



ERG S.p.A.
“3Q 2025 Results”
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MODERATORS:
PAOLO MERLI, GROUP CEO
MICHELE PEDEMONTE, CFO

Operator:

Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the ERG 3Q 2025 Results conference call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. At this time, I would like to turn the conference over to Mr. Paolo Merli, CEO of ERG. Please go ahead, sir.

Paolo Merli:

Good afternoon everyone, and welcome to our Third Quarter Results Webcast. Here with me, as usual, is our CFO Michele. So let us get started with the usual overview of results over the period.

I am on page **no. 4**

Ebitda in the first 9M closed at €393mn, a touch higher Year-on-Year. While looking at Q3, as it was the case in Q2, results are up YoY with Ebitda at €119mn, +9% YoY.

The performance of the quarter mainly reflects the full contribution of the new capacity, as well as better wind conditions. I would just like to remind you that the Third Quarter in 2024 was very weak from this point of view. These two positives – I mean the full contribution of the new capacity, and the better wind conditions - were partially offset by lower captured prices, also due to the progressive reduction of hedging pricing, which tends to follow the price scenario with a 1 to 2-year time lag. As far as the first 9M results, the economic contribution of new assets – which was quite remarkable - was mostly offset by lower volumes due to weaker wind conditions: this was particularly true - as I had already had the chance to comment - over the First Half of the year.

The good news is that we have been making up for the shortfall of the Ebitda registered in the first quarter over the last two quarters, I would say.

Investments in the first 9M of the year amounted to €164mn, down significantly YoY. The reduction is mainly due to the fact that last year the Capex included the acquisition of a Wind & Solar portfolio in US in particular, and also a smaller portfolio in France. Out of the total invested in this first part of the year, about 40% was through M&A - and in particular I am referring to the acquisition of a wind farm in the UK - while the remaining about 60% was spent on organic developments, I mean greenfield and repowering projects that are under construction in France, Germany, Italy and the UK, and to the completion of the first battery storage plant in Sicily.

So, I believe this trend - I mean, the lower Capex spent on a YoY basis - is very much consistent with our “Value over Volume” proposition.

Adjusted Net Profit in the first 9M was €110mn, down 16% YoY, basically due to higher depreciation related to new assets, coupled with higher financial charges as a result basically of a mix of higher net debt, higher cost of debt, and lower yield on cash management, given the trend in interests rates.

But again: the good news is that earnings direction was positive over the quarter with Net Profit at €27mn, up 9% YoY.

Net Financial Position at the end of September 2025 was €1,882mn, +5% higher vs the end of 2024, also discounting a total distribution (I mean, dividends and buyback) in excess of €160mn.

Let us move on, I am now on **page no. 5**.

Over the period we continued to deliver on our strategy.

In terms of installed capacity, we had two important additions over the quarter. Corlacky wind farm (47MW) in Northern Ireland came online at the end of July and is now ramping up production, which we expect to reach the full potential in a couple of months, as of the start of 2026. We are also very pleased with the commissioning of our first battery storage plant in Vicari (12.5MW), as flexibility - as said - is becoming increasingly important in our plan.

We are also pursuing our revenue securitization strategy, with the signing of three different PPAs with FS Group (which is basically the State-owned railway company) for an aggregate amount of around 180GWh/y with a tenor of 5 to 10 years. This is an extremely important achievement, as those contracts are related to existing wind projects, plants that have already exited an incentive scheme, so basically they are merchant, they will be covered by this long-term contract. On top of this, we participated in the FERX auction with three projects for a total of 148MW, out of which the biggest part was basically made of two repowering projects in Wind (141MW) and then a very small greenfield project in Solar. And we expect the outcome to be made public in December by GSE: but we are also quite confident - finger crossed - about the outcome. We also took part in the recent auction in Germany with a smaller project of 12MW, and again the outcome is expected in the coming months. So, we are consistently on track both with our strategy to grow the asset portfolio but also with our strategy on the route-to-market to secure revenues through CFDs and PPAs.

As per our ESG strategy, we maintained our top-tier position. A couple of ratings have been improved: Sustainable Fitch improved our score from 79 to 83, and also GRESB confirmed ERG as a top performer with a 98/100 rating, so: very top. We also unveiled our 5th project of the Social Purpose for Solar Revamping program, this time with Banco Alimentare in Sicily. And this kind of project is something we are very proud of.

And now to Michele, for his review of results in more detail.

Michele Pedemonte:

Thank you, Paolo.

As you can see from **page no. 7**, in 3Q 2025 baseload market prices have been lower than in 3Q 2024 in most of the countries where ERG operates. However, as you know,

this trend had only a limited effect on our all-in unitary revenues, due to the quasi-regulated nature of our business model.

- In Italy, the Wind all-in unitary revenue stood at 121€/MWh, lower than last year, mainly due to hedging at lower prices and lower spot market price, partly offset by the increase of the GRIN incentive value (rising to 55€/MWh in 2025, from 42€/MWh in 2024)
- in France, the increase in unitary revenues was driven by higher short-term hedging prices
- in Germany and Romania captured prices are aligned in the two quarters
- in Poland unitary revenues were slightly lower than 3Q24, primarily driven by the short-term hedging
- in the UK, the captured price is around 68€/MWh, higher than 3Q24, thanks to higher short-term hedging. Note that this figure does not include revenues from balancing services
- in Sweden the unitary revenue is higher than 3Q24, driven by higher spot market price.

As for solar all-in unitary revenues, we recorded a decrease in Q3 in Italy, mainly due to lower hedging prices. In Spain, captured prices were impacted by the current market environment (with a significant profile effect during daylight hours), and by short-term hedging at lower prices. In France, solar revenues are sold at FIT prices, compared to a 2024 where the energy produced by newly acquired assets were sold at merchant prices.

ERG plants in the United States have a unitary revenue that reflects the PPA prices, so very stable.

Now a focus on production, as per **page no. 8**. In the third quarter of 2025, the Group's overall production was higher than previous year, mainly due to perimeter effect, coupled with better windiness in the period, compared with a 3Q24 characterized by windiness well below historical average.

In detail:

- in Italy: 622GWh (+26%), mainly due to better windiness and irradiation, coupled with perimeter effect, due to repowered assets
- in France: 263GWh (+12%), thanks to new greenfield assets entered into operation during 2024 and second quarter 2025, but also to better wind conditions on existing assets
- in Germany: 95GWh (-5%) due to lower wind conditions, and also to the extraordinary out-of-services of two substations, that are in the process of being resolved

- In the UK & Nordics: 159GWh, higher last year, mainly thanks to the new asset acquired in January in Scotland, and a new greenfield asset in Northern Ireland entered into operation during the quarter, coupled with better windiness overall
- in Spain: 160GWh (-5%), due to lower irradiation and some curtailment during negative prices hours
- in US: 167GWh (-7%) mainly due to lower wind conditions
- in Eastern Europe: 125GWh (-13%) due to worse wind conditions, especially in Romania.

In the 9M 2025 the production has been 5.3TWh, higher than 9M 2024, mainly due to perimeter effect (+0.7TWh, of which +0.3TWh related to the US in the first quarter), partly offset by extremely low wind conditions, mainly in the 1H in Europe.

Now I am on **page no. 9**. In the third quarter of the year, Ebitda reached €119mn, €10mn more than 3Q24. This growth was mainly due to perimeter effect (11€mn) linked to newly acquired assets and organic development, as well as better wind conditions, compared with a 3Q24 below historical average, as already commented. These positive drivers were partially offset by lower captured prices in Italy and Spain.

- In Italy, Ebitda reached €81mn, an increase of €10mn YoY, primarily driven by the higher wind and solar conditions, coupled with new investments in both Wind and Solar. This was partially offset by lower captured prices
- in France the Ebitda is €7mn, higher than last year, supported by higher captured price in Wind, perimeter growth and better wind conditions
- in Germany the Ebitda is €4mn, slightly lower than previous year, mainly due to a weak production
- in East Europe the Ebitda is €9mn, €4mn lower than previous year, mainly driven by lower wind resource
- in the UK & Nordics the Ebitda is aligned to 3Q24 despite the higher production: this is because in the 3Q24 we benefited from liquidated damages and other reimbursement from contractors
- in Spain the Ebitda is €3mn, lower than last year, impacted by reduced production and lower captured prices
- in the US the Ebitda is €9mn, slightly higher than previous year.

In 9M 2025 the Ebitda is €393mn, higher than previous year by €3mn, mainly driven by perimeter effect, partly offset by the low wind conditions in Europe, in particular – as already commented - in the 1H 2025.

Let us comment now on the investments: I am on **page no. 10**.

In 3Q25 we invested €22mn, mainly due to ongoing construction in Italy, the UK, France and Germany. In particular, we spent organic Capex for €6mn in the UK for the

completion of Corlacky wind farm, and €9mn in Italy, France and Germany for repowering activities.

In 9M 2025 investments amount to €164mn, of which €72mn of acquisition in the UK vs €500mn of 9M 2024, which included the acquisitions in France and US for a total amount of €319mn.

Let us now move on to the financials (as per **page no. 12**), commenting on other items of Profit & Loss.

Amortization and depreciation are €68mn in the quarter, higher than 3Q24, due to perimeter effect.

Net Financial charges are at €13mn, vs. €9mn in 3Q24: financial charges versus banks and bondholders net of liquidity remuneration stand to €9mn (+€3mn) due to perimeter effect and lower remuneration on cash. The complement to €13mn (€5mn) are non-cash accounting items, such as effects coming from the accounting of the Tax Equity partnership in the US portfolio, and figurative lease interest expenses according to IFRS 16.

Tax rate in the quarter is stable at 25%.

The adjusted Net profit of the quarter amounts to €27mn, higher than last year by €2mn, mainly driven by the already commented Ebitda, partially compensated by higher financial charges and amortization. The adjusted Net profit of 9M 2025 amounts to €110mn.

Finally, let us take a look at the Cash Flow Statement and the Net Financial Position: I am on **page no. 13**. The Net Financial Debt in the 9M25 is €1.9bn (€0.1bn higher than the end of 2024), mainly driven by the dividends payment and the investment of the period, partially netted by the cash generation from Ebitda. The Net Working Capital is affected by ordinary dynamics, also affected by payables for investments.

Thank you for your time, now I leave the floor to Paolo for his final comments.

Paolo Merli:

Thank you, Michele. Now let me wrap up this presentation with our guidance for the Full Year, with just one quarter left.

In short, we essentially confirm all our guidance.

Ebitda is still expected within the previous range. Let me give you some more details: October was very good, above historical average in terms of wind, while these early days of November are, conversely, quite weak. Nevertheless, our best estimate points near the mid-point of the range: everything will depend on this last part of the year, which usually, as you know, tends to be windier... I mean, December in particular. In all honesty, reaching the upper part of the range will be very, very challenging, given the

wind levels so far. We would need extremely favorable conditions, which cannot be ruled out, but - sincerely - are unlikely.

With this caveat, we confirm our Ebitda guidance within the previous range, but looking more at the mid-point.

Capex is also confirmed within the range of €190-240mn, and the same for the Net Financial Position at year-end, which is confirmed within the previous range.

Thank you for listening. We are now ready to take your questions.

Questions & Answers

Operator:

Thank you. This is the Chorus Call conference operator. We will now begin the question-and-answer session.

The first question is from Enrico Bartoli of Mediobanca. Please go ahead.

Enrico Bartoli:

Hi, good afternoon, everybody. Thanks for taking my questions. The first one is related to the storage business. You highlighted that you started your first project in this technology. First of all, I would like some comments on the revenue pattern that you expect from the Vicari battery. And in general, it would be appreciated your view on this technology going forward, both in Italy, if you expect to participate in the MACSE auction, and in other European countries, what kind of opportunities do you see there? And particularly, on the MACSE auction, can you provide a comment on the level of pricing that has been achieved in the first one?

The second question is regarding the US markets. Several utility companies there... renewable companies are commenting on an improvement in the outlook. Can you give us some comments on how you see the US market in this moment and, in particular, if the better market conditions could accelerate the acquisition of the part of the asset in the pipeline, which you have a preemption right in the country?

And the last one is on the FERX auction. Terna has provided some preliminary indication of possible prices, if I am correct, around 80€/MWh. Do you think that, if your projects are awarded at that level, the profitability would be interesting? And, in case, when do you think those projects could start to contribute to your Ebitda? Sorry for the many questions.

Paolo Merli:

Thank you, Enrico. I will try to answer in the same order as you asked your questions. About the storage business: yes, we are very pleased to announce that our first battery storage plant has just started basically in July, and now it is ramping up its services and its functioning. This plant is totally merchant - I have to be direct on this - but it is located in a specific area, where we have another wind farm. And we consider that location particularly attractive, given the local conditions of the network. The plant is now also doing whatever is needed to take part in the services provided by the TSO. So, we expect to add some revenues going forward, coming from the participation in this kind of frequency services to the network.

For the time being - but it is just a month or more of operations - it has already made a margin of €100,000, or a little bit more, in terms of contribution margin, which is pretty in line with our expectation. But let me say: this first plant is a sort of training area for us to learn competencies, how to manage this kind of plants vis-à-vis the network. So - we hope - it is just the very, very first move to a larger stream of revenues going forward.

In fact, the second part of your question was related to the MACSE. I can confirm, I can announce - because we had said nothing about this - we participated in the auction with a couple of projects: all-in-all, roughly 80MW or even a little bit more than that. And, as many other operators, we were not awarded the tariff, because our bid was in the region of 20,000€/MWh, which resulted higher compared to the average awarded price in the region of 13,000€/MWh, a significant discount compared to the price cap of the auction that was 37,000€/MWh.

But nevertheless, let me say, we remain very committed to this kind of stream. And we are now studying a different business model: I mean, different from the MACSE, even though we recognize the MACSE was a quite good mechanism. And now, we are studying a hybrid business case for these two projects. Hybrid means maybe part of the revenues coming from a tolling agreement, and part from merchant use of the plant, and maybe part from capacity market, because this plant could participate in the next auction of capacity market, which is different from the MACSE.

In the meantime, we are also working hard on developing a large pipeline of projects: of battery storage I mean, not just in Italy, but also in Spain and in the UK. Those are the countries where we recognize the better value in developing this kind of asset. In Italy, for instance, we have a quite large pipeline: part of it is well advanced. And we are working on 600MW pipeline right now, and we hope half of it could be authorized in the next 12 months. The second half (300MW) is a little bit behind this, but in a couple of years we would be ready also for this second wave of the pipeline.

So, more or less the same in Spain: we are working on several projects, even though let me say in Spain - paradoxically, because it is probably the country where storage would

be needed more - they are lagging behind in terms of regulation, in terms of connections and so on. Now, something is moving: our job is to get ready when the right conditions are there. So, I hope I have answered your first question.

The second one is about the US market. Yes, it is true. We noticed that the baseload prices are going up, at least where our current assets are operating, in Illinois and Iowa. And yes: we are also aware of this undergoing trend about datacenters, that are pushing up demand and then driving prices higher. I have to remind all of you that the two assets in our portfolio are covered by long-term PPAs. So, in the medium term, because those PPAs have a duration of 10 years since the COD, so still probably 8 years to go. So, by then, we do not see any particular upside from the market. But for sure, it is legitimate to think that probably the renewal of those PPAs will be a premium compared to the current pricing.

On the development side, you know that our model is “learn and grow”. I mean, we are buying just in case some CPs are met. And among those, for sure, the fact that the plant is already started up, with a commercial operation date in place, and a PPA and a tax equity scheme already negotiated. So basically, it is a fully derisked asset. For the time being, we still see in the US market a gap between bid and ask. And we do not want to derogate on our financial discipline: so, we are waiting for the right moment. We have a kind of methodology to value these assets, and we want to stick with this methodology. The US market - probably also for what you have just said - is still based on expectations that are not in our approach. So, we are very cautious.

The third question is about FERX. *Vice versa*, we are very positive on repowering: repowering is a wonderful tool through which we can, on the one hand, rejuvenate our asset base and, on the other hand, secure a long-term mechanism - CfD or whatever a PPA - to stabilize the revenue. And yes: we took part in the last auction with 150MW more or less, basically 3 projects. But the ones we are looking at more carefully are the two wind repowering projects that are very important for us. The total of those projects is 140MW, and we are quite confident to be well-positioned to get the CfD tariff.

As you probably know, GSE issued a press release saying the pricing of wind fell into a range between 70 and 83€/MWh, so the average point in 76€/MWh: our bid was slightly better than this. It may seem a lower price compared to the initial expectation, but let me say that we managed to negotiate Capex per megawatts, which are better than what we thought at the beginning. So, in the end, the return at which we think we can install those two projects is in line with our objectives. And on top of that, please, I want to remind you all that we got some financing from the European Investment Bank that makes the levered return on these projects low double-digits, that is our expectation.

So, Enrico, I hope I have touched and covered all your points and, if not, I am here.

Enrico Bartoli:

Yes. Thank you very much. Very clear.

Paolo Merli:

Thank you to you.

Operator:

The next question is from Roberto Letizia, from Equita. Please go ahead.

Roberto Letizia:

Yes. Thanks for the presentation. And just a clarification on the guidance, if it is possible, and the moving parts that drive to the guidance. So, if we stick to the midpoint of the guidance, actually, the implied fourth quarter would be in the region of €178-180mn, which would be a significant increase Year-on-Year, above 20% basically. And actually, I worked out Corlacky new plant should maybe potentially add up only €2-3mn. I just wonder, if you can a little bit compose this picture that drives to a plus 25% considering Corlacky and, of course, the other delta changes in the perimeter versus the trend in the wind, just to get how visible is also the midpoint that you are targeting right now.

Then again, I was also interested in the battery. And well, if I take it out €100k for just a few weeks of operations, and I take it on the full year, could it be that we have a €0.4-0.5mn of Ebitda over the year for that Vicari plant? That would be nice to have a reference to understand what the profit potential is of you being involved in the pipeline you said you are working on.

Then I am afraid, but on the incentive, I know we are still getting out an understanding on what the outcome of the FERX is, but we always look ahead and we will start talking about the potential FERZ. I do not know if you have any idea of how this could be shaped in the future for the incentives on 2026 and 2027?

And the last one is a consideration of the datacenter you mentioned for the US, but it is also a driver for Europe and Italy as well. I was wondering if you are already starting to think about it as a potential business model also for you. We saw in the past days both A2A and Enel yesterday also started to present this direct involvement into construction of sites and gain on rental fees for the hosting, the energy provider and the services. I do not know if that can potentially work also for renewable groups that can add on top of the energy service, provided at very cheap sourcing costs, as well as the green footprint to any potential IT developer. Thanks a lot.

Paolo Merli:

So, Roberto, there are many questions: let me try to go in order. As far as the guidance, I already had the chance to comment during my speech. October was very good: it started

off very good. Basically, the first month closed significantly above budget. Unfortunately, the very first days of November were very weak: so, part of the upside we had in October was eroded. But from next week - at least according to the weather forecast - something could change, and wind could be back. It is difficult to say. But I repeat: we are very, very confident about the fact that the numbers should be within the range, and near the midpoint. We are looking at our best estimates as at today: it is a number, a ball-park figure nearby the midpoint of the range. To go in the upper part is pretty unlikely, even though not impossible, because we would need an extraordinary wind, significantly above historical average. It has already happened in the past, it is not - I repeat - impossible. But our real target is nearby the midpoint of the range. And today, I would say the consensus - also from you analysts - is more or less slightly below the midpoint of the range because, according to our data, the consensus is about €560mn, and we are nearby. Yes, it is true: it would imply a fourth quarter significantly up Year-on-Year. But it is not a secret that the fourth quarter of 2024 was pretty weak from a wind condition point of view.

So, it is a reasonable number, a sustainable number, also, considering the larger portfolio we can rely on right now, because it is not just the BESS for sure, but it is above all the assets that entered into operation during 2024 and the first part of 2025. And please consider - and this is always more true - that to bring a new asset to its full potential requires time. So, we are also having an improved performance from - for instance - our UK portfolio, our repowering projects, and so on. So, the contribution of new assets is improving quite significantly over the first 12-18 months of operations. Please consider also this.

About BESS, I do not want to enter into more detail than I have already given, in the sense that we are now working operationally on these 12.5MW, and we expect a margin in excess of €1mn for sure on 2026... between €1mn and €2mn from these assets. But, let me say, the game changer will be the next projects. And, as I said, we are trying to elaborate a business case which is different from MACSE for the time being, even though two MACSE auctions are expected to take place in 2026. So, we are at a crossroad with different options. We will pick the one we consider the best for us, but we are not ready to give an answer more precise than what I have just said.

FERZ: yes, it is on the pipeline. The main innovative concept is to introduce non-economic criteria, and that those maybe are welcome, because we believe our repowering projects are bringing value-added to the system, because we are doubling the capacity, tripling the productions without occupying more soil. So, they should be favored, I mean, by the regulator but, also from a technical point of view, the FERZ should introduce - I do not know yet how - some kind of ability. Let me say, FERZ wants to stimulate the creativity of operators to follow the profile of demand. To me, it is quite difficult, because wind and solar are unpredictable: I mean, they are producing when sun or wind is out there, but let us see, let us see. For the time being, we are focused on

short-term FERX, because we would be very pleased if those two projects could go on in their construction, if they could enter into their construction phase.

Datacenter: yes, it is the topic trend of these days. Nowadays, we can keep talking about datacenters. We are positive on them. We still need to see the real upside of them in terms of demand, because everybody knows that one of the problems is the weakness of electricity demand across Europe. The European Commission recently stated, through their 2040 climate framework, that they should push more on electrification of consumptions, and one of the pillars of this electrification is exactly datacenters. We are not studying right now a precise business model on datacenters, but we will definitely benefit if this kind of electricity stream will keep going forward.

So, Roberto, I hope I have touched your point.

Roberto Letizia:

Yes, thanks a lot. Thanks a lot, Paolo.

Paolo Merli:

You are welcome.

Operator:

The next question is from Emanuele Oggioni, with Kepler. Please go ahead.

Emanuele Oggioni:

Hi, thank you. Good evening, everybody. I have 3 questions. The first one is more high level, related to your strategy and the fact that in the last two Business Plan you cut the development Capex and the growth basically of the company, waiting for an improved scenario. But it seems that - in my opinion at least - this scenario has a bit improved compared with one year ago, for example. So, we have lower interest rates, probably lower Capex per megawatt - then I have also a more specific question on Capex - but not higher, for sure. Also, the outlook in some markets, not only the US, has improved as regards the electricity prices, or at least before everyone would have foreseen a decline in power prices. Now, probably the outlook has improved, *et cetera*. So, do you see these improved conditions to resume and to accelerate basically your growth in terms of development Capex, and then as Business Plan? Thank you. So, this is the first question. The second one is more short-term, on 2026 hedging: can you provide an update? And the third one, as I said, is on the supply chain: is there an update on the Capex per megawatt for onshore wind and solar? Thank you.

Paolo Merli:

Okay. About Capex: yes, you are right, you mentioned a little bit lower interest rates. Some aspects of the outlook have slightly improved over the last few months - 12

months, exactly -but we are very concentrated on our Business Plan, and part of our Business Plan is based on repowering. So, the fact that you are seeing lower Capex is just a matter of time. I mean, if FERX had taken place when it was supposed to, probably right now we would have spent more in terms of Capex. So, we are just adapting our deployment in terms of timeline, waiting for the proper conditions to go on with our investment. That is the real reason behind the profile of Capex.

So, if in a month GSE confirms that our two projects are among the awarded ones, we will start the construction, and then we will approve the Capex. And in parallel with those two projects, we have other projects ready to be launched, not just in Italy, but also in Germany, in France, and so on. But this environment is not for us stimulating an acceleration beyond what we have already announced during the Business Plan, because you said just the positive, but there are also points of attention in the market looking, for instance, at the negative hours and so on.

So, for us, it is crucial when we approve an investment to secure its return in terms of IRR. And to do that, we need to have the route-to-market already secured. We would need to secure the Capex per megawatt. And behind this, there is a huge, a big work to do. That is our approach, and we do not want to get away from this kind of approach. We are still on that approach, and we keep it. So, we do not see particular acceleration. We hope to accelerate on our organic pipeline, that is for sure. And we are working on the next Business Plan, but we hope to say a little bit more in March 2026, when we will update the financial community on our plan.

Michele Pedemonte:

Regarding hedging, we are entering November with the 2026 volume that is hedged on 75%. So, we have a 25% exposed to market. What we expect in the coming two months is to reach our target, that is around 80%-85% by the end of 2025, to start 2026 with our target hedged volume. So, we are following a 3-year rolling hedge policy that adds some short-term hedging to the long-term hedging provided by tariffs or PPAs or green certificates. So, this is the situation of the hedging today.

Regarding supply chain, you are right that we are seeing for sure a stabilization, also some improvement in the supply chain; in particular, we have experienced this improvement for projects in Germany, in France, and in Italy, in Wind in particular. In particular, in Italy the competitiveness of the auction has some effect also on the behavior of the wind turbine suppliers, because they recognize that, if they want that the projects are based on their technologies, they know that they need to be competitive in their offer. Otherwise, there are no projects for them. So, I think there is an alignment of interest between - in this specific case - IPP and technology provider to be competitive in the auction. And this is something that we see happening on the market.

Regarding the remaining part of the cost per megawatt (so, civil works and so on), I do not see any particular disruption in the market, in particular for wind projects and in particular for ERG, that is an established player in this market.

Emanuele Oggioni:

Thank you. Just a follow-up still on the hedging: you mentioned the volumes, but as regards the pricing, overall, is there an improvement in these 3-year hedging?

Michele Pedemonte:

I cannot comment on specific figures on the hedging. In this 3-year methodology we are following the price on the market. So, at this moment, I do not see any particular change: regarding the price we are building up for 2026, we are not seeing any material change regarding the price for 2025.

Emanuele Oggioni:

Okay, thank you.

Operator:

The next question is from Davide Candela, from Intesa Sanpaolo. Please go ahead.

Davide Candela:

Hi. Good afternoon, gentlemen. Thank you for taking my questions and for the presentation. I have 3 questions, if I may. The first one is still on batteries: I was wondering if you can share your view about the cost trajectory of the technology. To me, it looks like there is some room for improvement also from a technological point of view. So, I wonder if this is a good positive case for this technology, going forward.

The second question is on M&A: you partly already answered with regard to US but, moving to Europe, I wondered if you could share your view on how the market is going, considering some dossiers, which is actually the gap between the bid and ask in this part of the world?

The third question regards the PPAs market, and it is partly related maybe to the demand growth expected from datacenters. In the PPAs, do you see those utilities that are actually downsizing their Capex renewal as key clients in future, to lock in some new capacity that renewable operators like you could develop in future? Many thanks.

Paolo Merli:

I would say very, very quickly. BESS: yes, you are right. We notice a huge improvement in the capital intensity, that is getting lower and lower. In particular, over the last few months - the few months before the launch of the MACSE auction - we noticed a significant drop in the Capex intensity, as a matter of fact: in July the cap was set at

€37,000 and then the outcome came at €13,000, so with a very huge discount, because the pricing of the furniture went down quite significantly. So, this is an upside for sure, going forward. It is not a secret that the scale is important, I mean that the operator that won 70% or even more of the MACSE auction was a large-scale operator. So, you need to have a significant pipeline to reach this kind of pricing, but we are working in this direction.

M&A: US is still an area which we are looking at, despite what I said before, but it is still interesting for us, also for the reason Roberto mentioned before (the trend in terms of datacenters and whatever), but we are still looking for the right moment to increase our presence there.

About Europe: yes, we are involved in some beauty contests, in particular in countries where we have a quite sizable positioning - it is not a secret, like France, the UK, Germany, these kinds of countries – but, as you know, in M&A you cannot say anything until you have closed it, until the last moment. But yes, we are working on some very specific asset acquisitions that could create value from our perspective.

PPA market: I think we are delivering a lot, much more than we ourselves could think just few years ago. In 2021 we had zero PPAs in our portfolio. Now, we have 3.7TWh per year of production covered by PPAs, with high level off-takers across the world, both in Europe and the US. So, we believe to have been a leader in this segment. Even in the third quarter, we closed down 3 important PPAs with FS, the train operator in Italy. We are now working on other PPAs on some assets outside Italy: we hope to be in a position to announce something in the very near future.

And if the question was to understand if PPA market is still alive, yes: it is, and we expect it to develop even further, because - as you correctly said - most of the integrated utilities are moving capital from RES to other segments like regulated ones, in particular. And then, from this point of view, they would need to sign more PPAs. In fact, ERG itself signed few PPAs with utilities recently. And this trend should reinforce, in our opinion, going forward. And I hope I have answered your points...

Davide Candela:

Yes. Many thanks.

Paolo Merli:

Thank you.

Operator:

The next question is from Alex Roncier, of Bank of America.

Alex Roncier:

Hi, good afternoon. Thanks for taking my questions. I have two, if I may. The first one is just regarding the lower capital intensity, or at least, you know, the Capex per megawatt I think you were talking about. I just want to make sure I understand correctly, because I think historically you had a Capex per megawatt guidance that was a little bit higher than the rest of the industry, due to your low integration as referred to Italy, and also the repowering, so some specificities. And I think you have been taking down Capex per megawatt for yourself in terms of your next investments. What you have been doing as well - and I am glad to see that comment being made again today during the call, because you made that earlier, I think, last time at the H1 call - regards turbine prices perhaps coming in lower than what you were expecting, or at least the European OEMs being a bit more conscious of Chinese competition, and perhaps lowering prices. And I think that is a message that is very opposite of what the OEMs themselves are talking about. So, I would be interested to really have your view about what you are seeing in terms of turbine prices for Europe. And I am just also wondering if the lower costs you are getting on your projects is perhaps due to other factors as well. I mean, is it because of the balance of power, renewable system, transformer, connection, if you see some better integration, or maybe some lower costs that you are trying to put in in terms of risk aversion for the projects themselves? Because I know historically in the past you were getting a lot back from compensation?

And then the second question, perhaps - and sorry for the first long question - is that, given that perhaps organically you are trying to accelerate and conscious of that, but you are perhaps not deploying as much capital as you were thinking of, should we safely assume that that means there is even more upside regarding higher dividend per share, or higher share buyback into next year, which was already the case at the beginning of the year? So, any kind of color on capital allocation, and ultimately if you had any more directionalities being given by the Board, and by both your main shareholder groups. Thank you very much.

Paolo Merli:

Okay Alex, I will try to answer your question very rapidly, and then I leave Michele to elaborate a little bit more on your first question: as a CFO, he is also accountable for our Procurement, so he is negotiating every day with all the names you mentioned, I mean, the Chinese and the OEMs... Western OEMs and the Chinese ones.

Historically, honestly, we had a Capex per megawatt which was lower, not higher than other operators, because in 2018-2020 we managed to sign a framework agreement with Vestas and Enercon at the price of that time. So, we had a wave of investments - 3, 4 or 5 years after that framework agreement - supported by a lower Capex per megawatt in terms of wind turbines. Then unfortunately, those frameworks expired and

then back to normal. So, that is the reason behind the increased Capex per megawatt over the last two years.

Having said that, over the last two projects I mentioned before, that took part in the FERX auction together with our partner - because we consider the OEM with which we work as a partner, and they were aware of the competitiveness expected in this auction - we found an agreement to reduce the Capex, subject to the fact that we order a certain type of machine and turbine. So, I can confirm that the reduction was strictly limited to the wind turbine supply agreement, subject of course to the fact that we are awarded by the CfD. Of course, there is also, let me say - I do not want to enter into the shoes of the OEM - but there is a kind of reversal engineering exercise also for them. I mean, if they know the pricing at the FERX auction is going to be 75 or 76€/MWh, they adapt their value proposition for wind turbines in order to get the order. So, it is a double interest, and fortunately, it is an interest that we have in common. This kind of partnership, we hope, is going to work as regards the FERX.

About the balance sheet, I think it is a nice problem to have: I mean, having a stronger balance sheet than other peers, and this is definitely our picture because, as you have seen, the net debt has remained broadly flat, notwithstanding we distributed almost €170mn in 2025 of dividends plus buyback, because in January -do not forget - we spent more than €20mn in buyback.

Going forward, we like to have a strong balance sheet, because whenever opportunities arise, also from an M&A point of view, we are ready to get them. In March, when we close the profit and loss for the full year, usually we have a confrontation, I mean, a discussion internally to set the dividend, to think about maybe buyback and whatever. As we said, buyback is considered a flexible tool to allocate properly cash. But for the time being, I am not ready to take any commitment from this point of view, except confirming the 1€/share dividend. That was our minimum target in this respect.

So, Alex, I hope I have answered...

Alex Roncier:

Yes. It is super helpful. Just, maybe, if I can just one very quick follow-up. So, you have mentioned you had a historical framework with Vestas. Can you give us any comments about the department you are having for the FERX Procurement?

Paolo Merli:

Michele?

Michele Pedemonte:

No. But you know that we...

Alex Roncier:

Okay.

Michele Pedemonte:

No. What I can say is that we have a history of working with Western OEM: so, Vestas, Enercon, Nordics, and so on. But we cannot rule out the possibility to work also with the Chinese suppliers. We see that they are entering the market in Europe, so they have a very small market share up to now. And not all projects are good for their technology in terms of size of wind turbine, compared to the permitting that we have on our projects. Notwithstanding that, we have a discussion ongoing also with them, to understand if we can benefit from lower-cost technology but without compromising on the asset quality, that is one of the characteristics of our Group: to maintain quality on our asset base, that can deliver value in a long time.

Alex Roncier:

Okay. So, you have not selected yet, but you are keeping all options open, including Chinese providers. That is super helpful. Thank you.

Michele Pedemonte:

Thank you.

Paolo Merli:

Thank you to you, Alex.

Operator:

Gentlemen, there are no more questions registered at this time. I turn the conference back to you for any closing remarks.

Paolo Merli:

Thank you. Thank you all for your interest, and we will see you next time in March for the Full Year results, and also for the update on the Business Plan. Thank you very much, and have a good weekend.