Quarterly Report

AT SEPTEMBER 30, 2021

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QUARTERLY REPORT AT SEPTEMBER 30, 2021

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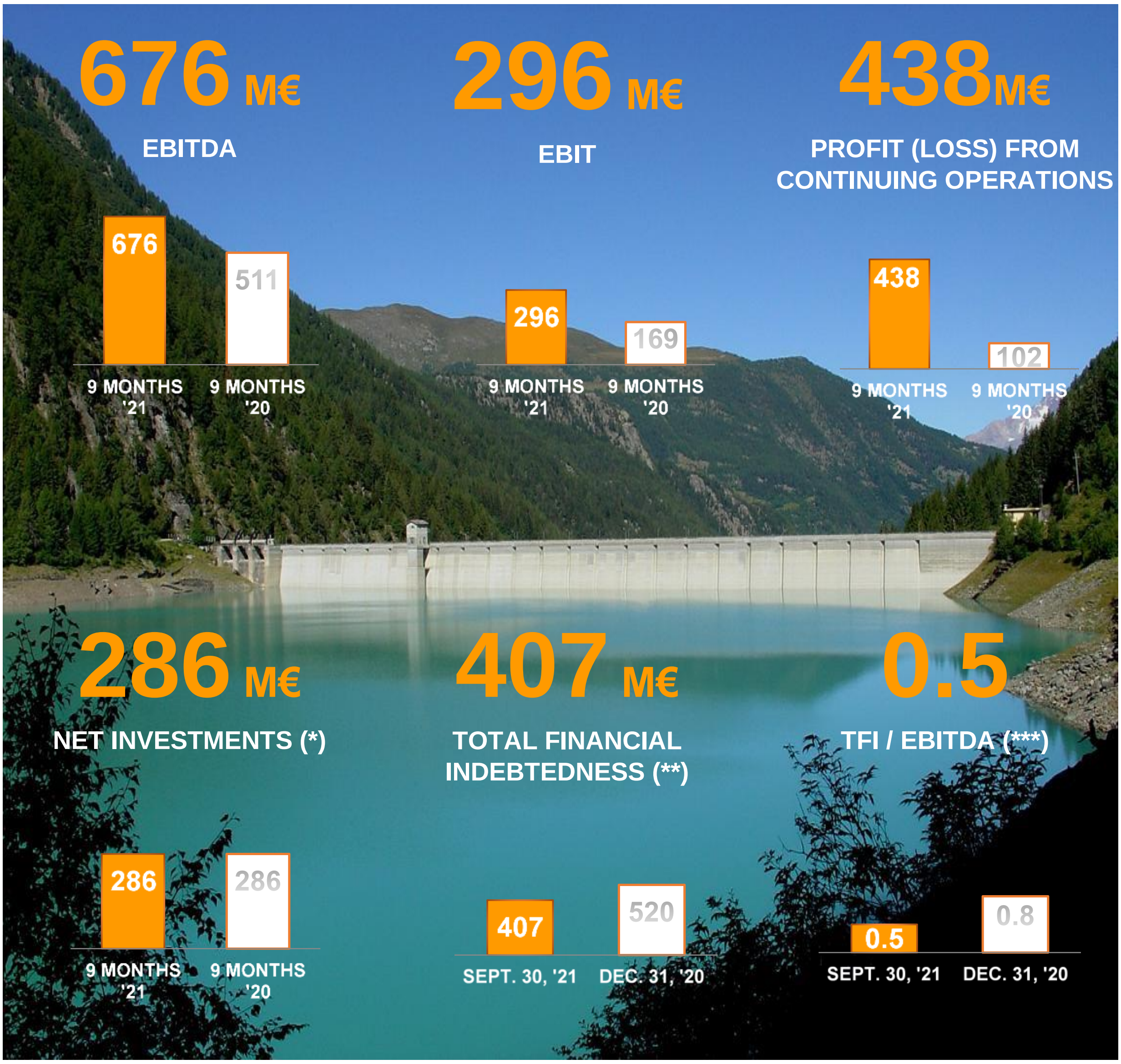
The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version

HIGHLIGHTS



(*) Effect on indebtedness as described in paragraph Total financial indebtedness and cash flows.
(**) The item incorporates the ESMA Guidelines on financial debt and therefore includes other non-current liabilities.
(***) TFI Total Financial Indebtedness; the ratio at September 30, 2021 was calculated using an EBITDA based on the last twelve months.

Highlights 9 months 2021 (in millions of euros)	Electric Power Operations	Gas Operations and E&P (*)	Corporate	Eliminations	**Edison Group**
EBITDA	473	249	(46)	-	**676**
EBIT	265	228	(197)	-	**296**
Gross Investments (**)	298	51	7	-	**356**

(*) 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

Rating	**Standard & Poor's**		**Moody's**	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
Medium/long-term rating	BBB	BBB-		
Medium/long-term outlook	Stable	Stable	Stable	Positive
Short-term rating	A-3	A-3		
Rating			Baa2	Baa3

INTRODUCTION

The preparation criteria of quarterly information

It should be noted that the Company provides the market with voluntary quarterly consolidated information, more concise and focused on its business performance. This report therefore includes a comment on the reference economic context, on the performances of the Group and the main operating sectors and provides the presentation formats with economic and financial data comparable with those of the Annual and Semiannual Reports.
For quantitative data, the equivalent figures of the previous reference period are also given.

Newly applied standards

The accounting principles, the valuation criteria and consolidation criteria applied in preparing this information are consistent with those adopted for the preparation of the 2020 Consolidated Financial Statements.

The Board of Directors, met on October 28, 2021, authorized the publication of Edison's Group Quarterly Report at September 30, 2021, which was not audited.

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

Changes in the Scope of Consolidation compared with December 31, 2020 – Acquisition and Disposal of Asset

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 at the closing, to which the payment of further 6 million euros has been added following the occurrence of some conditions precedent provided in the contract. The valuation of the Purchase Price Allocation (PPA) pursuant to IFRS 3 revised is in progress;
- 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;
- the purchase, occurred on July 2, 2021, of 100% of **Energia Etica**, a company operating in the market of sale of electricity and natural gas to end consumers, for a consideration of 11 million euros. The PPA process pursuant to IFRS 3 revised is in progress; a goodwill of about 10 million euros was provisionally recorded;
- the purchase, occurred on July 29, 2021, of 100% of the company **Vibinum** from the Futuren Group and 90% of the company **Aerochetto**, buying a 51% stake from the Futuren Group and a 39% stake from Repower Spa, for a total consideration of about 15 million euros, substantially aligned to the equity, in addition to the reimbursement of a loan granted to the company Aerochetto by the former shareholders for about 19 million euros. Both of the acquired companies operate in the wind sector and the purchases from the Futuren Group, controlled by EDF Sa, are classified as transactions between related parties of lesser significance and have been carried out after obtaining the positive opinion of the Related Party Transactions Committee.

Please also remember that on February 16, 2021 the purchase from F2i Fondi Italiani per le Infrastrutture of 70% of E2i Energie Speciali Srl (now Edison Rinnovabili Spa) has been executed, thus terminating the partnership started in 2014; the company of the wind sector, already consolidated line-by-line in the Edison Group due to the governance and management agreements, is now owned at 100% by Edison Renewables. 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.

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 the contribution of Edison Norge to Group values until the sale is included under continuing operations;
- in the balance sheet at September 30, 2021 the balances relating to Edison Norge are deconsolidated, while at December 31, 2020, exposed for comparative purposes, they 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 did not have material economic effects.

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 Quarterly Report, in line with 2020 Consolidated Financial Statements and with the Condensed Consolidated Semiannual Financial Statements at June 30, 2021, the assets of IDG were treated as a disposal group pursuant to IFRS 5, therefore:

- in the income statement the contribution of IDG to Group values until the sale is included under continuing operations;
- in the balance sheet at September 30, 2021 the balances relating to IDG are deconsolidated, while at December 31, 2020, exposed for comparative purposes, they 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

Income statement data relating to the first 9 months of 2020, exposed for comparative purposes, show the contribution of E&P assets, sold to Energean in December 2020, under **discontinued operations**. In particular, in the income statement for the first 9 months 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, were classified under the item **Profit (Loss) from discontinued operations** (negative by 170 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 9 months of 2021 for these operations totaled 16 million euros (15 million euros in the first 9 months of 2020).

The application of IFRS 5 accounting standard is widely described in 2020 Consolidated Financial Statements and in the Condensed Consolidated Semiannual Financial Statements at June 30, 2021 to which reference should be made for further information.

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. This operation determined a net positive effect on income taxes, estimated at 230 million euros. For more information please refer to the comments in the Condensed Consolidated Semiannual Financial Statements at June 30, 2021.

KEY EVENTS

Edison grows in renewables with the acquisition of 40 MW from wind farms

July 30, 2021- Edison announced that it has completed the acquisition of 100% of the company Vibinum Srl from Futuren Group and 90% of the company Aerochetto Srl, taking over the 51% stake from Futuren Group and the 39% stake from Repower Spa. Thanks to these two transactions, Edison continued to implement its growth plan in the area of renewable generation and consolidated its leading position in the wind power sector, increasing its portfolio by an additional 40 MW for a total installed capacity (wind and photovoltaic power) of 1.1 GW. Aerochetto Srl and Vibinum Srl own, respectively, 30 MW of wind power assets in Sicily and 10 MW in Apulia, two regions where Edison has a long-established presence in the industry and can benefit from operational synergies in the management and maintenance of the plants. The two wind farms meet the needs of about 24,695 households and prevent the emission of about 30,817 tons of CO_2 per year into the atmosphere. In addition, these plants may be repowered in the coming years, which will further increase the annual production of green energy and, at the same time, reduce the number of wind turbines.

Moody's raises Edison's outlook to Stable and confirms its Baa2 rating

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

Edison: first LNG offloading at the DIG coastal deposit in Ravenna

September 10, 2021 / October 26, 2021 - Edison announced that on September 9 it started the first offloading of liquefied natural gas (LNG) in the Small-Scale coastal deposit in Ravenna, owned by Depositi Italiani GNL, DIG (51% Pir, 30% Edison, 19% Scale Gas), through the LNG carrier Ravenna Knutsen, dedicated to Edison's small-scale activities. These activities marked the start of the testing period for the deposit, which is instrumental in its entry into operation, occurred on October 26. That of Ravenna is the first small-scale deposit of liquefied natural gas in continental Italy in the service of sustainability of heavy and maritime transport. The deposit, built with an investment of approximately 100 million euros in the area, has a storage capacity of 20,000 cubic meters of LNG and an annual handling capacity of over 1 million cubic meters of liquid gas, making LNG available for the supply of at least 12,000 trucks and up to 48 ferries per year. During its operation it will avoid the emission of 6 million tons of CO_2 and will eliminate those of particulate and sulfur oxides.

Edison and Snam together with Saipem and Alboran for the *Green Hydrogen Valley* Project in Apulia

September 14, 2021- Edison and Snam have signed a Memorandum of Understanding (MoU) together with Saipem and Alboran Hydrogen for the joint development of the Puglia Green Hydrogen Valley project, one of the first initiatives for the large-scale production and transportation in Italy of green hydrogen, a major player in the European decarbonisation strategy. The Puglia Green Hydrogen Valley proposes to build three green hydrogen production plants in Brindisi, Taranto and Cerignola (Foggia) for a total capacity of 220 MW and powered by photovoltaic production for a total power of 380 MW. It is estimated that, once fully operational, the three plants will be able to produce up to about 300 million cubic meters of renewable hydrogen per year. The green hydrogen will be mainly used by the industries present in the areas, also through the injection of hydrogen into the local Snam gas network and/or used for sustainable mobility. Of the three planned plants, the Brindisi project has already started the authorisation process and envisages the construction of a plant for the production of green hydrogen through electrolysers with a capacity of 60 MW powered by a dedicated photovoltaic field.

Edison partners with All4Climate Italy 2021

September 17, 2021- Edison supports All4Climate – Italy 2021, the packed programme of events dedicated to the fight against climate change, which promotes active and constructive dialogue on the challenges of the climate crisis and supports the definition of a plan to achieve the goals of the Paris Agreement in preparation for PRECOP and COP26.

Edison wins arbitration against Qatargas

September 20, 2021- Edison announced that it had won the arbitration against Qatargas concerning the price revision of the long-term contract for the purchase of Qatar Liquefied Natural Gas. The arbitration board, fully accepting Edison's defensive arguments, decided to reject all Qatargas' requests to obtain a price increase.

Edison and Gabetti Lab announce a partnership for the development of energy communities in the condominium sector

September 23, 2021- Edison and Gabetti Lab have signed an agreement for the joint development of condominium energy community initiatives in Italy. The partnership involves the installation of photovoltaic systems on the roofs of the buildings, which produce renewable energy for the on-site benefit of the families living there as members of the energy community.

Edison and Amazon Web Services (Aws) announce a partnership for digital transformation

September 29, 2021- Edison has announced the start of a partnership with AWS to further accelerate its digital transformation process. By partnering with AWS, the world's leading provider of cloud services, Edison will be able to give momentum to the company's digital transformation process and offer customers increasingly innovative services. By building an enterprise data lake on AWS and leveraging advanced machine learning services like Amazon SageMaker, it was possible to deploy the "Wind Digital Twin": a cloud-based model of Edison's wind farms to optimise plant maintenance and forecast energy production.

Edison and Michelin Italiana together for sustainability

October 11, 2021-Edison and Michelin Italiana have signed a multi-year agreement to improve energy efficiency, environmental sustainability and reduce the carbon footprint of the Michelin plant in Cuneo, thanks to the construction of plants for the production of energy with a low environmental impact and energy from renewable sources. The Cuneo plant is Michelin's largest production site in Western Europe. This project, which will cover 97% of the energy needs of the Cuneo plant, calls for the construction and installation by Edison of a new high-efficiency trigeneration system capable of simultaneously producing electric power, steam and water for heating and cooling. There will also be photovoltaic systems installed on the car park shelters and in other available areas, as well as an integrated system consisting of boilers for the supply of the steam necessary for the production of tyres, which also involves the use of woody biomass from a short supply chain.

Edison signs an agreement with Dolomiti Energia Group for the development of a photovoltaic plant

October 13, 2021- Edison and Dolomiti Energia Trading, announced the signing of a Power Purchase Agreement (PPA) for the construction by Edison of a 7MW photovoltaic plant in Alessandria. The agreement has a duration of 10 years, starting in January 2023, and calls for 100% of the renewable energy produced by the Edison-owned facility to be withdrawn by Dolomiti Energia Trading. Once in operation, the plant, with an installed capacity of 7MW, will produce about 11 GWh of energy per year, equivalent to the annual needs of about 4,000 households. The plant will get into operation in July 2022 and will contribute to the achievement of the country's decarbonisation targets.

Update dispute for registration fees on transactions requalified as disposal of business operations regarding CIP 6/92 power plants

In October 2021 the Supreme Court defined, by a ruling favourable to Edison Spa, the dispute pending since 2010 and concerning 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.

The tax was paid in full while lawsuit was pending and, thus, following the ruling the relative amount, previously classified as a Contingent asset, has been booked in the receivables.

EXTERNAL CONTEXT

Economic Framework

Having overcome the most acute phase of the economic and health crisis, the global economy now appears to be striving for a difficult balance following the pandemic shock of the last year and a half. The economic conditions differ significantly from one area of the globe to the next: the extent of the recovery, which can be observed at a global level, is influenced by the production structures and the extent of the fiscal and monetary stimuli implemented by the government authorities, but also by the spread of vaccination campaigns and the virus trend.

In fact, the COVID-19 pandemic, far from being resolved, continues to affect people's lives and the economy. The difficulties still linked to the pandemic are partly responsible for the substantial stabilisation of world trade, to which we must add in the logistical problems in the maritime transport sector (responsible for 80% of the world's trade in traded products), which have brought the cost of freight to an all-time high. In this context, based on Prometeia's estimates, the global economy is expected to grow by 5.9% in 2021 (compared to a 3.2% drop in 2020) and global trade by 8.5% (-5.3% in 2020).

Driving the economy in these months of 2021 is household consumption - especially in industrialised countries - which has returned to grow considerably following the easing of the restrictions put in place to counter the spread of the pandemic and the implementation of vaccination campaigns.

Looking ahead, the major unknowns concern the growing inflationary risks due to supply constraints and problems in international value chains that do not allow for the satisfaction of growing demand, on the one hand; the methods and effects of the return of fiscal and monetary stimuli, on the other.

On the inflationary front, the increase in prices at a faster pace than the pre-crisis situation is due to the scarcity of some primary inputs, such as raw materials, semi-finished goods and skilled labour; but also to the speed of recovery of demand and the difficulties in meeting it due to blockages in production or in the movement of goods for health reasons.

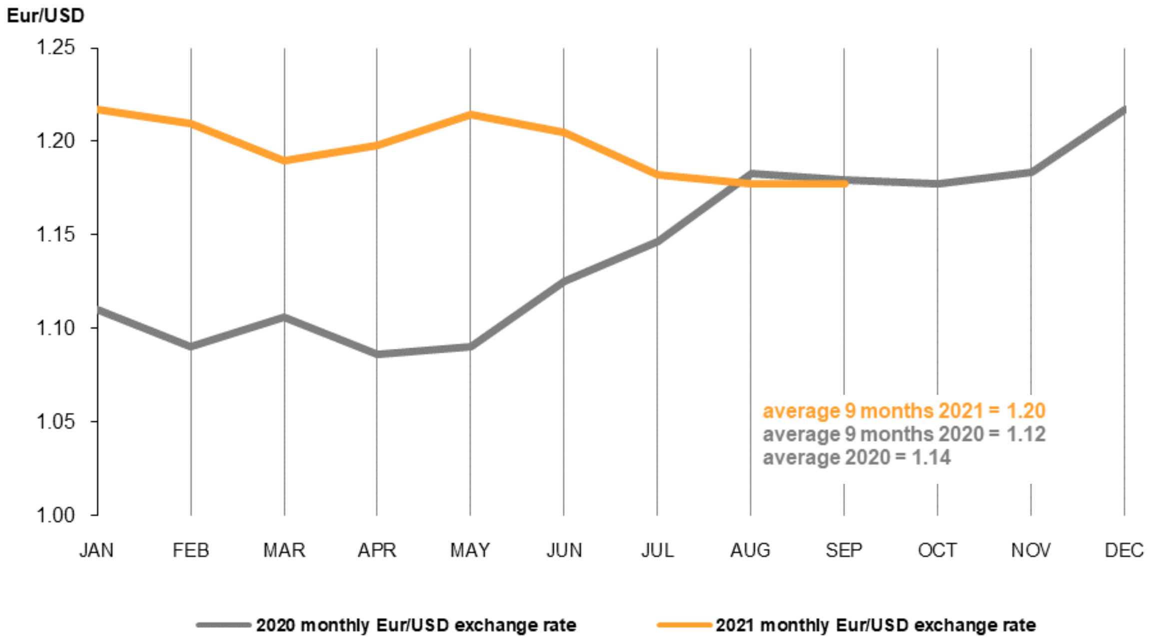
On the public finance front, the normalisation of economic policies, which will also have to manage the process of reducing deficits and stabilising public debt, will be a delicate step, made even more complicated by the presence of pockets of unemployment due to the restructuring of production under way (especially in certain types of services, the weight of which will inevitably decrease).

The FED and the ECB still seem cautious about changing the monetary policy approach in order to contain the risks of excessive inflation; risks that appear more marked in the United States (where the consumer price index is over 5%) and less evident in the Eurozone (where it is around 3%). As for fiscal policy, Europe is moving forward with the implementation of the Next Generation EU, while the United States is discussing a possible new stimulus aimed at increasing growth in the long term.

In terms of the economic dynamics of the main areas of the globe, Prometeia's forecasts predict that the United States will grow by around 6% this year, despite the deceleration expected in the second half of the year; China is expected to rebound by 8.4%; while in the Eurozone the average annual growth is expected to be 5%, with a high degree of heterogeneity among the main economies in the area.

In our country, after the rebound observed in the second half of 2020, industry is continuing its recovery thanks to the resilience of exports and strong growth in residential construction which, in turn, is supporting demand in sectors that are important to the Italian economy, such as building materials and furniture. The manufacturing sector is in fact improving and only slightly below pre-crisis levels, while private services rebounded strongly (especially trade, repair of motor vehicles and motorcycles, transport, storage, accommodation and catering services). Overall, the recovery in Italy is the result of a positive combination of various factors, including strong support from fiscal policy; a specialisation in production that is conducive to recovery; and a tourism sector with high potential, which this year has benefited from the fact that European citizens have chosen Italian (and European) destinations for their holidays. All this is combined with the credibility of the government and the work done in defining and approving the National Recovery and Resilience Plan (PNRR), which must now be followed by Italy's commitment to implement it in the agreed time-frame and manner. A first tranche of 25 billion euros has already been received in August; it is now essential that the European funds are rapidly allocated to the projects envisaged in the PNRR, thereby boosting demand and the restructuring of the economy, both of which are necessary to achieve a level of potential growth higher than pre-crisis levels.

In the first nine months of 2021, the euro appreciated significantly against the US dollar compared with the same period in 2020, with the average EUR/USD exchange rate sitting at 1.20, marking an increase of 6.5%. The strengthening of the single currency was particularly evident in the first half of the year, buoyed by optimism related to the start of the vaccination campaign and the subsequent easing of restrictions imposed to contain the COVID-19 pandemic. During the third quarter, the exchange rate showed a downward trend, returning to levels close to those of the previous year. Following the improvement in the U.S. macroeconomic picture, in June the FED began to discuss normalising monetary policy ahead of its March plan, indicating the possibility of two interest rate hikes during 2023. Inflationary pressures seen in the US further fuelled expectations of a faster change in the Fed's accommodative stance, boosting the dollar's gains. However, the central bank maintained a cautious stance, assessing on the one hand the rise in inflation and, on the other, the situation in the labour market, the latter still some way off the levels prior to the COVID-19 crisis. In September, the chairman of the FED confirmed the more restrictive monetary policy stance in the short-term. By the end of the year, tapering, i.e., the reduction of the massive bond-buying plan, currently amounting to 120 billion dollars per month, could be initiated. This move could pave the way for a first interest rate hike as early as 2022. Signs of a stronger-than-expected economic recovery in the Eurozone prompted the ECB to recalibrate the pace of purchases under the Pandemic Emergency Purchase Programme (PEPP). These factors limited the depreciation of the single currency during the third quarter.



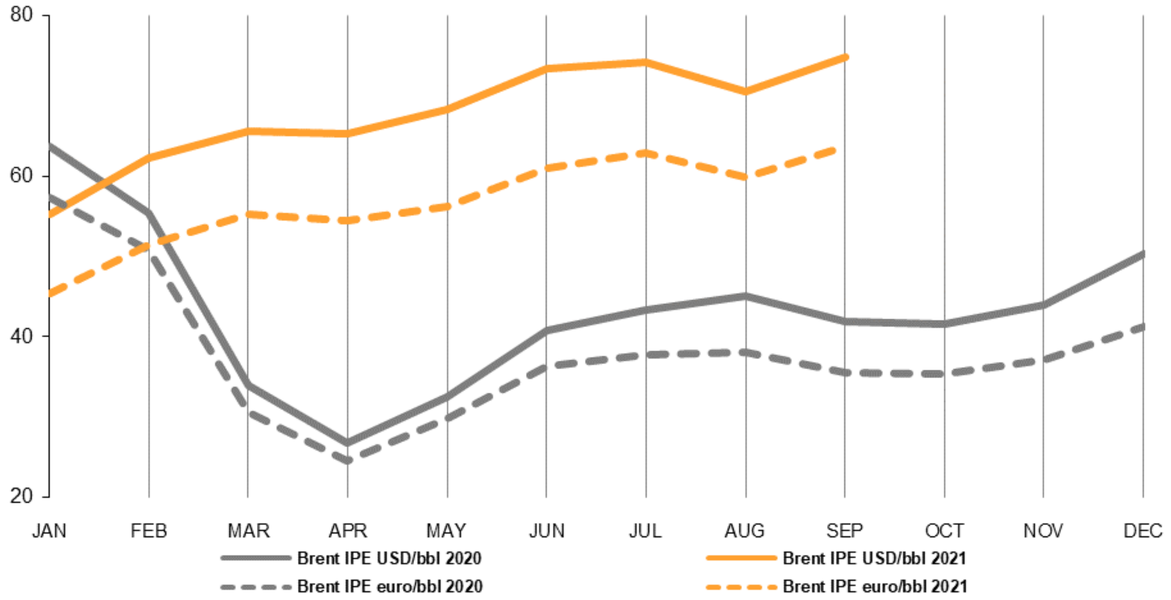
With regard to oil markets, the average crude oil price for the first nine months of 2021 was 67.7 USD/barrel, 59.1% higher than the average recorded for the same period of 2020. This trend, which has been growing steadily since the beginning of the year, peaked in September (74.9 USD/barrel). The historic April 2020 agreement between OPEC countries and their allies (OPEC+) regarding supply containment has seen high compliance with allocated quotas, helping to rebalance the market after the imbalance caused by the pandemic. In addition, oil demand showed a marked recovery in the main consumption centres globally, thanks to the restart of manufacturing activities and the transport of people and goods enabled by the extension of vaccine administration. Consequently, the decision by OPEC+ members to restore 400,000 barrels per month of output starting in August did not have a significant effect on prices, partly due to the difficulties encountered by some countries in increasing production to the set quotas. Subsequently, a series of hurricanes swept across the United States between the end of August and the beginning of September, making much of the extractive capacity in the Gulf of Mexico area unavailable. The tensions that have emerged in the gas market have helped further fuel the rise in prices. All these factors have further reinforced the high volatility that characterizes the dynamics of crude oil price.

The price of crude oil in Euro stood at an average of 56.7 EUR/barrel, up by 49.6% over the first nine months of 2020.

The table and chart that follow respectively show the average values of the quarter and the monthly trends for this year and the previous year:

	9 months 2021	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Oil price in USD/barrel[(1)]	67.7	42.6	*59.1%*	73.2	43.4	*68.6%*
USD/EUR exchange rate	1.2	1.12	*6.5%*	1.18	1.17	*0.8%*
Oil price in EUR/barrel	56.7	37.9	*49.6%*	62.1	37.1	*67.3%*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

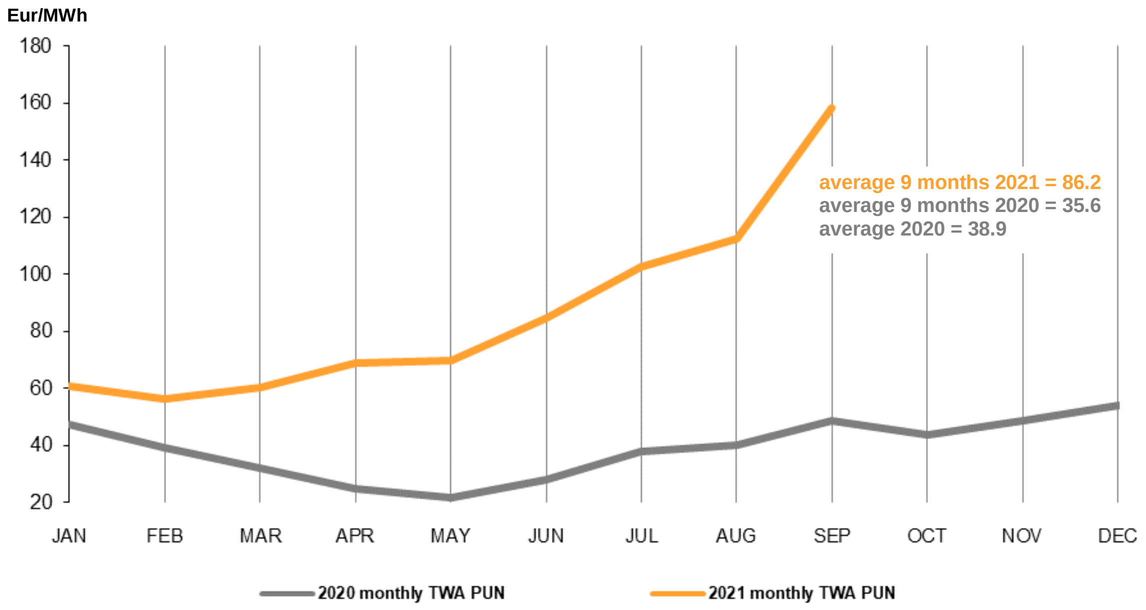
TWh	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Net production:	206.8	206.4	*0.2%*	72.5	75.3	*(3.8%)*
- Thermoelectric	130.3	130.0	*0.3%*	46.0	48.8	*(5.8%)*
- Hydroelectric	36.7	36.5	*0.7%*	13.0	13.2	*(1.5%)*
- Photovoltaic	21.0	21.8	*(3.4%)*	8.3	8.4	*(1.8%)*
- Wind power	14.6	13.9	*5.3%*	3.8	3.5	*9.0%*
- Geothermal	4.1	4.2	*(2.2%)*	1.4	1.4	*0.3%*
Net imports	34.1	20.6	*65.7%*	12.2	6.6	*84.1%*
Pumping consumption	(2.0)	(1.8)	*7.0%*	(0.6)	(0.5)	*17.7%*
Total demand	**239.0**	**225.1**	***6.2%***	**84.1**	**81.5**	***3.2%***

Source: processing of preliminary 2021 and 2020 TERNA data, gross of grid losses.

Italy's gross electricity demand in the third quarter of 2021 recovers the gap with the last pre-pandemic year to approximately 84.1 TWh (TWh = billion KWh) overall, up 3.2% (+2.6 TWh) on the same period in 2020 and 0.6% (+0.5 TWh) on 2019. The most significant increase was seen mainly in July, which typically shows the highest consumption of the year, where demand was up 4.9% (+1.4 TWh) on the same month in 2020, while the other two months of August and September saw more modest increases of 2.7% and 1.9% respectively. A breakdown of the contribution provided by each source of energy in the third quarter of the year shows that the contribution provided by thermoelectric power plants decreased by 5.8% (2.8 TWh), with the largest reduction occurring in August (2.2 TWh), followed by a contraction of 0.4 TWh in July and 0.2 TWh in September. The performance of renewable sources differed, with hydroelectric and photovoltaic sources that showed a cumulative shortfall respectively of -1.5% and -1.8% compared with 2020, while the contribution of wind power generated a positive performance (+9%). The picture is completed by a strong increase in imports, supported by the current price environment, whose net balance almost doubled (+84.1%) compared to 2020 and is 43% higher compared to 2019. For this reason, on the overall balance of the quarter, domestic production reduces its contribution by accounting for about 86% of demand, down 6% compared to 2019 (-1.9 TWh).

With reference to the price scenario at September 30, 2021, the average value in the first nine months of 2021 of the time weighted average (TWA) of the single national price (abbreviated as "PUN" in Italian), came in at 86.2 euro/MWh, a significant increase 142.2% against the figure related to the same period of the previous year (35.6 euro/MWh). In the third quarter of 2021 the average price was 124.2 euro/MWh, up significantly both on a year-on-year basis (+193.5%) and compared with the second quarter of 2021 (+66.6%).
The price increase compared to 2020 was mainly driven by the marked increase in generation costs and took place in a context of gradual recovery in electricity demand after last year's contraction. The robust growth in prices that took hold in the spring was further strengthened in the third quarter, with the record levels reached by gas prices and CO_2 emission rights driving the PUN to all-time highs.
A look at the monthly trend of the PUN compared with 2020 shows that prices have more than doubled since April. The most significant deviations were recorded in May, June and September 2021, with increases of +220.9%, +202.8% and +225.0%, respectively, compared to the same month in 2020. May and June were affected by the rebound of

commodities from 2020 lows, in a context of misaligned temperatures compared to the seasonal average and lower output from renewable sources. In September, strong price growth, consistent with the trend in the natural gas market, coupled with some interconnection restrictions at the northern border caused the PUN to rise several times above its all-time high, reaching a level of 218.4 euro/MWh on September 29.
The following graph shows the comparison of the monthly trend between the two years under review:



As far as zonal prices are concerned, the bullish trend in the first nine months of 2021 was confirmed in all zones, with increases of about 139%. The largest increase occurred in the North Zone, which is more dependent on thermoelectric production. The F1, F2 and F3 hourly groups showed increases across the board compared with the first nine months of 2020 (+136.6%, +129.5% and +156.1%, respectively), in line with the PUN.
Similar to what was observed in the Italian market, foreign countries showed an increase in prices in a context of sharp rises in commodity prices and a recovery from the minimum levels reached during 2020 in the most acute phase of the COVID-19 pandemic. In particular, in France, prices rose by 147.1% compared with the first nine months of last year, with prices at 71.3 euro/MWh, while in Germany they were up by 149.9%, with prices averaging 69.2 euro/MWh. During the third quarter of 2021, France and Germany recorded a trend-based change of +147.4% and +168.9% respectively, which was lower than in Italy due to the reduced role of gas in the generation mix.

Demand for Natural Gas in Italy and Market Environment

billions of cubic meters	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Services and residential customers	20.0	17.8	*12.0%*	2.1	1.9	*10.2%*
Industrial use	13.1	12.1	*8.4%*	4.0	4.0	*2.1%*
Thermoelectric fuel use	18.5	18.1	*1.9%*	6.6	7.2	*(8.4%)*
Consumptions and system losses	1.6	1.5	*6.1%*	0.6	0.6	*(2.8%)*
Total demand	**53.2**	**49.6**	***7.2%***	**13.4**	**13.7**	***(2.5%)***

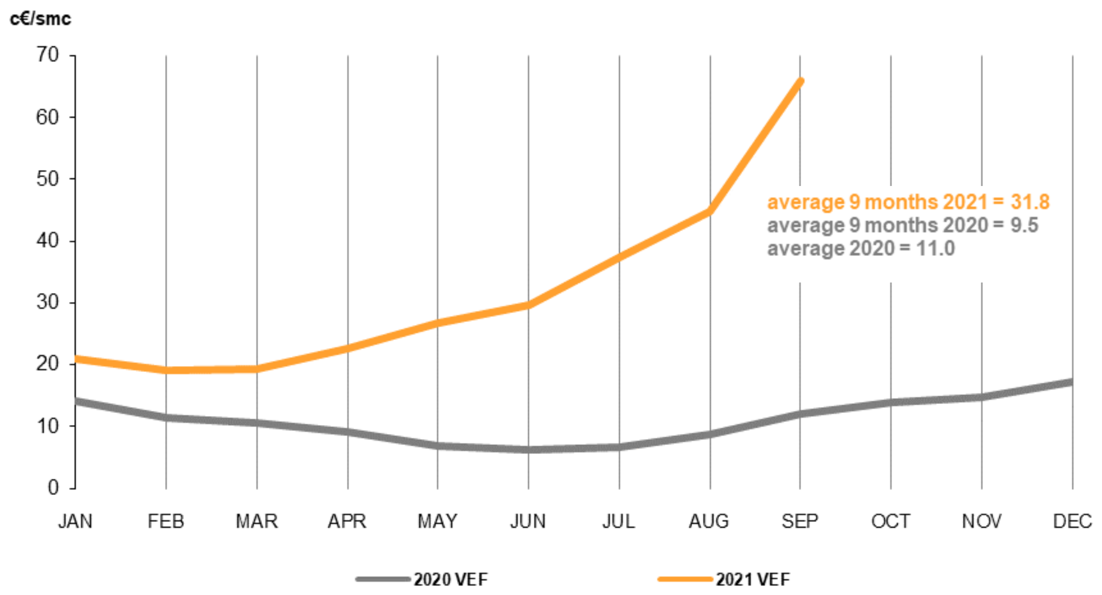
Source: preliminary data 2021 and 2020 Snam Rete Gas, Ministry of Economic Development and Edison estimates.

In the third quarter of 2021 demand for natural gas at national level declined slightly, losing about 0.3 billion cubic meters compared with the same period in 2020, particularly in August, where virtually all of the reduction observed during the quarter was concentrated. At the sector level, consumption increased in the services and residential customers segment, which, compared with 2020, recovered about 0.2 billion cubic meters, particularly in September, when most of the increase occurred. On the whole, industrial users remained almost unchanged during the period, while thermoelectric users were affected by higher imports, which reduced their contribution to the electric power balance, closing the quarter with about 0.6 billion cubic meters less than in 2020.
As for supply sources, the following developments characterised the third quarter of 2021:

- lower domestic production (-0.2 billion cubic meters; -20% compared to 2020);
- essentially stable gas imports (-0.1 billion cubic meters compared to 2020);
- a small reduction in volumes injected for storage (-0.1 billion cubic meters compared to 2020).

The spot gas price in Italy in the first nine months of 2021 rose considerably +234.5% on the same period of 2020, coming in at an average of 31.8 c€/scm. After substantial stability in the first three months of the year, from April prices showed an upward trend which became more accentuated in the third quarter, during which an average value of 49.3 c€/scm was recorded, compared to the average of 9.1 c€/scm of the same period of last year. Price dynamics show a strong increase in volatility.

The VEF-TTF spread recorded an average of -0.2 c€/scm in the first nine months, down by 1.7 c€/scm on the average value of 1.5 c€/scm observed in the first nine months of 2020. In the third quarter the average spread was -0.9 c€/scm, thus bucking the trend with respect to the average of 1.0 c€/scm of the same period of 2020. The differential between the two hubs was reversed, with the TTF therefore at a premium over the VEF, in January, June, July and August, while in September the prices of the two hubs were aligned. The inversion of the spread is a further confirmation of the increase in volatility. This trend is also partly due to the entry into operation of the TAP gas pipeline, which produced more contained increases on the VEF compared to the TTF.


c€/smc
70
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JAN
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SEP
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NOV
DEC
average 9 months 2021 = 31.8
average 9 months 2020 = 9.5
average 2020 = 11.0
2020 VEF
2021 VEF

Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework related to the third quarter of 2021, for the various areas of the corporate business.

Electric Power

Environment

Reducing Emissions - On August 9, 2021, the report "*Climate Change* 2021: *the Physical Science Basis*" was published as a result of Working Group I's contribution to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), which will be completed in 2022. The Report provides new estimates of the potential for global warming to exceed 1.5°C in the coming decades. It includes a focus on information useful for risk assessment, adaptation and other decision-making processes of the effects of physical climate change on societies and ecosystems. The report also shows how human activities have the potential to determine the course of future climate and there is clear scientific evidence showing how CO_2 is the main driver of climate change.

Measures for the electricity sector - Law No. 106 of July 23, 2021, "Conversion into law, with amendments, of Decree-Law No. 73 of May 25, 2021, containing urgent measures related to the COVID-19 emergency, for businesses, work, young people, health and territorial services", has been published, which adds Article 5-bis (Measures for the electricity sector), for the containment of adjustments to electricity sector tariffs set by ARERA (or the Authority) scheduled for the third quarter of the year 2021, whereby:

(a) a portion of the proceeds from the auctions of carbon dioxide (CO_2) emission quotas, referred to in Article 19 of Legislative Decree No. 30 of March 13, 2013, and Article 23 of Legislative Decree No. 47 of June 9, 2020, partly under the competence of the Ministry of Ecological Transition (MiTE) and partly under the competence of the Ministry of Economic Development (MiSE) shall be allocated in the total amount of 609 million euros to the support of incentive measures for renewable energy and energy efficiency, which are covered by energy tariffs;

(b) resources of 591 million euros shall be transferred to the Energy and Environmental Services Fund (CSEA) by September 30, 2021.

Wholesale Market

Capacity Mechanisms - In a June 30, 2021 guideline, MiTE expressed the need to conduct the 2024 and 2025 capacity market auctions by November 2021. In the same act, the Ministry pointed out that, following the auctions for 2024 and 2025, a phase of in-depth analysis will follow to assess whether, based on the evolution of the system, it is still necessary to repeat further auctions, together with the possibility, should it prove necessary to activate them, of gearing the mechanism even more towards supporting the energy transition.

Following Terna's consultations in May and June 2021, ARERA published three resolutions in preparation for the organisation of Capacity Market auctions for the 2024 and 2025 delivery years:

1. With the first resolution (resolution 370/2021/R/eel) ARERA, taking into account the results of Terna's study on the adequacy standard of the Italian electricity system and the related determining variables pursuant to Resolution 507/2020/R/eel:
   - establishes a single value of energy not supplied ($VOLL_{RS}$) at the national electricity system level, equal to 20,000 €/MWh;
   - proposes to the MiTE an adequacy standard (RS) of the Italian electricity system equal to 3 hours of LOLE (expected number of hours of inadequacy per year), calculated as the ratio between the minimum level of the new entrant cost range ($CONE_{RS}$: 53,000 - 61,000 €/MW/year) and the $VOLL_{RS}$ (20,000 €/MWh). This is the same adequacy standard applied for the 2022 and 2023 auctions.

2. With the second resolution (resolution no. 378/2021/R/eel) ARERA positively verified (with some requests for modification) the changes to the capacity market rules submitted by Terna. Most of the changes will apply from delivery year 2024 while some will apply from delivery year 2022. However, these are not substantive changes to the existing rules.
3. With the third resolution (resolution 399/2021/R/eel) the Authority, pursuant to the provisions of Resolution ARG/elt 98/11, updated the technical and economic parameters of the capacity market, as follows:
   - the maximum value of the premium payable for new production capacity is 70,000 €/MW/year, reduced from the value of 75,000 €/MW/year applied in the 2022 and 2023 auctions;
   - the premium associated with the central point of each demand curve (Point C), to which is associated a quantity of capacity that allows compliance with the adequacy standard, is equal to 60,000 €/MW/year (a value similar to that defined for the 2022 and 2023 auctions);
   - in continuity with the value applied in the 2022 and 2023 auctions, the maximum value of the premium recognisable to existing capacity and the value of the maximum premium to be offered of existing capacity are the same and equal to 33,000 €/MW/year;
   - the minimum investment amount related to new production capacity is set at 214,000 €/MW (slightly increasing compared to the value of 209,000 €/MW that had been defined for the 2022 and 2023 auctions);
   - the methodology for determining the strike price and the values of the relevant determining variables valid for the 2022 and 2023 delivery periods is confirmed for the 2024 and 2025 delivery years (see article 3 of the resolution);
   - as in previous delivery years, 70% of the net capacity supply charge will be allocated to the peak hours indicated by Terna.

On the other hand, there were no significant updates to the appeals pending before the Regional Administrative Court and the Court of First Instance of the European Union during the period under review. 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 (“Capacità disponibile di probabilità” or 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 €/MW/year) and any new capacity to be developed.

Energy Services

Waste - Fees for access to treatment, recovery and disposal plants

New Waste Tariff Method (MTR-2) - With Resolution 363/2021/R/RIF, dated August 3, 2021, the Authority adopted the Waste Tariff Method for the second regulatory period (MTR-2). Through its introduction, ARERA, in modifying the approach adopted in the first regulatory period, also intervened on the tariffs for access to the treatment, recovery and disposal plants for municipal waste. Innovative aspects include the scope of application of the MTR-2, to which all integrated and non-integrated operators are subject, and the introduction - within the framework of non-integrated operations - of the definitions of “minimum” and “additional” end-of-cycle plants. The former are considered indispensable for the closure of the waste cycle in the territory to which they belong and are therefore subject to a regulation of the recognised costs and tariffs characterised by incentives consistent with the waste management hierarchy, while the “additional” end-of-cycle plants, identified as a residual category with respect to the “minimum” ones, are subject only to transparency obligations. Sersys Ambiente, an Edison Group company, has not previously been affected by any form of tariff regulation, both because of the type of waste treated and because it has the typical characteristics of a non-integrated operator. With the introduction of the Waste Tariff Method for the second regulatory period (MTR-2), some plants of the company could be identified as “minimum” end-of-cycle plants and therefore subject to ARERA regulation.

Issues affecting multiple business segments

Decree-Law "Support bis" - Decree-Law 73/2021 "Urgent measures related to the COVID-19 emergency, for businesses, work, young people, health and territorial services" was converted into Law 106/2021 (OJ July 24, 2021). The regulation strengthens and extends the instruments for combating the spread of the infection and provides for measures to contain the social and economic impact of the prevention measures adopted.
Provisions of greatest interest:

- allocation of 1.2 billion euros to be used to reduce general system charges for electric power users and extension until July 2021 of the measures already provided by Decree-Law No. 41 of March 22, 2021 ("Support Decree-Law") for the reduction of general system charges for non-domestic electric power users connected at low voltage (LV).
- extension until December 31, 2021 of the possibility to benefit from the Extraordinary Redundancy Fund in derogation for 13 weeks.

Decree-Law "PNRR Complementary Fund" - Decree-Law 59/2021 on "Urgent measures relating to the National Recovery and Resilience Plan Complementary Fund and other urgent investment measures" was converted into Law No. 101 of July 1, 2021 (OJ July 6, 2021).
The measure defines an investment programme aimed at supplementing the PNRR measures with national resources of approximately 30.62 billion euros. As regards the areas of greatest interest, the following allocation of resources is envisaged:

- overhaul of the bus and ship fleets: 600 and 800 million euros respectively;
- port infrastructure initiatives: 2.86 billion euros;
- redevelopment of public housing: 2 billion euros;
- safe and sustainable hospital initiatives: 1.45 billion euros;
- tax credits for investments in the context of "Transition 4.0": 5.08 billion euros;
- concessions for the redevelopment of residential building in relation to the "Superbonus": 4.56 billion euros.

Decree-Law "Simplification and Governance" containing 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, converted into Law No. 108 of July 29, 2021 (OJ July 30, 2021).
The following measures are provided, inter alia:

- provisions on the governance model for the implementation of the initiatives set forth in the PNRR;
- simplifications of environmental impact assessment (EIA) procedures relating to PNRR (National Recovery and Resilience Plan) and PNIEC (National Integrated Climate and Energy Plan) initiatives;
- 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 plants and for electrochemical storage and pumping systems;
- simplification measures regarding the "110% Superbonus";
- simplifications for the promotion of the circular economy and actions against hydrogeological risk;
- measures on public contracts.

"Bill" Decree-Law – Decree-Law No. 130 of September 27, 2021 containing "Urgent measures to contain the effects of price increases in the electric power and natural gas sectors" (OJ September 28, 2021) was approved and sent to Parliament for the start of the process of conversion into law by November 26, 2021.
The law allocates more than 3 billion euros for initiatives aimed at alleviating the bill, in continuity with what was provided for the previous quarter by the Decree-Law "Sostegni bis".

In particular, the following measures are put in place for the months of October, November and December 2021:

- elimination of general system charges for domestic and non-domestic LV electricity users with available power up to 16.5 kW;
- reduction of the VAT rate to 5% on the supply of methane gas for civil and industrial uses;
- elimination of system charges also for gas users;
- recalculation of the amounts to reinforce social bonuses in electricity and gas in order to offset the effects of increases in raw material prices.

Fit For 55 Package - the European Commission published the ‘Fit-for-55’ package on July 14, 2021, containing fourteen proposals to revise existing regulations and directives and new legislative initiatives. The package aims to bring EU legislation into line with the new climate ambitions of the Green Deal and in particular with the binding target of a 55% reduction in CO_2 emissions by 2030 (which in turn is instrumental in achieving climate neutrality by 2050).

PRESENTATION FORMATS

CONSOLIDATED INCOME STATEMENT

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

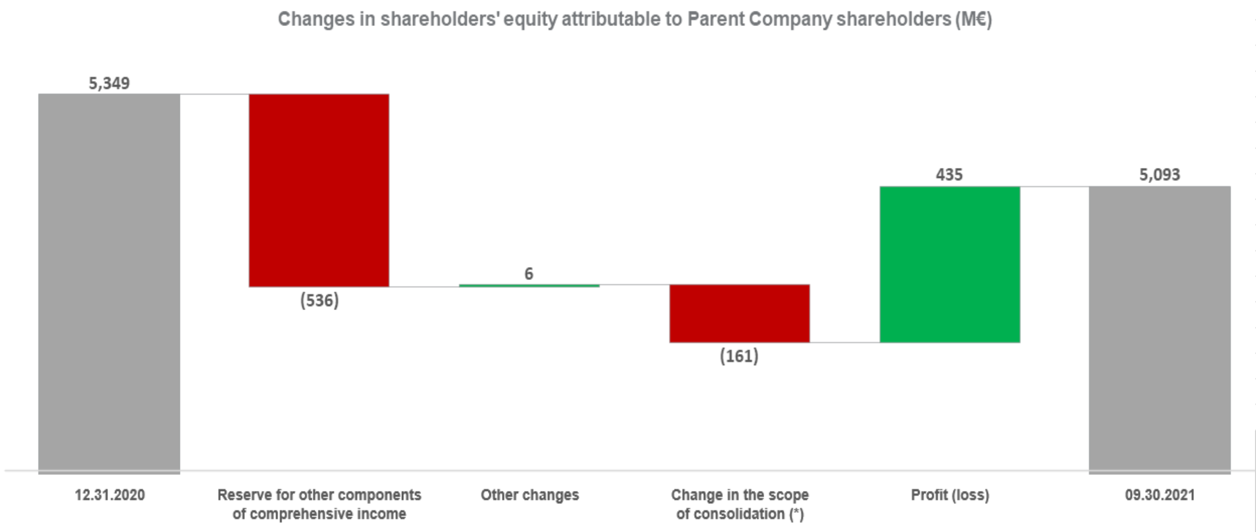
CONSOLIDATED BALANCE SHEET

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

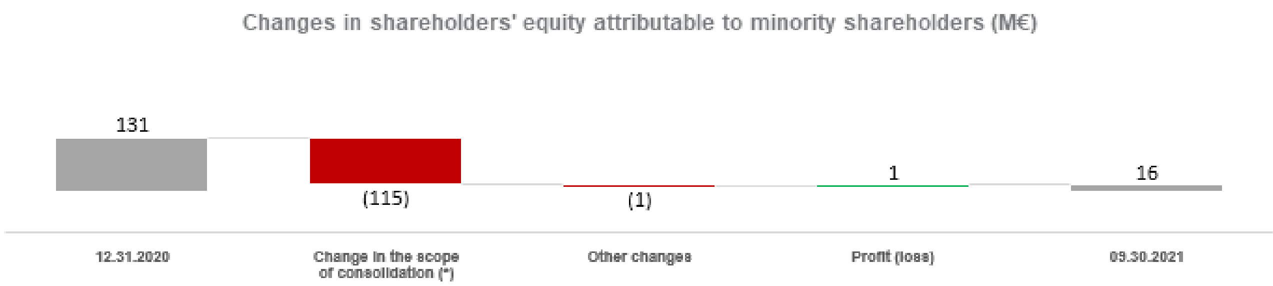
(*) The amount at September 30, 2021 takes into account the effects of the resolution to reduce the share capital, taken by the Extraordinary Shareholders' Meeting of March 31, 2021 and effective from a legal point of view starting from April 27, 2021.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

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



The change in the Reserve for other components of comprehensive income is mainly related to the Cash Flow Hedge Reserve, as described afterwards.



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

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

ECONOMIC & FINANCIAL RESULTS AT SEPTEMBER 30, 2021

Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Electric Power Operations						
Sales revenues	3,106	2,789	*11.4%*	1,100	958	*14.8%*
EBITDA	473	346	*36.7%*	136	87	*56.3%*
Gas Operations and E&P						
Sales revenues	4,214	2,257	*86.7%*	1,826	627	*n.m.*
EBITDA	249	237	*5.1%*	75	70	*7.1%*
Corporate Activities (1)						
Sales revenues	57	39	*46.2%*	19	12	*58.3%*
EBITDA	(46)	(72)	*36.1%*	(7)	(26)	*73.1%*
Eliminations						
Sales revenues	(528)	(564)	*6.4%*	(216)	(183)	*(18.0%)*
Edison Group						
Sales revenues	**6,849**	**4,521**	*51.5%*	2,729	1,414	*93.0%*
EBITDA	**676**	**511**	*32.3%*	204	131	*55.7%*
as a % of sales revenues	***9.9%***	***11.3%***		***7.5%***	***9.3%***	

(1) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and cross-company activities, i.e., activities that are not directly tied with a specific business and certain holding companies and real estate companies.

Revenues in the first nine months of 2021 increased compared with the previous year to 6,849 million euros, attributable to both operations, caused by a rise in reference scenarios.
EBITDA totalled 676 million euros, or 32.3% 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)	9 months 2021	9 months 2020	Change %	3Q 2021	3Q 2020	Change %
Edison's production:	**12,722**	**13,977**	***(9.0%)***	**4,549**	**4,860**	***(6.4%)***
- thermoelectric	9,234	10,322	*(10.5%)*	3,431	3,799	*(9.7%)*
- hydroelectric	2,124	2,366	*(10.2%)*	752	731	*2.9%*
- wind power and other renewables	1,364	1,289	*5.8%*	366	330	*10.9%*
Other purchases (wholesalers, IPEX, etc.) (2)	**13,700**	**14,991**	***(8.6%)***	**4,307**	**4,838**	***(11.0%)***
Total sources	**26,422**	**28,968**	***(8.8%)***	**8,856**	**9,698**	***(8.7%)***
EESM Division Production	**781**	**561**	***39.2%***	**186**	**198**	***(6.1%)***

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

Uses

(GWh) (1)	9 months 2021	9 months 2020	Change %	3Q 2021	3Q 2020	Change %
End customers (2)	9,978	11,588	*(13.9%)*	3,448	4,139	*(16.7%)*
Other sales (wholesalers, IPEX, etc.)	16,444	17,380	*(5.4%)*	5,408	5,559	*(2.7%)*
Total uses	**26,422**	**28,968**	***(8.8%)***	**8,856**	**9,698**	***(8.7%)***
EESM Division Sales	**781**	**561**	***39.2%***	**186**	**198**	***(6.1%)***

(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 in Italy amounted to 12,722 GWh, down 9.0% from the same period of 2020. The negative trend reflects primarily the impact of a decrease of 10.5% in thermoelectric production, due mainly to the shutdown of two power plants, one for breakdowns and the other for maintenance, and of a 10.2% decrease in hydroelectric production, attributable mainly to the deconsolidation of Dolomiti Edison Energy Srl on July 1, 2020.
Sales to end customers dropped by 13.9%, 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 8.6% and 5.4% 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 sales volumes for the Energy & Environmental Services Market Division.

Income Statement Data

(in millions of euros)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Sales revenues	3,106	2,789	*11.4%*	1,100	958	*14.8%*
EBITDA	473	346	*36.7%*	136	87	*56.3%*

Sales revenues in the first 9 months of 2021 came in at 3,106 million euros, up 11.4% compared to the previous year.
EBITDA amounted to 473 million euros (346 million euros in the same period of 2020), marking an increase of 36.7%.
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, 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 items 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.
The income statement data of the Electric Power Operations include the results of the Energy & Environmental Services Market Division which, as of September 30, 2021, showed a 15% increase in sales revenues compared to last year, reaching 387 million euros. EBITDA increased slightly, recording 51 million euros (47 million euros in 2020) mainly attributable to the Industry Tertiary Market segment; on the other hand, the Public Administration-related activities recorded a decline in results, resulting from the write-down of some receivables referring to previous periods, partially offset by the positive performance of current operations.

Gas Operations and E&P

Sources of Gas

(millions of m³ of gas)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Production (1)	7	7	(1.5%)	3	2	*47.7%*
Production outside Italy (2)	111	103	7.8%	42	37	*13.5%*
Imports (Pipeline + LNG)	9,243	8,521	*8.5%*	3,305	2,629	*25.7%*
Other Purchases	4,211	3,666	*14.9%*	1,146	1,000	*14.6%*
Change in stored gas inventory (3)	(81)	29	*n.m.*	(134)	(62)	*n.m.*
Total sources	**13,491**	**12,327**	**9.4%**	**4,362**	**3,607**	***20.9%***
Production outside Italy from discontinued operations	**-**	**994**	***n.m.***	**-**	**321**	***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 m³ of gas)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Residential use	1,294	1,504	*(14.0%)*	154	197	*(21.8%)*
Industrial use	4,204	3,656	*15.0%*	1,266	1,150	*10.1%*
Thermoelectric fuel use	3,707	4,456	*(16.8%)*	1,279	1,672	*(23.5%)*
Sales of production outside Italy	111	103	*7.8%*	42	37	*13.5%*
Other sales	4,175	2,608	*60.1%*	1,621	551	*n.m.*
Total uses	**13,491**	**12,327**	***9.4%***	**4,362**	**3,607**	***20.9%***
Foreign sales from discontinued operations	**-**	**994**	***n.m.***	**-**	**321**	***n.m.***

Gas imports and other purchases at September 30, 2021 show growth compared to the same period of the previous year of 8.5% and 14.9%, respectively. Insofar as uses are concerned, which totalled 13,491 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 15.0% and 60.1%, respectively, thanks to an increase in consumption compared to the previous year, adversely impacted by the health emergency, the higher number of contracts signed, a cold winter and temperatures below the historical average in the spring months.

Income Statement Data

(in millions of euros)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Sales revenues	4,214	2,257	*86.7%*	1,826	627	*n.m.*
EBITDA	249	237	*5.1 %*	75	70	*7.1%*

In the first 9 months of 2021, sales revenues grew to 4,214 million euros, or 86.7% more than in the same period last year, thanks to a favourable price scenario and an increase in volumes sold.
EBITDA for the 9 months, which includes the result of regulated activities and benefits from the positive outcome of IDG sale, was 249 million euros, up 5.1% compared with the same period in 2020. Improvements were recorded on the commercial side, mainly related to higher volumes, thanks to the climate factor and the absence of the negative effects recorded in 2020 due to COVID-19. These results were offset by reductions in margins in other segments of the operation.

Corporate Activities

Income Statement Data

(in millions of euros)	**9 months 2021**	9 months 2020	Change %	**3Q 2021**	3Q 2020	Change %
Sales revenues	57	39	*46.2%*	19	12	*58.3%*
EBITDA	(46)	(72)	*36.1%*	(7)	(26)	*73.1%*

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.
Results for the first 9 months of 2021 show an upward trend compared to those for the same period in 2020, mainly due to a gradual upgrade of service contracts to operating units.
An income was also recognised following the positive conclusion of the dispute concerning registration tax previously commented.

Other components of the Group's Income Statement

(in millions of euros)	**9 months 2021**	9 months 2020	% change
EBITDA	**676**	**511**	***32.3%***
Net change in fair value of derivatives (commodity and exchange rate risk)	25	(15)	*n.m.*
Depreciation and amortization	(268)	(256)	*(4.7%)*
(Writedow ns) and reversals	-	(24)	*n.m.*
Other income (expense) non Energy activities	(137)	(47)	*n.m.*
EBIT	**296**	**169**	***75.2%***
Net financial income (expense) on debt	(7)	(9)	*22.2%*
Other net financial income (expense)	2	(18)	*n.m.*
Net financial income (expense) on assigned trade receivables w ithout recourse	(8)	(11)	*27.3%*
Income from (Expense on) equity investments	13	3	*n.m.*
Income taxes	142	(32)	*n.m.*
Profit (Loss) from continuing operations	**438**	**102**	***n.m.***
Profit (Loss) from discontinued operations	**(2)**	**(170)**	***n.m.***
Group interest in profit (loss)	**435**	**(78)**	***n.m.***

The **Profit (Loss**) **from continuing operations** is positive for 438 million euros (positive for 102 million euros in the first 9 months of 2020).

In addition to the industrial margin dynamics discussed above, the main factors affecting this result were:

- a net positive change in the fair value of derivatives amounting to 25 million euros (negative for 15 million euros in the first 9 months of 2020);
- depreciation and amortization for 268 million euros (256 million euros in the first 9 months of 2020);
- net expenses non Energy activities for 137 million euros which include, inter alia, additions to risk provisions for existing disputes;
- the financial items, which record net expenses in decrease compared to the first 9 months of 2020 which were affected by foreign exchange translation losses linked to loans denominated in foreign currencies granted to some companies pertaining to E&P business now sold; and
- positive income taxes for 142 million euros, which include the net benefit, estimated at 230 million euros, deriving from the option exercize to realign the fiscal values of some industrial assets and of the goodwill.

Please remember that **Profit (Loss) from discontinued operations** relating to the first 9 months of 2020, negative for 170 million euros included, amongst other, the effects of the revisions of the terms of the agreement with Energean of April 2, 2020 and June 28, 2020; for further information reference should be made to 2020 Consolidated Financial Statements.

Here below the details of the main Other Components of the Group's Income Statement.

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

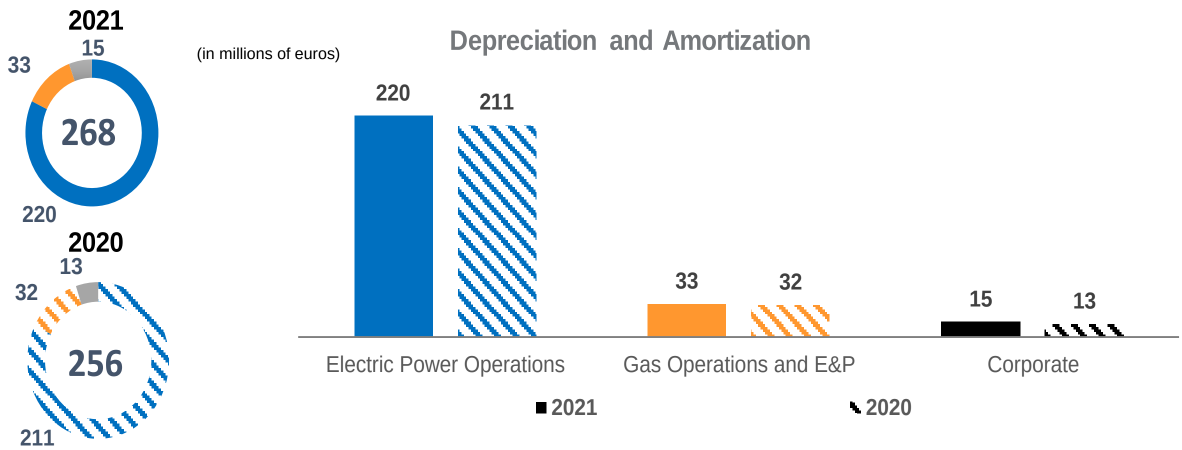
Net change in fair value of derivatives (commodity and exchange rate risk) (in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
2021				
Hedges of price risk on energy products	(4)	(222)	(5)	**(231)**
Hedges of foreign exchange risk on commodities	-	57	-	**57**
Change in fair value in physical contracts (FVH)	-	199	-	**199**
9 months 2021	**(4)**	**34**	**(5)**	**25**
2020				
Hedges of price risk on energy products	(3)	(79)	(2)	**(84)**
Hedges of foreign exchange risk on commodities	-	(50)	-	**(50)**
Change in fair value in physical contracts (FVH)	-	119	-	**119**
9 months 2020	**(3)**	**(10)**	**(2)**	**(15)**

(*) It refers to the ineffective portion.

Net change in fair value recorded in the first 9 months of 2021 is linked to the change in correlation between TTF and VEF and in reference price scenarios.

Depreciation, Amortization and Writedowns

The following chart shows the detail of depreciation and amortization by business segment. It should be noted, in addition, that in the first 9 months of 2020 writedowns had been booked for 24 million euros pertaining to Electric Power Operations and, in particular, to a CGU in Energy & Environmental Services Market Division.



Other net financial income (expense)

(in millions of euros)	9 months 2021	9 months 2020	Change
Financial expenses on provisions	(8)	(8)	-
Net foreign exchange translation gains (losses) (*)	1	(16)	17
Reversal of provision for doubtful accounts	5	-	5
Other	4	6	(2)
Other net financial income (expense)	**2**	**(18)**	**20**

(*) 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 9 months of 2020 shows net losses for 16 million euros, which mainly reflected the adjustment of financial receivables and payables denominated in foreign currencies to exchange rates at September 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 9 months 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.

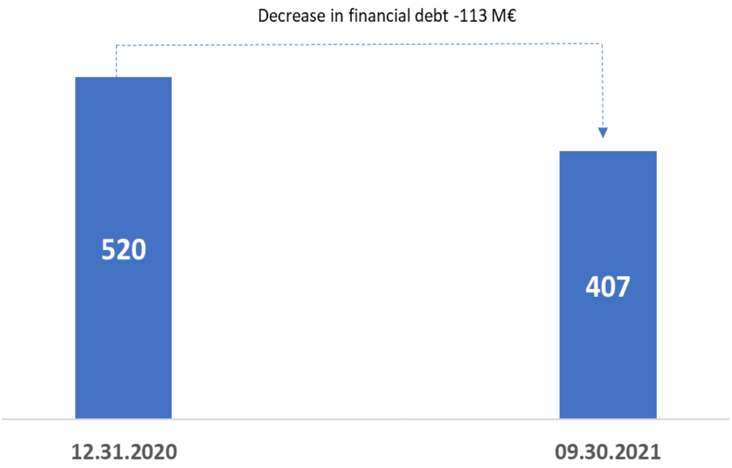
The item Reversal of provision for doubtful accounts reflects the cancellation of the provision relating to the financial receivable towards Elpedison Sa, following its reimbursement.

Total financial indebtedness and cash flows

Total financial indebtedness at September 30, 2021 amounts to 407 million euros (520 million euros at December 31, 2020).

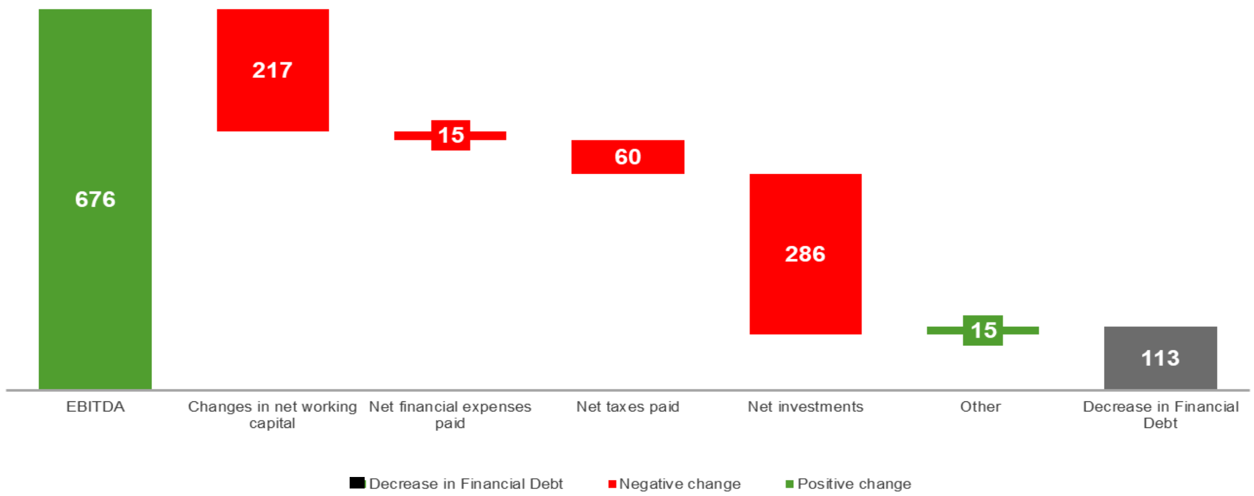
Change in financial debt

(in millions of euros)



Below the analysis of changes in financial debt is provided:

(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 have an 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 286 million euros, which include:

- net capital expenditures (351 million euros), mainly for the construction of combined cycle gas turbines in the thermoelectric plants of Marghera Levante (69 million euros) and Presenzano (98 million euros), the environmental and energy services (57 million euros), the wind and photovoltaic sectors (24 million euros) referred mainly to the complete reconstruction of wind farms, the payment - related to the contract for the supply of gas from the Shah Deniz II field in Azerbaijan – following the first delivery of gas to Italy through the TAP pipeline (20 million euros), as well as the Exploration & Production business (17 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;
- other acquisition operations with a total impact on financial debt for 63 million euros;
- net investments in non-current financial assets (7 million euros) referred to capital contributions in the company IGI Poseidon Sa linked to Eastmed pipeline for 10 million euros and the sale of the affiliated company EL.IT.E. for 3 million euros.

The change in debt is also affected by the aforementioned cash in of the financial receivable due by Elpedison (53 million euros) and the recognition for about 61 million euros of the debt for leasing related to the entry into operation of a LNG vessel hired through a long-term contract with a duration of 12 years stipulated with a shipowner. These effects are included in the item Other.

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 the Condensed Consolidated Semiannual Financial Statements at June 30, 2021).

Total financial indebtedness (in millions of euros)	**09.30.2021**	12.31.2020	Change
Non-current financial debt	609	623	(14)
- Due to banks	352	402	(50)
- Due to EDF Group companies	-	-	-
- Debt for leasing	256	220	36
- Due to other lenders	1	1	-
Other non-current liabilities	13	5	8
Non-current financial indebtedness	**622**	**628**	**(6)**
Current financial debt (excluding current portion of non-current financial debt)	405	181	224
- Due to banks	256	57	199
- Due to EDF Group companies	25	16	9
- Debt for valuation of Cash Flow Hedge derivatives	8	13	(5)
- Due to other lenders	116	95	21
Current portion of non-current financial debt	57	48	9
- Due to banks	21	17	4
- Debt for leasing	36	31	5
Current financial assets	(2)	(7)	5
Cash and cash equivalents	(675)	(313)	(362)
Net current financial indebtedness	**(215)**	**(91)**	**(124)**
Net financial debt Assets held for sale	**-**	**(17)**	**17**
Total financial indebtedness	**407**	**520**	**(113)**
of which:			
Gross financial indebtedness	**1,084**	**858**	**226**
of which Other non-current liabilities	13	5	8
Liquidity	**(677)**	**(338)**	**(339)**

With reference to the change in **non-current financial indebtedness**, compared to December 31, 2020, it is worth of mentioning 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 reduction in debt due to banks was partially offset by the increase in debt for leasing, which reflects among other the aforementioned booking of the debt related to the entry into operation of a LNG vessel dedicated to Edison's small scale business.

The increase in **current financial debt**, compared to December 31, 2020, derives mainly from the margin-setting activity for hedging obligations linked to industrial portfolio.

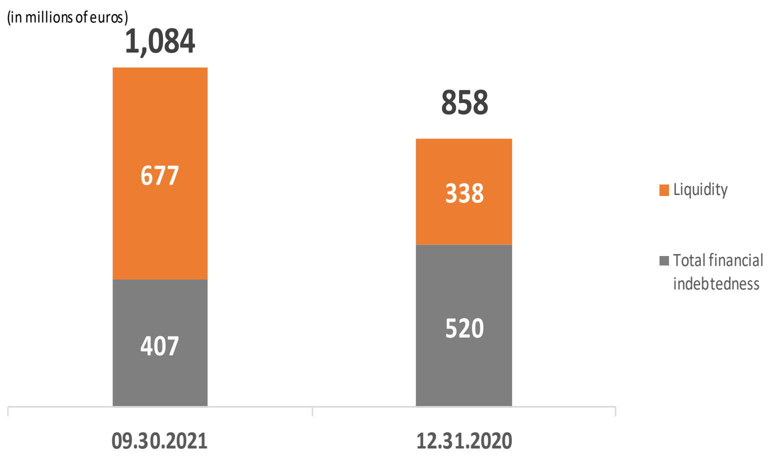
It should be noted that **Cash and cash equivalents** include 605 million euros (213 million euros at December 31, 2020) in available funds held in the current account with EDF Sa and 70 million euros (100 million euros at December 31, 2020) in bank current account balances consisting mainly of the cash balances in the current accounts of companies with non-centralized cash management systems. In particular the month of September benefited from a VAT refund received (164 million euros) and the cash in of the financial receivable from Elpedison.

Net financial debt Assets held for sale results cleared at September 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.

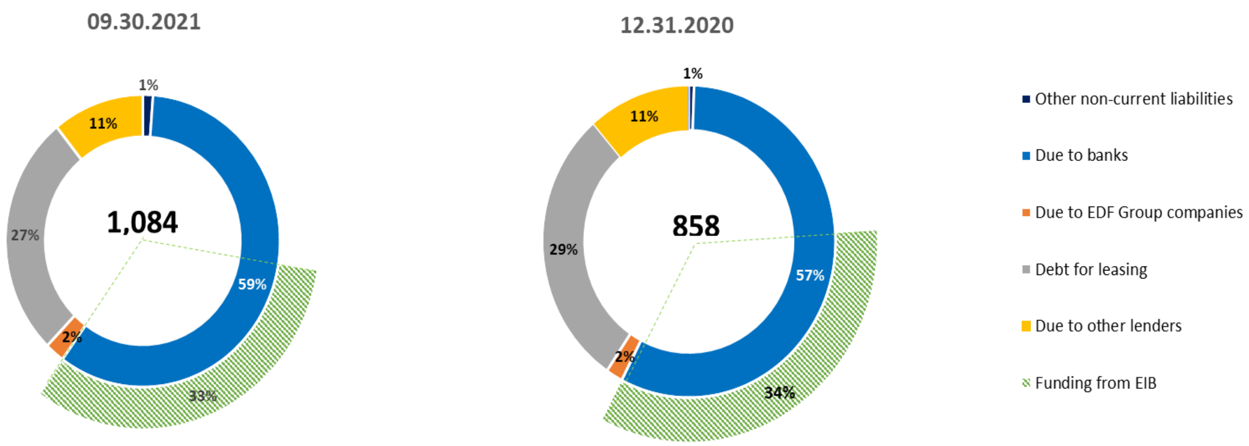
At September 30, 2021, Edison had unused committed lines of credit totalling 580 million euros, represented:

- 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 September 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.

Gross financial indebtedness and breakdown by financial source (*)



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



The composition of gross financial indebtedness at September 30, 2021 shows an increase in current debt owed to banks mainly due to the margin-setting activity for hedging obligations linked to industrial portfolio.

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.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

Fair Value recorded in Balance Sheet

(in millions of euros)	09.30.2021			12.31.2020		
Broken down as follows:	Receivables	Payables	Net	Receivables	Payables	Net
- Financial assets (liabilities)	-	(8)	(8)	-	(13)	(13)
- Non-current assets (liabilities)	1,065	(1,135)	(70)	201	(187)	14
- Current assets (liabilities)	4,693	(5,218)	(525)	428	(412)	16
Fair Value recognized as assets or liabilities (a)	**5,758**	**(6,361)**	**(603)**	**629**	**(612)**	**17**
of which of (a) related to:						
- Interest Rate Risk Management	-	(8)	(8)	-	(13)	(13)
- Exchange Rate Risk Management	36	(15)	21	-	(85)	(85)
- Commodity Risk Management	3,498	(4,302)	(804)	406	(280)	126
- Fair value on physical contracts	2,224	(2,036)	188	223	(234)	(11)

The increase in receivables and payables, compared to December 31, 2020, especially related to current values, is due to the general increase in prices recorded in the period on all commodity markets. For further information on the commodities prices dynamic, please refer to the economic framework and the Italian energy market sections.

The table below, instead, provides a breakdown of the changes that occurred in the Cash Flow Hedge reserve for the accounting treatment 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 are reflected in the income statement in line with the effects of the hedged item.

Cash Flow Hedge Reserve

(in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at 12.31.2020	**41**	**(11)**	**30**
Changes in the period	(753)	211	(542)
Reserve at 09.30.2021	**(712)**	**200**	**(512)**

The change that occurred during the period and the reserve at September 30, 2021 are essentially related 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, decreased from December 31, 2020, reflect the rise in prices recorded during the period in comparison to the prices fixed with the outstanding hedges. Nevertheless, the effectiveness of the hedge, both in terms of risk factors and volumes hedged, guarantees an equivalent positive variation on the expected cash flows associated with the underlying contracts or physical assets (unless the portion of ineffectiveness appropriately reflected in the income statement). Finally, it should be noted that the value of these financial derivatives, read together with the expected cash flows related to the contracts or physical assets hedged, maintains expectations of positive margins.

OUTLOOK

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

SIGNIFICANT EVENTS OCCURRING AFTER SEPTEMBER 30, 2021

No significant events occurred after September 30, 2021.

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

CERTIFICATION
PURSUANT TO ARTICLE 154-BIS, SECTION 2, OF LEGISLATIVE DECREE NO. 58/1998

Didier Calvez and Roberto Buccelli, in their capacity as “Dirigenti preposti alla redazione dei documenti contabili societari” of Edison Spa, declare that the accounting information contained in this Quarterly Report at September 30, 2021 is consistent with the data in documents, accounting records and other records.

Milan, October 28, 2021

“Dirigenti Preposti alla redazione dei documenti contabili societari”
Didier Calvez
Roberto Buccelli