gains (losses) in the first half of 2020 shows net losses for 12 million euros, which mainly reflected the adjustment of financial receivables and payables denominated in foreign currencies to exchange rates at June 30, 2020 and were affected by significant fluctuations suffered by some currencies, especially Norwegian krone and British pound, compared to December 31, 2019. In the first half of 2021 the same item doesn't show significant amounts following the disposal of foreign subsidiaries pertaining to E&P business and the termination of the related financing relationships.
After including net income for **income taxes** (172 million euros, reviewed in chapter 7. Taxation), and net income from equity investments (12 million euros) the **Profit (Loss) from continuing operations is 322 million euros in profit, 104 million euros in the first half 2020**.

2.5 Profit (Loss) from discontinued operations and Group interest in profit (loss)

Profit (Loss) from discontinued operations relating to the first half of 2021, a loss for 3 million euros, includes mainly charges on provisions for risks of a fiscal nature linked to any liabilities related to E&P activities sold, for which Edison remained liable on the basis of the agreements with Energean.
Please remember that Profit (Loss) from discontinued operations relating to the first half of 2020, a loss for 162 million euros, included, amongst other, the writedown determined to align the book value of the E&P perimeter held for sale to the expected sale price, following the amendments of the agreement with Energean. For further information, please refer to paragraph 9.1 Disclosure pursuant to IFRS 5.
After deducting the item described above the Group interest in profit (loss) is equal to 319 million euros in profit (a loss for 65 million euros in the first half 2020).

3. NET WORKING CAPITAL

Net Working Capital (in millions of euros)	06.30.2021	12.31.2020	Change
Trade receivables	1,180	1,053	127
Inventories	115	113	2
Trade payables	(1,323)	(1,256)	(67)
Operating Working Capital (A)	**(28)**	**(90)**	**62**
Other non-current assets	187	60	127
Other current assets	401	359	42
Other current liabilities	(228)	(195)	(33)
Other assets (liabilities) (B) (*)	**360**	**224**	**136**
Net working capital (A+B)	**332**	**134**	**198**

(*) It should be noted that Other non-current liabilities are not included in this item since they are instead included in "Total financial indebtedness" (reference should be made to paragraph 6.3 Total financial indebtedness and cost of debt).

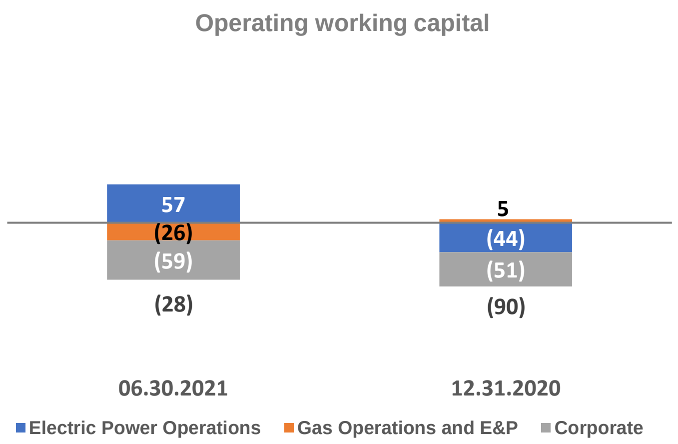
Operating working capital increases compared to December 31, 2020, mainly due to the effect of seasonality of business. The increase in the item "Other non-current assets" reflects instead the recognition for around 117 million euros of receivables for advances paid as part of long-term contracts to import natural gas, relating to volumes not withdrawn for which Edison Spa has a payment obligation as a result of the activation of take-or-pay clauses. The recoverability of these volumes is expected within the timespan of the residual duration of the contracts.

3.1 Credit risk management

The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

To control this risk, the Edison Group strengthened the procedures and programs designed to evaluate customer credit standing and optimized the collection strategies for the various customer segments. When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives) the Group deals only with entities with a high credit rating. At June 30, 2021, there were no significant exposures to risks related to a possible deterioration of the overall financial environment and no significant levels of concentration held by non-institutional individual counterparties.

3.2 Operating working capital



Change of the period is mainly due to the increase of trade receivables, both for Electric Power Operations and for Gas Operations and E&P.

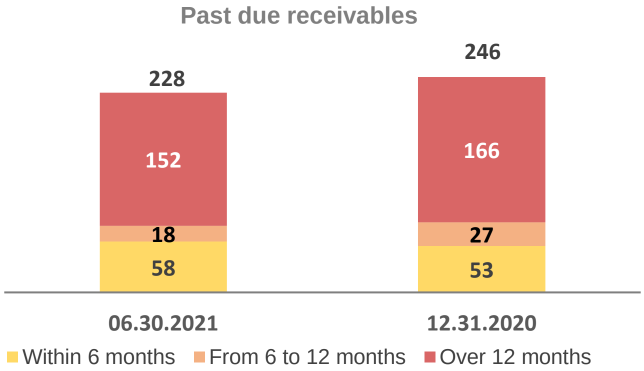
3.2.1 Trade receivables

Trade receivables (in millions of euros)	06.30.2021	12.31.2020	Change
Electric Power Operations	701	643	58
Gas Operations and E&P	494	436	58
Corporate and eliminations	(15)	(26)	11
Trade receivables	**1,180**	**1,053**	**127**
of which allowance for doubtful accounts	**(170)**	**(191)**	**21**
Guarantees owned	12	8	4

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, and Power Exchange transactions.

Edison Group regularly carries out transactions to assign trade receivables without recourse on a revolving monthly basis and by the transfer of credit risk on a non-recourse basis. Note that in the first half of 2021 the receivables assigned with such transactions totalled 2.200 million euros (1,876 million euros in the first half of 2020). These receivables were not exposed to the risk of recourse at June 30, 2021. The costs related to managing these activities are recorded under financial items and amount to 7 million euros (7 million euros in the first half of 2020).

Edison Group continues to pursue a credit management approach differentiated over three market segments (Retail, Business and Public Administration), which is aimed, through structural actions, at preventing the formation of new trade receivables and quickly collect both current and non-performing receivables.



The table that follows shows the changes in "Allowance for doubtful accounts":

(in millions of euros)	12.31.2020	Additions	Utilizations	Other	06.30.2021
Allowance for doubtful accounts (*)	**(191)**	**(6)**	**26**	**1**	**(170)**

(*) Including default interests.

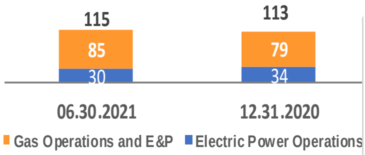
Additions to the allowance reflect the result of an assessment, performed consistent with the Group's policy, of the different status of receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were mainly recognised for receivables deemed uncollectible during the period.

EBITDA for the period shows net charges related to writedowns and reversals on receivables for 6 million euros (14 million euros in the first half of 2020).

The amount of the allowance for doubtful accounts is determined based on the different underlying credit statuses or, particularly for receivables owed by Retail customers, taking into account the relative age of the non-performing receivables and the methodology envisaged in the IFRS 9 accounting standard (expected credit losses model). It should also be noted that during 2020 has been signed an insurance contract on the receivables related to a part of the Business customers, which determined a reduction in credit risk of the interested customers.

3.2.2 Inventories

Inventories (in millions of euros)	06.30.2021	12.31.2020	Change
Stored natural gas	83	77	6
Engineering consumables	20	20	-
Other	12	16	(4)
Inventories	**115**	**113**	**2**



The inventories include 35 million euros for stored natural gas the use of which is restricted as a strategic reserve. The increase in stored natural gas is due to the rise in prices of stocks.

3.2.3 Trade payables

Trade payables (in millions of euros)	06.30.2021	12.31.2020	Change
Electric Power Operations	674	721	(47)
Gas Operations and E&P	605	510	95
Corporate and eliminations	44	25	19
Trade payables	**1,323**	**1,256**	**67**

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.

3.3 Other assets and liabilities

Other assets and liabilities (in millions of euros)	06.30.2021	12.31.2020	Change
VAT credit	253	221	32
Other tax receivables	11	8	3
Deposits	20	20	-
Advances to suppliers	24	19	5
Receivables for take or pay advances	133	16	117
Other	147	135	12
Total other assets (A)	**588**	**419**	**169**
Amount owed to employees	49	45	4
Payables owed to social security institutions	29	30	(1)
Other	150	120	30
Total other liabilities (B)	**228**	**195**	**33**
Other assets and liabilities (A-B)	**360**	**224**	**136**

With reference to VAT credit, please note that during the first half of 2021 the refunds were requested in relation to 2020 tax credits for an amount of 165 million euros.

The item Other of Other liabilities includes at June 30, 2021 payables for earn-out for about 8 million euros linked to the acquisition of the company Hydro Dynamics.

Commitments

At June 30, 2021, guarantees of about 465 million euros (at December 31, 2020 about 545 million euros) were recognized to the Revenue Agency, provided mainly by Edison Spa and referred to VAT credit refunds related to the periods from 2016 to 2020

4. MARKET RISK MANAGEMENT

This Chapter provides an overview of the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities, the foreign exchange risk linked to commodities and other risks related to foreign exchange rate.
In accordance with IFRS 7 Financial Instruments - Disclosure, consistently with Semiannual Report on Operations, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.
In addition, effects of derivatives transactions on Income Statement and Balance Sheet at June 30, 2021 are provided too.

4.1 Market risk and risk management

4.1.1 Commodity price risk and exchange rate risk related to commodity transactions

The Edison Group 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 Group is also exposed to exchange rate risk.
The management and control of these risks are governed by the Energy Risk Policies, which involve the use of derivatives for hedging purposes in order to reduce or mitigate the related risk.
For further details concerning the governance model adopted by the Group and the operational procedures related to it, please refer to the 2020 Consolidated Financial Statements.
For hedging derivatives of the Industrial Portfolio, a simulation is carried out to measure the potential impact of market prices fluctuations on the fair value of outstanding derivatives. The simulation is carried out for a length of time equal to the residual lives of outstanding derivative contracts, the farthest maturity of which is currently 2024.
The following table shows the maximum expected negative variance in the fair value by the end of the year, with a 97.5% probability, compared with the fair value determined at June 30.

Value at Risk (VaR) (*) (in millions of euros)	**06.30.2021**	**06.30.2020**
Maximum negative variance in the fair value of derivatives	467	796
Maximum negative variance in the fair value including the change in the fair value of the contracts object of hedge; of which:	213	449
- potential impact on Income Statement (**)	36	15
- potential impact on balance sheet in Cash Flow Hedge reserve (***)	185	156

(*) Value at Risk: is a statistical measurement of the maximum potential negative variance in portfolio's fair value in response to unfavorable market moves, within a given time horizon and confidence interval.
(**) Referring to derivatives qualified as Economic Hedges and to the ineffective portion of derivatives qualified as Cash Flow Hedges and Fair Value Hedges.
(***) Referring to the effective portion of derivatives qualified as Cash Flow Hedges.

The maximum variance in the fair value increase compared with the level measured at June 30, 2020 is mainly attributable to higher volatility on the energy markets where the Group operates.
The hedging strategy deployed during the period enabled the Group to comply with its risk management objectives; the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital in terms of absorption of economic capital is the following:

Industrial portfolio **Economic Capital absorbed**	**1st half 2021** **without derivatives**	 **with derivatives**	**1st half 2020** **without derivatives**	 **with derivatives**
Average absorption of the approved limit of Economic Capital	295%	51%	266%	39%
Maximum absorption	333% - May '21	58% - April '21	288% - June. '20	54% - June. '20

4.1.2 Foreign exchange risk

The types of foreign exchange risk and the guidelines related to the governance and to the risk mitigation strategies are unchanged compared with December 31, 2020.

4.2 Hedge Accounting and Economic Hedge – Fair Value Hierarchy

Whenever possible, the Group applies hedge accounting, provided the transactions comply with the requirements of IFRS 9.

4.2.1. Classification

Forward transactions and derivatives outstanding are 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 Hedges - CFH) on interest rates, exchange rates and commodity and (ii) transactions that hedge the fair value of the hedged item (Fair Value Hedges - FVH) on commodity (price and exchange rate).
2) **Forward transactions and derivatives that do not qualify as hedges in accordance with IFRS 9** that comply with internal risk policies and procedures on management of exchange rate and energy commodity risks.

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 June 30, 2021, one category is classified at this level which fair value is positive for about 3 million euros (one category at December 31, 2020 which fair value was positive for about 4 million euros).

The valuation of financial instruments can entail significant subjective judgment. 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 derivatives transactions on Income Statement and Balance Sheet at June 30, 2021

4.3.1. Effects of derivatives transactions on Income Statement at June 30, 2021

(in millions of euros)	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 06.30.2021 (A+B)	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 06.30.2020 (A+B)
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IFRS 9 (CFH) (*)	**(93)**	**(5)**	**(98)**	**(87)**	**(3)**	**(90)**
Price risk hedges for energy products	(85)	(5)	(90)	(92)	(3)	(95)
Exchange risk hedges for commodities	(8)	-	(8)	5	-	5
Total definables as hedges pursuant to IFRS 9 (FVH)	**137**	**(8)**	**129**	**(47)**	**6**	**(41)**
Price risk hedges for energy products	144	7	151	(72)	(123)	(195)
Exchange risk hedges for commodities	(7)	37	30	25	(9)	16
Fair value physical contracts	-	(52)	(52)	-	138	138
Total not definables as hedges pursuant to IFRS 9	**1**	**(1)**	**-**	**-**	**-**	**-**
Price risk hedges for energy products	1	(1)	-	-	-	-
Exchange risk hedges for commodities	-	-	-	-	-	-
Total price risk and exchange risk hedges for commodities	**45**	**(14)**	**31**	**(134)**	**3**	**(131)**
TOTAL INCLUDED IN EBIT	**45**	**(14)**	**31**	**(134)**	**3**	**(131)**
Result from interest rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	(3)	-	(3)	(3)	-	(3)
Not definables as hedges pursuant to IFRS 9	-	-	-	-	-	-
Total interest rate hedges (A)	**(3)**	**-**	**(3)**	**(3)**	**-**	**(3)**
Result from exchange rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	(1)	-	(1)	1	-	1
Not definables as hedges pursuant to IFRS 9	(1)	-	(1)	-	-	-
Total exchange rate hedges (B)	**(2)**	**-**	**(2)**	**1**	**-**	**1**
TOTAL INCLUDED IN FINANCIAL ITEMS (A+B)	**(5)**	**-**	**(5)**	**(2)**	**-**	**(2)**

(*) Includes the ineffective portion.

Specifically with regard to the changes that occurred in the first half of 2021, the general increase in the prices of all of the commodities had a positive effect on the value of hedging financial derivatives, partially offset by a negative value of the change in the fair value in the period.

The economic results of the operations managed in compliance with MASA joint venture agreement with EDF Trading – so-called profit sharing – aren't included in the table above because are recorded in the item Other revenues and income (positive for about 6 million euros in the first half of 2021; about 4 million euros in the first half of 2020).

Focus on Net change in fair value of derivatives (commodity and exchange rate risk)

The following table provides the effects on the Income Statement from the changes in the fair value of the derivatives (commodity and foreign exchange rate), negative for 14 million euros in the first half of 2021 and positive for 3 million euros in the first half of 2020 (please see line "Total included in EBIT" with interception with columns B in the table above).

Net change in fair value of derivatives (commodity and exchange rate risk) (in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
2021				
Hedges of price risk on energy products	(5)	7	(1)	**1**
Hedges of foreign exchange risk on commodities	-	37	-	**37**
Change in fair value in physical contracts (FVH)	-	(52)	-	**(52)**
1st half 2021	**(5)**	**(8)**	**(1)**	**(14)**
2020				
Hedges of price risk on energy products	(3)	(123)	-	**(126)**
Hedges of foreign exchange risk on commodities	-	(9)	-	**(9)**
Change in fair value in physical contracts (FVH)	-	138	-	**138**
1st half 2020	**(3)**	**6**	**-**	**3**

(*) It refers to the ineffective portion.

We remind that the Group extensively applies hedge accounting, through both Cash Flow Hedge and Fair Value Hedge operations, and that principle IFRS 9, which entered into force starting from January 1, 2018, changed these amendments, also modifying the rules of the accounting hedge relationships approaching the logics of recognition to those of risk management, consequently reducing the volatility effects.

4.3.2. Effects of derivatives transactions in Balance Sheet at June 30, 2021

The following table shows Fair Value breakdown recorded in Balance Sheet and gives its classification according to IFRS 13.

(in millions of euros)	06.30.2021			12.31.2020		
Broken down as follows:	**Receivables**	**Payables**	**Net**	**Receivables**	**Payables**	**Net**
- Financial assets (liabilities)	-	(10)	(10)	-	(13)	(13)
- Non-current assets (liabilities)	521	(449)	72	201	(187)	14
- Current assets (liabilities)	1,492	(1,436)	56	428	(412)	16
Fair Value recognized as assets or liabilities (a)	**2,013**	**(1,895)**	**118**	**629**	**(612)**	**17**
of which of (a) related to:						
- Interest Rate Risk Management	-	(10)	(10)	-	(13)	(13)
- Exchange Rate Risk Management	12	(31)	(19)	-	(85)	(85)
- Commodity Risk Management	1,409	(1,200)	209	406	(280)	126
- Fair value on physical contracts	592	(654)	(62)	223	(234)	(11)
Broken down on fair value hierarchy:						
- Level 1	223	(15)	208	59	(1)	58
- Level 2	1,787	(1,880)	(93)	566	(611)	(45)
- Level 3 (*)	3	-	3	4	-	4
IFRS 7 potential offsetting (b)	**(598)**	**598**		**(90)**	**90**	
Net Fair Value including potential offsetting (a+b)	**1,415**	**(1,297)**	**118**	**539**	**(522)**	**17**

(*) The fair value classified at level 3 is entirely recognized in Cash Flow Hedge reserve.

It is worth of mentioning that, as a counterpart of assets and liabilities shown above, a positive Cash Flow Hedge reserve by 98 million euros, gross of deferred tax assets and liabilities, was recorded in the shareholders' equity. For more information, please refer to paragraph 6.1 Shareholders' equity.
The increase, compared to December 2020, in Fair Value recorded in receivables and payables experienced in June 2021 is due to the general rise in the price of the treated commodities.

5. FIXED ASSETS AND PROVISIONS

5.1 Tangible, intangible assets and goodwill

Tangible, intangible assets and goodwill (in millions of euros)	Property, plant and equipment	Intangible assets	Goodwill	Total
Balance at 12.31.2020 (A)	**3,447**	**265**	**2,174**	**5,886**
Changes in 1st half 2021:				
- investments (*)	166	59	-	225
- additions (IFRS 3 *revised*)	22	-	-	22
- disposals (-)	(1)	-	-	(1)
- depreciation and amortizations (-) (*)	(148)	(29)	-	(177)
- other changes (*)	(13)	8	-	(5)
Total changes (B)	**26**	**38**	**-**	**64**
Balance at 06.30.2021 (A+B)	**3,473**	**303**	**2,174**	**5,950**

(*) Including IDG and Edison Norge until the sale

TANGIBLE, INTANGIBLE ASSETS AND GOODWILL CHANGES (M€)

Commitments on fixed assets:

Commitments amount 522 million euros (619 million euros at December 31, 2020) and mainly include:

- 389 million euros (466 million euros at December 31, 2020) for the completion of investments in progress in Italy, of which 192 million euros linked to the construction of a latest-generation combined-cycle thermoelectric power plant powered by natural gas in Presenzano in the province of Caserta and 109 million euros linked to the construction of a new latest-generation combined-cycle gas turbine at the Marghera Levante (VE) thermoelectric power plant;
- 77 million euros for a 12-year long term contract, signed with a shipowner, for the hire of an LNG vessel that is under construction and will be delivered during 2021;
- 56 million euros (no changed compared to December 31, 2020) that reflect the carrying amounts of the assets or rights pledged as collateral on the balance sheet date and mainly refer to mortgages and encumbrances granted on wind and photovoltaic plants of companies controlled by the formerly EDF EN Italia (now Edison Renewable), to secure loans provided by financial institutions.

Please consider that the commitment of 20 million euros, booked at December 31, 2020, on the contract for the supply of gas from the Shah Deniz II field in Azerbaijan, has been cancelled with the first delivery of gas to Italy through the Trans Adriatic Pipeline (TAP). This amount, paid in July 2021, has been booked at June 30, 2021 as intangible asset with counterpart other current liabilities.

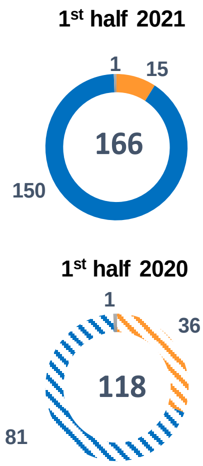
5.1.1 Property, plant and equipment

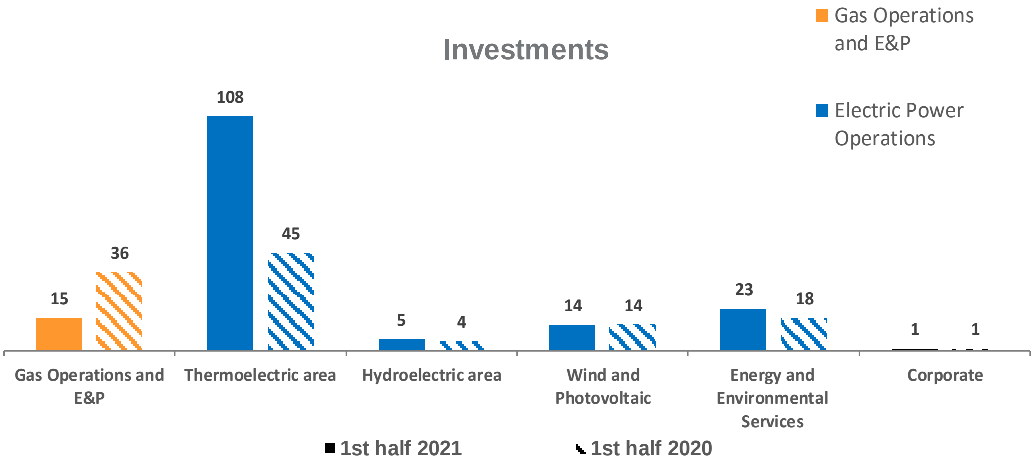
Property, plant and equipment (in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets under leases IFRS 16 (*)	Other assets	Construction in progress and advances	**Total**
Balance at 12.31.2020 (A)	**302**	**2,336**	**100**	**298**	**16**	**395**	**3,447**
Changes in 1st half 2021:							
- investments (**)	1	11	1	-	1	152	166
- additions (IFRS 3 revised)	1	21	-	-	-	-	22
- disposals (-)	-	(1)	-	-	-	-	(1)
- depreciation (-) (**)	(7)	(115)	(6)	(18)	(2)	-	(148)
- other changes (**)	6	(6)	3	8	-	(24)	(13)
Total changes (B)	**1**	**(90)**	**(2)**	**(10)**	**(1)**	**128**	**26**
Balance at 06.30.2021 (A+B)	**303**	**2,246**	**98**	**288**	**15**	**523**	**3,473**

(*) Recorded as required by IFRS 16; related financial debt is exposed in "Non-current Financial debt" (207 million euros) and in "Current Financial Debt" (34 million euros)

(**) Including IDG and Edison Norge until the sale

Investments





Investments related to **Electric Power Operations** include mainly:

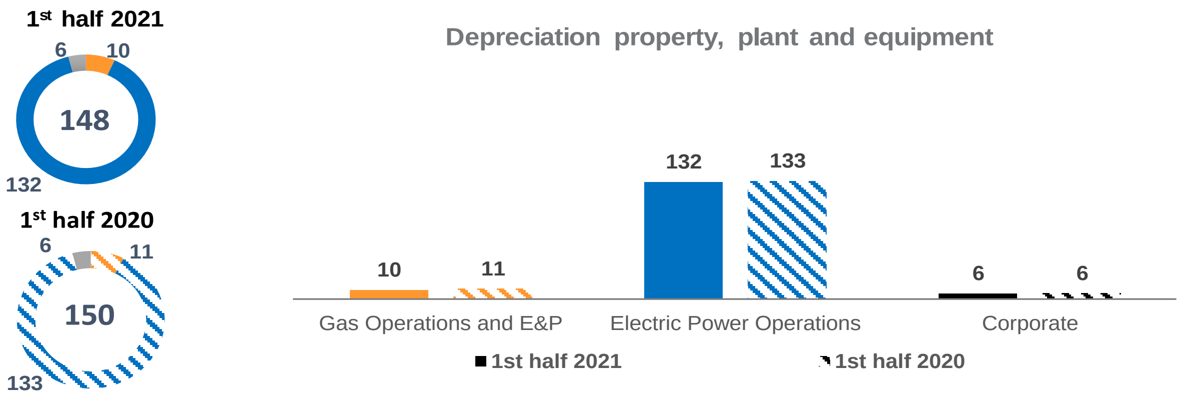
- construction of new combined-cycle gas turbines of the thermoelectric plants of Marghera Levante and Presenzano;
- construction of new plants in the wind sector;
- investments of Energy & Environmental Services Market Division, mainly related to the construction of cogeneration and trigeneration plants at customers' premises (Stellantis Group and CNHi).

As regards the **Gas Operations and E&P**, investments mainly concern E&P activities abroad.

The item addition (IFRS 3 revised) refers to the acquisition of the company Hydro Dynamics, as previously described in the paragraph 1.7.

The borrowing costs capitalized as part of property, plant and equipment, as allowed by IAS 23 revised, amounted about 2 million euros.

Depreciation



5.1.2 Intangible assets

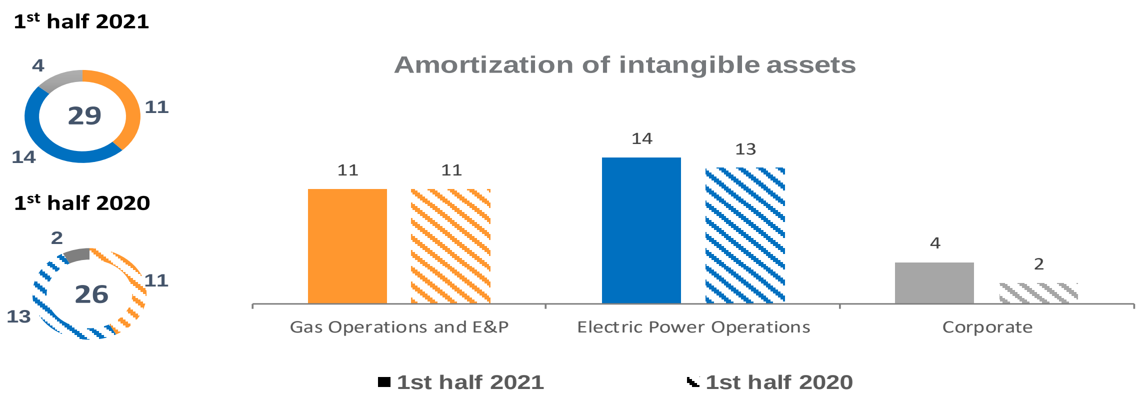
Intangible assets (in millions of euros)	Hydrocarbon concessions	Concessions, licenses, patents and similar rights	Other intangible assets	Work in progres and advances	**Total**
Balance at 12.31.2020 (A)	**7**	**36**	**202**	**20**	**265**
Changes in 1st half 2021:					
- investments (*)	-	1	41	17	59
- amortization (-) (*)	(1)	(8)	(20)	-	(29)
- other changes (*)	-	10	(12)	10	8
Total changes (B)	**(1)**	**3**	**9**	**27**	**38**
Balance at 06.30.2021 (A+B)	**6**	**39**	**211**	**47**	**303**

(*) Including IDG and Edison Norge until the sale

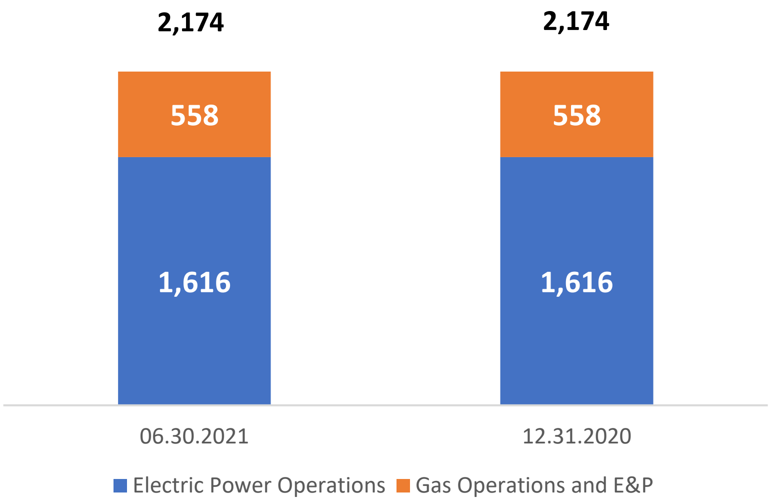
The main changes in the first half 2021 are referred to **investments** that mainly concern:

- the capitalization under the item Other intangible assets of incremental costs of obtaining new contracts in the commercial sector;
- improvements to third party assets in particular of the Energy & Environmental Services Market Division for commissions relating to the Public Administration;
- the increase in value of the contract for the supply of gas from the Shah Deniz II field in Azerbaijan for 20 million euros; the total capitalized amount, 30 million euros, is now amortizable (please note that in 2018, at the same time as the acquisition of Gas Natural Vendita Italia (GNVI), an advance of 10 million euros had already been paid for the acquisition of this contract, that was classified up to now as an intangible in progress).

Amortization



5.1.3 Goodwill



During the first half of 2021 the value of the goodwill hasn't changed.

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.

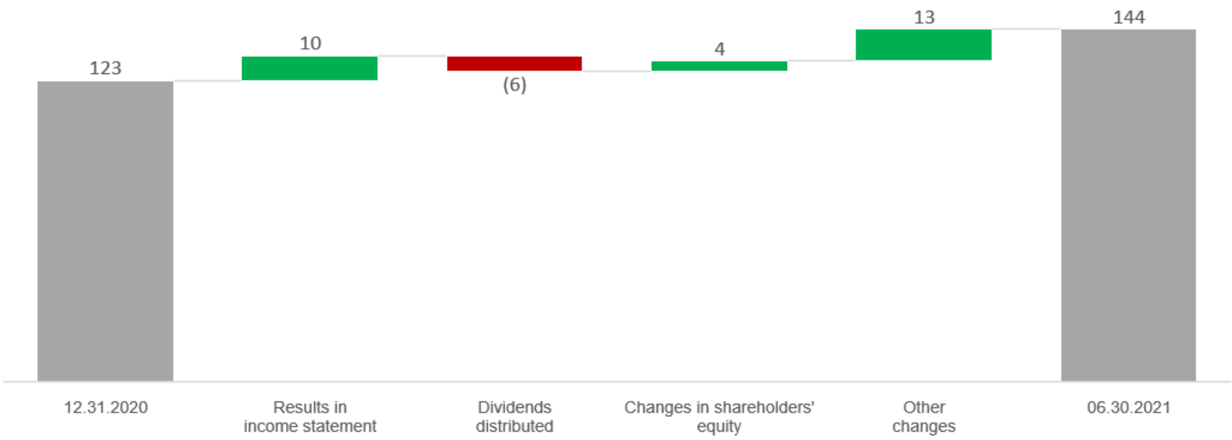
5.1.4 Impairment Test in Accordance with IAS 36

As required by IAS 36, in the first half of 2021 the Group performed analysis to identify potential impairment indicators which may change the Cash Generation Units (CGUs) and goodwill's recoverable value.
Specifically, the short/medium-term economic and scenario variables, the financial performance of the first half and the probable evolutions of the regulatory framework were analyzed. The analysis hasn't shown any trigger to require a semiannual impairment test.

5.2 Equity investments and Other non-current financial assets

5.2.1 Investments in companies valued by the equity method

The change during the period is reported below.



The **results in income statement** refer mainly to the companies Ibiritermo, Elpedison Sa, Dolomiti Edison Energy and IGI Poseidon. The **dividends distributed** refer mainly to the company Ibiritermo. The **changes in shareholders' equity** include the contributions paid in the first half to the company IGI Poseidon and are related to the pipeline Eastmed. The

other changes it mainly refers to Dolomiti Edison Energy which revalued some assets pursuant to Law Decree 104/2020, converted with amendments into Law no. 126/2020, revaluation which find counterpart in shareholders' equity.

5.2.2 Other non-current financial assets

These amount to 79 million euros (80 million euros at December 31, 2020) and include mainly:

- for 47 million euros (47 million euros at December 31, 2020) the financial receivable towards the company Elpedison Sa; these amounts are net of a provision of about 5 million euros, unchanged compared to December 31, 2020. Note that the capital repayments and the payments of the interest due during the period have been regularly made;
- for 10 million euros (amount unchanged compared to December 31, 2020) the financial receivable of Edison towards the company Depositi Italiani GNL (DIG) referring to a shareholders loan granted in October 2020 expiring in 2036;
- for 9 million euros (7 million euros at December 31, 2020) the investment in the FPCI Electranova - Idinvest Smart City Venture Fund, which concentrates on unlisted companies experiencing rapid growth (from the initial phase to the advanced phase) in the Energies & Cities sector, primarily at EU level. This investment is measured at fair value and during the first half of 2021 a positive change in fair value for about 2 million euros has been booked in the income statement;
- for 6 million euros as restricted bank deposits (5 million euros at December 31, 2020), mainly related to renewables sector.

Commitments

Guarantees amounting to approximately 69 million euros (70 million euros at December 31, 2020), provided by Edison to financial institutions in the interest of Elpedison, were recognized.

5.3 Provisions for risks and employee benefits

(in millions of euros)	12.31.2020	Additions	Utilizations	Financial expenses	Other changes	06.30.20201
Employee benefits	37	-	(1)	-	1	37
Provisions for decommissioning and remediation of industrial sites	172	-	(1)	3	8	182
Provisions for risks and charges	228	13	(37)	1	118	323
Total	**437**	**13**	**(39)**	**4**	**127**	**542**

5.3.1 Employee benefits

The amount reflects the accrued severance indemnities and other benefits owed to employees at the end of the period. The actuarial (gains) and losses are recorded in equity. A valuation in accordance with the actuarial criteria of IAS 19 is performed only for the liability for Employee Severance Indemnities that is still held at the Company.

5.3.2 Provisions for decommissioning and remediation of industrial sites

Include the valuation, discounted to the reporting date, of the decommissioning costs that the Group expects to incur for industrial sites. The change during the period reflects, in particular, the increase for the discounting effect, under the income statement item 'Other net financial income (expense)' and a change in estimated costs, which involved the increase of some provisions and consequently of the relative fixed assets in the item 'plant and machinery'.

5.3.3 Provisions for risks and charges

These refer to provisions of a purely industrial nature for the various areas in which the Group operates. In particular, at June 30, 2021 these include, for about 118 million euros the valuation of the need for CO_2 emission rights referred to the first half 2021, in addition to some provisions related to the sale of equity investments, tax disputes related to property taxes and a provision referred to onerous contracts of the Energy & Environmental Services Market Division.

These reflect, *inter alia*, the valuation of **probable liabilities** linked to some disputes for which it was possible to reliably estimate the underlying expected obligation, even though the timing of any resulting monetary outlay cannot be objectively predicted.

With regard to the changes occurred in the period, please note in particular the following:

Edison Spa - Reclassification for registration tax purposes of the business transfer transaction to Taranto Energia and subsequent sale of the equity investment

At the end of 2018, the Milan Revenue Agency requested that Edison Spa pay the pending amount of the registration tax liquidated for the business transfer transaction of the Taranto thermoelectric power plants to Taranto Energia and subsequent sale of the equity investment to ILVA in 2011.

The dispute, together with that proposed by ILVA, is currently pending before the Court of Cassation following an unfavourable decision for the companies issued by the Regional Tax Commission. However, legislative changes of interpretative nature of the registration tax (art. 1, paragraph 87 letter a of Law 205/2018) have limited the possibility of legitimately requalifying the contribution operations and the interpretative norm was confirmed by the Constitutional Court with two rulings.

After some postponements, the pending dispute should be discussed before the Court of Cassation in July 2021.

In the current period there were no changes in the provision pending the Supreme Court ruling.

5.4 Contingent assets and liabilities

Contingent assets

Benefit not recognized in financial statements as it is not virtually certain

Edison Spa – Dispute for registration fees on transactions requalified as disposal of business operations regarding CIP 6/92 power plants

The dispute, pending since 2010, concerns the registration tax paid following the requalification as sale of a business of the conveyance of business operations consisting of the thermoelectric power plants subject to CIP 6/92 to a newco and the subsequent sale of the equity investment.

This dispute is also concerned by the regulatory amendments cited above, in relation to the dispute for registration tax relating to the Taranto plants.

The dispute, pending before the Court of Cassation following the Regional Commission's decision that was unfavourable to the Company, also after several postponements, should be discussed before the Supreme Court in September 2021. The tax was already paid in full while lawsuit was pending.

Contingent liabilities

Not recognized in financial statements as they depend on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably and are likely to result in a cash outlay of an amount that cannot reasonably be estimated.

Edison Energia Spa – Electric power additional charges reimbursement

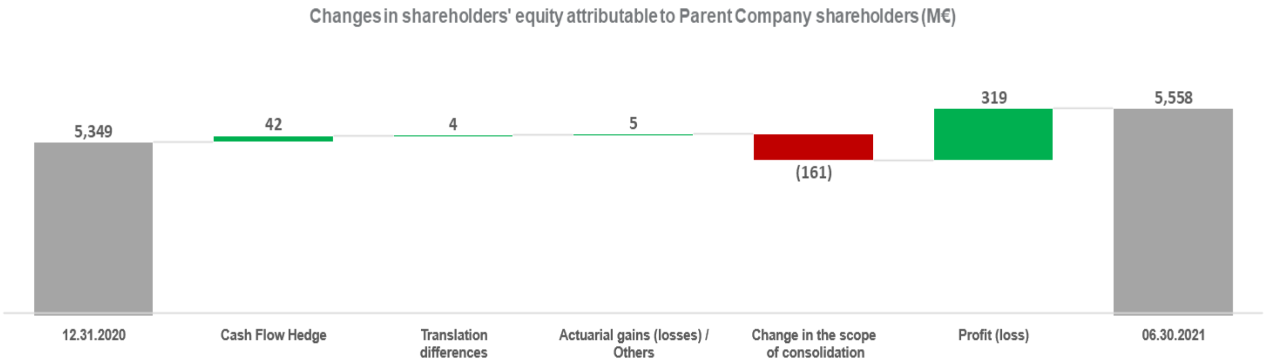
Following some recent sentences of the Court of Cassation, which established the illegitimacy of the electric power additional charges, a significant number of reimbursement application for these additional charges, already suppressed in 2012, have been sent towards Edison Energia by customers active in the years 2010 and 2011, for which disputes are pending for 7.5 million euros.

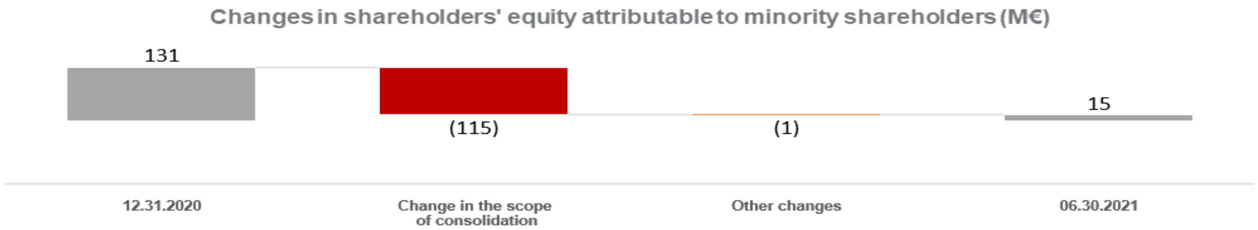
Edison Energia, just like all the others electric power companies, has always collected and deposited to the tax authority the additional charges established by the regulations in force at the time and therefore every reimbursement owed to the customers has to find a corresponding right for the supplier to recover the same amounts from the tax authority. The company is managing the current litigation before the civil courts and also activating the contingent recovery actions of these taxes towards the tax authority.

6. SHAREHOLDERS' EQUITY, FINANCIAL DEBT AND COST OF DEBT

6.1 Shareholders' equity

The main changes that occurred during the period in shareholders' equity attributable to the shareholders of the Parent Company and in net equity attributable to minority shareholders are presented below. A breakdown of the shareholders' equity attributable to Parent Company shareholders and to minority shareholders is provided in the schedule entitled "Changes in Consolidated Shareholders' Equity".





Change in the scope of consolidation refers to the purchase of 70% of E2i Energie Speciali (now Edison Rinnovabili Spa). The purchase, concerning a company already consolidated line-by-line, pursuant to IFRS 10, has been treated as a transaction between shareholders and the corresponding value has been booked to shareholders' equity. In particular the reduction in shareholder's equity attributable to Parent Company shareholders, amounting to 161 million euros, reflects the higher value attributed to the 70% stake acquired during the first half.

Please remember that on April 27, 2021 it has become effective the resolution to reduce the share capital of Edison Spa, which was approved by the Extraordinary Shareholders' Meeting of March 31, 2021; as a result of this resolution the share capital of Edison decreased from 5,377 million euros to 4,736 million euros.

The table below provides a breakdown of the change that occurred in the Cash Flow Hedge reserve due to the adoption of IFRS 9 for the accounting of derivatives. The change refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rate risk. The amounts recognized directly in equity will be reflected in the income statement concurrently with the economic effects produced by the hedged items.

Cash Flow Hedge Reserve (in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at 12.31.2020	41	(11)	30
Change in the period	57	(15)	42
Reserve at 06.30.2021	**98**	**(26)**	**72**

The change that occurred during the period and the reserve at June 30, 2021 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 figures, increased from December 31, 2020, reflect the rise in prices recorded during the period with reference to all commodity markets.

6.2 Management of financial resources

Edison defines its financial strategy with the primary objective of guaranteeing the availability of financial resources at the best market conditions and, with the appropriate balancing, to support ordinary business management and the development of investments to sustain future growth.
For this purpose, Edison also, but not exclusively, relies on the controlling company EDF Sa to obtain loans in any technical form, to guarantee flexibility in liquidity and/or coverage of structural needs. For Edison, terms and conditions are in line with the best market conditions.
Concerning treasury, Edison dedicates one of its current bank accounts to a cash-pooling agreement with EDF Sa, which allows significant flexibility thanks to the availability of up to 199 million euros at competitive conditions.
Liquidity management is mainly centralized at the level of Edison Spa, which in general directly manages, or in some cases simply co-ordinates, the treasury operations of its subsidiaries through intercompany current accounts and intra-group loans.
To support certain investment activities, Edison resorts to the market whenever specifically attractive opportunities of financing arise. This is the case of some credit lines granted to Edison by the European Investment Bank (EIB) for the development of specific projects in the wind and the gas storage sector, to which have been added in June 2020 two new loans, for a total of 450 million euros, dedicated to the refurbishment of Marghera Levante power plant (for 150 million euros) and to a portfolio of energy efficiency projects and renewable plants (for 300 million euros).

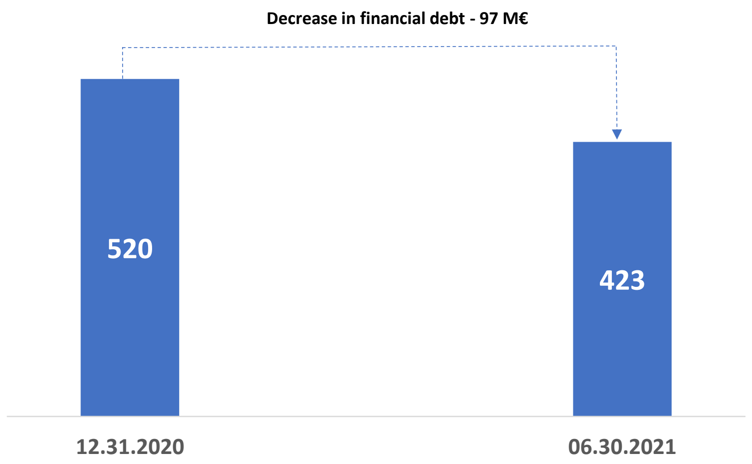
Please remind that at June 30, 2021 Edison's credit rating is BBB with a stable outlook for Standard & Poor's and Baa2 with a negative outlook for Moody's (both upgraded during first half of 2021, as described in chapter Key events of the Semiannual Report on Operations).

6.3 Total financial indebtedness and cost of debt

Total financial indebtedness at June 30, 2021 amounts to 423 million euros (520 million euros at December 31, 2020).

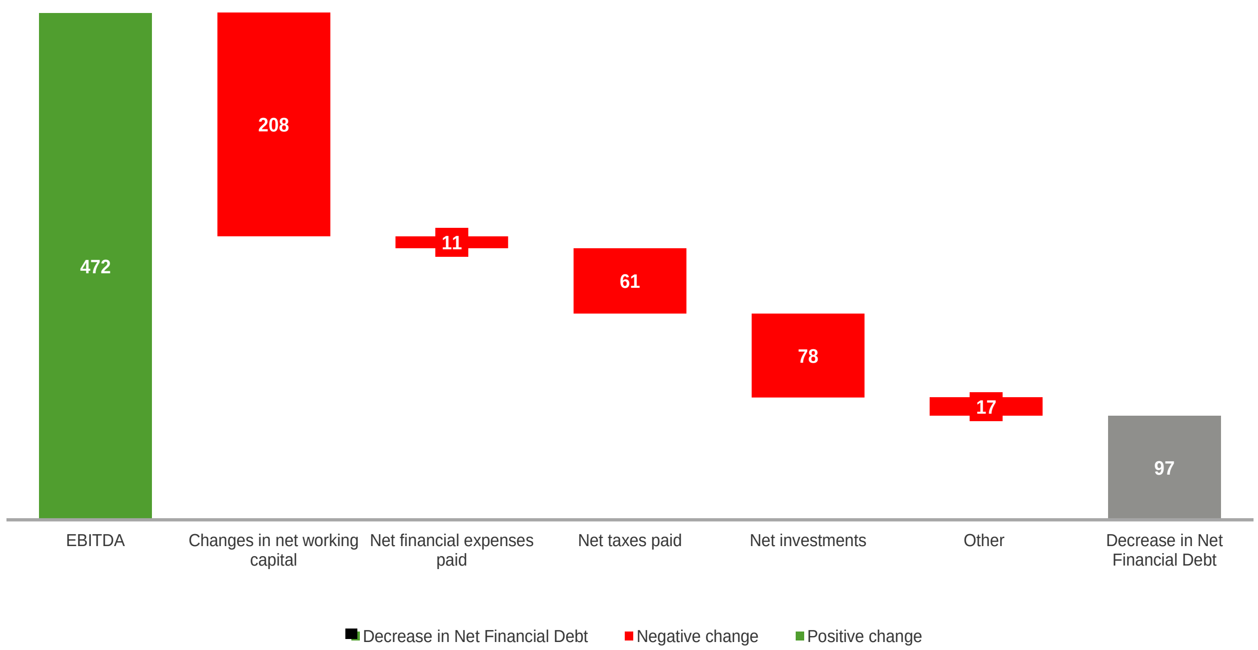
Change in financial debt

(in millions of euros)



An analysis of change in financial debt is reported below:

(in millions of euros)



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

It should be noted, furthermore, net investments for 78 million euros which essentially include:

- net capital expenditures (201 million euros), mainly for the construction of combined cycle gas turbines in the thermoelectric plants of Marghera Levante (48 million euros) and Presenzano (47 million euros), the environmental and energy services (36 million euros), the wind and photovoltaic sectors (12 million euros) referred mainly to the complete reconstruction of wind farms, as well as the Exploration & Production business (15 million euros) almost entirely referred to Norway assets, now disposed;
- the aforementioned purchase of 70% of E2i, previously held with a stake of 30%, which determined the payment of a consideration of about 276 million euros;
- the sale of Edison Norge, which determined a positive effect of 264 million euros, consisting of the cash in of a consideration for 280 million euros, net of 16 million euros for the deconsolidation of the liquidity of the company;
- the sale of IDG, which determined a positive effect of 147 million euros, consisting of the cash in of a consideration for 150 million euros, net of 3 million euros for the deconsolidation of net liquidity of the company;
- the purchase of the company Hydro Dynamics, with an impact of 8 million euros;
- investments in non-current financial assets (4 million euros) referred to capital contributions in the company IGI Poseidon Sa linked to Eastmed pipeline.

The following table gives the breakdown of Total financial indebtedness, as defined by ESMA Guidelines published on March 4, 2021 and which CONSOB requested to be adopted starting from May 5, 2021 (for further information please refer to paragraph 1.9 New definition of “Total financial indebtedness”).

Total financial indebtedness (in millions of euros)	06.30.2021	12.31.2020	Change
Non-current financial debt	570	623	(53)
- Due to banks	362	402	(40)
- Due to EDF Group companies	-	-	-
- Debt for leasing	207	220	(13)
- Due to other lenders	1	1	-
Other non-current liabilities	10	5	5
Non-current financial indebtedness	**580**	**628**	**(48)**
Current financial debt (excluding current portion of non-current financial debt)	327	181	146
- Due to banks	196	57	139
- Due to EDF Group companies	44	16	28
- Debt for valuation of Cash Flow Hedge derivatives	10	13	(3)
- Due to other lenders	77	95	(18)
Current portion of non-current financial debt	54	48	6
- Due to banks	20	17	3
- Debt for leasing	34	31	3
Current financial assets	(3)	(7)	4
Cash and cash equivalents	(535)	(313)	(222)
Net current financial indebtedness	**(157)**	**(91)**	**(66)**
Net financial debt Assets held for sale	**-**	**(17)**	**17**
Total financial indebtedness	**423**	**520**	**(97)**
of which:			
Gross financial indebtedness	**961**	**858**	**103**
of which Other non-current liabilities	10	5	5
Liquidity	**(538)**	**(338)**	**(200)**

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

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

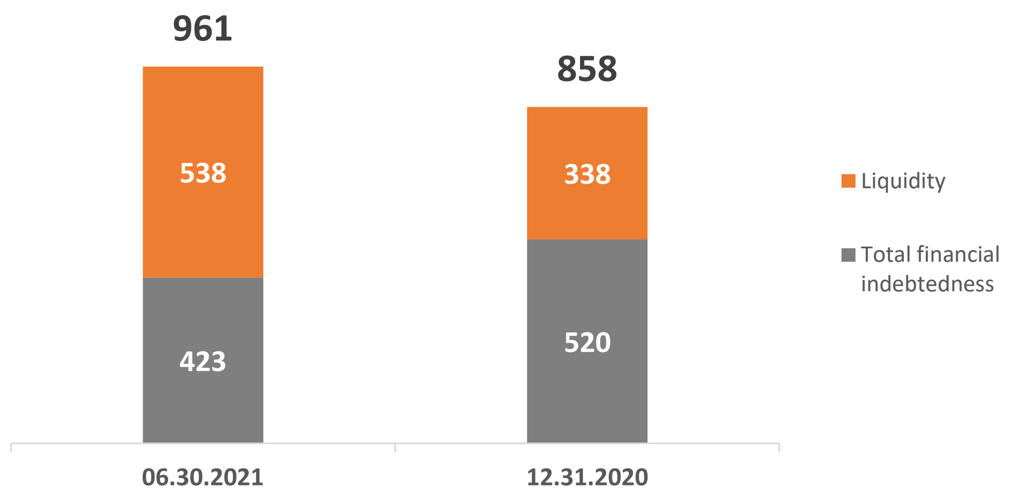
The increase in **current financial debt**, compared to December 31, 2020, derives from temporary overdrafts on ordinary current accounts due to normal operations management and from the margin-setting activity for hedging obligations linked to industrial portfolio.

It should be noted that **Cash and cash equivalents** include 470 million euros (213 million euros at December 31, 2020) in available funds held in the current account with EDF Sa and 65 million euros (100 million euros at December 31, 2020) in bank current account balances consisting mainly of the cash balances in the current accounts of companies with non-centralized cash management systems.

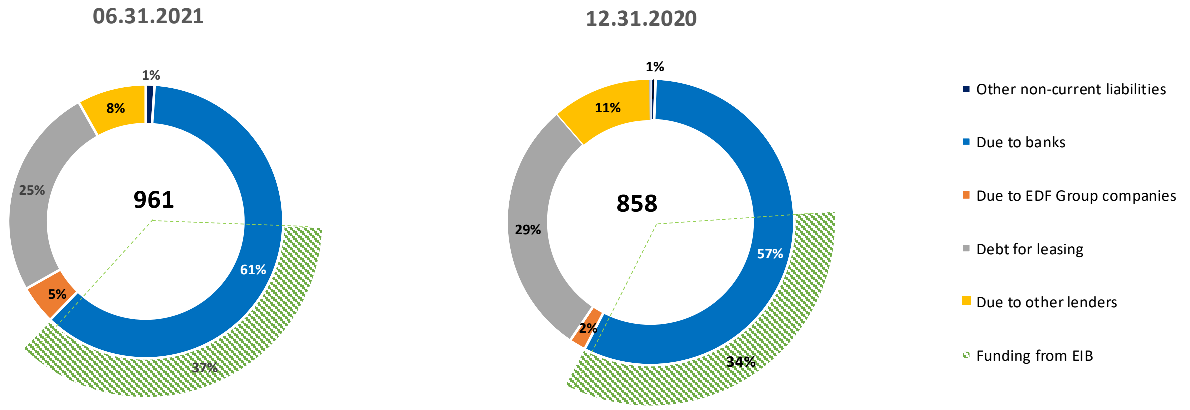
Net financial debt Assets held for sale results cleared at June 30, 2021 (net liquidity of 17 million euros at December 31, 2020) due to the aforementioned deconsolidation of the liquidity of Edison Norge and IDG, following their disposal.

Gross financial indebtedness and breakdown by financial source (*)

(in millions of euros)



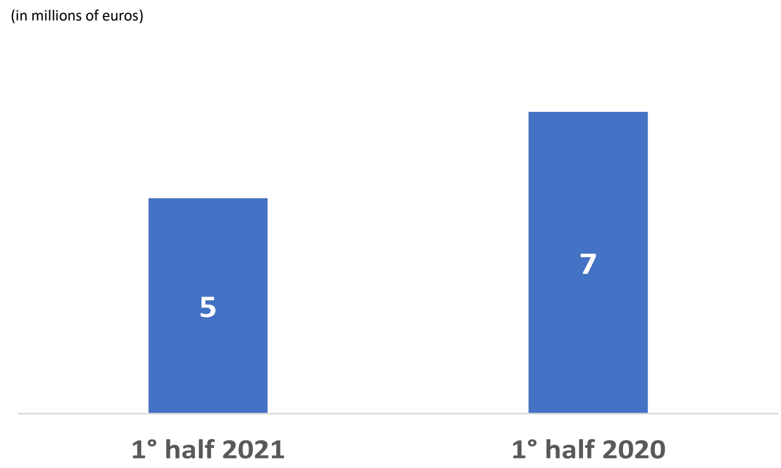
(*) At December 31, 2020 it includes amounts related to Assets held for sale



The composition of gross financial indebtedness at June 30, 2021 shows a slight increase in debt owed to banks due to temporary overdrafts on current accounts (due to normal operations management and to the margin-setting activity for hedging obligations linked to industrial portfolio) which weighed on current financial debt and did not find full compensation in the reduction of non-current financial debt determined by the aforementioned financial operations occurred during first quarter of 2021.

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

Net financial expense on debt



Net financial expense on debt decreased mainly as a result of the one-off costs incurred in the first half of last year for the early repayment of the loans of some subsidiaries, subsequently refinanced by intra-Group loans at more competitive costs.
For the analysis of interest rate risks, please refer to paragraph 6.4 – section 6.4.1 below.

In accordance with IAS 7 “Cash Flow Statement”, the changes in liabilities resulting from financing activities are reported below. The table shows the reconciliation of cash flows exhibited in the “Cash Flow Statement” with the total changes recorded during the period from balance sheet items that contribute to financial debt.

(in millions of euros)		12.31.2020	Cash Flow (*)	Non-cash flows: Sale Disposal Groups	Non-cash flows: Changes in scope of consolidation (**)	Non-cash flows: Currency differences	Non-cash flows: Changes in fair value (***)	Non-cash flows: Other changes	06.30.2021
Financial debt (non-current and current)		839	98	-	2	-	-	2	941
Fair value on interest rate derivatives		13	-	-	-	-	(3)	-	10
Current financial assets		(7)	4	-	-	-	-	-	(3)
Net liabilities resulting from financing activities	**(a)**	**845**	**102**	**-**	**2**	**-**	**(3)**	**2**	**948**
Cash and cash equivalents (*)	**(b)**	**(313)**	**(222)**	**-**	**-**	**-**	**-**	**-**	**(535)**
Net financial debt Assets held for sale	(c)	(17)	-	17	-	-	-	-	-
Subtotal net financial debt	(d)=(a+b+c)	515	(120)	17	2	-	(3)	2	413
Other non-current liabilities	(e)	5	-	-	-	-	-	5	10
Total financial indebtedness	**(f)=(d+e)**	**520**	**(120)**	**17**	**2**	**-**	**(3)**	**7**	**423**

(*) Flows shown in the Cash Flow Statement.
(**) Referred to acquisitions IFRS 3 revised.
(***) Related to the hedges on interest rate (IRS) outstanding on some loans.

6.4 Financial risk management

6.4.1 Interest rate risk

The Edison Group's exposure to interest rate risk remained substantially stable. Please remember that fixed-rate debts are represented in good portion by IFRS 16 leases, by drawdowns for 170 million euros on EIB funds and by a portion of the debt of the subsidiaries of Edison Renewables. The remaining debt is mainly indexed at a variable rate (primarily the Euribor rate). Edison Group assesses its exposure to the risk of fluctuations in interest rates on a regular basis and manages it mainly by selecting the modality to use the loans. Please recall that the direct EIB loans offer the option between a variable and fixed rate every time the loan is utilized

Gross Financial Indebtedness	06.30.2021			12.31.2020		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (*)	325	413	43%	260	389	46%
- variable rate portion	626	538	57%	593	464	54%
Total gross financial indebtedness (*)	**951**	**951**	**100%**	**853**	**853**	**100%**

(*) Includes the effects of application of accounting standard IFRS 16 and excludes the other non-current liabilities

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 2021 and provides a comparison with the corresponding data for 2020.

Sensitivity analysis (in millions of euros)	1st half 2021 Impact on financial expense			1st half 2020 Impact on financial expense		
	+50 bps	**base**	**-50 bps**	+50 bps	base	-50 bps
Edison Group	**7**	**6**	**7**	11	10	11

6.4.2 Liquidity risk

Liquidity risk is the risk that Edison Group may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities.
Edison aims to ensure that the Group always has sufficient funding sources to meet its obligations that are falling due and to support in time the established investment programs, with reasonable margins of financial flexibility.

The following table 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 duration of the underlying debt obligation; where applicable, the effect of interest rate derivative contracts is also included;
- 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 better representation, the prudential value thus obtained is compared with the existing cash and cash equivalents, without considering other assets (e.g. trade receivables).

Cash flow projections (*) (in millions of euros)	06.30.2021			12.31.2020		
	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Financial debt (**)	272	50	627	85	50	684
Trade payables	1,160	163	-	1,131	125	-
Total debt	**1,432**	**213**	**627**	**1,216**	**175**	**684**
Guarantees provided to third parties (***)	**-**	**69**	**-**	**-**	**70**	**-**
Cash and cash equivalents	**535**	**-**	**-**	**313**	**-**	**-**

(*) The amounts include the effects of application of accounting standard IFRS 16; the amounts relating to December 31, 2020 did not include debt attributable to Assets held for sale
(**) Excluding debt due to other lenders
(***) These guarantees have been issued to lenders of unconsolidated companies.

The future cash outflows are compared with available resources below.

The **financial debt due within one year**, amounting to 322 million euros (135 million euros at December 31, 2020) relates mainly to temporary overdrafts on current accounts, margin-setting accounts dedicated to transactions on commodities of the Industrial Portfolio and, to a lesser extent, the principal and interest on long-term loans falling due.
Financial debt due after one year (627 million euros) decreased slightly compared with December 31, 2020 (684 million euros). The reductions are due to repayment plan for existing loans, the repayment of E2i (now Edison Rinnovabili) Club Deal loan, net of the new drawdowns of EIB funds for the Marghera Levante project.

At June 30, 2021, the Edison Group also had cash and cash equivalents of 535 million euros, of which 470 million euros on the treasury current account with EDF Sa.

At June 30, 2021, Edison had unused committed lines of credit totalling 580 million euros, represented:

- by the two-year revolving credit line (250 million euros) signed with EDF Sa on April 29, 2021, on market terms;
- by the remaining available portion of the loan granted by the EIB in mid-June 2020 to upgrade the latest-generation combined cycle plant in Marghera Levante (Venice) for an original amount of 150 million euros (used for 120 million euros at June 30, 2021). The loan has a duration of 15 years;
- by the Green Framework Loan for 300 million euros granted by the EIB at the end of June 2020 to finance the creation of a portfolio of projects throughout Italy for energy efficiency and for the construction of renewable energy plants. The line of credit has a duration of 15 years and may be used over the next three years.

6.4.3 Risk of anticipated reimbursement of loans

The financial covenants apply to certain bank loans granted to some subsidiaries. Their non-compliance can entail an early repayment of the loan. As for the loans held by the subsidiaries of formerly EDF EN Italia, now Edison Renewables, they have the typical financial obligations characteristic of project finance; part of these loans, with a nominal value of about 83 million euros, was repaid in 2019 and 2020, while the others are being restructured or renegotiated.

At June 30, 2021, the covenants were adequately respected for all Edison Group companies.

Financial covenant	Covenant observed	Adequacy margin
TFI/EBITDA (*)	✓	✓

(*) TFI Total Financial Indebtedness

For an explanation of the effects that a change in control of Edison could have on outstanding loans, please refer to the discussion in the 2020 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 specific-purpose loans for industrial businesses.

At the time of the Condensed Consolidated Semiannual Financial Statements are prepared, there are no situations of default.

7. TAXATION

7.1 Tax risk and tax management

Please remember that, starting from 2018, a tax risk governance and reporting system was adopted by Edison Group (so-called Tax Control Framework or TCF), which is integrated within the Group's overall control system. The TCF adopted consists of a Tax Policy and General Rules applicable to all Group companies, as well as matrices, coordinated with the provisions of Saving Law 262, to monitor activities with potential tax impacts on the main business processes and the Group's results.

7.2 Realignment of tax values of property, plant and equipment and of goodwill

Some Edison Group companies refer to the option to realign certain tax values of tangible and intangible assets to the higher values recorded in the financial statements, as provided by article 110 of Decree Law 104/2020, also supplemented by Law 178/2020.

The provisions contained in the aforementioned article 110 allow, with the payment of a 3% substitute tax payable in 3 annual installments, to adjust the tax values of assets recorded in the financial statements at December 31, 2019 and that remain at December 31, 2020, to the higher values resulting from the accounting records.

The higher values realigned acquire tax relevance as from January 1, 2021 with relevance on the tax depreciation of the period for both IRES and IRAP purposes.

The regulations require companies, in view of the realigned value reduced by the substitute tax due, to place a tax restriction on a portion of the reserves, or in the absence thereof, a portion of the share capital. The equity thus restricted is in a suspended taxation status and must be subject to ordinary taxation, if distributed to shareholders or used for purposes other than to cover losses.

The Group companies that have availed themselves of the realignment option are Edison Spa, Edison Energia Spa, Edison Rinnovabili Spa (formerly E2i Energie Speciali Srl), Cellina Energy Srl and Edison Stoccaggio Spa for a total of realigned values of 1,697 million euros, through the payment of a substitute tax totalling 50.9 million euros.

Specifically, in addition to some industrial assets of subsidiaries and Edison Spa for a realigned value of 149 million euros, also goodwill for a total of 1,548 million euros was realigned, mainly for Edison Spa and for a lower amount for Edison Energia Spa.

Following the realignment and payment of the substitute tax, it was possible to release the deferred-tax liabilities previously recorded on the higher statutory values of the tangible assets concerned, with a net positive effect on the income statement of approximately 37 million euros. In addition, the realignment of goodwill makes it possible to amortize it for tax purposes over 18 years and, consistent with the criteria set forth in IAS 12 for the recognition of deferred-tax assets (a principle that requires an assessment of the effective recoverability of taxes based on a reliable time horizon), deferred-tax assets can be recognized: the Company conservatively viewed as its time horizon a period of up to 10 years, with a net benefit of 193 million euros, offset in part by the computation of income taxes for the first half of the year. With specific reference to deferred-tax assets on the realignment of goodwill, which can be posted for up to a maximum of 432 million euros, the valorization based on prudential criteria is partial as carried out on a time horizon of 10 years in line with the Group's Tax Planning. The net amount recorded was therefore of 240 million euros, amount that will be assessed each year in consideration of the evolution of the reference time period.

Lastly, on June 24, 2021, the Shareholders' Meeting of Edison Spa, acting pursuant to law, approved a resolution setting aside in the financial statements a tax restriction on a portion of the Company's share capital in the amount of 1,572,280,356.02 euros, equal to the total amount of the realigned values net of the substitute tax owed.

Similar resolutions were passed by the subsidiaries with reference to their reserves and the amount to be restricted.

The effects on the income statement are given in the table below:

REALIGNMENT OF TAX VALUES - Impact to the income statement	**On deferred-tax assets and deferred-tax liabilities**				**On current taxes**	**Total**
(in millions of euros)	Deferred-tax assets which can be posted on goodwill	Adjustment	**Recognized deferred-tax assets (time horizon 10 years) (*)**	**Impact of the realignment of the value of assets**	**Substitute tax**	
	(a)	(b)	**(c)=(a+b)**	**(d)**	**(e)**	**(f)=(c+d+e)**
Edison Group	432	(192)	**240**	**41**	**(51)**	**230**

(*) Valorization based on the time horizon of the Group's Tax Planning.

7.3 Taxes

7.3.1. Income taxes and tax rate

Income taxes (in millions of euros)	1st half 2021	1st half 2020	Change
Current taxes	(72)	(3)	(69)
Net deferred tax liabilities / assets	293	(33)	326
Other	(49)	-	(49)
Total	**172**	**(36)**	**208**
Tax rate	**n.a.**	**25.7%**	**n.a.**

Current taxes include IRES for 73 million euros (38 million euros in June 2020) and IRAP for 14 million euros (7 million euros in June 2020) while last year current foreign taxes were positive for 36 million euros.

The Group's tax rate is mainly affected by:

- fiscal realignment which determined a net positive effect of 230 million euros: deferred-tax effect for 281 million euros net of substitute tax (included in item “Other”) for 51 million euros, applied at 3% to higher tax values;
- some provisions without tax effects.

7.3.2. Income taxes paid

Net income taxes paid amounted to 61 million euros and include mainly 41 million euros for IRES to controlling company Transalpina di Energia in the Consolidated Income Tax Return and 15 million euros (17 million euros net of 2 million euros of compensation with receivables for direct taxes) for the first tranche of the substitute tax at 3% on higher tax values realigned to statutory values (pursuant to Decree Law no. 104/2020 "Decreto Agosto", as converted, with amendments, into Law 126 of 2020).

7.4 Tax assets and liabilities

7.4.1. Current and non-current tax receivables and payables

At June 30, 2021, net payables of 105 million euros were recognized (35 million euros at December 31, 2020); details are provided in the following table.

Current and non-current tax receivables and payables (in millions of euros)	06.30.2021	12.31.2020	Change
Non-current tax receivables	2	2	-
Current tax receivables	3	10	(7)
Receivables owed by the controlling company in connection with the filing of the consolidated income tax return	3	6	(3)
Total tax receivables (A)	**8**	**18**	**(10)**
Non-current tax payables	17	-	17
Current tax payables	33	8	25
Liabilities owed to the controlling company in connection with the filing of the consolidated income tax return	63	45	18
Total tax payables (B)	**113**	**53**	**60**
Current and non-current tax receivables (payables) (A-B)	**(105)**	**(35)**	**(70)**

Payables for non-current tax for 17 million euros refer to the third installment of substitute tax due for realignment of tax values while the second installment, of the same amount, is included in current tax payables.

7.4.2. Deferred-tax assets and deferred-tax liabilities

At June 30, 2021, net assets of 373 million euros were recognized (net assets of 97 million euros at December 31, 2020); details are provided below.

Deferred-tax asset (in millions of euros)	06.30.2021	12.31.2020	Change
Tax losses carryforward	1	-	1
Taxed provision for risks	170	128	42
Application of IFRS 9 to value financial instruments with impact:			
- on Shareholders' equity	-	3	(3)
Valuation differences of fixed assets	273	44	229
Others	8	14	(6)
Deferred-tax assets	**452**	**189**	**263**

Deferred-tax assets were valued based on the likelihood that they would be realized and their possible tax benefits recovered within the limited time horizon consistent with the business plans of the various companies.

The following table shows a breakdown of deferred-tax liabilities by type of underlying temporary difference and the deferred-tax assets used as an offset when they meet the requirements of IAS 12.

Deferred-tax liabilities (in millions of euros)	06.30.2021	12.31.2020	Change
Deferred-tax liabilities:			
- Valuation differences of fixed assets	49	76	(27)
- Application of IFRS 9 to value financial instruments with impact:			
- on Shareholders' equity	27	12	15
- Others	3	4	(1)
Total deferred-tax liabilities before offset (A)	**79**	**92**	**(13)**
Deferred-tax assets usable for offset purposes:			
- Valuation differences of fixed assets	-	-	-
Total Deferred-tax assets (B)	-	**-**	**-**
Deferred-tax liabilities (A-B)	**79**	**92**	**(13)**

As described above, changes for deferred-tax asset and deferred-tax liabilities for item “Valuation differences of fixed assets” reflect the realignment of tax values of amortizable assets and goodwill which determined a net effect on beginning balances for 281 million euros.

8. NON-ENERGY ACTIVITIES

The Edison Group is involved in various legal and arbitral disputes ranging in different types, through Edison Spa, as universal successor of Montedison Spa, merged in it. As a result, there are charges and risk provisions in the financial statements recognized in relation to disputes arising from events over the time, connected, *inter alia*, to the management of chemical production plants already held by Montedison Group – that were object, from the 1990s to 2010, of a wide-range divestment policy 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.
For this reason, it was decided to isolate and represent in a dedicated chapter the contribution of these activities to the consolidated income statement and balance sheet, as well as the related contingent liabilities.

In following the legal and tax disputes related to these 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 present quantification of the provisions was determined as residual amount of the original accrual referred to the specific dispute, considering the juridical complexity, the type of proceeding and also the uncertainty about the evolution of every proceeding in terms of duration and thus of the outcomes. The quantification and the review of these provisions are part of a recurring process of assessment based on what stated above; likewise, and in general, the periodical assessment also includes the quantification and updating of the other provisions for risk related to legal and arbitral disputes.

The resulting effects are recognized in the Corporate segment and in particular, in the income statement, the related income and expenses, including the associated legal costs, are recorded in the item 'Other income (expense) non-Energy activities' included in EBIT.

Net expenses for first half of 2021 amounted to 125 million euros (net expenses of 19 million euros in the same period of the previous year).

The risk provisions totalled 396 million euros (299 million euros at December 31, 2020).

As an update at June 30, 2021, it is worth of mentioning:

A) Probable liabilities for which a provision for disputes, litigation and contracts risks was recognized in the Balance Sheet:

Mantua – Criminal proceedings

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. As part of the proceedings, it should be noted that the preliminary hearing, initially set for June 8, 2021, was postponed to September 10, 2021.

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 remediation and restoration 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 last June of the relative operational remediation 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 remediation was completed in compliance with the relative project, according to what has been ascertained by the Ministry for the Environment and the Province of Mantua.

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.
The existing provisions are considered appropriate.

B) Probable liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognized in the Balance Sheet:

Ausimont - Bussi sul Tirino – Administrative proceedings of remediation of so-called "Solvay External Areas", areas "2A" and "2B"

On February 28, 2018 the Province of Pescara communicated to the companies Solvay Specialty Polymers Italy Spa and Edison Spa the initiation of proceedings pursuant to Title V Part IV of Legislative Decree No. 152/2006 for the identification of the responsible for the contamination of the so-called "Solvay External Areas" in Bussi sul Tirino, dumping areas 2A and 2B and neighboring. Subsequently, on June 26, 2018, the Province of Pescara communicated to Edison by order in accordance with the article 244 of Legislative Decree No. 152/2006 (Environmental Code) for the removal of all waste abandoned over time in the aforementioned areas of the Bussi site.

With regard to this provision it should be noted that: i) such portions of land had been conferred to Ausimont since it was incorporated in 1981; ii) Ausimont, solely and exclusively, has obtained the authorization to operate, has realized, has managed and has closed the landfills called 2A and 2B on these 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 in Solvay Solexis in November 2002, with consequent succession of the latter in the legal, active and passive position, belonging to the company Ausimont.

Edison challenged the order before the Regional Administrative Court of Pescara, which dismissed the company's appeal. Edison has therefore filed an appeal before the Council of State.

With a ruling published on April 6, 2020, the Council of State confirmed, although qualifying 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 proceedings of remediation for the so-called "North" areas called 2A and 2B of the Bussi sul Tirino industrial site.
On June 11, 2021 the Council of State published the ruling through which it rejected the appeal of the Ministry of the Environment against the decision of the TAR of Abruzzo "concerning the annulment of the award to the Belgian company Dec Deme of the integrated contract relating to the interventions remediation in the 'external Solvay areas' (2A 2B areas) located in the Municipality of Bussi sul Tirino ". The Ministry, in fact, had canceled the tender procedure through which, in 2019, it awarded the remediation of the "2A 2B areas", sold by Montedison to Solvay in 2002 together with Ausimont, to an ATI headed by aforementioned Dec Deme. These areas are now owned by the Municipality of Bussi.

Edison, which had already started works to make these areas safe and remediated by virtue of the sentence of the Council of State of April 2020, is waiting to understand how the administrations concerned intend to proceed.

Ausimont – Solvay Arbitration

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 warrantees 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.

After a first phase focusing on preliminary and prejudicial issues, the proceedings continued with an examination of the various requests made by the parties with respect to the merits of the case and at the end of June 2021, the Secretariat of the International Court of Arbitration of the International Chamber of Commerce notified to Edison the partial award by which the Arbitral Tribunal, largely granting the claims asserted by Solvay Specialty Polymers Italy in relation to the environmental warranties made by Montedison under the contract for the sale of the company Ausimont, signed in 2001, ordered Edison to pay a compensation for damages amounting to approximately 91 million euros for the period from May 2002 (closing date) to December 2016.

The Arbitral Tribunal postponed the quantification of the damages suffered by Solvay Specialty Polymers Italy in the period after December 2016 and the legal fees incurred by the parties to a further phase of the arbitration, unless the parties reach an agreement in this respect.

The award is accompanied by a dissenting opinion by one of the members of the Arbitral Tribunal.

Following the update occurred during the period the Company has updated the related provisions.

For further information, please refer to the 2020 Consolidated Financial Statements.

9. OTHER NOTES

9.1 Disclosure pursuant to IFRS 5

9.1.1. Disposal Groups – sale of Edison Norge AS and Infrastrutture Distribuzione Gas Spa

Sale of Edison Norge AS to Sval Energi

As already described in paragraph 1.6 Application of accounting standard IFRS 5, on December 30, 2020 Edison signed an agreement with Sval Energi to sell 100% of Edison Norge AS, the company that owned the Group's hydrocarbon exploration and production activities in Norway. This agreement was later executed on March 25, 2021.

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

- in the income statement and in flows the contribution of Edison Norge to Group values until the sale is included under continuing operations;
- in the balance sheet at June 30, 2021 the balances relating to Edison Norge are deconsolidated, while at December 31, 2020, exposed for comparative purposes, these assets and liabilities were classified under Assets and Liabilities held for sale.

The execution of the operation determined an improvement in Edison Group's financial debt of about 264 million euros, determined by the collection of a consideration for 280 million euros net of 16 million euros for the deconsolidation of net liquidity of the disposed company. In addition to that amount, a sum of about 12 million euros was paid in advance by the purchaser together with the signing of the contract in December 2020; a deferred consideration is also provided, amounting to 12.5 million dollars and that will be received at the Dvalin field production start-up.
The sale determined the recognition of a loss, included in EBITDA.

Sale of IDG to 2i Rete Gas

On January 13, 2021 Edison signed an agreement with 2i Rete Gas, a company participated by the investment funds managed by F2i, Ardian and APG, for the sale of 100% of IDG. This agreement was later executed on April 30, 2021.

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

- in the income statement and in flows the contribution of IDG to Group values until the sale is included under continuing operations;
- in the balance sheet at June 30, 2021 the balances relating to IDG are deconsolidated, while at December 31, 2020, exposed for comparative purposes, these assets and liabilities were classified under Assets and Liabilities held for sale.

The execution of the operation determined an improvement in Edison Group's financial debt of about 147 million euros, determined by the collection of a consideration for 150 million euros net of 3 million euros for the deconsolidation of net liquidity of IDG. Furthermore, the sale determined the recognition of a gain, included in EBITDA.

Balance sheet disposal groups

As described above, at June 30, 2021 the balance sheet balances of Edison Norge and IDG are deconsolidated, while it is still recorded under assets held for sale an amount of about 10 million euros relating to the deferred consideration provided for by the agreement for the sale of Edison Norge and that will be received at the Dvalin field production start-up.

The assets and liabilities of the two described disposal groups at December 31, 2020 is given below.

Balance sheet disposal groups at 12.31.2020 (*) (in millions of euros)	Edison Norge AS	Infrastrutture Distribuzione Gas Spa	Total disposal groups
Non-current non-financial assets	258	136	394
Non-current financial assets	-	-	-
Current non-financial assets	58	25	83
Current financial assets	15	3	18
Assets held for sale	**331**	**164**	**495**
Non-current non-financial liabilities	25	1	26
Non-current financial liabilities	-	1	1
Current non-financial liabilities	17	12	29
Current financial liabilities	-	-	-
Liabilities held for sale	**42**	**14**	**56**
Net financial debt of Assets held for sale	**(15)**	**(2)**	**(17)**

(*) Amounts net of intercompany values already eliminated within the Group.

At December 31, 2020, the item Non-current non-financial assets relating to the disposal group IDG included for about 39 million euros a portion of the indistinct goodwill of Gas Operations and E&P – were the company was previously consolidated- allocated pursuant to IAS 36 par. 86.
The item Non-current non-financial liabilities relating to the disposal group Edison Norge AS included for about 13 million euros the provisions for decommissioning and remediation of industrial sites.

9.1.2. Discontinued operations – sale to Energean

As widely commented in 2020 Consolidated Financial Statements, on December 17, 2020 Edison Spa and Energean executed the agreement signed on July 4, 2019 and subsequently amended on April 2, 2020 and June 28, 2020 for the sale from Edison to Energean of 100% of Edison Exploration & Production and its subsidiaries operating in Italy and abroad in the hydrocarbons exploration and production business.

For a more comprehensive view on the sale, for the description of the rationale that led to the classification of the aforementioned E&P perimeter as Assets held for sale (discontinued operations) in accordance with IFRS 5, as well as for greater detail on the effects of the sale on balance sheet and income statement, reference should be made to 2020 Consolidated Financial Statements.

It should be remembered that in 2020 the E&P assets excluded from the scope of the sale to Energean and which were subject to specific carve-out from the original perimeter, represented by the assets located in Algeria and by Edison Norge, have been re-consolidated between continuing operations. At December 31, 2020 Edison Norge assets and liabilities, following the agreement for the sale to Sval Energi announced on December 30, 2020, as described in previous section 9.1.1, have then been reclassified to Assets and Liabilities held for sale (IFRS 5 Disposal Group).

Comparative income statement and flow data exposed in these Condensed Consolidated Semiannual Financial Statements

Income statement and flow data relating to the first half of 2020, exposed for comparative purposes, show the contribution of E&P assets later sold to Energean under **discontinued operations**.

Please remember that neither IFRS 5 nor IAS 1 provide guidance on how to present transactions between continuing and discontinued operations. The method chosen starting from Condensed Consolidated Semiannual Financial Statements at June 30, 2019, has led to the representation of such transactions as if the discontinued operations had already been removed from the scope of consolidation of the Edison Group. Therefore, in the Consolidated Financial Statements: (i) the individual income statement items relating to the continuing operations have been shown without taking into account the elimination of intercompany transactions between the two operations; (ii) the income statement items relating to the discontinued operations also include the effect of consolidation eliminations of the relationships between the two operations.

Below is provided the contribution of the discontinued operations to profit (loss) for the first half of 2020.

Income Statement (in millions of euros)	1st half 2020		
	Discontinued operations E&P	Eliminations from and versus continuing operations	Application of accounting standard IFRS 5
Sales revenues	147	(18)	129
Other revenues and income	10	(3)	7
Total net revenues	**157**	**(21)**	**136**
Commodity and logistic costs (-)	(14)	13	(1)
Other costs and services used (-)	(57)	8	(49)
Labor costs (-)	(24)	-	(24)
Receivables (writedowns)/reversals	(1)	-	(1)
Other costs (-)	(2)	-	(2)
EBITDA	**59**	**-**	**59**
Net change in fair value of derivatives (commodity and exchange rate risk)	1		1
Depreciation and amortization (-)	(56)	-	(56)
(Writedowns) and reversals	-	-	-
EBIT	**4**	**-**	**4**
Net financial income (expense)	(10)	-	(10)
Profit (Loss) before taxes	**(6)**	**-**	**(6)**
Income taxes	(27)	-	(27)
Profit (Loss) from discontinued operations	**(33)**	**-**	**(33)**
Value adjustment discontinued operations	(115)	-	(115)
Profit (Loss)	**(148)**	**-**	**(148)**
Broken down as follows:			
Minority interest in profit (loss)	-	-	-
Group interest in profit (loss)	**(148)**	**-**	**(148)**

In the first half of 2020, the overall profit (loss) from discontinued operations was negative by 162 million euros.
This result included, in addition to the items listed above concerning the E&P business and its alignment to the expected disposal value, also the following elements:

- costs incurred by Edison Spa for about 9 million euros, relating to provisions for risks and other costs linked to the sale;
- for 5 million euros the negative results of cash flow hedges derivatives put in place to reduce the EUR/USD exchange rate risk on the sale price, recognized as an adjustment to profit (loss) from discontinued operations, which was in part variable depending on exchange rate trends.

Please remember that, as from the date of application of IFRS 5 (June 30, 2019), in accordance with the requirements of the standard itself, depreciation and amortization on fixed assets had been stopped. Depreciation and amortization in the first half of 2020 included, almost exclusively, exploration costs.
Net financial expenses also included those related to financial transactions with continuing operations.

The contribution of discontinued operations to cash flows of the first half of 2020 is given below:

Cash flow statement discontinued operations E&P (in millions of euros)	1st half 2020
A. Operating cash flow from discontinued operations	59
B. Cash used in investing activities from discontinued operations	(71)
C. Cash used in financing activities from discontinued operations	(7)
D. Net cash flow for the period from discontinued operations (A+B+C)	**(19)**
E. Cash and cash equivalents at the beginning of the year from discontinued operations	48
F. Cash and cash equivalents at the end of the period from discontinued operations	29

The cash flow from operating activities refers to ordinary operations and includes foreign taxes paid; the cash flow from investing activities includes exploration costs, which are fully amortized when incurred, and other net investments in fixed assets; the cash flow from financing activities is mainly related to the cash flow with the Continuing Operations, particularly with the Corporate segment.

Assets and liabilities held for sale related to the sale to Energean

At June 30, 2021 several amounts recorded by Edison Spa and linked to the sale to Energean are recognized under **Assets held for sale** and **Liabilities held for sale**, namely:

- non-current non-financial assets for 55 million euros (53 million euros at December 31, 2020), relating to the estimated present value of the additional consideration set forth in the agreement (up to 100 million USD subject to the commissioning of Cassiopea gas field in Italy); this consideration will be determined on the basis of gas prices (PSV) observed at the time of the commissioning of the field, expected in the first quarter of 2024;
- non-current non-financial liabilities, amounting to 34 million euros (59 million euros at December 31, 2020), including provisions for tax and environmental risks, decreasing mainly for the definition of some litigations and the payment of the related amounts.

Liabilities referred to E&P business

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 prior to the locked-box date (December 31, 2018).

As noted, the Court of Cassation, by some rulings issued in 2016, stated the subjection to ICI/IMU of the offshore hydrocarbon extraction platforms located in territorial waters, although it did not specify which would be the criteria 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.

Moreover, it should be noted that as of 2016, following the introduction of the “bolted down” (“imbullonati”) legislation which excludes the value of plants from the property registry value and therefore from the tax base of local taxes, the issue should be considered resolved for plants/platforms.
From 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 the case for the future, but without a clear position for the past.
In the first half of 2021 the settlement agreements with the Adriatic municipalities which raised claims for the Rospo Mare field platforms for all of the years in dispute were finalized, while some municipalities (in particular Scicli and Porto Sant’Elpidio), with which agreements were reached for the definition of the outstanding disputes, in which the taxes from 2016 were recognized as not due, made claims for the subsequent years as well, completely illegitimately and in clear conflict with the commitments made.
The charges for the definition of the disputes relating to Rospo pertaining to Edison were paid during the semester, partly using the existing provision for risks. The provision at present covers the risks for disputes still pending and for the years attributable to Edison.

For a comprehensive view reference should be made to 2020 Consolidated Financial Statements.

9.2 Other commitments

In the following table are indicated the other commitments outstanding to be considered in addition, to the ones disclosed as a complement of information and homogeneousness of topic, in the previous chapters.

(in millions of euros)	**06.30.2021**	**12.31.2020**	Change
Guarantees provided	983	1,042	(59)
Other commitments and risks	213	234	(21)
Total for the Group	**1,196**	**1,276**	**(80)**

Guarantees provided (983 million euros) were determined based on the undiscounted amount of contingent commitments on the end of reporting period. They consist mainly of guarantees provided by the Group’s parent company or by banks with the parent company’s counter-guarantee to secure the performance of contractual obligations by subsidiaries and affiliated companies. They also include, guarantees issued to third parties concerning activities on the Power Exchange, in particular to the GME, plus sureties issued to the individual operators with which the Group carries out electricity and gas purchases and sales. Moreover, they include guarantees concerning the activities related to the Energy & Environmental Services Market Division.

Please also note that with regard to **other commitments and risks** (213 million euros):

- they include 105 million euros, against a 7-year long-term contract signed with a shipowner for the hire of an LNG vessel. The vessel is under construction and will be delivered by the first quarter of 2023 at the latest;
- it has been paid in the first months of the year the commitment of 117 million of euros linked to long-term contracts to import natural gas, of which take-or-pay clauses required the buyer to pay for the quantities that he is unable to take delivery in accordance with scheduled volumes; it should be noted that this amount is now booked under other non-current assets in the item ‘Receivables for take or pay advances’.

Unrecognized commitments and risks

The main commitments and risks that were unrecognized, pertaining to Gas Operations and E&P, are in relation to contracts for the importation of natural gas for a total maximum nominal supply of 13.1 billion cubic meters of natural gas a year. These contracts typically have an extended duration (at June 30, 2021 have terms for 23 years) 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. Please note that as a part of the renegotiation of the Qatar contract price, arbitration proceedings activated by the counterparty are currently under way.
It should be noted that compared to December 2020, it has been added the contract for the supply of 1 billion cubic meters/year of gas from the Shah Deniz II field in Azerbaijan through the Trans Adriatic Pipeline (TAP), it has been activated on June 30, 2021.

The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

		within 1 year	from 2 to 5 years	over 5 years	**Total**
Natural gas	Billions of m^3	12.5	47.7	81.3	**141.5**

The economic data are based on prospective pricing formulas.

Please also note the expected medium-term launch of two additional long-term supplies 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 a contract for the hire of an LNG vessel that is currently being built.

Furthermore, based on the outstanding contract in place with Terminale GNL Adriatico, Edison benefits from 80% of the terminal’s regasification capacity until 2034.

9.3 Intercompany and related-party transactions

In line with the Group policies, the economic, equity and financial transactions in place June 30, 2021 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 practices.

(in millions of euros)	Related parties pursuant to IAS 24				Total for financial statement item	Impact %
	With unconsolidated Edison Group companies (A)	With controlling companies (B)	With other EDF Group companies (C)	**Total for related parties**		
Balance Sheet transactions:						
Investments in companies valued by the equity method	144	-	-	**144**	**144**	**100.0%**
Other non-current financial assets	59	-	-	**59**	**79**	**74.7%**
Trade receivables	6	-	128	**134**	**1,180**	**11.4%**
Current tax receivables	-	3	-	**3**	**6**	**50.0%**
Other current assets	6	3	23	**32**	**401**	**8.0%**
Current financial assets	1	-	-	**1**	**3**	**33.3%**
Cash and cash equivalents	-	470	-	**470**	**535**	**87.9%**
Trade payables	4	17	67	**88**	**1,323**	**6.7%**
Current tax payables	-	63	-	**63**	**96**	**65.6%**
Other current liabilities	-	3	-	**3**	**228**	**1.3%**
Current financial debt	12	44	-	**56**	**371**	**15.1%**
Income Statement transactions:						
Sales revenues	5	2	630	**637**	**4,120**	**15.5%**
Other revenues and income	-	-	9	**9**	**101**	**8.9%**
Commodity and logistic costs (-)	(12)	-	(331)	**(343)**	**(3,251)**	**10.6%**
Other costs and services used (-)	(1)	(12)	(3)	**(16)**	**(283)**	**5.7%**
Net financial income (expense) on debt	-	(1)	-	**(1)**	**(5)**	**20.0%**
Other net financial income (expense)	1	(2)	-	**(1)**	**(6)**	**16.7%**

A) Transactions with unconsolidated Edison Group companies

These outstanding transactions relating to unconsolidated Group companies, joint ventures and affiliated companies, primarily include:

- financial transactions, consisting in lending facilities;
- commercial transactions mainly related to the electric power sector.

Relating to Investments in companies valued by the equity method and Other non-current financial assets please refer to the chapter 5. Fixed assets and provisions.

B) Transactions with controlling companies

B.1 Transactions with Transalpina di Energia (TdE)

Consolidated Corporate Income Tax (IRES) Return Filed by TdE

Please refer to the chapter 7. Taxation.

Intercompany current account

At June 30, 2021, the current account established by Edison Spa with TdE had a debit balance of 44 million euros (debit balance of 16 million euros at December 31, 2020).

B.2 Transactions with EDF Sa

Cash-pooling

At June 30, 2021 the Edison Spa current account, dedicated to cash-pooling with EDF Sa, had a credit balance of 470 million euros (credit balance of 213 million euros at December 31, 2020).

Credit Lines

The revolving credit line granted to Edison Spa by EDF Sa in April 2019 with a two-year duration, for a nominal value of 600 million euros, expired during the first half of 2021 and on April 29, 2021 it has been replaced with a new revolving credit line with a two-year duration, for a nominal value of 250 million euros. This credit line at June 30, 2021 is fully available. The loan was concluded by applying the provisions of the Procedure for Transactions with Related Parties adopted by the Company for transactions of greater importance of an ordinary nature at market conditions.

Other transactions

Considering the economic transactions please consider:

- costs of period for 12 million euros referred mainly to insurance cost, royalties for the utilization of the brand, services rendered and the recharges of corporate costs mainly referred to the compensation of the Board of Directors;
- sales revenues and other income for a total of 2 million euros referred mainly to the services provided in the activity relating to gas portfolio.

As part of financial transactions, Edison entered into transactions to hedge exchange rate risk that, affected by currency trends, generated a net realized financial cost for about 2 million euros (nil in the first half of 2020).

C) Transactions with other EDF Group companies

C.1 Loans

There are no existing financing loans with other companies of the EDF Group.

C.2 Other operating transactions

The main operating transactions with other EDF Group companies are in short provided in the following table.

(in millions of euros)	EDF Trading Ltd	Citelum	Others	Total
Balance Sheet transactions:				
Trade receivables	116	12	-	**128**
Other current assets	18	-	5	**23**
Trade payables	64	-	3	**67**
Other current liabilities	-	-	-	**-**
Income Statement transactions:				
Sales revenues	**614**	**15**	**1**	**630**
Electric power and natural gas	545	15	-	560
Realized commodity derivatives	69	-	-	69
Other revenues	-	-	1	1
Other revenues and income	**6**	**-**	**3**	**9**
Commodity and logistic costs	**(331)**	**-**	**-**	**(331)**
Electric power and natural gas	(293)	-	-	(293)
Realized commodity derivatives	(37)	-	-	(37)
Sundry items	(1)	-	-	(1)
Other costs and services used	**-**	**-**	**(3)**	**(3)**
Professional services	-	-	(3)	(3)

Referring to EDF Trading it is worth mentioning that from September 1st, 2017 is in force the MASA (Trading Joint Venture and Market Access Services Agreement); the so-called profit sharing (remuneration mechanism) is booked in “Other revenues and income” for 6 million euros (4 million euros in the first half of 2020).

Furthermore, note that during the period insurance reimbursement of about 3 million euros were obtained by Wagram Insurance Company.

10. OTHER INFORMATION

10.1 Significant non-recurring events and transactions

In accordance with CONSOB Communication n° DEM/6064293 of 28 July 2006, we note that during the first half of 2021, no significant non-recurring events and transactions are reported.

10.2 Transactions resulting from atypical and/or unusual activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first half of 2021 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2021

On July 2, 2021 Edison completed the acquisition from ESA Italia of Energia Etica, a company that operates in the market for the sale of electricity and natural gas to end users in Lombardy, Umbria, Marche, Campania and Basilicata.

Milan, July 28, 2021
The Board of Directors
By Nicola Monti
Chief Executive Officer

SCOPE OF CONSOLIDATION AT JUNE 30, 2021

LIST OF EQUITY INVESTMENTS

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2021	Consolidated Group interest (a) 12.31.2020	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (c)	Notes
A) Investments in companies included in the scope of consolidation									
Companies consolidated line by line									
Group Parent Company									
Edison Spa	Milan (IT)	EUR	4,736,117,250						
Electric Power Operations									
Ambyenta Campania Spa	Rivoli (TO) (IT)	EUR	1,000,000	95.00	95.00	95.00	Sersys Ambiente Srl (single shareholder)	S	-
Ambyenta Lazio Spa	Rivoli (TO) (IT)	EUR	100,000	70.00	70.00	70.00	Sersys Ambiente Srl (single shareholder)	S	-
Ambyenta Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	100.00	100.00	Sersys Ambiente Srl (single shareholder)	S	(1)
Assistenza Casa Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(2)
Bonorva Windenergy Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	100.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
CEA Biogas Srl (Socio Unico)	Caivano (NA) (IT)	EUR	1,000,000	100.00	100.00	100.00	Sersys Ambiente Srl (single shareholder)	S	(1)
Cellina Energy Srl (single shareholder)	Milan (IT)	EUR	5,000,000	100.00	100.00	100.00	Edison Spa	S	(2)
Conef Solutions Slu	Madrid (E)	EUR	3,001	100.00	100.00	100.00	EDF Fenice Iberica Slu	S	-
Consorzio Esco Energy	Milan (IT)	EUR	10,000	51.00	51.00	51.00	Edison Facility Solutions Spa (single shareholder)	S	-
Consorzio Interrompibilità We're - Electric Power Activities	Milan (IT)	EUR	5,300	94.34	98.04	1.89 92.45	Attiva Spa (single shareholder) Edison Energia Spa (single shareholder)	S	-
Ecologica Marche Srl (single shareholder)	Monsano (AN) (IT)	EUR	20,000	100.00	100.00	100.00	Sersys Ambiente Srl (single shareholder)	S	(1)
Ecotermica Cirié Srl	Rivoli (TO) (IT)	EUR	10,000	60.00	60.00	60.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
EDF Fenice Iberica Slu	Madrid (E)	EUR	12,000,000	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	-
EDF Fenice Maroc	Casablanca (MA)	MAD	300,000	100.00	100.00	99.97 0.03	EDF Fenice Iberica Slu Fenice Qualità per l'Ambiente Spa (single shareholder)	S	-
EDF Fenice Services Iberica Sl	Madrid (E)	EUR	6,010	100.00	100.00	100.00	EDF Fenice Iberica Slu	S	-
Edison Energia Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	40,000,000	100.00	100.00	100.00	Edison Spa	S	(2)
Edison Facility Solutions Spa (single shareholder) ex Zephyro Spa (single shareholder)	Trento (IT)	EUR	1,263,704	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	Milan (IT)	EUR	16,660,000	100.00	100.00	100.00	Edison Spa	S	(2)
Edison Rinnovabili Spa (single shareholder) ex E2i Energie Speciali Srl (single shareholder)	Milan (IT)	EUR	4,200,000	100.00	30.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Edison Teleriscaldamento Srl (single shareholder) - ex Comat Energia Srl (single shareholder)	Rivoli (TO) (IT)	EUR	120,000	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
Edisonsolar Srl (single shareholder) ex Fotosolare Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	100.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Edisonwind Srl (single shareholder) ex Green Energy Srl (single shareholder)	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Elio Sicilia Srl (single shareholder)	Palermo (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	S	(2)
Eolica Forenza Srl (single shareholder)	Rome (IT)	EUR	100,000	100.00	100.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Eolo Energia Srl	Milan (IT)	EUR	10,000	100.00	65.70	49.00 51.00	Edison Rinnovabili Spa (single shareholder) ex E2i Energie Speciali Srl Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Fenice Assets Iberica Sl	Madrid (E)	EUR	10,000	100.00	100.00	100.00	EDF Fenice Iberica Slu	S	-

LIST OF EQUITY INVESTMENTS (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a)		Interest held in share capital		Type of investment relationship (c)	Notes
				06.30.2021	12.31.2020	% (b)	by		
Fenice Poland Sp.z.o.o.	Bielsko Biala (PL)	PLZ	30,000,000	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	-
Fenice Qualità per l'Ambiente Spa (single shareholder)	Rivoli (TO) (IT)	EUR	330,500,000	100.00	100.00	100.00	Edison Spa	S	(2)
Fenice Services Polska	Bielsko Biala (PL)	PLZ	600,000	100.00	100.00	100.00	Fenice Poland Sp.z.o.o.	S	-
Fompedraza Cogeneracion Sa	Fompedraza (Valladolid) (E)	EUR	113,400	90.00	90.00	90.00	EDF Fenice Iberica Slu	S	-
Frendy Energy Spa	Milan (IT)	EUR	14,829,312	76.97	76.97	76.97	Edison Spa	S	(2)
Hydro Dynamics Srl (single shareholder)	Gaby (AO) (IT)	EUR	100.000	100.00	-	100.00	Edison Spa	S	(2)
Idroblu Srl	Milan (IT)	EUR	100,000	39.26	39.26	51.00	Frendy Energy Spa	S	(3)
Idrocarrù Srl	Milan (IT)	EUR	20,410	39.26	39.26	51.00	Frendy Energy Spa	S	(3)
Idroelettrica Brusson Srl (single shareholder)	Aosta (IT)	EUR	20,000	100.00	100.00	100.00	Edison Spa	S	(2)
Idroelettrica Cervino Srl (single shareholder)	Aosta (IT)	EUR	100,000	100.00	100.00	100.00	Edison Spa	S	(2)
Idroelettrica Saint-Barth Basso Srl (single shareholder)	Aosta (IT)	EUR	100,000	100.00	100.00	100.00	Edison Spa	S	(2)
Interecogen Srl (single shareholder)	Rivoli (TO) (IT)	EUR	110,000	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	S	(2)
Magnoli & Partners Srl	Cremona (IT)	EUR	10,000	60.00	60.00	60.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
MF Energy Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa (single shareholder)	S	(2)
Pavoni Rossano Srl (single shareholder)	Rivoli (TO) (IT)	EUR	100,000	100.00	100.00	100.00	Sersys Ambiente Srl (single shareholder)	S	(1)
Prima Aviv Energy Technologies Ltd	Ramat Gan (IL)	ILS	1,000	100.00	100.00	100.00	Edison Facility Solutions Spa (single shareholder)	S	-
Rendina Ambiente Srl (single shareholder)	Rivoli (TO) (IT)	EUR	50,000	100.00	100.00	100.00	Sersys Ambiente Srl (single shareholder)	S	(1)
Santa Luce Srl (single shareholder)	Rome (IT)	EUR	240,000	100.00	100.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Sersys Ambiente Srl (single shareholder)	Rivoli (TO) (IT)	EUR	1,000,000	100.00	100.00	100.00	Fenice Qualità per l'Ambiente Spa (single shareholder)	S	(1)
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	88.28	88.28	88.28	Edison Spa	S	(2)
Società Idroelettrica Calabrese Srl (single shareholder)	Milan (IT)	EUR	10,000	100.00	100.00	100.00	Edison Spa	S	(2)
Sunflower Srl	Rome (IT)	EUR	10,000	100.00	70.00	100.00	Edison Renewables Srl (single shareholder) ex Edison Partecipazioni Energie Rinnovabili Srl	S	(2)
Tabacchi Srl (single shareholder)	Milan (IT)	EUR	500,000	100.00	100.00	100.00	Edison Facility Solutions Spa (single shareholder)	S	(4)
Termica Cologno Srl	Milan (IT)	EUR	1,000,000	65.00	65.00	65.00	Edison Spa	S	(2)
Gas Operations and E&P									
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Energia Spa (single shareholder)	S	(2)
Assistenza Casa Spa (single shareholder) - Gas Operations	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(2)
Attiva Spa (single shareholder)	Milan (IT)	EUR	200,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(2)
Consorzio Interrompibilità We're - Gas Operations	Milan (IT)	EUR	5,300	94.34	98.04	1.89 92.45	Attiva Spa (single shareholder) Edison Energia Spa (single shareholder)	S	-
Edison Energia Spa (single shareholder) - Gas Operations	Milan (IT)	EUR	40,000,000	100.00	100.00	100.00	Edison Spa	S	(2)
Edison International Spa (single shareholder)	Milan (IT)	EUR	75,000,000	100.00	100.00	100.00	Edison Spa	S	(2)
Edison Reggane Spa (single shareholder)	Milan (IT)	EUR	200,000	100.00	100.00	100.00	Edison Spa	S	(2)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	90,000,000	100.00	100.00	100.00	Edison Spa	S	(2)
Corporate Activities									
Atema Dac	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	S	-
Medicoora Srl	Casalecchio di Reno (BO) (IT)	EUR	30,000	5.00	5.00	5.00	Edison Spa	S	-
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	S	(2)
Tremonti Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Spa	S	-

LIST OF EQUITY INVESTMENTS (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2020	Interest held in share capital % (b)	by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
B) Investments in companies valued by the equity method									
Elpedison Bv (*)	Amsterdam (NL)	EUR	1,000,000		50.00	Edison Spa	21.9	JV	(5)
Ibiritermo Sa	Ibirité - Estado de Minas Gerais (BR)	BRL	7,651,814		50.00	Edison Spa	3.2	JV	(5)
IGI Poseidon Sa-Nat. Gas Subm. Interc. Gre-Ita-Poseidon (**)	Athens (GR)	EUR	137.050.000		50.00	Edison Spa	50.3	JV	(5)
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,100		47.62	Jesi Energia Spa	-	AC	-
Depositi Italiani GNL Spa	Ravenna (IT)	EUR	20,000,000		30.00	Edison Spa	6.0	AC	-
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000		49.00	Edison Spa	30.0	AC	-
EL.IT.E Spa	Milan (IT)	EUR	3,888,500		48.45	Edison Spa	3.5	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	4.5	AC	-
Italia Servizi Integrati Spa	Milan (IT)	EUR	1,000,000		40.00	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	0.1	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison Spa	22.0	AC	-
Palmanova Servizi Energetici Scarl	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	-	AC	-
Prometeo Spa	Osimo (AN) (IT)	EUR	2,826,285		20.91	Edison Energia Spa (single shareholder)	2.2	AC	(6)
San Gerardo Servizi Scarl	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	-	AC	-
Syremont Monument Management Spa	Rose (CS) (IT)	EUR	1,325,000		22.64	Edison Spa	-	AC	(7)
T.E.S.I. Engineering Srl	Trento (IT)	EUR	104,000		24.00	Energon Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	-	AC	-
Triferr Ambiente	Rivoli (TO) (IT)	EUR	10,200		33.33	Sersys Ambiente Srl (single shareholder)	-	AC	-
Trireme Srl	Rivoli (TO) (IT)	EUR	10,000		48.00	Sersys Ambiente Srl (single shareholder)	-	AC	-
Total investments in companies valued by the equity method							**143.6**		

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2020	Interest held in share capital % (b)	by	Type of investment relationship (c)	Notes
(*) The carrying value includes the valuation of Elpedison Sa								
Elpedison Sa	Marousi, Athens (GR)	EUR	99,633,600		100.00	Elpedison Bv	JV	(5)
(**) The carrying value includes the valuation of ICGB AD								
ICGB AD	Sofia (BG)	BGL	115,980,740		50.00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	JV	(5)

LIST OF EQUITY INVESTMENTS (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2020	Interest held in share capital % (b)	Interest held in share capital by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
C) Investments in companies in liquidation or subject to permanent restrictions									
E.E.S.CO. Srl (in liquidation)	Marcallo con Casone (MI) (IT)	EUR	150,000		30.17	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	-	AC	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	2.4	S	(2)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	LIT in Euros	150,000,000 77,468.53		33.33	Edison Spa	-	AC	-
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	S	(2)
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	LIT in Euros	300,000,000 154,937.07		59.33	Edison Spa	-	S	-
Soc. Svi. Rea. Ges. Gasd. Alg-Ita v.Sard. Galsi Spa (in liquidation)	Milan (MI) (IT)	EUR	37,419,179		23,53	Edison Spa	-	AC	-
Total investments in companies in liquidation or subject to permanent restrictions							**2.4**		
D) Investments in other companies valued at fair value through profit and loss									
Amsc-American Superconductor	Devens (MA) (USA)	USD	276,031		0.06	Edison Spa	0.2	NG	-
Città Salute Ricerca Milano Spa	Milan (IT)	EUR	5,000,000		10.00	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	0.5	NG	-
Esco Brixia Srl	Bovegno (BS) (IT)	EUR	45,000		10.00	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	-	NG	-
European Energy Exchange Ag - Eex	Lipsia (D)	EUR	60,075,000		0.50	Edison Spa	0.7	NG	-
Reggente Spa	Lucera (FG) (IT)	EUR	260,000		5.21	Edison Spa	-	NG	-
Renit Group Srl	Giulianova (TE) (IT)	EUR	300,000		19.49	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	0.4	NG	-
Synchron Nuovo San Gerardo Spa	Zola Pedrosa (BO) (IT)	EUR	8,160,000		6.85	Edison Facility Solutions Spa (single shareholder) ex Energon Facility Solutions Spa (single shareholder)	0.6	NG	-
Total investments in other companies valued at fair value through profit and loss							**2.4**		
Total equity investments							**148.4**		

Notes

(a) The consolidated Group interest is computed on the basis of the interest held in the respective share capital by the Parent Company or subsidiaries consolidated on a line-by-line basis.
(b) The interest in the share capital is equivalent to the ratio between the aggregate par value of all equity securities held directly and the total share capital. In this computation, the denominator (total share capital) is net of any treasury shares held.
(c) S = subsidiary; JO = joint operation; JV = joint venture; AC = affiliated company; NG = non-Group company.
(d) The carrying value is shown only for companies valued by the equity method or at cost, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, it is shown only if it is equal to or greater than one million euros.
(1) Company subject to the oversight and coordination of Fenice Qualità per l'Ambiente Spa (single shareholder).
(2) Company subject to the oversight and coordination of Edison Spa.
(3) Company subject to the oversight and coordination of Frendy Energy Spa.
(4) Company subject to the oversight and coordination of Edison Facility Solutions Spa (single shareholder).
(5) From January 1, 2014, company valuated with equity method according to IFRS 11.
(6) Of which n. 183,699 of common shares and n. 407,136 of common share cat. A.
(7) On 1/30/07 Edison exercised the option to sell its equity investment, with respect to which the counterparty is now in default.

The currency codes used in this report are those of the ISO 4217 International Standard.

BGL Bulgarian lev
BRL Brazilian real
CHF Swiss franc
EUR Euro
ILS New Israeli sheqel
L Italian lira
MAD Moroccan dirham
PLZ Polish zloty
USD U.S. dollar

Certification of the Condensed Semiannual 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”, Didier Calvez 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 Italian 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 administrative and accounting procedures for the preparation of the Condensed Semiannual Financial Statements for the period January 1 - June 30, 2021.

2. We further certify that:

2.1. the Condensed Semiannual Financial Statements (Condensed Consolidated Semiannual 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 Semiannual Report on Operations includes a reliable analysis of the reference made to the important events that took place during the first six months of the year, and their incidence on the Condensed Semiannual Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Semiannual Report on Operations also includes a reliable analysis of information provided on relevant related party transactions.

Milan, July 28, 2021

The Chief Executive Officer	The “Dirigenti Preposti alla redazione dei documenti contabili societari”
Nicola Monti	Didier Calvez Roberto Buccelli

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Edison S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Edison S.p.A. and subsidiaries (the "Edison Group") comprising the consolidated income statement, other components of the comprehensive income statement, the consolidated balance sheet, the cash flow statement, the changes in consolidated shareholders' equity and notes thereto, as at and for the six months ended 30 June 2021. The company's Edison S.p.A. directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Edison Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 29 July 2021

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi
Director of Audit