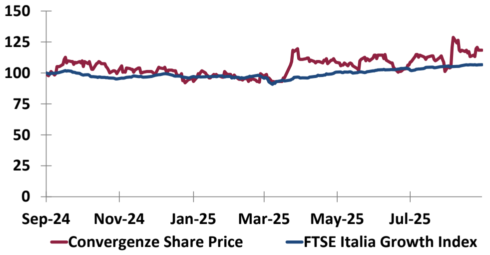
H1 2025 rewarding figures, focus on continuing investments and diversification

OUTPERFORM

Current Share Price (€): 2.06
Target Price (€): 3.90

Convergenze - 1Y Performance



Source: S&P Capital IQ - Note: 30/09/2024=100

Company data

ISIN number	IT0005426215
Bloomberg code	CVG IM
Reuters code	CVG.MI
Industry	TLC - Energy
Stock market	Euronext Growth Milan
Share Price (€)	2.06
Date of Price	29/09/2025
Shares Outstanding (m)	7.5
Market Cap (€m)	15.4
Market Float (%)	23.0%
Daily Volume	6,000
Avg Daily Volume YTD	14,156
Target Price (€)	3.90
Upside (%)	89%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Convergenze - Absolute (%)	17%	4%	20%	18%
FTSE Italia Growth (%)	1%	5%	11%	7%
1Y Range H/L (€)			2.24	1.60
YTD Change (€) / %			0.34	20%

Source: S&P Capital IQ

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Trading update: beating the market

Over the past 12 months, Convergenze share price has mostly tracked the FTSE Italia Growth Index. Overall, an upward trend with the stock up 18% LTM vs +7% for the index.

H1 2025 results: Energy +9.8% backed by volumes, TLC stable, lower debt

Sales were €12.7m, +5.4% on H1 2024, driven by Energy BU with €7.1m sales, +9.8% on H1 2024, thanks to 12.8% increase in volumes supplied (19.7m kWh); TLC generated €5.6m sales, stable. Adjusted EBITDA €2.2m, 17.1% margin vs 18.7% in H1 2024, broken down by BU: TLC 29.7% vs 30.4%; Energy 7.1% vs 8.5%. Net income €0.5m, €0.6m in H1 2024. Net financial debt as of June 2025 decreased to €4.3m, from €4.7m as of December 2024, after €1.1m capex, €147k dividends and €80k shares buyback. As of June 2025, own FTTH network was extended beyond 12,000 km (+900 km vs December 2024).

New share buyback program approved

After end of the previous share buyback program, a Shareholders' meeting has just approved a new buyback plan lasting 18 months up to 20% of share capital and €0.5m. To date, Convergenze has 171k treasury shares, corresponding to 2.3% of share capital.

Business outlook and short-term priorities

TLC BU will focus on growth, yielding on the expansion of its product portfolio, including mobile service. Investments in FTTH, WiFi towers and datacenter will go on. The Energy BU, while navigating volatile markets, will address variable price solutions and tailored products for households, business and premium customers.

Target Price €3.90 per share and OUTPERFORM rating confirmed

We factored H1 2025 results, which are consistent with our previous full-year 2025 estimates, and confirm the TP of €3.90 per share. Convergenze currently trades at 3.4x 2025E EV/EBITDA, a significant discount to peers at 6.3x, further supporting our OUTPERFORM rating on the stock, implying a potential upside of almost 90% on current share price.

KEY FINANCIALS AND ESTIMATES (€m)	2022	2023	2024	2025E	2026E	2027E
Revenues	**28.4**	**22.8**	**26.6**	**29.8**	**32.7**	**34.9**
Adj. EBITDA	**1.4**	**3.2**	**5.0**	**5.7**	**6.2**	**6.6**
Margin	*5.1%*	*14.0%*	*18.9%*	*19.1%*	*19.0%*	*19.0%*
Net Income (Loss)	**(0.8)**	**0.5**	**1.3**	**2.0**	**2.1**	**2.2**
Net (Debt) Cash	**(6.1)**	**(5.6)**	**(4.7)**	**(4.0)**	**(2.0)**	**0.2**
Equity	**5.2**	**5.7**	**6.6**	**8.4**	**10.7**	**12.8**
KEY RATIOS AND MULTIPLES	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
ROE	neg	9%	20%	26%	22%	19%
ROA	neg	6%	13%	15%	14%	13%
Net Debt/EBITDA	5.1x	1.8x	1.0x	0.7x	0.3x	cash
Basic EPS (€)	neg	0.07	0.17	0.26	0.28	0.29
EV/Revenues	0.7x	0.9x	0.7x	0.7x	0.6x	0.6x
EV/EBITDA	16.1x	6.3x	4.3x	3.4x	3.1x	2.9x

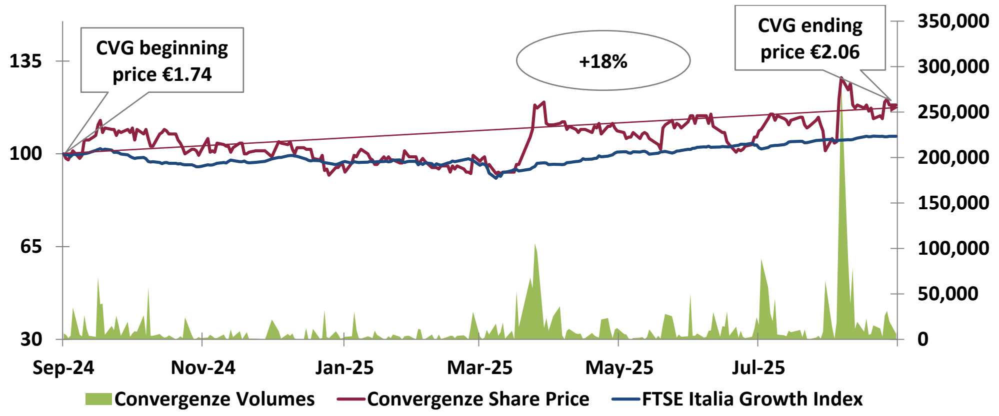
Source: Company data 2022-24A, EnVent Research 2025-27E

Market update: outperforming the market

Trading price range €1.60-2.24 per share

+18% for Convergenze, vs +7% of the Italia Growth Index

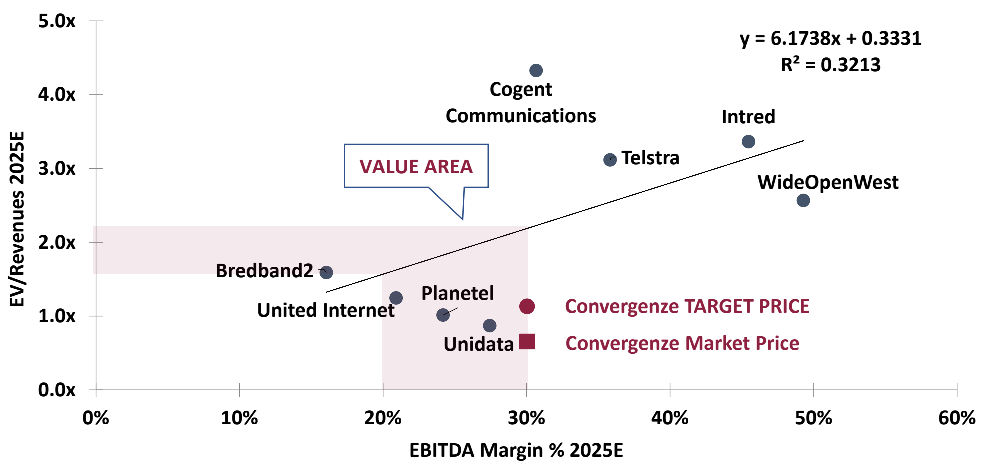
Convergenze - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 30/09/2024=100

Low correlation, diversified peer group

TLC BU peer group - Regression analysis

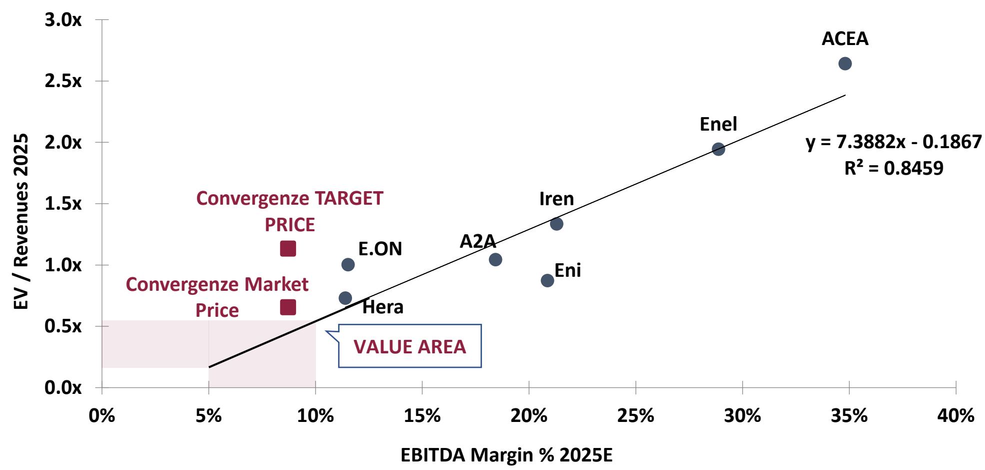


Source: EnVent Research on S&P Capital IQ, September 2025

Fair correlation within the group

Low comparability of Convergenze with energy group

Energy BU peer group - Regression analysis



Source: EnVent Research on S&P Capital IQ, September 2025

Investment case

Vertically integrated operator

Single touchpoint for connectivity and energy

Convergenze SpA *Benefit Corporation* and *B Corp*, founded in 2005 and public company since 2020 on the Euronext Growth Milan, is an Italian regional multi-utility provider of internet, mobile and voice services, electricity and natural gas to residential and business customers in Salerno-Cilento area (Southern Italy). It operates with a joint business model: provider of broadband connectivity services through a proprietary infrastructure made of FTTH optic fiber network and WiFi towers; energy dispatch operator; owner of a network of patented electric cars charging points/stations *Electric Vehicle Only (*EVO*)*.
Convergenze has been issuing Sustainability Report since 2020.

Own infrastructure:

- 12,000+ km FTTH optic fiber network
- 100+ BTS WiFi towers
- 2 data centers
- 39 EVO charging stations

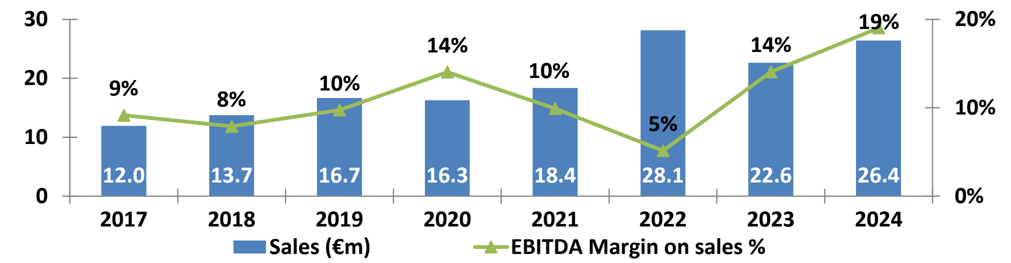
Key features:

- Benefit Corporation and B Corp
- 100% energy from renewable sources
- Patented EVO network

Strategy pillars:

- Extension of the proprietary fiber optic network in the municipalities where Convergenze has reached a critical mass of customers served by wireless technology
- Acquisition of TLC players to expand geographical coverage
- Increase in the number of Energy customers, taking advantage of cross-selling opportunities between TLC and Energy BUs, also through e-commerce
- Product diversification through addition of value-added services such as entertainment, cloud, datacenter as a service, virtualization, antivirus and cybersecurity solutions

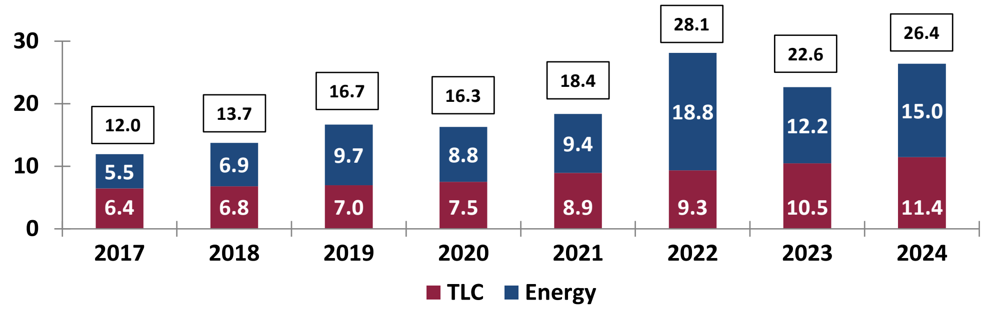
Historical Sales and EBITDA



Source: Company data

H1 2025 sales breakdown: Energy 56%, TLC 44%

Historical Sales breakdown by BU (€m)



Source: Company data

Industry and Company drivers

- EU and Italy digital targets call for continued broadband expansion
- Connectivity and convergence of technologies such as broadband, cloud, IoT and AI
- Electric and sustainable mobility trends
- Smart and connected devices turning upside-down attitude to home energy savings and efficiency
- Value of customer base and cross selling opportunities
- Proprietary fiber infrastructure and interconnections as competitive advantage and barrier to entry
- Sustainability and corporate responsibility

Challenges

- Energy prices volatility and risk management
- Highly competitive telco and energy markets
- Customers churn rate
- Regulatory risk

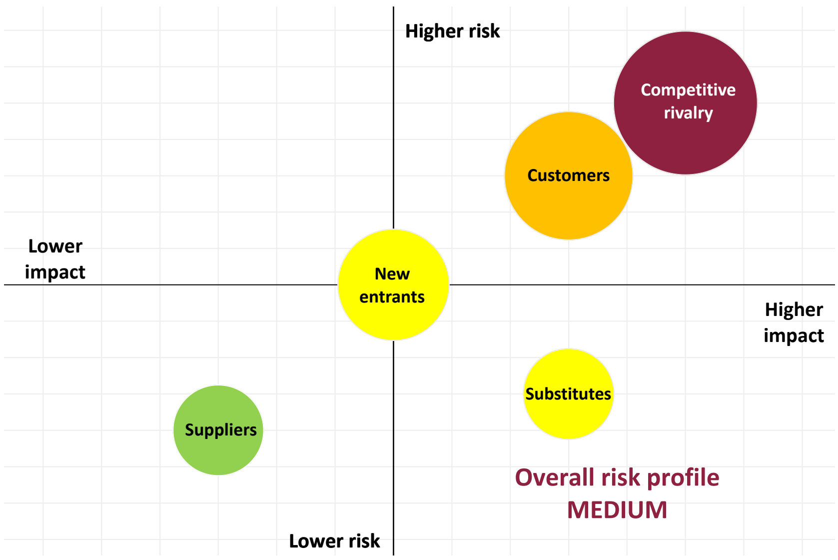
Risk/opportunity assessment

Business risk: medium

Competitive forces

Force	Factors
Competitive rivalry	• High: price is the main competitive factor.
Customers	• High power: Customers can switch service-provider. Wide availability of offers.
New entrants	• Barriers to entry medium-high: investments into proprietary infrastructure; setup of sales organization and marketing cost for customer acquisition.
Substitutes	• Medium-high risk: Constant innovation and technological change (i.e. introduction of GPON, 5G, etc.).
Suppliers	• Medium-low power: availability of Convergenze own fiber and wireless network.

Materiality of risk map



Source: EnVent Research

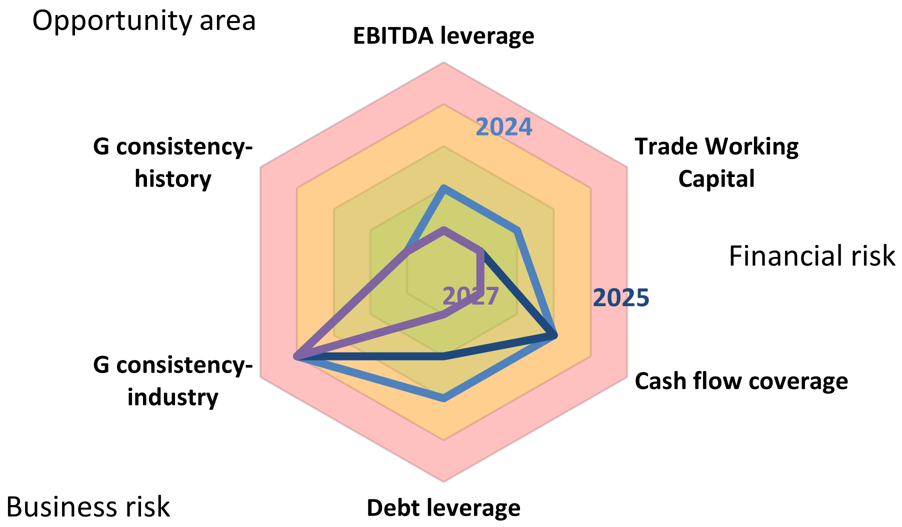
Financial risk: low

Ratios map

TWC and Debt leverage: no issue

Robust cash generation

Outpacing peers growth



Source: EnVent Research

ESG

Overview and communication of the Company's sustainability strategy

Analysis and reporting

Sustainability reports and reporting standards	●
Sustainability initiatives and memberships	●
Sustainability risk management information	●
Governance information	●
Shareholders and stakeholders dialogue	●

Sustainability targets

Scope 1 emissions (Direct emissions)	●
Scope 2 emissions (Energy consumption)	●
Scope 3 emissions (Value chain)	●

Social targets

Past target achievements	●
Policies implementation	●

Source: Company data and Convergenze Sustainability report 2024

H1 2025 results

- Sales €12.7m, +5.4% on H1 2024
  - Energy €7.1m, +9.8%
  - TLC €5.6m, stable
- Adjusted EBITDA €2.2m, stable YoY, 17.1% margin vs 18.7% in H1 2024
  - TLC €1.7m, 29.7% vs 30.4% in H1 2024
  - Energy €0.5m, 7.1% vs 8.5%
- EBITDA €2.1m, €2.2m in H1 2024, 16.1% margin vs 18.5%
- Net income €0.5m, €0.6m in H1 2024

Net debt reduction

- Net financial debt improved at €4.3m as of June 2025, from €4.7m as of December 2024, after €1.1m capex, 147k dividends and €80k shares buyback

Ongoing investment in strategic assets

- Capex €1.1m, mainly for 900km expansion of own optic fiber network

Operating figures:

TLC:

Fiber increase

- Own optic fiber network over 12,000km (+8.1% vs December 2024 and +13.5% vs June 2024)
- Users on proprietary network 52.3% (vs 52.0% in December 2024 and 50.3% in June 2024)

Energy:

Higher energy volumes, stable customer base

- Energy volumes: 19.7m kWh supplied, +12.8% on H1 2024
- Energy Points of Delivery: 9,735 (10,400 in December 2024 and 10,000 in June 2024)
- Service contracts over 67k (67.9k in December 2024 and 63.5k in June 2024)

Profit and Loss

€m	H1 2024	H1 2025
Sales TLC BU	5.6	5.6
Sales Energy BU	6.5	7.1
Sales	12.0	12.7
Other income	0.1	0.1
Revenues	**12.1**	**12.8**
YoY %	*15.0%*	*5.3%*
Cost of sales	(7.1)	(7.5)
Gross profit	**5.0**	**5.2**
Margin	*41.5%*	*41.1%*
Services	(0.8)	(0.6)
Personnel	(1.6)	(1.9)
Other operating costs	(0.3)	(0.6)
Operating costs	(2.8)	(3.1)
Adjusted EBITDA	**2.3**	**2.2**
Margin	*18.7%*	*17.1%*
Non-recurring items	0.0	(0.1)
Writedown of trade receivables	(0.0)	(0.1)
EBITDA	**2.2**	**2.1**
Margin	*18.5%*	*16.1%*
D&A	(1.0)	(1.0)
EBIT	**1.3**	**1.0**
Margin	*10.5%*	*8.1%*
Interest	(0.3)	(0.3)
EBT	**0.9**	**0.8**
Margin	*7.8%*	*5.9%*
Income taxes	(0.3)	(0.3)
Net Income (Loss)	**0.6**	**0.5**
Margin	*5.0%*	*3.8%*

Source: Company data

Balance Sheet

€m	H1 2024	2024	H1 2025
Inventory	0.3	0.4	0.4
Trade receivables	4.5	4.1	3.6
Trade payables	(4.0)	(3.3)	(2.4)
Trade Working Capital	0.8	1.2	1.5
Other assets (liabilities)	(3.2)	(3.2)	(3.7)
Net Working Capital	**(2.4)**	**(2.0)**	**(2.2)**
Intangible assets	0.7	0.6	0.5
Property, plant and equipment	13.3	13.7	13.8
Equity investments and financial assets	0.2	0.1	0.1
Non-current assets	**14.2**	**14.3**	**14.4**
Provisions	**(1.0)**	**(1.1)**	**(1.0)**
Net Invested Capital	**10.8**	**11.3**	**11.2**
Bank debt	5.0	4.8	5.4
Bonds	0.5	0.4	0.3
Other financial debt	0.1	0.1	0.1
Cash and equivalents	(0.8)	(0.6)	(1.5)
Net Debt (Cash)	**4.8**	**4.7**	**4.3**
Equity	**6.0**	**6.6**	**6.8**
Sources	**10.8**	**11.3**	**11.2**

Cash Flow

€m	H1 2024	H1 2025
EBIT	**1.3**	**1.0**
Current taxes	(0.3)	(0.3)
D&A	1.0	1.0
Provisions	0.1	(0.0)
Cash flow from P&L operations	**2.0**	**1.8**
Trade Working Capital	(0.1)	(0.3)
Other assets and liabilities	0.8	0.6
Operating cash flow before capex	**2.7**	**2.0**
Capex	(1.3)	(1.1)
Operating cash flow after WC and capex	**1.4**	**0.9**
Interest	(0.3)	(0.3)
Equity investments and financial assets	(0.1)	(0.0)
Dividends	(0.1)	(0.1)
Shares buyback	0.0	(0.1)
Other changes in equity	(0.1)	0.0
Net cash flow	**0.7**	**0.4**
Net (Debt) Cash - Beginning	(5.6)	(4.7)
Net (Debt) Cash - End	(4.8)	(4.3)
Change in Net (Debt) Cash	**0.7**	**0.4**

Source: Company data

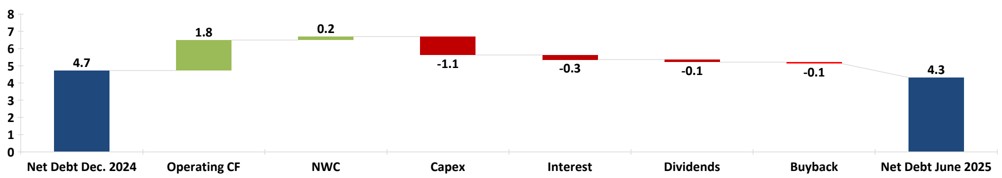
Ratio analysis

Key ratios	**H1 2024**	**H1 2025**
ROE	10%	7%
ROA	6%	5%
ROS	11%	8%
ROI	12%	9%
DSO	56	42
DPO	62	36
DOI	4	5
TWC/Sales	7%	12%
NWC/Sales	neg	neg
Capex/Sales	11%	8%
Net Debt/Revenues	0.4x	0.3x
Net Debt/EBITDA	2.2x	2.1x
Net Debt/EBIT	1.9x	2.1x
Net Debt/Equity	0.8x	0.6x
Cash flow from P&L operations/EBITDA	88%	86%
FCF/EBITDA	63%	44%
Basic EPS (€)	0.08	0.07

Source: Company data - Note: H1 KPIs calculated on LTM economics

Robust operating cash flow supports capex needs

Net financial debt bridge H1 2025 (€m)



Source: Company data

Business update

Launch of Simon mobile service

Expanding Convergenze portfolio of internet, electricity, natural gas and content

- Starting in H2 2025, Convergenze launched Simon, its mobile service delivered through a Mobile Virtual Network Operator model, in partnership with national TLC player Vianova and operating on Fastweb-Vodafone's network. The mobile proposition includes 5G and VoLTE services, with rechargeable plans for individuals and businesses, available as both physical SIM and eSIM.
- In H1 2025, R&D on cloud infrastructure modernization and cybersecurity, in line with NIS 2 directives.
- LoRaWan technology for hydro networks: started new tests, continuing collaborations with Suez Italy and Consac, now monitoring over 16,000 metering systems

Corporate period facts

- In September, a Shareholders' meeting has approved a new buyback plan lasting 18 months up to 20% of share capital and €0.5m.
- Dividend payment €147k (€0.02 per share) in June 2025
- 2024 Sustainability Report issued in May 2025

Industry outlook

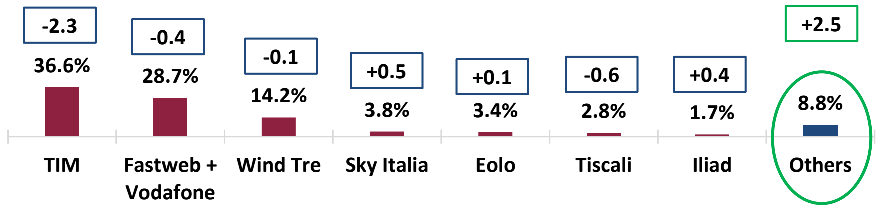
Italian FTTH: smaller players gaining market share

FTTH active connections +25% in last year

According to Italian communications regulatory authority AGCOM, total FTTH active connections in Italy reached over 6.1m as of March 2025, up by more than 1.2m lines YoY (+25% on March 2024), reflecting the accelerated migration from old copper networks. Average daily traffic in Q1 2025 increased by 8.8% vs. Q1 2024 and by almost 41% vs. Q1 2021, indicating sustained growth in network usage. Higher market share gains, in the period, have been concentrated among smaller operators, including Convergenze, which collectively expanded their share from 6.3% to 8.8% over the past year, while larger incumbents lose share.

Smaller players lead market share gains

Market share of FTTH operators in Italy as of March 2025 (%)



Source: AGCOM, *Osservatorio sulle Comunicazioni n.2*, 2025

Italian electricity market overview

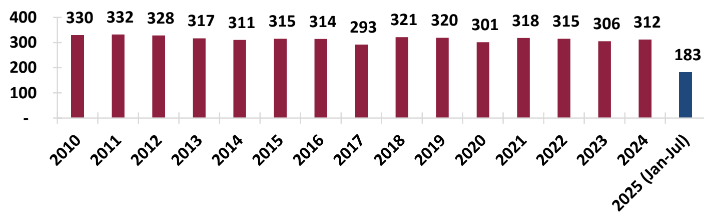
Stable electricity demand trend

The Italian electricity market features a mature and stable demand base, with consumption flat at ~310–320 GWh annually over the past 15 years, according to the owner of the Italian national transmission grid Terna. YTD 2025 demand remains in line with historical levels.

Prices back to normal, yet higher than pre-covid period

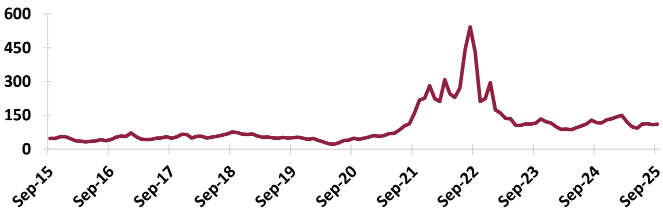
According to the exchange for electricity and natural gas spot trading in Italy, Gestore Mercati Energetici (GME), wholesale electricity prices (PUN) have normalised after the post-COVID-19 surge, but remain structurally above pre-pandemic averages, stabilising at €110–120/MWh vs. ~€60/MWh before 2020.

Historical electricity demand in Italy (GWh)



Source: Terna, *Rapporto Mensile sul Sistema Elettrico Luglio 2025*, 2025

Avg. national energy purchase price PUN (€/MWh)



Source: GME statistics on PUN index GME

Electricity demand set to accelerate in 2025-26 on EVs, data centers and smart devices

Global electricity demand:
+3.3% in 2025E
+3.7% in 2026E

After a period of limited growth, electricity consumption in developed markets is forecasted to accelerate through 2025-26. International Energy Agency projects global demand to increase by 3.3% in 2025 and 3.7% in 2026, supported by higher adoption of electric vehicles, the rapid build-out of data centers and the growing use of connected, energy-intensive devices (Source: *International Energy Agency, Electricity 2025: analysis and forecast to 2027*, 2025).

Financial projections

Based on the consistency of H1 2025 results with our previous full-year 2025 estimates, we carry forward latest projections.

Profit and Loss

€m	2022	2023	2024	2025E	2026E	2027E
Sales TLC BU	9.3	10.5	11.4	14.0	16.1	17.3
Sales Energy BU	18.8	12.2	15.0	15.4	15.9	16.3
Sales Media & Content BU	0.0	0.0	0.0	0.2	0.5	1.0
Sales	28.1	22.6	26.4	29.6	32.5	34.7
Other income	0.2	0.2	0.2	0.2	0.2	0.2
Revenues	**28.4**	**22.8**	**26.6**	**29.8**	**32.7**	**34.9**
YoY %	*49.8%*	*-19.5%*	*16.6%*	*11.9%*	*9.7%*	*6.8%*
Cost of sales	(22.0)	(14.4)	(15.7)	(17.2)	(18.6)	(19.4)
Gross profit	**6.3**	**8.4**	**10.9**	**12.6**	**14.1**	**15.5**
Margin	*22.4%*	*36.9%*	*41.1%*	*42.3%*	*43.1%*	*44.4%*
Services	(1.3)	(1.5)	(1.6)	(2.2)	(2.7)	(3.3)
Personnel	(3.1)	(3.3)	(3.7)	(4.1)	(4.4)	(4.8)
Other operating costs	(0.4)	(0.5)	(0.6)	(0.7)	(0.8)	(0.8)
Operating costs	(4.9)	(5.2)	(5.9)	(6.9)	(7.9)	(8.8)
Adjusted EBITDA	**1.4**	**3.2**	**5.0**	**5.7**	**6.2**	**6.6**
Margin	*5.1%*	*14.0%*	*18.9%*	*19.1%*	*19.0%*	*19.0%*
Non-recurring items	(0.1)	0.0	0.2	0.0	0.0	0.0
Writedown of trade receivables	(0.2)	(0.1)	(0.6)	0.0	0.0	0.0
EBITDA	**1.2**	**3.1**	**4.6**	**5.7**	**6.2**	**6.6**
Margin	*4.2%*	*13.6%*	*17.1%*	*19.1%*	*19.0%*	*19.0%*
D&A	(1.6)	(1.9)	(2.1)	(2.3)	(2.6)	(2.9)
EBIT	**(0.4)**	**1.2**	**2.5**	**3.4**	**3.6**	**3.7**
Margin	*-1.6%*	*5.2%*	*9.3%*	*11.5%*	*11.1%*	*10.7%*
Interest	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
EBT	**(0.8)**	**0.7**	**1.8**	**2.8**	**3.0**	**3.1**
Margin	*-2.8%*	*2.9%*	*6.9%*	*9.4%*	*9.2%*	*8.9%*
Income taxes	0.0	(0.1)	(0.6)	(0.8)	(0.9)	(0.9)
Net Income (Loss)	**(0.8)**	**0.5**	**1.3**	**2.0**	**2.1**	**2.2**
Margin	*neg*	*2.2%*	*4.7%*	*6.6%*	*6.4%*	*6.2%*

Source: Company data 2022-24A, EnVent Research 2025-27E

Balance Sheet

€m	2022	2023	2024	2025E	2026E	2027E
Inventory	0.3	0.3	0.4	0.4	0.4	0.5
Trade receivables	3.2	4.0	4.1	4.9	5.4	5.8
Trade payables	(2.1)	(3.5)	(3.3)	(3.9)	(4.2)	(4.4)
Trade Working Capital	1.4	0.8	1.2	1.5	1.7	1.8
Other assets (liabilities)	(2.1)	(2.4)	(3.2)	(3.0)	(3.3)	(3.5)
Net Working Capital	**(0.8)**	**(1.6)**	**(2.0)**	**(1.5)**	**(1.6)**	**(1.6)**
Intangible assets	0.9	0.8	0.6	0.5	0.3	0.1
Property, plant and equipment	11.8	12.9	13.7	14.5	15.1	15.5
Equity investments and financial assets	0.1	0.1	0.1	0.1	0.1	0.1
Non-current assets	**12.8**	**13.7**	**14.3**	**15.1**	**15.5**	**15.6**
Provisions	**(0.8)**	**(0.9)**	**(1.1)**	**(1.1)**	**(1.2)**	**(1.3)**
Net Invested Capital	**11.3**	**11.2**	**11.3**	**12.5**	**12.7**	**12.7**
Net Debt (Cash)	**6.1**	**5.6**	**4.7**	**4.0**	**2.0**	**(0.2)**
Equity	**5.2**	**5.7**	**6.6**	**8.4**	**10.7**	**12.8**
Sources	**11.3**	**11.2**	**11.3**	**12.5**	**12.7**	**12.7**

Source: Company data 2022-24A, EnVent Research 2025-27E

Cash Flow

€m	2022	2023	2024	2025E	2026E	2027E
EBIT	**(0.4)**	**1.2**	**2.5**	**3.4**	**3.6**	**3.7**
Current taxes	0.0	(0.1)	(0.6)	(0.8)	(0.9)	(0.9)
D&A	1.6	1.9	2.1	2.3	2.6	2.9
Provisions	0.2	0.1	0.2	0.1	0.1	0.1
Cash flow from P&L operations	**1.4**	**3.1**	**4.1**	**4.9**	**5.4**	**5.8**
Trade Working Capital	(2.3)	0.6	(0.4)	(0.3)	(0.2)	(0.2)
Other assets and liabilities	0.5	0.2	0.8	(0.2)	0.3	0.2
Operating cash flow before capex	**(0.5)**	**3.9**	**4.5**	**4.5**	**5.5**	**5.9**
Capex	(3.0)	(2.8)	(2.7)	(3.0)	(3.0)	(3.0)
Operating cash flow after WC and capex	**(3.5)**	**1.1**	**1.8**	**1.5**	**2.5**	**2.9**
Interest	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Equity investments and financial assets	(0.1)	(0.0)	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	(0.1)	(0.1)	0.0	0.0
Shares buyback	0.0	0.0	(0.2)	0.0	0.0	0.0
Net cash flow	**(3.8)**	**0.6**	**0.9**	**0.7**	**2.0**	**2.2**
Net Debt (Beginning)	(2.3)	(6.1)	(5.6)	(4.7)	(4.0)	(2.0)
Net Debt (End)	(6.1)	(5.6)	(4.7)	(4.0)	(2.0)	0.2
Change in Net Debt (Cash)	**(3.8)**	**0.6**	**0.9**	**0.7**	**2.0**	**2.2**

Source: Company data 2022-24A, EnVent Research 2025-27E

Ratio analysis

Key ratios	2022	2023	2024	2025E	2026E	2027E
ROE	neg	9%	20%	26%	22%	19%
ROA	neg	6%	13%	15%	14%	13%
ROS	neg	5%	9%	12%	11%	11%
ROI	neg	11%	22%	28%	29%	30%
DSO	34	53	47	50	50	50
DPO	24	55	48	50	50	50
DOI	12	11	12	10	10	10
TWC/Sales	5%	3%	5%	5%	5%	5%
NWC/Sales	-3%	-7%	-7%	-5%	-5%	-5%
Capex/Sales	11%	12%	10%	10%	9%	9%
Net Debt/Revenues	0.2x	0.2x	0.2x	0.1x	0.1x	cash
Net Debt/EBITDA	5.1x	1.8x	1.0x	0.7x	0.3x	cash
Net Debt/EBIT	neg	4.7x	1.9x	1.2x	0.6x	cash
Net Debt/Equity	1.2x	1.0x	0.7x	0.5x	0.2x	cash
Cash flow from P&L operations/EBITDA	116%	99%	91%	87%	87%	87%
FCF/EBITDA	neg	36%	35%	26%	40%	43%
Basic EPS (€)	neg	0.07	0.17	0.26	0.28	0.29

Source: Company data 2022-24A, EnVent Research 2025-27E

Valuation

Our valuation hinges on several key factors:

- Effective prioritization of investment in TLC infrastructure shields Convergenze from margin volatility. This ensures profitability even in a fiercely competitive market, ultimately adding intrinsic value to the Company.
- The Energy business has dialled up its stability. This is largely due to the implementation of indexed supply contracts.

On these considerations, we have updated our DCF valuation and applied market multiples by BU under the Sum of Parts approach.
We recall that industry peers, especially energy peers, are mostly large and diversified companies and thus they might provide a misleading value indication; as such, we attribute significance to the outcome of DCF.

Treasury shares

To date, Convergenze has 171,000 treasury shares, corresponding to 2.3% ownership share. We calculate per share values using net outstanding number of shares (7,326,509).

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.5% (last 30 days average. Source: Bloomberg, September 2025)
- Market return: 13% (last 30 days average. Source: Bloomberg, September 2025)
- Market risk premium: 9.4%
- Beta: 0.8
- Cost of equity: 11.1%
- Cost of debt: 5.0%
- Tax rate: 24% IRES
- 50% debt/(debt + equity) as capital structure
- WACC calculated at 7.4%, from 7.6%
- Perpetual growth rate after explicit projections (G): 2.5%
- Terminal Value assumes a 15% EBITDA margin

DCF model

€m		2024	2025E	2026E	2027E	Perpetuity
Revenues		**26.6**	**29.8**	**32.7**	**34.9**	**35.8**
EBITDA		**4.6**	**5.7**	**6.2**	**6.6**	**5.4**
Margin		*17.1%*	*19.1%*	*19.0%*	*19.0%*	*15.0%*
EBIT		**2.5**	**3.4**	**3.6**	**3.7**	**2.4**
Margin		*9.3%*	*11.5%*	*11.1%*	*10.7%*	*6.6%*
Taxes		(0.7)	(1.0)	(1.1)	(1.1)	(0.7)
NOPAT		**1.7**	**2.4**	**2.6**	**2.7**	**1.7**
D&A		2.1	2.3	2.6	2.9	3.0
Provisions		0.2	0.1	0.1	0.1	0.0
Cash flow from P&L operations		**4.0**	**4.8**	**5.2**	**5.7**	**4.7**
Trade Working Capital		(0.4)	(0.3)	(0.2)	(0.2)	(0.0)
Other assets and liabilities		0.8	(0.2)	0.3	0.2	0.0
Capex		(2.7)	(3.0)	(3.0)	(3.0)	(3.0)
Unlevered free cash flow		**1.6**	**1.3**	**2.3**	**2.7**	**1.7**
- H1 Unlevered Free Cash Flows			***(0.9)***			
Free Cash Flows to be discounted			**0.4**	**2.3**	**2.7**	**1.7**
WACC	7.4%					
Long-term growth (G)	2.5%					
Discounted Cash Flows			**0.4**	**2.1**	**2.3**	
Sum of Discounted Cash Flows	4.8					
Terminal Value						**33.8**
Discounted TV	28.2					
Enterprise Value	**33.0**					
Net debt as of 30/06/25	(4.3)					
Equity Value	**28.7**					
Equity Value per share (€)	**3.90**					

DCF - Implied multiples		**2024**	**2025E**	**2026E**	**2027E**
EV/Revenues		1.2x	1.1x	1.0x	0.9x
EV/EBITDA		7.2x	5.8x	5.3x	5.0x
EV/EBIT		13.4x	9.6x	9.1x	8.8x
P/E		22.9x	14.6x	13.6x	13.2x
Discount of current valuation vs DCF	***41%***				
Current market price - Implied multiples		**2024**	**2025E**	**2026E**	**2027E**
EV/Revenues		0.7x	0.7x	0.6x	0.6x
EV/EBITDA		4.3x	3.4x	3.1x	2.9x
EV/EBIT		7.9x	5.7x	5.3x	5.2x
P/E		12.0x	7.7x	7.2x	6.9x

Source: EnVent Research

Sum of Parts

Industry segmentation

- TLC - Italian and international providers of broadband connectivity
- Energy - local multi-utilities
- Energy- multinational ex-incumbents

Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E
Convergenze	**0.7x**	**0.7x**	**0.6x**	**4.3x**	**3.4x**	**3.1x**	**7.9x**	**5.7x**	**5.3x**	**12.0x**	**7.7x**	**7.2x**
TLC												
Unidata	0.9x	0.9x	0.8x	3.4x	3.2x	2.8x	5.3x	5.0x	4.3x	7.9x	7.9x	6.2x
Intred	3.4x	3.4x	3.1x	7.7x	7.4x	6.5x	15.9x	16.0x	13.0x	20.4x	20.8x	16.5x
Planetel	1.1x	1.0x	0.9x	4.5x	4.2x	3.6x	13.2x	15.6x	12.5x	12.5x	10.5x	8.8x
United Internet	1.3x	1.2x	1.2x	6.0x	6.0x	5.4x	10.5x	11.8x	10.0x	13.1x	18.6x	13.3x
Bredband2	1.8x	1.6x	1.5x	10.9x	9.9x	8.7x	20.9x	18.4x	14.9x	27.5x	21.5x	17.4x
Cogent Communications	4.0x	4.3x	4.1x	11.0x	nm	11.7x	neg	neg	neg	neg	neg	neg
WideOpenWest	2.1x	2.6x	2.7x	4.6x	5.2x	5.3x	nm	25.1x	22.0x	neg	neg	neg
Telstra	2.9x	3.1x	3.1x	8.1x	8.7x	8.3x	18.2x	19.2x	17.9x	23.5x	24.8x	23.5x
Mean	**2.2x**	**2.3x**	**2.2x**	**7.0x**	**6.4x**	**6.5x**	**14.0x**	**15.9x**	**13.5x**	**17.5x**	**17.4x**	**14.3x**
Mean w/out extremes	**2.1x**	**2.1x**	**2.1x**	**7.0x**	**6.3x**	**6.3x**	**14.4x**	**16.2x**	**13.7x**	**17.4x**	**17.8x**	**14.0x**
Median	**1.9x**	**2.1x**	**2.1x**	**6.9x**	**6.0x**	**5.9x**	**14.5x**	**16.0x**	**13.0x**	**16.7x**	**19.7x**	**14.9x**
Energy - Local multi-utilities												
A2A	1.0x	1.0x	1.1x	5.4x	5.7x	5.6x	9.5x	10.7x	10.6x	8.4x	9.8x	9.8x
ACEA	2.5x	2.6x	2.6x	6.9x	7.6x	7.2x	14.7x	16.7x	16.2x	13.4x	11.6x	12.0x
Hera	0.8x	0.7x	0.7x	6.4x	6.4x	6.2x	12.3x	12.1x	11.6x	12.5x	11.9x	11.6x
Iren	1.4x	1.3x	1.3x	6.8x	6.3x	6.0x	16.2x	15.0x	14.2x	12.6x	10.8x	10.3x
Mean	**1.4x**	**1.4x**	**1.4x**	**6.4x**	**6.5x**	**6.2x**	**13.2x**	**13.6x**	**13.1x**	**11.7x**	**11.0x**	**10.9x**
Median	**1.2x**	**1.2x**	**1.2x**	**6.6x**	**6.3x**	**6.1x**	**13.5x**	**13.5x**	**12.9x**	**12.5x**	**11.2x**	**10.9x**
Energy - Multinational ex-incumbents												
Enel	2.0x	1.9x	1.9x	6.8x	6.7x	6.5x	10.1x	10.4x	10.1x	11.7x	11.8x	11.4x
Eni	0.7x	0.9x	0.8x	3.6x	4.2x	4.2x	6.3x	8.3x	8.4x	8.3x	10.3x	10.2x
E.ON	1.0x	1.0x	1.0x	9.4x	8.7x	8.8x	14.6x	13.7x	14.3x	14.3x	14.2x	15.0x
Mean	**1.3x**	**1.3x**	**1.2x**	**6.6x**	**6.5x**	**6.5x**	**10.3x**	**10.8x**	**10.9x**	**11.4x**	**12.1x**	**12.2x**
Median	**1.0x**	**1.0x**	**1.0x**	**6.8x**	**6.7x**	**6.5x**	**10.1x**	**10.4x**	**10.1x**	**11.7x**	**11.8x**	**11.4x**
Energy - Full sample												
Mean	**1.4x**	**1.4x**	**1.3x**	**6.5x**	**6.5x**	**6.4x**	**12.0x**	**12.4x**	**12.2x**	**11.6x**	**11.5x**	**11.5x**
Median	**1.0x**	**1.0x**	**1.1x**	**6.8x**	**6.4x**	**6.2x**	**12.3x**	**12.1x**	**11.6x**	**12.5x**	**11.6x**	**11.4x**
Full sample												
Mean	**1.8x**	**1.8x**	**1.8x**	**6.8x**	**6.4x**	**6.5x**	**12.9x**	**14.1x**	**12.8x**	**14.3x**	**14.2x**	**12.8x**
Median	**1.4x**	**1.3x**	**1.3x**	**6.8x**	**6.3x**	**6.2x**	**13.2x**	**14.4x**	**12.7x**	**12.6x**	**11.8x**	**11.6x**

Source: S&P Capital IQ, 29/09/2025

Sum of Parts application

- We focus on EV/Revenues to assess Convergenze short-term value, which is not affected by investment cycles or temporary profitability below industry standards
- We have based our analysis on 2025 consensus data
- Assuming a residual contribution in the coming years, we incorporate Media & Content BU into TLC BU

Wide upside potential

€m

Convergenze	2025E Market multiples		
EV TLC + MEDIA BU			
2025E Sales	**14.2**	2.1x	**29.5**
EV Energy BU			
2025E Sales	**15.4**	1.0x	**16.1**
SOP EV Convergenze			**45.5**
Net debt as of 30/06/25			(4.3)
Equity value Convergenze			**41.2**

Source: EnVent Research

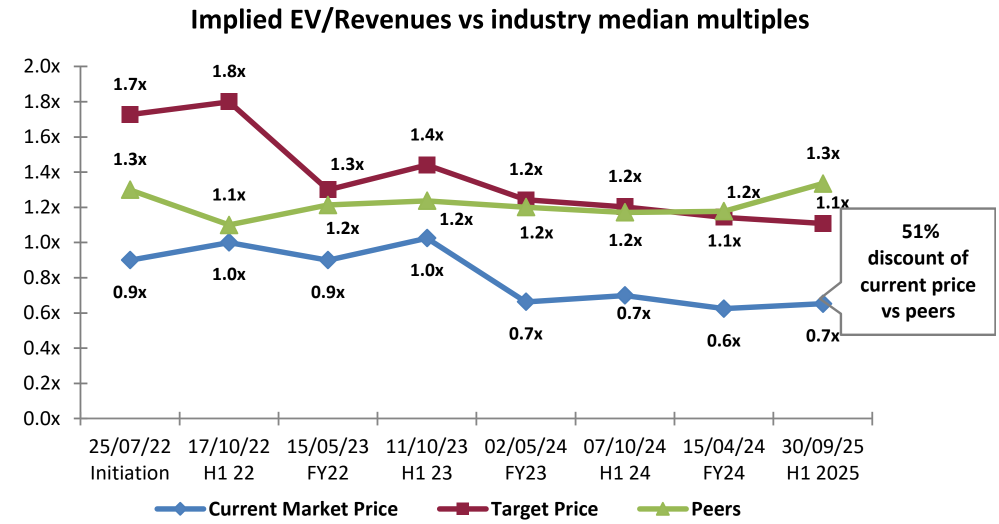
Target Price

Our updated valuation based on DCF leads to confirm the target price of €3.90, +89% potential upside on current price, implying 2025E 1.1x EV/Revenues, while Convergenze is trading at 0.7x. We reaffirm our OUTPERFORM rating on the stock.

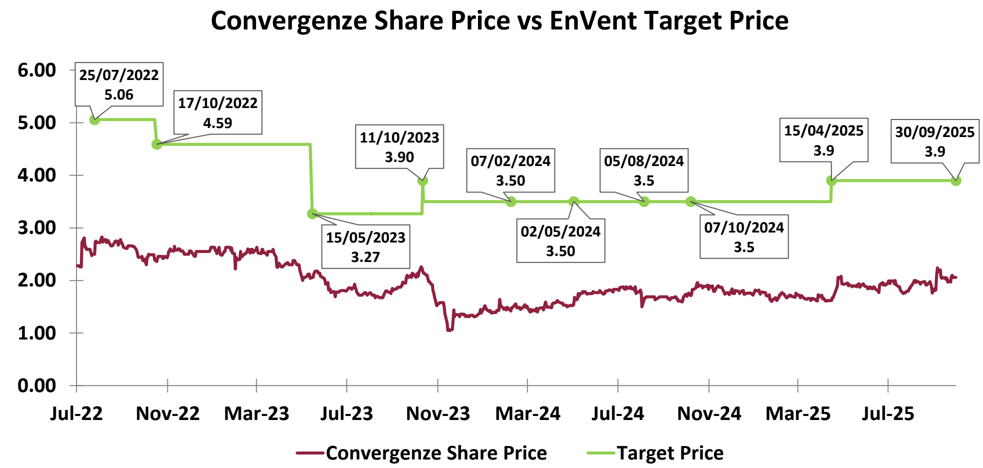
Please refer to important disclosures at the end of this report.

Convergenze Price per Share	€
Target Price	**3.90**
Current Share Price (29/09/2025)	2.06
Premium (Discount)	**89%**

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 30/09/2025



Source: EnVent Research on S&P Capital IQ, 30/09/2025

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The "OUTPERFORM", "NEUTRAL", AND "UNDERPERFORM" recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.
Equity ratings and valuations are issued in absolute terms, not relative to market performance.
Rating system and rationale (12-month time horizon):
OUTPERFORM: stocks are expected to have a total return above 10%;
NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;
UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;
UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;
SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;
NOT RATED: no rating or target price assigned.
Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.
The stock price indicated in the report is the last closing price on the day of Production.
Date and time of Production: 29/09/2025 h. 7.00pm
Date and time of Distribution: 30/09/2025 h. 6.30pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
25/07/2022	OUTPERFORM	5.06	2.50
17/10/2022	OUTPERFORM	4.59	2.39
15/05/2023	OUTPERFORM	3.27	2.04
11/10/2023	OUTPERFORM	3.50	2.24
07/02/2023	OUTPERFORM	3.50	1.45
02/05/2024	OUTPERFORM	3.50	1.52
05/08/2024	OUTPERFORM	3.50	1.64
07/10/2024	OUTPERFORM	3.50	1.76
05/11/2024	OUTPERFORM	3.50	1.87
06/02/2025	OUTPERFORM	3.50	1.72
15/04/2025	OUTPERFORM	3.90	1.62
05/08/2025	OUTPERFORM	3.90	1.97
30/09/2025	OUTPERFORM	3.90	2.06

ENVENT RECOMMENDATION DISTRIBUTION (June 30th, 2025)

Number of companies covered: 29	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %	86%	7%	3%	0%	3%	0%
of which EnVent clients % *	87%	50%	100%	na	100%	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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