

FY2022

April 11, 2023





Rosario Pingaro
Chairman and CEO



Grazia Pingaro
Vice- Chairman and
Director BU Energy



Carmine Malito Rebecco
CFO

COMPANY OVERVIEW



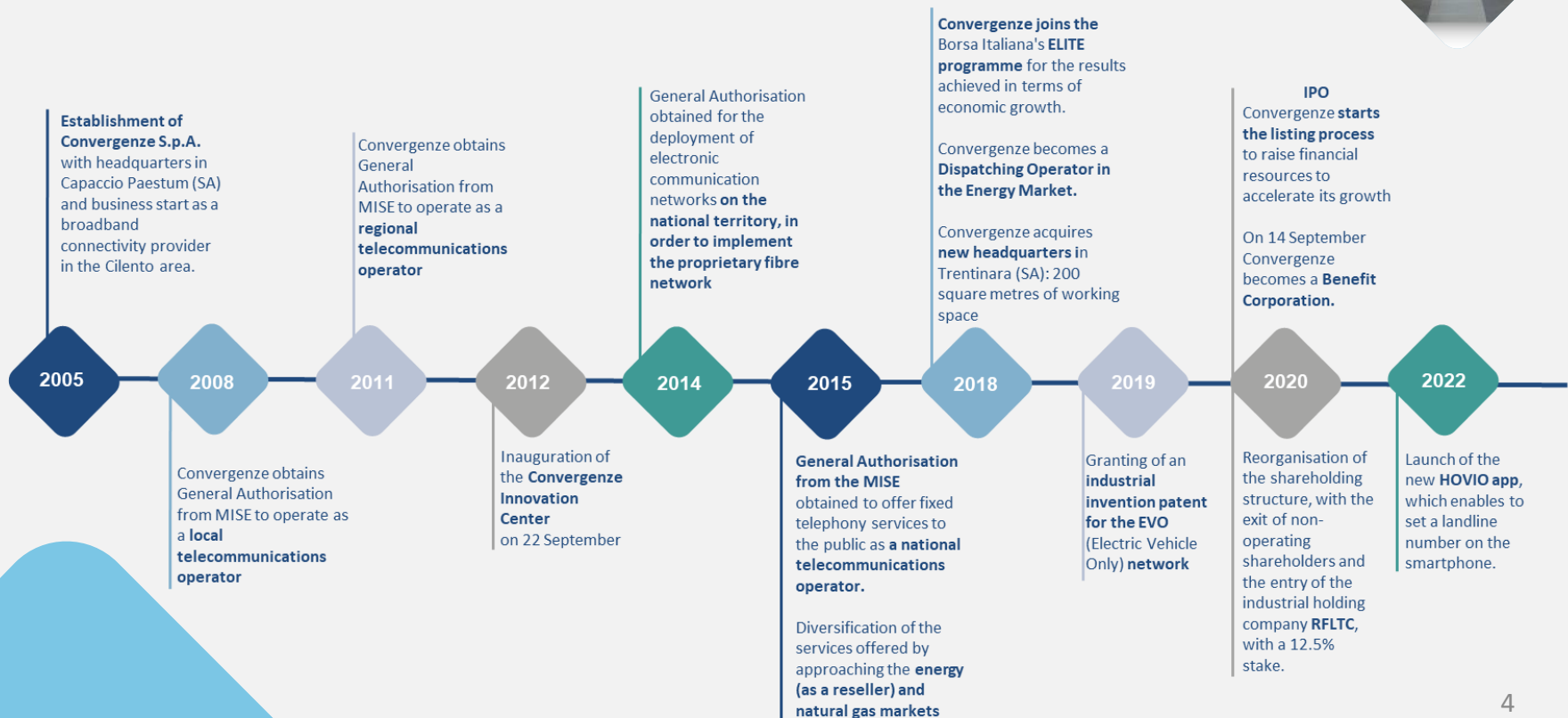
Company overview

***Convergenze S.p.A. Benefit Corporation** is an integrated technology operator active on a national level in the **Telecommunications and 100% green Energy** sectors, with charging points for electric cars through its patented **EVO (Electric Vehicle Only)** network.*

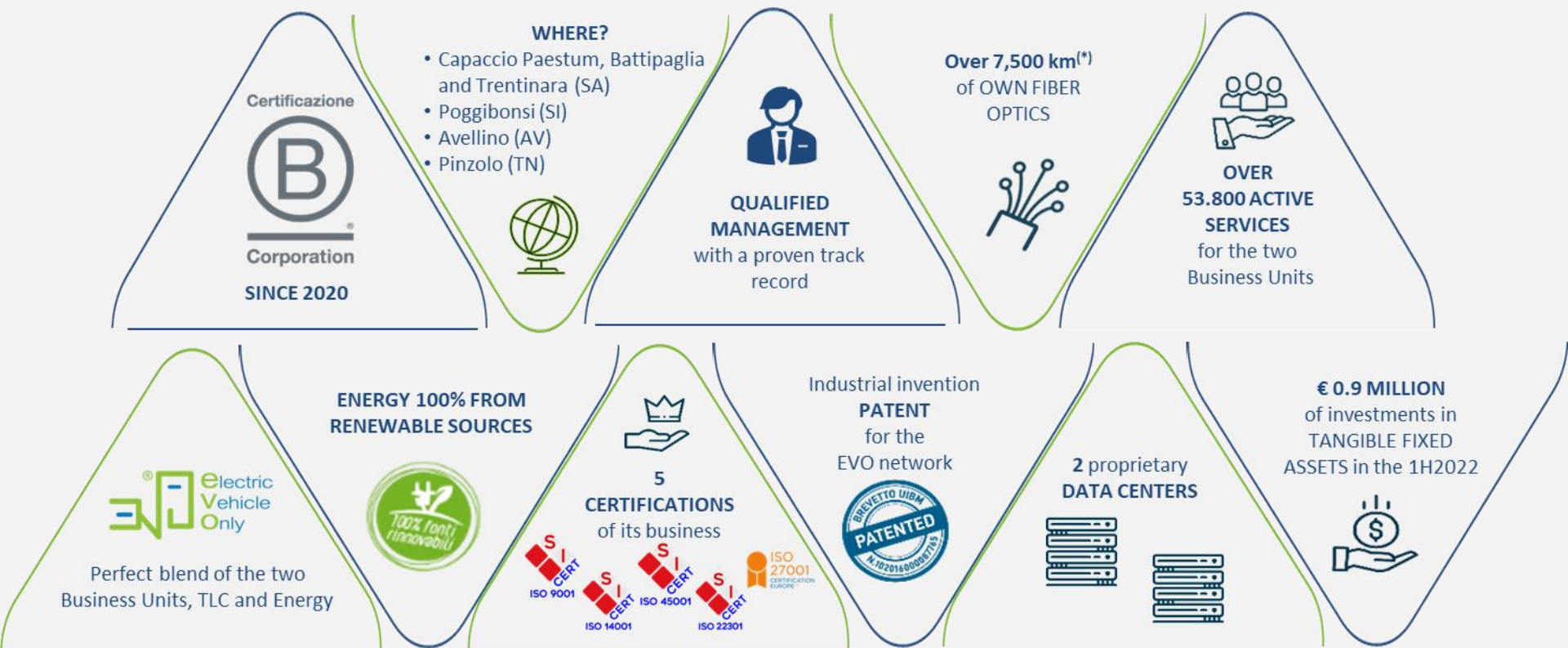
Established in **2005** in **Capaccio Paestum (SA)**, the company started as a **local TLC operator**, later becoming a **national player**. Since **2015** it has diversified its activities, introducing the **Energy BU**.

Its main operational headquarters, the "**Convergenze Innovation Center**", embodies the company's key values of **sustainability** and **innovation** and houses also one **Data Centers**.

Convergenze became a **Benefit Corporation** in September 2020 and since December 2020 it has been listed on the **EGM market of Borsa Italiana**.



At a glance



BUSINESS UPDATE



Feb 07th 2022

Expansion of the **EVO Network**, inaugurating a new charging station in the province of Avellino.

Mar 24th 2022

Convergenze activated the innovative **XGS-PON technology** on its proprietary FTTH network, thus achieving **unprecedented connectivity standards**.

Apr 27th 2022

Cerved Rating Agency S.p.A. confirmed the public Rating, B 1.1 on the company and **public rating of B 1.1 on minibond** issued on 14th April 2020.

Mar 5th 2022

Opening of new operational headquarters in Trentinara (SA), to house the new proprietary Data Center and Convergenze Academy.

Mar 30th 2022

Signed a binding agreement for the acquisition of **Positivo Srl**, a TLC company based in Salerno, to consolidate its position in the territory.

May 19th 2022

Convergenze received the **award**, on the occasion of the event "Industria Felix - Campania competing in 2022", **for the budget performance recorded in the 2020 financial year.**

Jun 30th 2022

Convergenze announced that it has **completed the purchase of 100%** of the share capital of **Positivo S.r.l..**

Oct 5th 2022

Convergenze among the **79 Entrepreneurial Excellences** awarded at the 5th Edition "Best Managed Companies" Award Deloitte Private.

May 23rd 2022

Convergenze noted the full automatic conversion into **ordinary shares of a total of no. 352,800 PAS**, held by the shareholders Rosario Pingaro, Grazia Pingaro and Sage Gestioni S.r.l., owners of 117,600 PAS shares each.

Jul 21st 2022

Convergenze announced the launch of the **Academy project**, in collaboration and with the support of the **Cilento, Vallo di Diano and Alburni National Park**, in order to attract and train young talents from the world of Information Technology.

Nov 11st 2022

Convergenze inaugurates **2 new "Evo" columns** for recharging electric vehicles in Certaldo, a Municipality in the Metropolitan City of Florence, thus reaching **19 columns.**

June 2022 – Acquisition of 100% Positivo S.r.l.



POSITIVO
OVUNQUE

On June 30, 2022, **acquisition of 100%** of the share capital of Positivo.

The price of the agreement was equal to the value of the share capital of € 10,000, and to an additional amount of the purchase price (“Earn-out”), if any and variable, equal in its maximum value to € 150,000.

Positivo S.r.l. has a strategic value of great importance as it allows Convergenze to expand on territories currently not covered, creating greater added value through the exploitation of cross-selling on the current customer portfolio of Positivo, contributing to the growth and consolidation of the company’s position in the territory, in order to increasingly become the reference TLC operator in the province of Salerno.

FY2021 Positivo Results:

- Revenues: approx. € 1.15 million
- Adjusted EBITDA: approx. € 0.02 million
- *Adjusted EBITDA margin*: approx. 2.1%



The background features a dark teal shape on the right and a light blue shape on the bottom left. A circular inset on the left shows a close-up of fiber optic cables with glowing blue light points.

FINANCIALS

KPIs FY2022 vs FY2021

€/million

€ 28.1

(€ 18.4 FY2021)

Revenues

- BU ENERGY € 18.8 + 99.4% (€ 9.4 FY2021)
- BU TLC € 9.3 +4.6% (€ 8.9 FY2021)

Km >7,500

(KM >5,600 FY2021)

Own fiber optics

51.5%

(49.6% FY2021)

User on the
owned network

**OVER
53,800**

Active services

- OVER 44,000 BU TLC
- OVER 9,800 BU ENERGY

Highlights FY2022 vs FY2021

€/million

€ 28.1

(€ 18.4 FY2021)

Revenues

€ 1.4

(€ 1.8 FY2021)

EBITDA Adj.

€ -0.4

(€ 0.5 FY2021)

EBIT

€ -0.8

(€ 0.2 FY2021)

NET RESULT

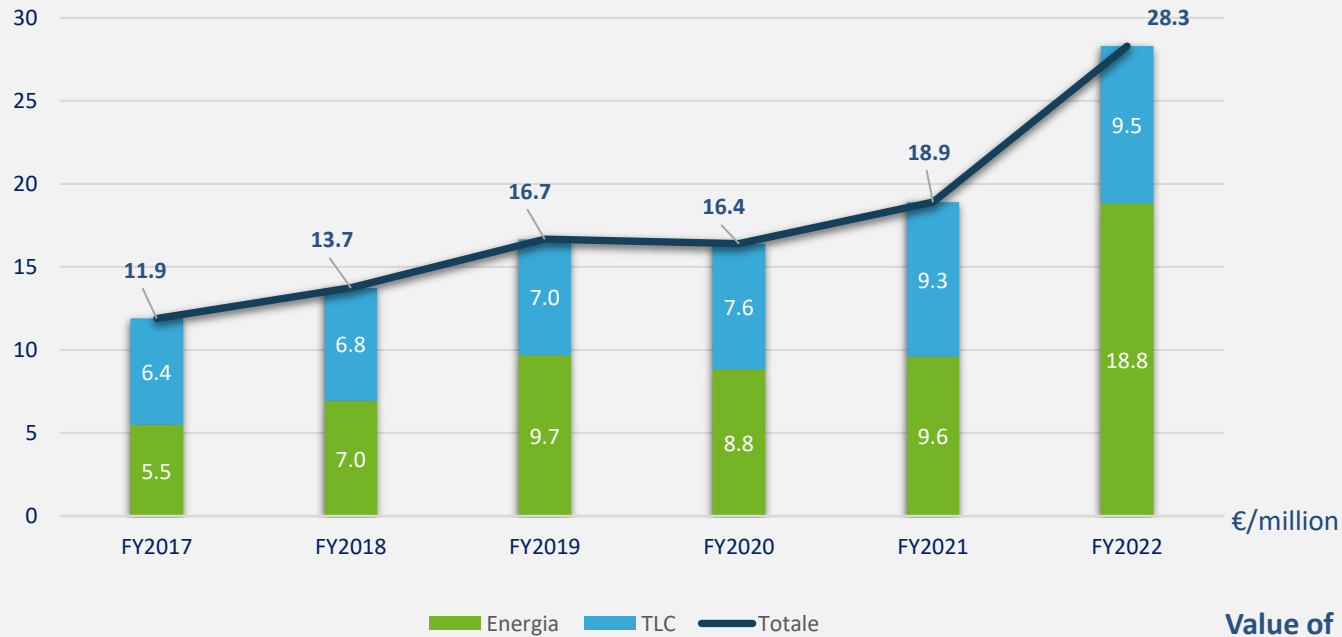
€ 6.1

(€ 2.3 FY2021)

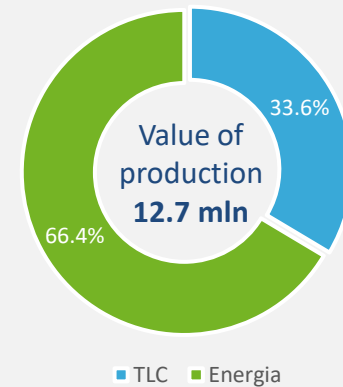
NFP

Value of production: performance

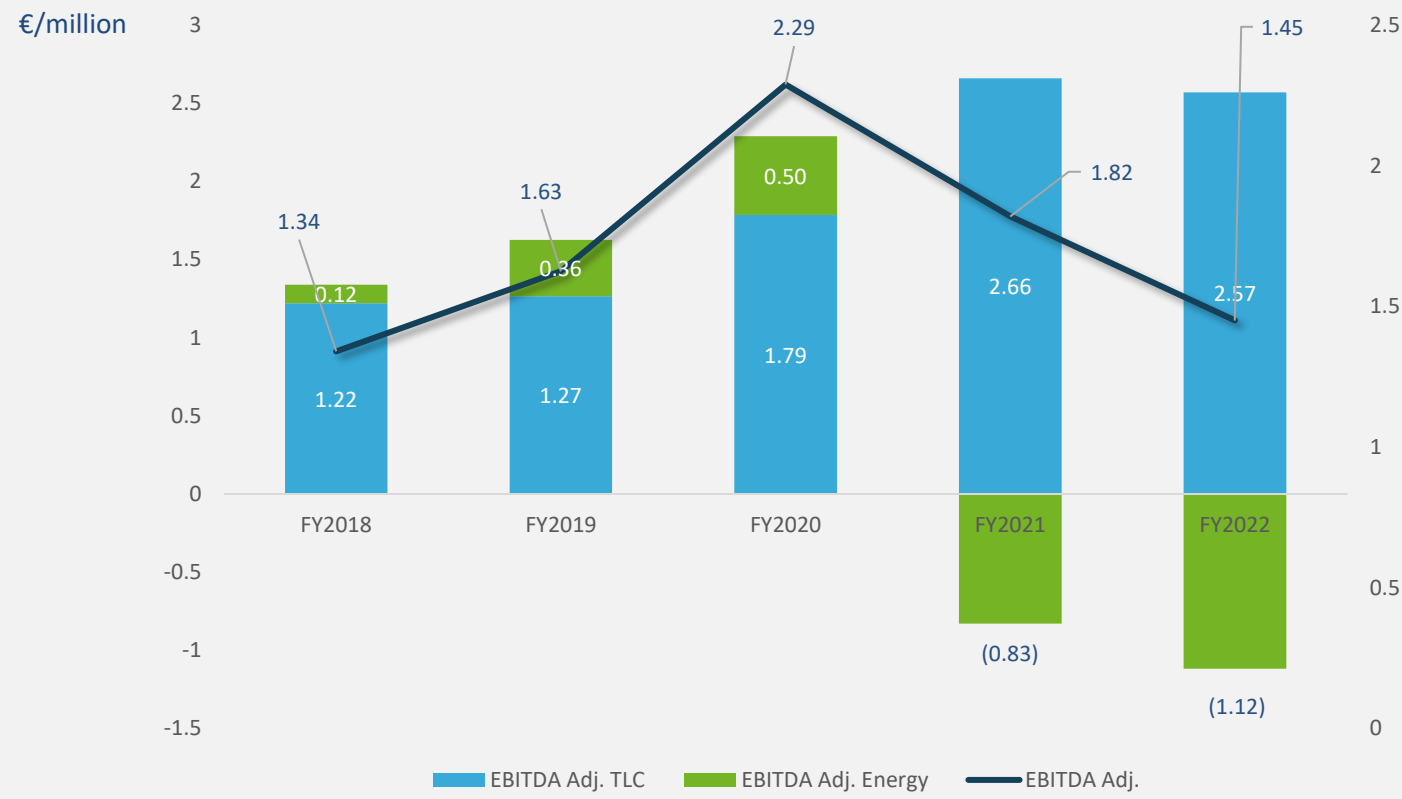
Value of production 2017-FY2022



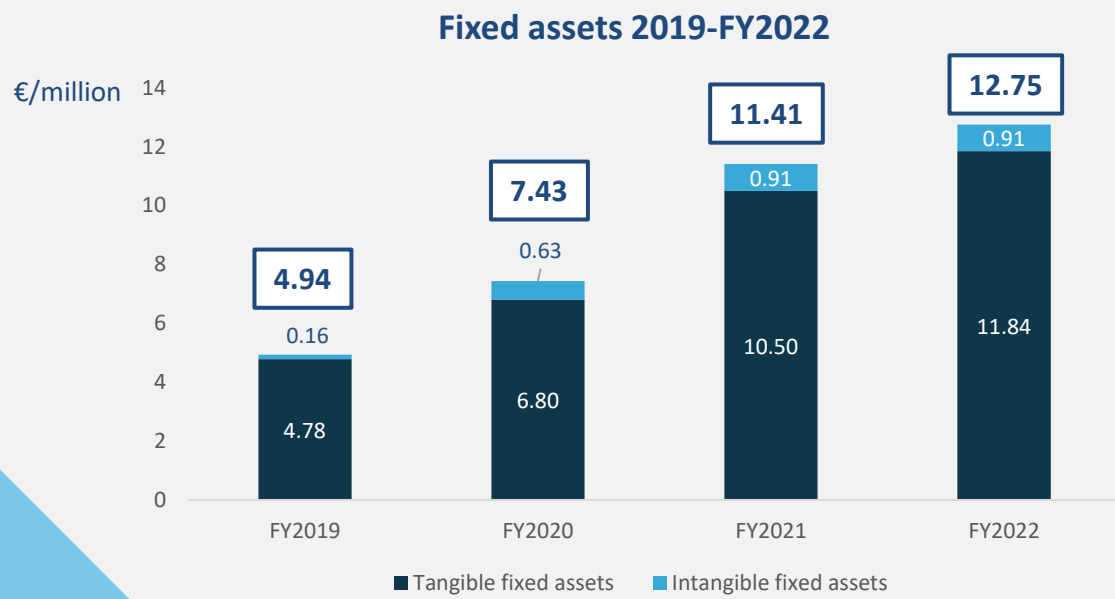
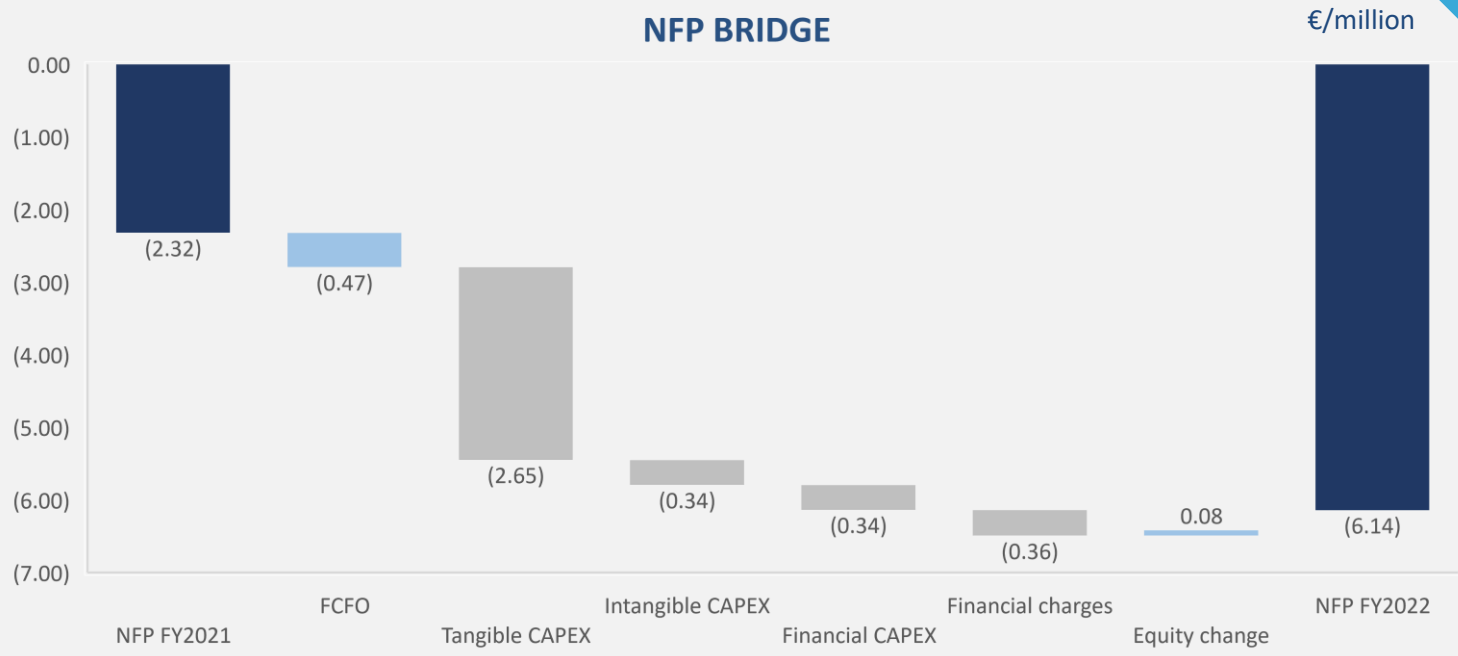
Value of production breakdown FY2022



EBITDA Adj: performance



Net financial position and fixed assets



Investment considerations



TECHNOLOGICAL INNOVATION UNDERPINS CONTINUED DEVELOPMENT IN TLC



PROPRIETARY NETWORK AND INTERCONNECTIONS



SUSTAINABILITY WITH CLEAN ENERGY AND EVO NETWORK



VALUE CHAIN MONITORING AND CONTROL



MANAGEMENT WITH AN ESTABLISHED TRACK RECORD



TERRITORIAL MODEL SCALABLE AT NATIONAL LEVEL



STRATEGIC GUIDELINES



Proprietary fibre optics and Wifi

- **Extension of the proprietary fibre-optic network (FTTH)** in municipalities where the company has reached a 'critical mass' of customers served by wireless technology



Diversification of supply

- Convergenze aims at diversifying its product portfolio through the **introduction of the BU Media & Content Delivery**
- Offer of **new value-added services** such as cloud, datacenter as a service and virtualization services.



Cross selling and increasing active services BU Energy

- **Increase in the number of Energy customers**, taking advantage of the **cross-selling opportunities** between the TLC and Energy Bus, through e-commerce portals, as well as targeted marketing actions. Further cross-selling possibilities will be possible thanks to the opening of the new BU Media & Content Delivery



Network expansion and consolidation

- Convergenze aims at **being recognised as a national operator by expanding its presence throughout Italy.**



IOT and Mobile Virtual Operator

- The company is ready to **seize the important development opportunities expected in the IoT sector**, especially following the transition from experimental to production technology of the **LoRaWAN project**.
- Convergenze will **offer its own proprietary network to national and international providers**, also considering that a fibre optic backbone is an essential requirement for the future implementation of **5G technology**.



M&A

- Possibility of growing through M&A by **acquiring other TLC players with a complementary geographical location.**

APPENDIX



The TLC and Energy BUs

TLC

Internet and Voice



- ConFibra / ConNGA / ConADSL
- ConULL/ ConWIFI
- ConVoip
- ConFree PBX
- OPEN NET
- ConVision
- App HOVIO

Unique services/DCaaS



- My Workforce or Virtual Machine
- My Life
- Con Housing
- Con Hosting
- Disaster Recovery, for companies' IT security
- Transport and interconnection services to Mix- MI Namex RM

ENERGY

Electricity and Natural Gas

ConLuce



A zero-impact electricity supply service guaranteed through the cancellation of Guarantees of Origin.

ConGas



Natural gas supply service.

Both services have different subscriptions for private, residential and business.

In providing its services, Convergenze pays particular attention to transparency, with billing based as far as possible on actual consumption.

EVO NETWORK

The perfect convergence between the TLC and Energy BUs, the project aims at promoting sustainable mobility



- ❖ A nationwide supplier of electricity and natural gas, Convergenze has set up a network of charging stations and points called EVO (Electric Vehicles Only), for which it has obtained a patent for an industrial invention, in support of electric mobility.
- ❖ In addition to the EVO Network, EVO Stations and EVO Wall Boxes have already been installed in:



PROVINCIA DI SALERNO

- SALERNO**
Viale Andrea De Luca, 23
Presso SIMILIS
- EBOLI**
SS 18 Tirrenia Inferiore km 79+250
Presso Parcheggio Cilento Outlet Village
- AQUARA**
Via G. Garibaldi, 41
Presso Parcheggio comunale
- CAPACCIO PAESTUM**
Via Seliano, 2
Presso Convergenze Innovation Center
- Strada Provinciale 13**
Presso Borgo la Pietra Country House
- AGROPOLI**
Piazza della Repubblica, 1
Presso Comune di Agropoli
- Località Mattine**
Presso Centro Commerciale LE TORRI
- CASTELLABATE**
Piazza Paolo Matarazzo
Presso Parcheggio Villa Matarazzo
- ACCIAROLI-POLLICA**
Via Porto
Presso Parcheggio pubblico

- TRENTINARA**
Via Roma, 153

- VALLO DELLA LUCANIA**
Via Cafasso
Presso Parcheggio pubblico
- LUSTRA**
C.da Corticelle
Presso Stazione di servizio Missano

- VIBONATI**
Località Villamare
Via San Marco

- ASCEA**
Via Enea

PROVINCIA DI NAPOLI

- SANT'ANTONIO ABATE**
Via Lettere, 156

PROVINCIA DI AVELLINO

- SERINO**
Via Roma, 23
- CALITRI**
Via Gioacchino Rossini, 2

PROVINCIA DI FIRENZE

- CERTALDO**
Piazza Macelli, 6
- Via delle Mura, 3**
Presso Parcheggio Certaldo Alto

PROVINCIA DI SIENA

- CHIUSDINO**
Via Montecapino
Presso Parcheggio palestra



The new BU: Media & Content Delivery



The ongoing process of digital revolution and the increasing integration of the entertainment and media and TLC and Internet market segments have prompted the Convergenze management to **set up a new BU, which is not yet active.**



The new BU aims at developing a **set top box** to provide Convergenze's customers with the **best possible experience in enjoying online video content** through ultra-fast connectivity. The new Bu's customers will also have the opportunity to **purchase other Convergenze's services at dedicated and exclusive prices**, thus creating new cross selling opportunities.



BU customers will have the opportunity to access the **catalogue of online media platforms at discounted rates**, which can be paid to Convergenze in **a single invoice**, taking advantage of integrated and innovative payment systems.



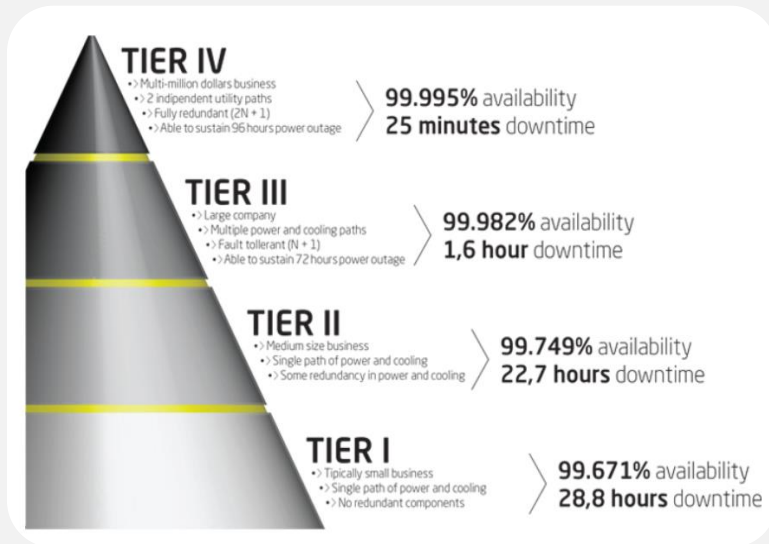
Thanks to ConFibra offers, the new BU will provide a high-performance, reliable and fast Internet connection (up to 1 Gbps), and the new solutions called "**Convergenze Calling and conferencing**" (voice calls and high-definition video) and "**ConFibra TV**", for viewing video content by signing contracts with the best TV streaming platforms.



The new BU is aimed at providing new services and greater freedom and customisation of the offer **by combining Internet connection with other types of services: video content, video calls, games, security, video surveillance.**

Convergenze Innovation Center & Data Center

- ❖ The basement of the Convergenze Innovation Center hosts one of the largest and most advanced proprietary data centers in Southern Italy; it expands over two rooms, it conveys Fastweb, TIM and Convergenze fibers, and it is doubly connected via multi-fiber to the Seliano site, thus guaranteeing service continuity.
- ❖ 27001-certified with the annexed extensions 27017 and 27018, a useful certification to become a Cloud service provider for Public Administrations.
- ❖ The Data Center meets the requirements of TIER III and TIER IV levels, although it has not yet obtained certification.



20 racks
of equipped
space used

60 racks
of available
equipped
space

70 kW
of double
refrigerant
circuit

400 KvA
redundant
UPS
expandable
to 800 KvA

450 kW
of generator
set

400 gbps
of connectivity



Benefit Corporation

The focus on sustainability and corporate social responsibility enabled Convergenze to become a Benefit Corporation on 14 September 2020. As such, Convergenze, while doing business, pursues one or more goals of common good in addition to profit, operating in a responsible, sustainable and transparent manner towards its territory and its community.



Sustainability

Convergenze provides electricity from 100% renewable sources and the photovoltaic system at its headquarters fully meets the company's needs, making it completely green. The objective is to foster the dissemination of a culture of sustainable energy management, enhancing the use of renewable sources.



Incentivising the growth of communities and employees

Convergenze supports its surrounding communities by promoting sports and cultural events and initiatives. Furthermore, the company practices inclusive policies within the company and creates favourable conditions for acceptance, flexibility and quality of work, supporting the reconciliation of work and private life.



Research and digitisation

The company promotes the research and technological development of innovative services, energies and business models, both directly and in cooperation with other entities. In addition, it promotes digitisation through the implementation of ultra-broadband electronic communication networks in white and grey areas.



Green mobility

Thanks to its patent for industrial invention and the EVO network, fully powered by 100% renewable sources, Convergenze promotes green mobility starting with its employees, all of whom drive electric company cars



Solidarity fundraising

Convergenze has signed up to the Self-Regulatory Code for the management of solidarity numbers, thus offering customers the opportunity to participate in charitable donations organised by the various NGOs without receiving any remuneration.

Convergenze has obtained 4 certifications:



- ❖ ISO 9001, certifying the efficiency and proper management of company processes



- ❖ ISO 14001 for environmental quality, which certifies concrete efforts to limit direct company impacts



- ❖ ISO 45001 related to the international standard ISO 9001:2015 that Convergenze S.p.A. Società Benefit has obtained, guarantees the quality and continuous improvement of its telecommunications services and all the company's internal procedures.



- ❖ ISO 27001, certifying the efficiency of the information security management system and ensuring the integrity, confidentiality and management of all sensitive data



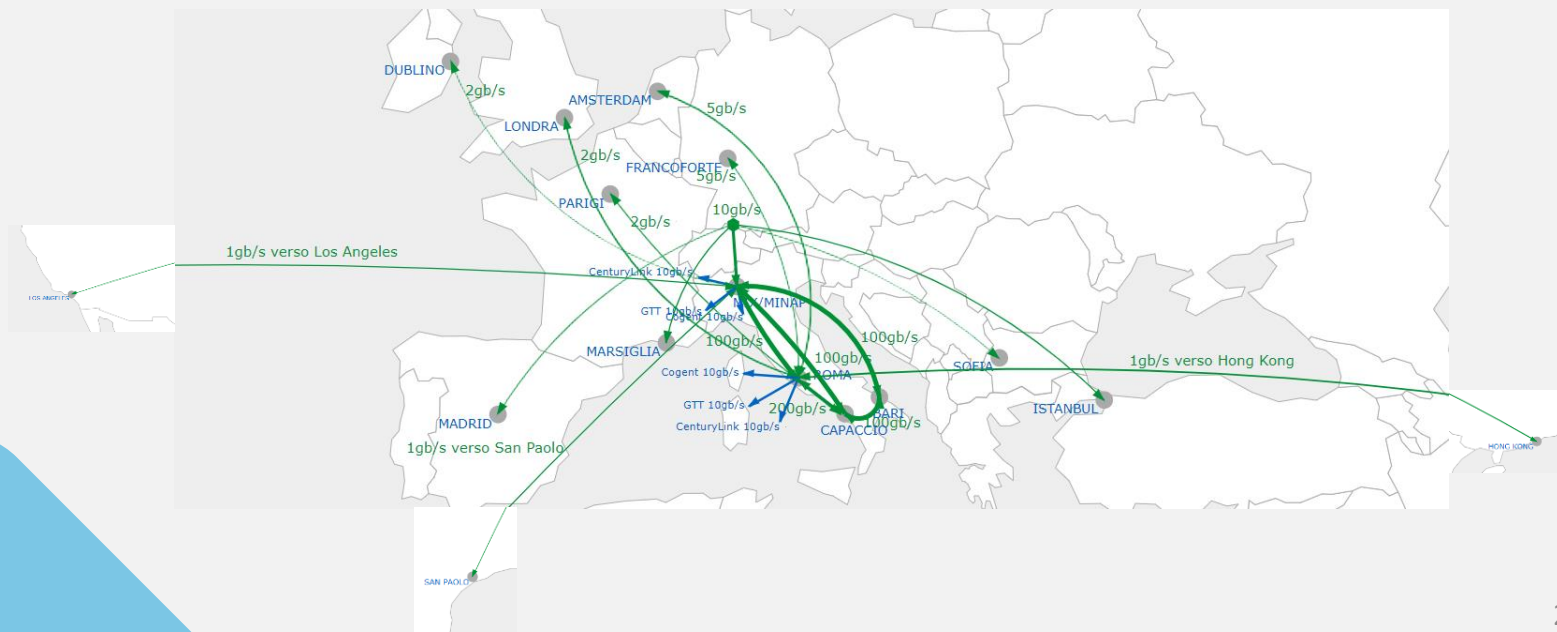
- ❖ Convergenze supplies certified green energy through the annulment of Guarantees of Origin (GO). The Guarantee of Origin (GO) is an electronic certification issued by GSE, certifying the renewable origin of the sources used by IGO qualified plants.



- ❖ In 2019, the Company obtained from the Ministry of Economic Development a patent for industrial invention for the creation and implementation of the EVO (Electric Vehicle Only) network.

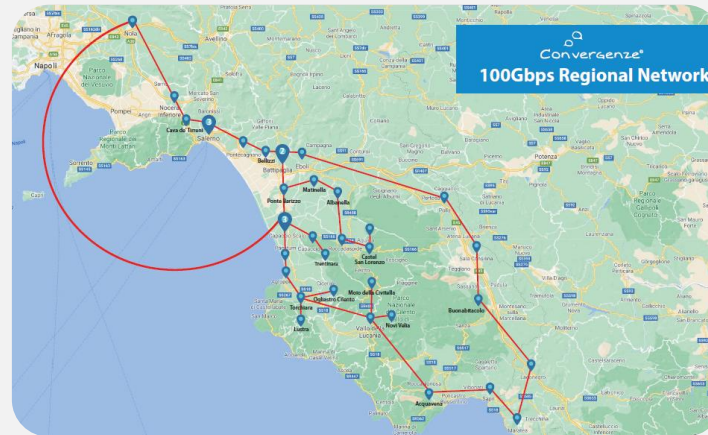
Data infrastructure: national and international

- ❖ The Internet Network of Convergenze S.p.A. Benefit Company grows daily. At present, our nearest NOC, in the town of Capaccio, is connected to Rome, to the NaMeX point (30 Gbps) by different communication channels and then it reaches the MIX point in Milan (30gbps):
 - ❖ Rome is our strategic hub where, in addition to buying transit from Tinet (2.5gbps), Cogent (2.5gbps) and Level3 (2.5gbps), we also reach two European interchange centers, namely AMS-IX (5gbps) and LINX (500 Mbps)
 - ❖ In Milan, in addition to the balanced transits with Rome, we reach the NETIX network (2.5Gbps), the De-CIX exchange point in Francoforte (2gbps), Any2 exchange point in Los Angeles (1Gbps) and HKIX exchange point in Hong Kong (1gbps)
- ❖ The capillary professional presence at European level has led Convergenze to be, with about 2300adjacencies, the most interconnected network in Italy and the 10th in the world. Our President Rosario Pingaro has been a member of NaMeX BoD since 2013, which is the second NAP in Italy.

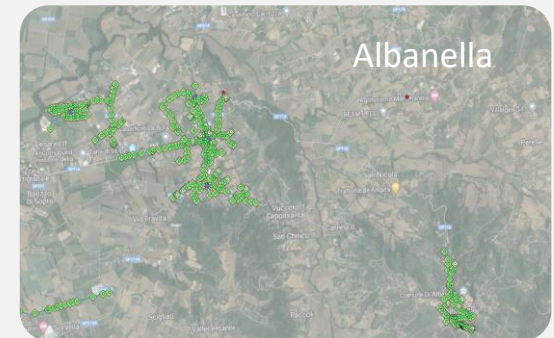
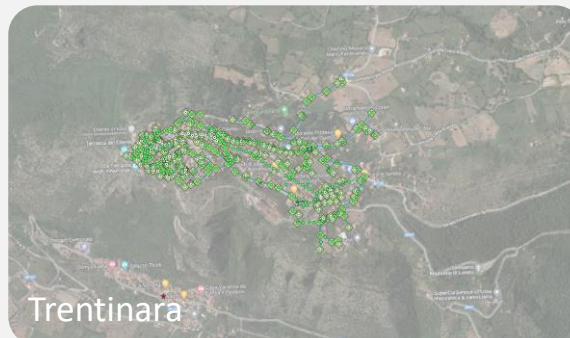
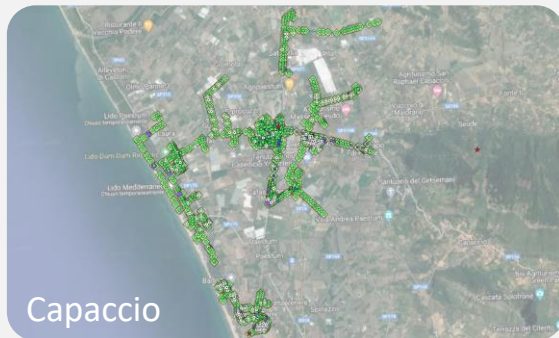


Data infrastructure: regional and local

At regional level, Convergenze is present in Campania with a 1.036 km network of 100gbps IRU fibre ready for an upgrade to 400gbps.



7,506 km of fibre in the province of Salerno as at 31 December 2022; over € 1.4 invested in fixed assets during 2022



Convergenze's proprietary fibre optic network covers the following areas:

- ❖ Capaccio-Paestum and the hamlets of Capaccio Scalo, Licinella, Borgonuovo, Cafasso, Torre di Mare, Laura and Rettifilo
- ❖ Torchiara
- ❖ Ogliastro Cilento
- ❖ Trentinara
- ❖ Castel San Lorenzo
- ❖ Albanella

Wireless Infrastructure

In the regions where it is active, Convergenze owns more than 101 radio links powered by UWA (Ultra Broad band Wireless Access) technology.

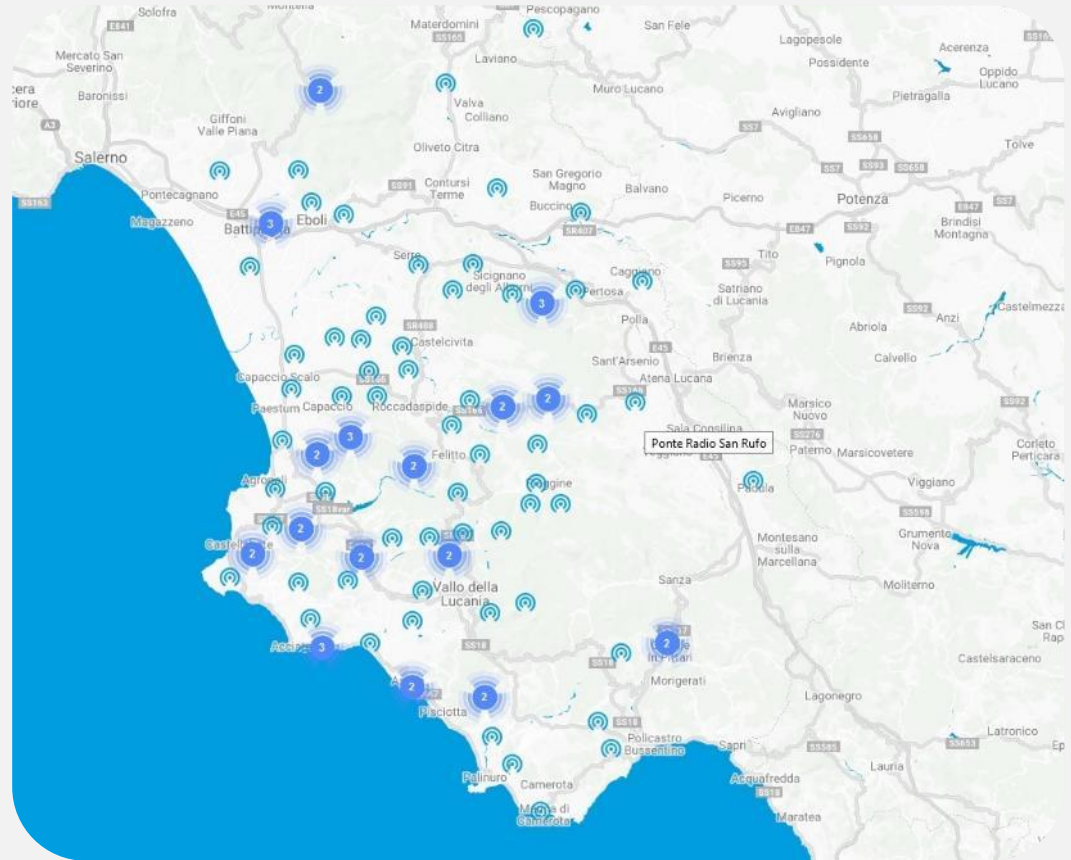
They represent Convergenze's first territorial presence and play a strategic role in the company's commercial development in new areas.



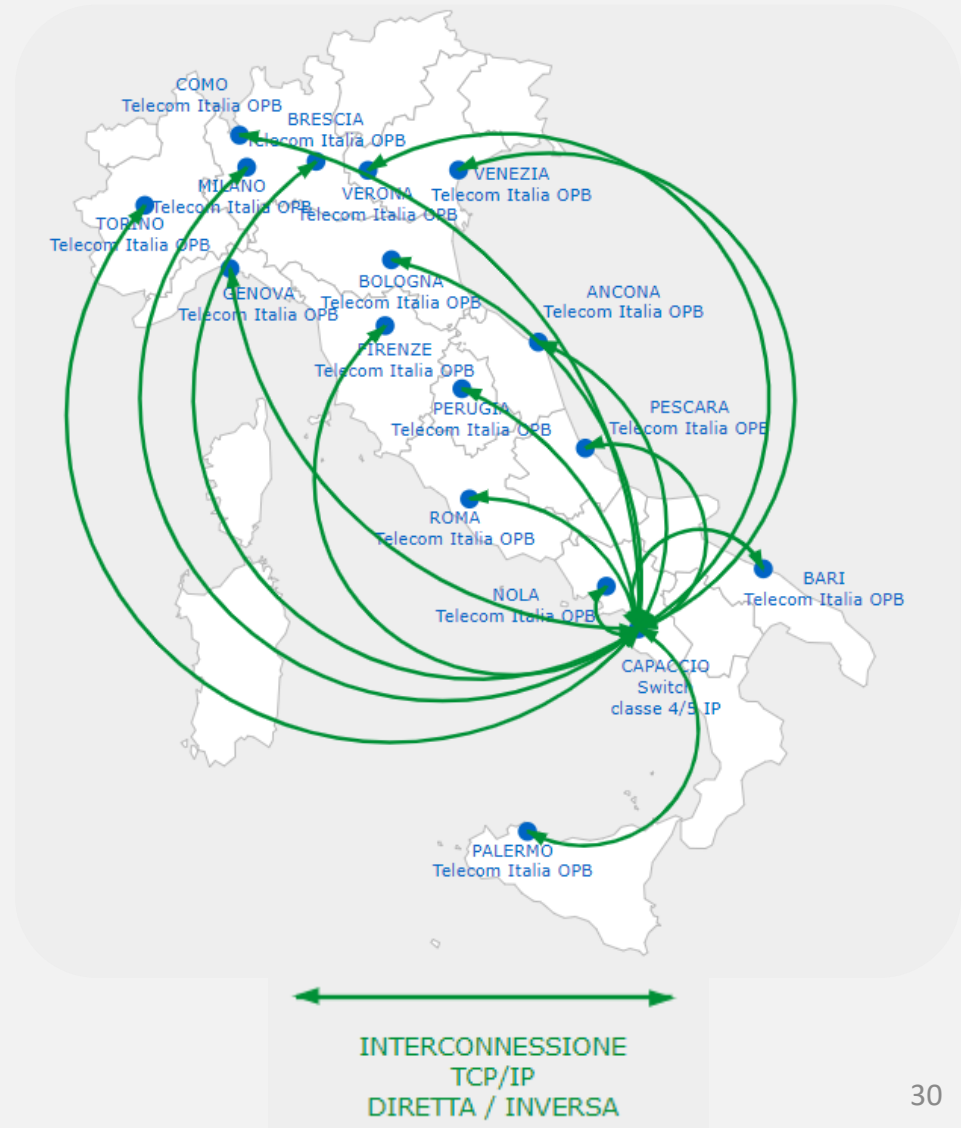
WiFi network access point



Number of WiFi access points in the same area



- ❖ Convergenze's network for the provision of voice services has undergone no minor evolution and is now based on a dual architecture: TDM SS7 and ITC-IP, the latter derived from SIP VoIP technology.
- ❖ Interconnection points with TIM's voice network are constantly expanding (4 new nodes/year) and include the following OPBs (Optical Packet Backbone): Rome, Pescara, Brescia, Nola, Ancona, Florence, Perugia, Milan, Bari, Verona, Palermo, Turin, Bologna, Genoa, Venice and Como.



Income statement highlights

INCOME STATEMENT HIGHLIGHTS		
€	FY2021	FY2022
Sales revenues	18,365,005	28,141,296
Value of production	18,869,855	28,356,396
Total operating costs	(17,048,613)	(26,908,456)
EBITDA Adj	1,821,242	1,447,940
EBITDA margin adj	9.7%	5.1%
EBIT	524,269	(442,599)
EBT	280,728	(799,201)
NET RESULT	238,408	(799,201)

- ❖ **Revenues from sales** as of 31 December 2022 amounted to €28.1 million, increasing by 53.2% compared to FY2021 (€18.4 million). The increase is determined by both BUs, with a greater contribution from the Energy BU, which grows by 99.4% compared to FY2021 (€ 18.8 million in FY2022 vs € 9.4 million in FY2021), while BU TLC marks a +4.6% compared to the same period of FY2021 (€ 9.3 million in FY2022 vs € 8.9 in FY2021). The Energy BU has grown significantly compared to the previous year, even exceeding pre-pandemic levels. The reasons are: electricity and natural gas markets conditions, billing with variable tariffs in conditions of increasing prices (active since March 2022), following the outbreak of the Russia-Ukraine conflict which led supply disruptions and energy shortages. Another cause is the increase in the number of services activated in FY2022.
 - ❖ **Adjusted EBITDA** amounts to €1.4 million, down on the €1.8 million of the previous year, resulting in an Adjusted EBITDA Margin of 4.8% of the value of production (9.5% at FY2021). In particular:
 - ❖ **Adjusted EBITDA of the TLC BU** remains substantially in line with that of the previous year and amounts to € 2.6 million in FY2022, compared to € 2.7 million recorded in FY2021;
 - ❖ **Adjusted EBITDA of the Energy BU** is still negative for € 1.1 million, compared to the € -0.8 million recorded in FY2021.
- The slight loss in margins of the TLC BU is mainly due to the higher incidence of costs for raw materials and personnel costs compared to FY2021. Whereas, the criticalities of the reference market are reflected mainly in the margins of the Energy BU.

Income statement highlights - BU

INCOME STATEMENT HIGHLIGHTS - BU TLC		
€	FY2021	FY2022
Sales revenues	8,939,290	9,348,524
Value of production	9,301,838	9,518,705
Total operating costs	(6,646,430)	(6,945,705)
EBITDA Adj	2,655,408	2,572,902
EBITDA margin adj	28.5%	27.0%



INCOME STATEMENT HIGHLIGHTS - BU Energy		
€	FY2021	FY2022
Sales revenues	9,425,715	18,792,772
Value of production	9,568,017	18,837,739
Total operating costs	(10,402,183)	(19,962,751)
EBITDA Adj	(834,166)	(1,124,962)
EBITDA margin adj	n.a.	n.a.

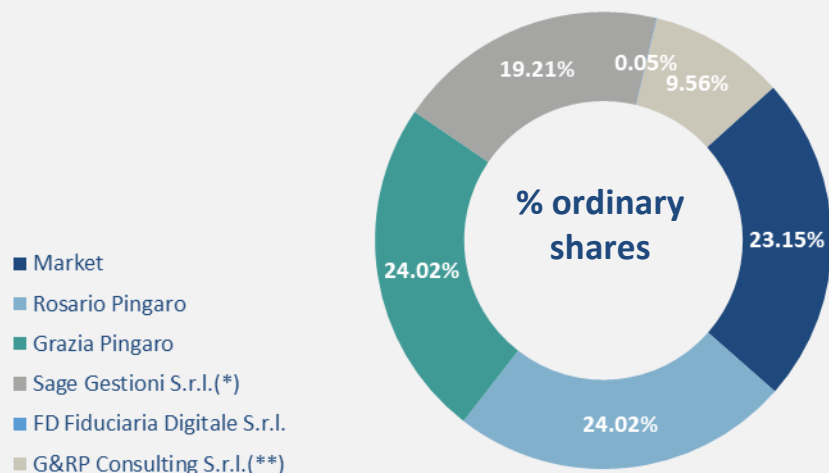
Balance sheet highlights

BALANCE SHEET HIGHLIGHTS					
ASSETS			LIABILITIES AND EQUITY		
€	FY2022	FY2021	€	FY2022	FY2021
Fixed assets	12,847,392	11,427,393	Net Financial Position	6,142,266	2,321,190
Net working Capital	(784,694)	(2,659,392)	Equity	5,160,825	5,884,217
Provisions and other funds	(759,606)	(562,594)			
NET INVESTED CAPITAL	11,303,092	8,205,407	TOTAL LIABILITIES AND EQUITY	11,303,092	8,205,407

- ❖ The **Net Financial Position** (NFP) is equal to € 6.1 million, compared to € 2.3 million as of 31 December 2021. The change is related to investment activities and the dynamics of the CCNC which led to a further absorption of cash for effect of the changes in the purchase and sale cycle, as well as the payment to GME of the required guarantees relating to the Energy BU.
- ❖ **Shareholders' equity** amounted to € 5.2 million compared to € 5.9 million as of 31 December 2021.

Shareholders and Corporate Governance

Shareholding structure



Shareholder	N. total shares	% voting rights
Rosario Pingaro	1,800,000	24.02%
Grazia Pingaro	1,800,000	24.02%
Sage Gestioni S.r.l. (*)	1,440,000	19.21%
G&RP Consulting S.r.l. (**)	716,500	9.56%
FD Fiduciaria Digitale S.r.l.	3,500	0.05%
Market	1,734,709	23.15%
Total	7,494,709	100.00%

(*) Company attributable to the Prearo family

(**) Company attributable to Redfish Longterm Capital RFLTC S.p.A.

All shareholders not included in the Market are subject to a lock-up constraint

Corporate governance

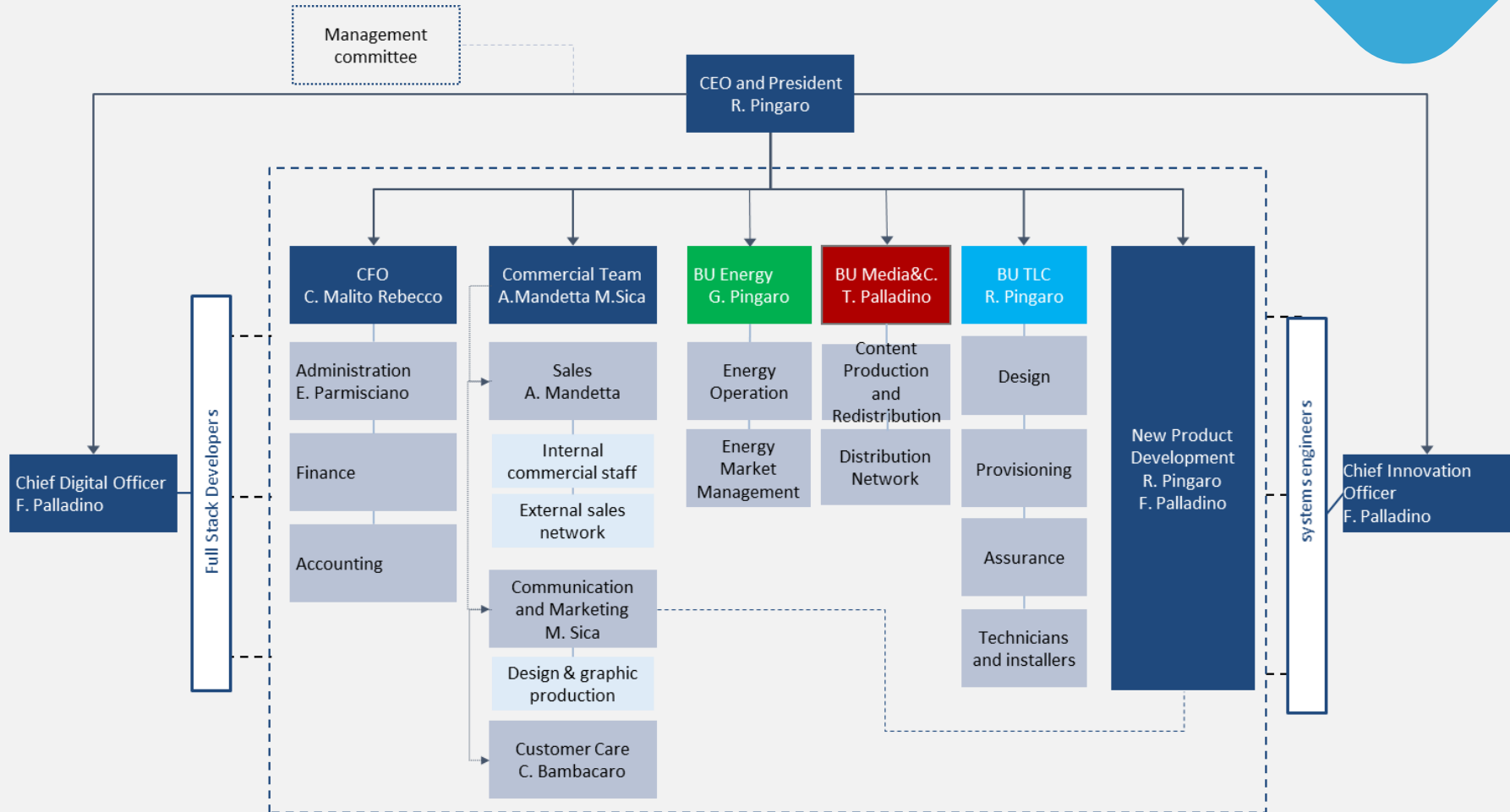
Board of Directors

Pingaro Rosario	Chairman
Pingaro Grazia	Vice Chairman
Malito Rebecca Luciano	Director
Pescetto Paolo	Director
Palladino Teresa	Director
Manzi Giancarlo	Director
Ferretti Marco	Independent Director

Board of Statutory Auditors

Manguso Giosuè	Chairman
Caliendo Domenico	Auditor
Spagnuolo Fabio	Auditor
Bernardi Gerardo	Alternate Auditor
Tartaro Massimo	Alternate Auditor

Organizational structure



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