INTRED

Telecommunications

Growth goes on, and it's profitable

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Intred is a telecom and cloud player with a 15,000 km proprietary next-generation fiber network and a strong foothold in Lombardy, serving over 57k clients across SMEs, wholesale, public entities and, more recently, also households.

FAIR VALUE (€)	**13.50**
MARKET PRICE (€)	**9.06**
MARKET CAP (€mn)	**144.4**

Intred FY25 figures sound as expected

Following its transition to IAS-IFRS accounting, Intred reported FY25 revenues of €55.8mn (+8.4% organic, +1.1% reported). Recurring revenues represented 95.6% of total turnover, with churn at a low 4.4%. Growth was broad-based across all segments. EBITDA reached €25.5mn (+4.1% YoY), with margin expanding to an all-time-high of 45.8%. EBIT dipped slightly to €12.4mn due to higher network depreciation. Capex decreased ~34% to €21.2mn, focused on FTTH expansion. Net Debt stood at €42.1mn, i.e. a comfortable 1.65x EBITDA.

2026E-28E Estimates Revision

Forecasts for FY26E–FY28E are revised to take into account a delayed, (and more capital-intensive) data center rollout. Indeed, authorization delays push peak capex into FY27E (~€32mn total), deferring cash generation inflection to FY28E–FY29E.

We now forecast VoP to grow to €67.1mn by FY28E (>7% CAGR on organic basis), EBITDA Margin expanding to 48.7% (EBITDA FY28E at €32.4mn, and Net Debt improving to €39.6mn as investment peaks subside.

Investment Case confirmed

Over the past decade, more than €190mn have been invested in proprietary fiber expansion. Thanks to these efforts, Intred now combines three strengths that define it as a regional leader with durable competitive positioning: (i) 15,000 km fully-owned network; (ii) dominant footprint in Lombardy, Italy's economic engine; (iii) highly-visible / predictable business model.

As far as future growth strategies are concerned, we remind that on the industrial side the rollout of the new Tier IV modular data center in Brescia, the on-net migration of clients converting ADSL/FTTC to FTTH, and the upselling with cloud and cybersecurity services are the three key pillars, while on the corporate development side the recently announced uplisting on Italian Stock Exchange STAR Segment and possible bolt-on M&A deals in FY27E are the catalyst to be watched at.

Base Case Fair Value at €13.50 p/s, but Potential Upside

Our updated SOTP framework separates the core perimeter (€11.5 p/s, based on FY26E–FY27E peer multiples) from the Data Center Project (€1.9/€2.0 p/s, DCF-based). Combined, these components yield a €13.5 p/s fair equity value, unchanged versus our IOC, albeit with a different mix between the two building blocks.

KEY FINANCIALS	FY25A	FY26E	FY27E
VALUE OF PRODUCTION	56.3	60.4	63.4
EBITDA	25.5	28.0	30.1
EBIT	12.4	13.9	15.3
NET PROFIT	8.3	8.3	9.4
GROUP NET EQUITY	67.9	74.3	81.9
NET DEBT (-) / NET CASH (+)	-42.1	-36.7	-41.4
EPS ADJ.	0.52	0.52	0.59
DPS	0.12	0.11	0.13

Source: Intred (historical figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY25A	FY26E	FY27E
EBITDA MARGIN (%)	45.8	46.6	47.7
EBIT MARGIN (%)	22.3	23.1	24.3
NET DEBT / EBITDA (x)	1.6	1.3	1.4
NET DEBT / NET EQUITY (x)	0.6	0.5	0.5
ROE (%)	11.2	11.5	11.6
EV / SALES (x)	3.3	3.0	2.9
EV / EBITDA (x)	7.3	6.5	6.2
EV / EBIT (x)	15.0	13.0	12.1
P / E ADJ. (x)	17.4	17.4	15.3

Source: Intred (historical figures), Value Track (estimates)

STOCK DATA	
MARKET PRICE (€)	9.06
NOSH (mn)	15.9
MARKET CAP (€mn)	144.4
ENTERPRISE VALUE (€mn)	180.7
FREE FLOAT (%)	29.7
AVG L30D VOLUME ('000)	3,160
RIC / BBG	ITD.MI / ITD IM
52 WK MIN - MAX (€)	8.32 - 10.95

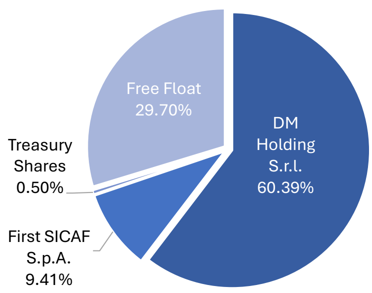
Source: Stock Market Data

Description

Founded in 1996 and headquartered in Brescia, Intred is a vertically integrated, telecom and cloud operator with a strong regional focus in Lombardy. Intred offers a full range of data and voice services through a next-generation proprietary fiber network that now stretches over 15,000 km, serving more than 57k clients across SMEs, public institutions, and residential users, supported by a highly visible revenue model (~96% recurring and prepaid), and a churn rate consistently below 5%.

The Company has delivered strong organic growth (backed by >€190mn in network investments) and completed targeted acquisitions (Qcom S.p.A., Connecting Italia S.r.l.), while securing major infrastructure contracts such as the Infratel schools tenders.

SHAREHOLDER STRUCTURE



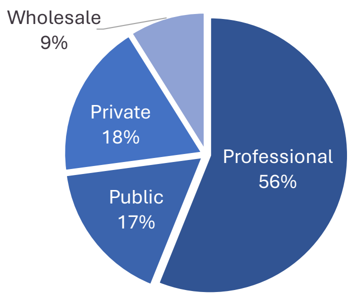
Source: Intred

Financial Highlights

KEY FINANCIALS (IAS/IFRS, €mn)	FY25	FY26E	FY27E	FY28E
Value of Production	**56.3**	**60.4**	**63.4**	**67.1**
YoY (%)	0.8%	7.2%	5.0%	5.8%
EBITDA	**25.5**	**28.0**	**30.1**	**32.4**
EBITDA Margin (%)	*45.8%*	*46.6%*	*47.7%*	*48.7%*
EBIT	**12.4**	**13.9**	**15.3**	**16.4**
EBIT Margin (%)	*22.3%*	*23.1%*	*24.3%*	*24.6%*
Net Profit	**8.3**	**8.3**	**9.4**	**10.4**
YoY (%)	*20.5%*	*-0.2%*	*13.6%*	*10.8%*
Adj. Net Profit	**8.3**	**8.3**	**9.4**	**10.4**
YoY (%)	*20.5%*	*-0.2%*	*13.6%*	*10.8%*
Net Fin. Position [Net Debt (-) / Cash(+)]	**-42.1**	**-36.7**	**-41.4**	**-39.6**
Net. Fin. Pos. / EBITDA (x)	1.6	1.3	1.4	1.2
Capex	-21.8	-16.0	-32.0	-15.0
OpFCF b.t.	**-1.0**	**10.4**	**3.0**	**9.8**
OpFCF b.t. / EBITDA (%)	*-4.1%*	*37.0%*	*10.0%*	*30.3%*

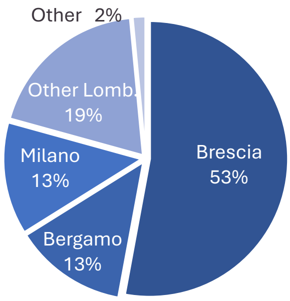
Source: Intred, Value Track Analysis

REVENUES FROM SALES BY CUSTOMER



Source: Intred, FY25

REVENUES FROM SALES BY AREA



Source: Intred, FY25

Investment Case

Strengths / Opportunities

- Fully-owned next-generation fiber network;
- Full-scope portfolio of TLC services with best-in-class performance;
- First mover advantage in Lombardy, a strategic and rich region;
- Scalable business model with high visibility;
- Loyal and diversified customer base;
- Data center expansion and on-network up-selling;
- Disciplined bolt-on M&A opportunities.

Weaknesses / Risks

- Smaller scale vs. national incumbents;
- High SME exposure, making revenues more sensitive to economic swings;
- Managerial dependence;
- Limited M&A track record;
- Fast technology cycles need sustained capex to keep pace with innovation.

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	4.2	4.0
EV / EBITDA (x)	9.0	8.5
EV / EBIT (x)	18.1	16.8
EV / CAP. EMPLOYED	2.3	2.1
OpFCF Yield (%)	4.2	1.3
P / E (x)	26.0	22.9
P / BV (x)	2.9	2.6
Dividend Yield (%)	0.8	1.0

Source: Intred

Intred at a Glance

Full-Scope Telecommunications Services

Founded in 1996 and headquartered in Brescia, **Intred** is a vertically integrated, medium-sized **telecommunications operator** with a **strong regional focus in Lombardy**.

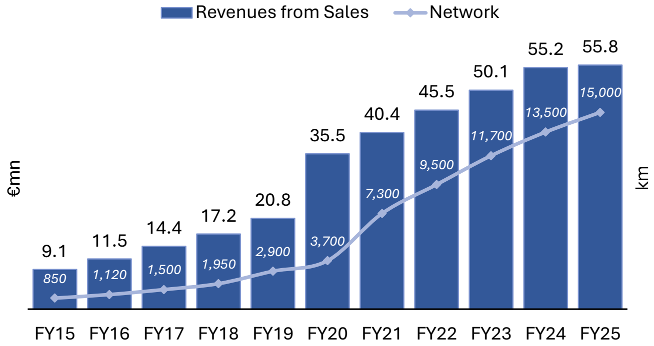
The Company offers a **full range of data and voice services** through a **next-generation proprietary fiber network** that now stretches over **15,000 km**.

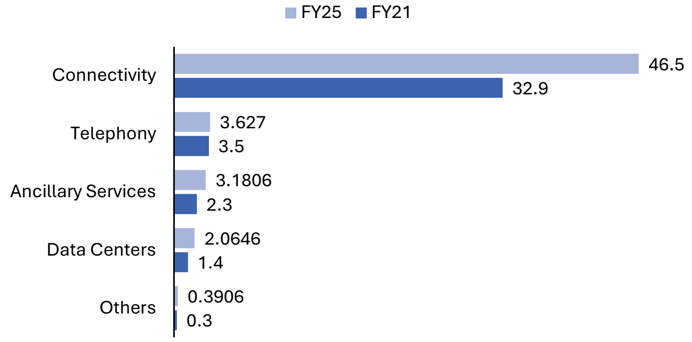
Intred serves more than **57k clients**, mainly SMEs, public institutions, and residential users, supported by a highly visible revenue model (**~96% recurring** and prepaid), and a **churn rate consistently below 5%.**

Listed on Euronext Growth Milan since 2018, the Company has delivered **strong organic growth** (backed by >€190mn in network investments) and completed **targeted acquisitions** (Qcom S.p.A. in 2020, Connecting Italia S.r.l. in 2024), while securing **major infrastructure contracts** such as the ~€60mn Infratel schools tenders.

With the most capital-intensive phase of network roll-out now completed, Intred is entering a new strategic phase focused on value creation: developing its **data center** strategy, exploring **new M&A** opportunities, and potentially initiating **shareholder remuneration**, all supported by **strong cash generation** and a **lean and scalable business model**.

Intred FY2025: Revenues from Sales and Network Evolution, and Revenues from Sales by Service





Source: Intred, Value Track Analysis

More in details, Intred offers **cutting-edge telecommunications solutions** with high technological content and **best-in-class performance**. It provides business and retail customers with a **complete portfolio of data and voice services**: broadband, ultra-broadband and wireless connectivity, landline and mobile telephony, cloud solutions, and ancillary services.

In more details, Intred offers:

- **Connectivity**: Intred provides a full suite of connectivity solutions, ranging from next-generation fiber to wireless and mobile access, designed to ensure speed, reliability, and flexibility;
- **Telephony**: Intred is a licensed telco operator with its own switching center interconnected to the national network, enabling both traditional and advanced telephony services across Italy, dedicated to both end users (B2B and B2C clients) and to other TLC operators (Wholesale business);
- **Cloud Services / Data Centers**: Intred is active in several data centers in Lombardy, including two small proprietary facilities. Constantly upgraded, these infrastructures allow clients to rely on secure, high-performance environments without the need to invest in their own hardware and without the risk of obsolescence, with all solutions provided "as a service";
- **Ancillary Services** and **Other Services**: line termination equipment rental (routers and firewalls), technical support, accessory fees, and related solutions.

FY25 Results

Intred has adopted **IAS-IFRS** accounting principle, so FY24 figures have been restated in order to make them comparable with FY25 ones. That said, key highlights from FY25 financial results are:

- **Revenues up at 8.4% YoY on an organic basis** (+1.1% YoY on a reported one), reaching **€55.8mn**;
- **EBITDA** +4.1% YoY at **€25.5mn, with EBITDA margin at all-time-high 45.8%** (44.4% in FY24);
- **Net Debt / EBITDA** 2025 year-end at **1.65x** i.e. **€42.1mn**.

1. Top Line: Organic +8.4% YoY, Recurring revenues at 95.6% of total

In the 2025 fiscal year, Intred reported a total turnover of **€55.8mn**, formally up only 1.1% YoY, but **+8.4% YoY on organic growth rate basis** that excludes the impact of the "School Tenders" (which provided non-recurring revenue in prior years) and the integration effects of the Connecting Italia acquisition.

A central pillar of the 2025 results is the high level of revenue visibility. Indeed, **Recurring revenues** accounted for over **95.6%** of total turnover, reaching €51.7mn (a 7.2% increase YoY), and the **Churn rate** remained exceptionally low at **4.4%**, well below market benchmarks.

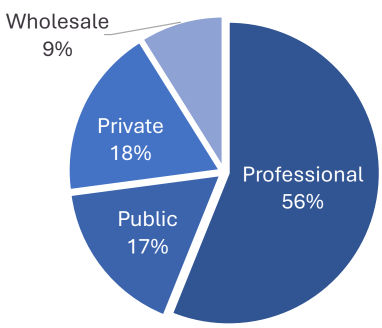
As far as the **Revenue breakdown by type of clients** we note that growth was broad-based across various client categories, despite the phase-out of certain public contracts:

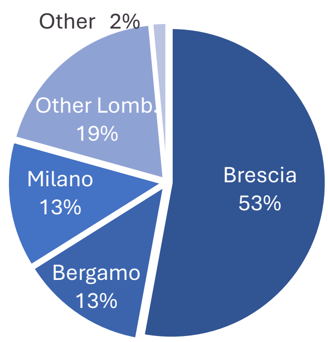
- Business (Professional): This remains the largest segment, 56.1% of revenue and growing by 6.1% YoY;
- Public Administration: This segment grew by 35.1% YoY in 2025, at 16.8% of the total revenue mix;
- Wholesale: Saw a strong acceleration, increasing by 17.7% YoY as the company leveraged its proprietary network to serve other operators;
- Residential (Private): Grew by 5.5% YoY, supported by continued FTTH (Fiber-to-the-Home) expansion.

In terms of **Revenue breakdown by type of service**, the situation is as follows:

- Ultra Broadband Connectivity: Now the dominant service, 58.3% of the service mix;
- Data Center and Cloud: This was the fastest-growing service line, with revenues increasing by 42.4% YoY to €1.9mn. Management noted strong demand for dedicated infrastructure solution;
- Voice and Data Bundles: These grew by 6.8% YoY, now representing roughly 18% of total sales;

Intred: FY25 Revenues from Sales by Customers and Area





Source: Intred, Value Track Analysis

2. Operating Profitability

In the 2025 fiscal year, Intred achieved record levels of profitability in both absolute terms and margins. The evolution of operating profitability was characterized by a **strong expansion of EBITDA margins** despite a slight contraction in EBIT due to increased infrastructure depreciation.

The key points of this evolution are summarized below:

- **EBITDA**: In absolute terms it reached €25.5mn, representing a 4.1% increase compared to IAS-IFRS restated 2024 figure of €24.5mn. As a consequence, EBITDA Margin expanded to 45.8%, up from 44.4% in the previous year;
- **EBIT**: In absolute terms it recorded a slight decrease of 1.4%, falling to €12.4mn from €12.6mn in 2024 (EBIT Margin down to 22.3%, compared to 22.8% in the prior year) as a result of higher depreciation and amortization costs related to the continued expansion of the proprietary fiber optic network. Indeed, Amortization costs specifically grew by 10.4% during the period.

We note that operating profitability benefited from a €1mn uplift due to the freezing of goodwill amortization following the IFRS transition, although this was partially offset by the recognition of stock grant costs.

Intred: P&L FY21-FY25

(€mn)(*)	FY21	FY22	FY23	FY24	FY25	$CAGR_{FY21-25}$	YoY
Value of Production	**41.2**	**46.1**	**50.5**	**55.9**	**56.3**	***8%***	***1%***
Raw Materials (incl. Δ Inventory)	-0.9	-1.6	-1.8	-2.0	-0.8	*-2%*	*-59%*
Costs of Services	-5.5	-6.7	-8.0	-9.7	-20.2	*38%*	*108%*
Use of 3rd Party Assets	-9.1	-9.2	-9.2	-10.5	0.0	*-100%*	*-100%*
Other Costs	-1.0	-0.7	-0.8	-0.8	-0.6	*5%*	*-25%*
Gross Profit (VA)	**24.7**	**27.8**	**30.6**	**32.9**	**34.7**	***5%***	***5%***
Gross (VA) Margin (%)	*60%*	*61%*	*62%*	*61%*	*62%*	*193bps*	*134bps*
Labour Costs	-7.0	-7.9	-8.1	-8.9	-9.2	*2%*	*3%*
EBITDA	**17.6**	**19.9**	**22.5**	**24.0**	**25.5**	***10%***	***6%***
EBITDA Margin (%)	*43%*	*43%*	*45%*	*44%*	*46%*	*300bps*	*225bps*
D&A	-5.8	-7.7	-9.9	-12.3	-13.1	*5%*	*7%*
EBIT	**11.8**	**12.2**	**12.7**	**11.8**	**12.4**	***1%***	***6%***
EBIT Margin (%)	*29%*	*26%*	*25%*	*21%*	*22%*	*-630bps*	*99bps*
Total Fin Exp.	0.2	0.0	-1.2	-1.6	-1.6	*nm*	*-1%*
Pre-Tax Profit	**11.9**	**12.2**	**11.5**	**10.1**	**10.8**	***9%***	***7%***
Taxes	-3.3	-3.5	-3.3	-3.3	-2.5	*18%*	*-22%*
Net Profit	**8.6**	**8.7**	**8.2**	**6.9**	**8.3**	***-1%***	***21%***
Net Margin (%)	*21%*	*19%*	*16%*	*12%*	*15%*	*-603bps*	*240bps*

Source: Intred, Value Track Analysis (*) IAS-IFRS from FY24 onwards

3. Cash absorption / generation

The evolution of Intred's cash generation and financial position in the 2025 fiscal year was primarily defined by a strategic reduction in capital expenditure (Capex) and the impact of the transition to IAS/IFRS accounting standards.

- **Capital investments** in 2025 totaled €21.2mn, a decrease of approximately €11mn (roughly 34%) compared to the €32.2mn invested in 2024. Almost all Capex was focused on FTTH last-mile development. Indeed, of the €21.2mn, 83% was allocated to tangible assets (civil works for fiber, optical cables, and electronic equipment), while 17% went to intangible assets, primarily long-term IRU

(Indefeasible Right of Use) contracts for third-party fiber and ducts. Worthy to note, the proprietary fiber network reached nearly 15,000 km by year-end;

- **Net Working Capital** (NWC) decreased to €17.2mn in 2025 from €20.5mn in 2024.
- **Cash Flow from Operating activities** reached €17.3mn thanks to the lower Capex and to NWC decrease;
- **Reported Net Financial Debt at €42.1mn** at December 31, 2025, higher than €35.7mn at the end of 2024 due to the above mentioned capex. Worthy to note, Cash (Monetary) Net Debt excluding non-monetary lease liabilities under IFRS 16, stood at €39.5mn, up from €32.9mn in 2024.

As a result, as of FY25, Net Debt / EBITDA stood at 1.65x, well under control.

Intred: Balance Sheet FY21-FY25

(€mn) (*)	FY21	FY22	FY23	FY24	FY25
Net Working Capital	-21.0	-27.3	-31.7	-38.2	-34.3
As a % of VoP	*-51%*	*-59%*	*-63%*	*-68%*	*-61%*
Net Fixed Assets	57.4	88.6	109.5	133.1	145.9
Provisions	1.6	1.8	1.9	2.3	1.6
Total Capital Employed	**34.9**	**59.5**	**75.9**	**92.6**	**110.0**
As a % of VoP	*85%*	*129%*	*150%*	*166%*	*195%*
Group Net Equity	**40.3**	**48.0**	**55.0**	**59.7**	**67.9**
NFP [i.e. Net Debt (-) Cash (+)]	**5.4**	**-11.5**	**-20.9**	**-32.9**	**-42.1**

Source: Intred, Value Track Analysis(*) IAS-IFRS from FY24 onwards

Intred: Cash Flow Statement FY21-FY25

(€mn) (*)	FY21	FY22	FY23	FY24	FY25
EBITDA	17.6	19.9	22.5	24.0	25.5
Δ Net Working Capital	11.7	6.3	4.4	6.5	-3.9
Capex	-20.5	-39.3	-31.0	-31.8	-21.8
Δ Provisions	0.0	0.2	0.1	0.4	-0.7
OpFCF b.t.	**8.8**	**-12.9**	**-4.0**	**-0.8**	**-0.9**
As a % of EBITDA	*50%*	*-65%*	*-18%*	*-3%*	*-4%*
Cash Taxes	-3.3	-3.5	-3.3	-3.3	-2.5
OpFCF a.t.	**5.5**	**-16.4**	**-7.3**	**-4.1**	**-3.4**
Others (incl. Fin. Investments, Buyback)	-0.2	0.9	0.4	-4.4	-2.6
Net Financial Charges	0.2	-0.2	-1.4	-1.9	-1.6
Dividends Paid	-0.6	-1.1	-1.1	-1.6	-1.6
Δ Net Financial Position	**4.9**	**-16.9**	**-9.4**	**-12.0**	**-9.2**

Source: Intred, Value Track Analysis(*) IAS-IFRS from FY24 onwards

FY26E-28E Estimates Update

Following FY25 results, we revise our **FY26E–FY28E estimates** to take into account a delayed and more capex-intensive roll-out of the data center project. Indeed, due to authorization delays, we now assume part of the data center capex rolls over into FY27E, while the first building is likely to incorporate facilities also serving the second lot, making the initial phase structurally more expensive.

As a result, FY27E now emerges as the main investment year, while FY28E–FY29E should mark the cash generation inflection. In particular, we highlight:

- **VoP** minimally revised down, as we take a more cautious view on the timing of the data center contribution to the P&L. Note that the second lot is now more likely to contribute only post-FY29E;
- **Capex** materially rephased, with ~€3mn in FY26E, ~€22mn in FY27E and ~€5mn in FY28E for the data center project, plus ~€10/12mn of FTTH development capex. As a result, total capex in FY27E moves back towards ~€32mn. Particularly, the first building should host two lots and carry revenue potential of around €70mn, while the timing and economics of the second building remain to be assessed;
- **EBITDA** and **EBIT** are both revised down, although the EBIT cut is more limited, as lower D&A partly offsets the weaker operating contribution stemming from the later start-up of the data center, while the rest of the business remains broadly on track;
- **Net Debt Position** is now expected to worsen again in FY27E, as higher capex combines with ongoing debt repayments, pushing out the deleveraging story by around one year; at the same time, M&A remains a potential upside lever, but is more likely post-autumn and after the uplisting, and is therefore still excluded from our base case.

The following estimates revision should be read with limited comparability against our previous forecast framework, due to the Company's transition to IAS/IFRS reporting.

Intred: New vs. Old estimates

New vs Old	FY26E			FY27E			FY28E		
	Old	New	Change	Old	New	Change	Old	New	Change
Value of Production	**60.7**	**60.4**	***0%***	**64.3**	**63.4**	***-1%***	**69.1**	**67.1**	***-3%***
EBITDA	**28.2**	**28.0**	***-1%***	**31.1**	**30.1**	***-3%***	**34.3**	**32.4**	***-5%***
EBITDA Margin (%)	*47%*	*46%*	*-21bps*	*48%*	*47%*	*-94bps*	*50%*	*48%*	*-120bps*
EBIT	**13.5**	**13.9**	***3%***	**15.3**	**15.3**	***0%***	**17.3**	**16.4**	***-5%***
EBIT Margin (%)	*22%*	*23%*	*79bps*	*24%*	*24%*	*26bps*	*25%*	*24%*	*-60bps*
Net Profit	**8.0**	**8.3**	***3%***	**9.4**	**9.4**	***0%***	**11.1**	**10.4**	***-6%***
Capex	-21.0	-16.0	*5.0*	-11.0	-32.0	*-21.0*	-8.0	-15.0	*-7.0*
OpFCF (b.t.)	6.2	10.4	*4.1*	16.4	3.0	*-13.4*	24.2	9.8	*-14.4*
Net Financial Position	**-39.6**	**-36.7**	***2.9***	**-31.2**	**-41.4**	***-10.2***	**-15.6**	**-39.6**	***-24.0***

Source: Value Track Analysis

Here's a snapshot of our **FY26E–FY28E forecasts**:

- **Top-line** growth remaining solid, with VoP expected to rise from €56.3mn in FY25 to **€67.1mn by FY28E**, implying a ~6% CAGR over FY25A–FY28E (>7% on organic basis), supported by the core telecom business and the gradual contribution from the data center project;
- Operating profitability steadily improving, with **EBITDA** expected to increase from €25.5mn to **€32.4mn** over the same period (~8% CAGR), while the **EBITDA Margin** expands from 45.8% to **48.7%**. EBIT is projected to grow from €12.4mn to €16.4mn (~10% CAGR), with the EBIT Margin rising from 22.3% to 24.6%;
- Cash generation gradually strengthening, with the company expected to turn **cash generative in FY28E**, once the bulk of data center-related investments is completed. Therefore, **Net Debt** gradually improving, from €42.1mn in FY25 to **€39.6mn by end-FY28E**, as the business moves beyond the peak investment phase and enters a more cash-generative stage.

Intred: P&L FY25A-FY28E

(IAS/IFRS, €mn)	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Value of Production	**56.3**	**60.4**	**63.4**	**67.1**	**6%**
Raw Materials (incl. Δ Inventory)	-0.8	-0.9	-1.0	-1.0	*7%*
Costs of Services	-20.2	-21.2	-21.9	-22.9	*4%*
Other Costs	-0.6	-0.7	-0.7	-0.7	*7%*
Gross Profit (VA)	**34.7**	**37.6**	**39.8**	**42.4**	***7%***
Gross (VA) Margin (% on VoP)	*62.2%*	*62.6%*	*63.2%*	*63.6%*	*137bps*
Labour Costs	-9.2	-9.6	-9.8	-10.0	*3%*
EBITDA	**25.5**	**28.0**	**30.1**	**32.4**	***8%***
EBITDA Margin	*45.8%*	*46.6%*	*47.7%*	*48.7%*	*289bps*
D&A	-13.1	-14.1	-14.8	-16.0	*7%*
EBIT	**12.4**	**13.9**	**15.3**	**16.4**	***10%***
EBIT Margin	*22.3%*	*23.1%*	*24.3%*	*24.6%*	*233bps*
Total Fin Exp.	-1.6	-1.7	-1.4	-1.1	*-13%*
Pre-Tax Profit	10.8	12.2	13.8	15.3	*12%*
Taxes	-2.5	-3.9	-4.4	-4.9	*25%*
Net Profit	**8.3**	**8.3**	**9.4**	**10.4**	***8%***
Net Margin (%)	*14.9%*	*13.8%*	*14.9%*	*15.6%*	*77bps*

Source: Intred, Value Track Analysis

Intred: Balance Sheet FY25A-FY28E

(IAS/IFRS, €mn)	FY25	FY26E	FY27E	FY28E
Net Working Capital	-34.3	-32.4	-37.4	-29.9
As a % of VoP	*-61%*	*-54%*	*-59%*	*-45%*
Net Fixed Assets	145.9	145.5	163.0	162.2
Provisions	1.6	2.1	2.3	2.5
Total Capital Employed	**110.0**	**111.0**	**123.3**	**129.8**
Group Net Equity	**67.9**	**74.3**	**81.9**	**90.2**
NFP [i.e. Net Debt (-) Cash (+)]	**-42.1**	**-36.7**	**-41.4**	**-39.6**

Source: Intred, Value Track Analysis

Intred: Cash Flow Statement FY25A-FY28E

(IAS/IFRS, €mn)	FY25	FY26E	FY27E	FY28E
EBITDA	**25.5**	**28.0**	**30.1**	**32.4**
Δ Net Working Capital	-3.9	-1.9	5.0	-7.5
Capex	-21.8	-16.0	-32.0	-15.0
Δ Provisions	-0.9	0.3	-0.1	-0.1
OpFCF b.t.	**-1.0**	**10.4**	**3.0**	**9.8**
As a % of EBITDA	*-4.1%*	*37.0%*	*10.0%*	*30.3%*
Cash Taxes	-2.5	-3.9	-4.4	-4.9
OpFCF a.t.	**-3.6**	**6.5**	**-1.4**	**4.9**
Others (incl. Fin. Investments)	0.4	2.8	0.3	0.3
Net Financial Charges	-1.6	-1.9	-1.7	-1.3
Dividends Paid	-1.6	-1.9	-1.8	-2.1
Δ Net Financial Position	**-6.4**	**5.4**	**-4.7**	**1.8**

Source: Intred, Value Track Analysis

Valuation

Fair Equity Value confirmed at €13.5 p/s

We keep our Fair Value unchanged at €13.5 p/s, although its underpinning has changed vs our Initiation Of Coverage (IOC).

We remind that for Intred's valuation, we adopt a Sum-of-the-Parts (SOTP) framework, which treats each asset cluster as a distinct contributor within the Company perimeter. This approach is particularly suitable for Intred, as it captures the different maturity stages, risk-return profiles, and cash-flow visibility of its core business and new growth initiatives. The analysis is structured along two blocks:

1. **Core Perimeter** (existing business, excluding the "Data Center Project"): valued through market multiples, benchmarked against a panel of European TLC operators of comparable size and profile, reflecting a rerating in peer multiples from September 2025.

   Applying peer average multiples (13.5x / 11.1x EV/EBIT, 22.0x / 16.7x P/E, 13.9x / 10.8x EV/(EBITDA-Capex) to Intred's ex DC projected metrics yields a fair equity value of **€11.5 p/s** (from €10.8). To validate the outcome, we also ran intrinsic-value cross-checks through a DCF;
2. **Data Center** assessed via a standalone DCF, which best captures the long-dated, back-ended cash-flow profile of this new initiative.

   The model indicates a fair equity value contribution of **€1.9/€2.0 p/s** (from €2.7). The lower value for the Data Center project compared to our IOC report reflects the roll-over of the project, with cash flows shifting out by one year and the revenue ramp-up becoming more back-end loaded.

1# Intred Valuation Excluding the Data Center Project

Peers Analysis

Peers Selection

The peer group now includes **seven operators**, predominantly Italian, with listings mainly on domestic mid-cap venues (EGM, STAR and Euronext Milan), **plus one German name**.

We no longer include Bahnhof and Bredband2: the former is excluded due to the absence of consensus forecasts, while the latter was delisted in February 2026.

Overall, peers remain somewhat larger than Intred, though not by an order of magnitude, and still provide a relevant benchmark in terms of infrastructure intensity, regional footprint and SME exposure.

We continue to anchor our comparison to **FY26E–FY27E multiples**, which we still view as the most appropriate basis for benchmarking Intred against steady-state peers.

Our relative valuation therefore continues to rely on **EV/EBIT, P/E** and **EV/(EBITDA–Capex)**.

The Data Center Project remains fully excluded from this perimeter, both operationally and financially, so as to isolate the value of Intred's core business without incorporating the impact of the new investment cycle.

Stock Market Multiples Benchmark

The peer set now trades at **13.5x / 11.1x EV/EBIT, 22.0x / 16.7x P/E, 13.9x / 10.8x EV/(EBITDA-Capex)** on **FY26E-FY27E**. Dispersion remains meaningful, with premium names such as WIIT, Rai Way and 1&1 trading at materially higher multiples, while Unidata and Convergenze continue to anchor the low end of the range.

We continue to apply peer averages without additional discounts, as the set already includes small-cap and EGM-listed operators trading at structural discounts, which we view as sufficiently conservative.

Applying these updated benchmarks to Intred's FY26E-FY27E figures yields a **fair equity value** of **€11.5 p/s** for the core perimeter.

Intred (excl. DC Project): Peers Trading Multiples

Peers	Market Cap. (€mn)	EV/EBIT (x)		P/E (x)		EV/(EBITDA-Capex) (x)	
		FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Unidata	87.4	6.0	5.4	7.5	6.8	7.1	6.0
Planetel	26.4	10.2	6.4	13.9	8.8	7.3	4.0
Convergenze	12.5	4.4	3.3	5.8	4.6	6.8	4.7
Telecom Italia	13,294.7	13.7	11.4	35.8	21.9	7.8	7.3
Rai Way	1,621.0	13.7	13.2	18.3	17.3	15.7	17.0
1&1	4,215.1	19.9	16.4	25.1	20.9	28.4	15.6
WIIT	715.1	23.4	19.1	40.9	29.0	20.1	17.4
DHH	152.4	16.4	13.8	29.1	24.8	17.8	14.4
Average	**2,515.6**	**13.5**	**11.1**	**22.0**	**16.7**	**13.9**	**10.8**
Median	**433.7**	**13.7**	**12.3**	**21.7**	**19.1**	**11.8**	**10.8**
Intred (excl. DC Project)	**144.4**	**12.4**	**9.8**	**17.1**	**14.4**	**9.7**	**7.8**
Discount vs. Average (%)	*//*	*-8%*	*-12%*	*-22%*	*-14%*	*-30%*	*-28%*

Source: Factset, Value Track Analysis

Intred (ex-DC Project): Multiples-Based Valuation Triangulation, FY26E–FY27E

(€mn)	EV/EBIT (x)		P/E (x)		EV/(EBITDA-Capex) (x)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Fair Multiples (Average)	13.5	11.1	22.0	16.7	13.9	10.8
Fair Enterprise Value	188.1	177.1			248.9	216.6
NFP [i.e. Net Debt (-) Cash (+)	-29.6	-12.3			-29.6	-12.3
EV Adjustments (*)	0.7	0.7			0.7	0.7
Fair Equity Value	**159.2**	**165.5**	**186.3**	**168.0**	**220.0**	**205.0**
Number of Shares (mn)	15.9					
Fair Equity Value p/s (€)	**10.0**	**10.4**	**11.7**	**10.5**	**13.8**	**12.9**
Avg. Fair Equity Value p/s (€)	**11.5**					

Source: Value Track Analysis; (*) Referring to around 80kTreasury Shares as of April '26

Intred (ex-DC Project): Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/EBITDA (x)		EV/EBIT (x)		P/E (x)		EV/(EBITDA-Capex) (x)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
10.70	7.2	6.1	14.3	11.5	20.2	17.0	11.2	9.1
10.90	7.3	6.2	14.6	11.7	20.6	17.3	11.3	9.3
11.10	7.4	6.3	14.8	11.9	20.9	17.6	11.5	9.4
11.30	7.5	6.4	15.0	12.1	21.3	17.9	11.7	9.6
11.50	**7.6**	**6.5**	**15.2**	**12.3**	**21.7**	**18.3**	**11.9**	**9.8**
11.70	7.7	6.6	15.5	12.5	22.1	18.6	12.0	9.9
11.90	7.8	6.7	15.7	12.7	22.4	18.9	12.2	10.1
12.10	8.0	6.8	15.9	12.9	22.8	19.2	12.4	10.2
12.30	8.1	6.9	16.2	13.1	23.2	19.5	12.6	10.4

Source: Value Track Analysis

Cross-Check: Discounted Cash Flow

As a cross-check, we run a DCF for Intred excluding the Data Center Project.

Unlike market-based approaches, the DCF projects and discounts future FCF under two capital-structure setups:

(i) Fixed leverage profile assuming a 10% target Net Debt / (Net Debt + Equity) ratio;

(ii) Rolling profile that adjusts annually with the forecasted evolution of capital employed.

Both frameworks are analytically robust and produce outcomes broadly consistent with market-realistic benchmarks: capturing negative FCF in FY25 (investments, excl. DC Project) and a sharp inflection from FY26E as capex normalizes, shifting the bulk of value into mid-cycle years.

On this basis, the DCF yields an average fair equity value of **€13.5 p/s** (range €13.1-€13.9, depending on capital-structure assumptions), above the €11.5 p/s estimate from peer multiples.

Going into more details, our DCF applies two WACC configurations:

- **Fixed WACC** at **7.9%**, assuming 10% target leverage;
- **Rolling WACC** at **7.2%-8.1%**, adjusted annually as the capital structure evolves.

Forecasts span FY26E-FY36E, with terminal value calculated at FY36E using a 3.0% perpetual growth rate, appropriate for Intred's infrastructure model, capital intensity, regional scope, and long-duration cash flows. In both cases, the terminal value accounts for ~69% of EV, reflecting value concentration in post-capex years.

The WACC derives from a CAPM-based approach with the following inputs:

(i) 2.0% Risk-Free Rate, in line with the ECB's long-term inflation objective;

(ii) 4.95% Equity Risk Premium (ERP) for the Italian market (from 5.37%);

(iii) Unlevered Beta of 0.53 (source: *Damodaran*), i.e., sector exposures (EU Telecommunication Services);

(iv) 3.5% company-specific risk premium, incorporated via an Expanded CAPM framework tailored for small-cap equities;

(v) Resulting Cost of Equity (K_e) and Cost of Debt (K_d) equal to 8.4%-9.2% and 4.75%, respectively.

Under a target capital structure with 10% leverage, the implied fair equity value stands at €13.9 p/s; under the rolling structure, it is slightly lower at €13.1 p/s.

Intred (ex-DC Project): DCF Model with Rolling WACC

(€mn, g=3%)	Rolling WACC	Target WACC
PV of Future Cash-Flows 2026E-2036E	63.4	63.7
PV of Terminal Value 2036E	184.8	197.1
Fair Enterprise Value	**248.3**	**260.8**
Net Fin. Position 2025A	-41.1	
EV Adjustments (*)	0.7	
Fair Equity Value	**207.9**	**220.4**
Number of Shares (mn)	15.9	
Fair Equity Value p/s (€)	**13.1**	**13.9**

Source: Value Track Analysis; (*) Referring to around 90kTreasury Shares as of Apr '26

2# Data Center Project Valuation

Discounted Cash Flow

We continue to value the Data Center Project through a standalone DCF, which we still view as the most appropriate method to capture its long-dated profile and phased ramp-up.

However, versus our IOC, the valuation now reflects a one-year roll-over of the project, with the cash flow profile shifting out accordingly.

As a result, the model now spans **FY26E-FY37E**, rather than FY26E-FY36E, to fully reflect the revised timing of operational scale-up and monetisation.

The valuation continues to apply a **rolling WACC**, now ranging **from 7.3% to 8.1%,** gradually increasing as leverage declines and the project becomes progressively self-financed.

Compared to our previous framework, the key change in assumptions is the lower Italy Implied Equity Risk Premium, which as of January stands at 4.95%.

While the overall structure of the model is unchanged, the project roll-over reduces the present value contribution of the Data Center initiative.

Our updated DCF analysis indicates a **fair equity value of €1.9/€2.0 p/s**, which is integrated into our overall valuation through a Sum-of-the-Parts framework.

Our key DCF assumptions include:

- Risk-Free Rate: 2.0%, consistent with the ECB's medium-term inflation target;
- Unlevered Beta: 0.53, in line with EU Telecommunications Services (Source: Damodaran);
- Italy Implied Equity Risk Premium: 4.95% as of January;
- Company-Specific Risk Premium: 3.5% (small cap + low liquidity);
- Pre-Tax Cost of Debt: 4.75%, with a Corporate Tax Rate of 24.0%.

Intred: DC Project's DCF Model with Rolling WACC

(€mn)	g = 3.0%
PV of Future Cash-Flows 2026E-2037E	-10.1
PV of Terminal Value 2037E	41.8
Fair Enterprise Value	**31.8**
Capex FY25A	-1.0
Fair Equity Value	**30.8**
Number of Shares (mn)	15.9
Fair Equity Value p/s (€)	**1.9**

Source: Value Track Analysis

Appendix 1: Intred Investment Case

Intred's Investment Case relies on several noteworthy pillars:

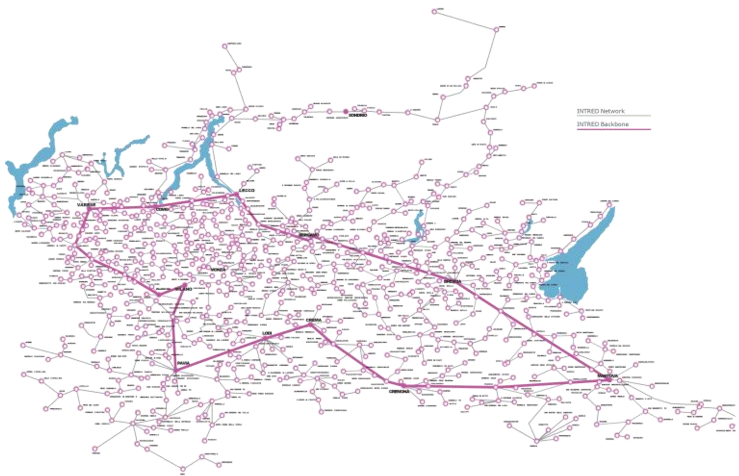
1. **Fully-Owned Next-Generation Infrastructure**: proprietary fiber network designed to deliver superior performance, resilience, and scalability;
2. **Strong Market Share in Strategic Territories**: established presence in Lombardy's most dynamic provinces, leveraging first-mover advantage and strong brand awareness;
3. **Loyal and Diversified Customer Base:** Intred has steadily expanded its business customer base, surpassing **57k active clients** as of December 2025, with a definitively low 4.4% churn rate;
4. **High Visibility and Lean Operating Structure**: predictable revenues, efficient operations, and a customer-centric approach supported by a localized and agile organization;
5. **Growth strategy based on both organic and M&A levers**.

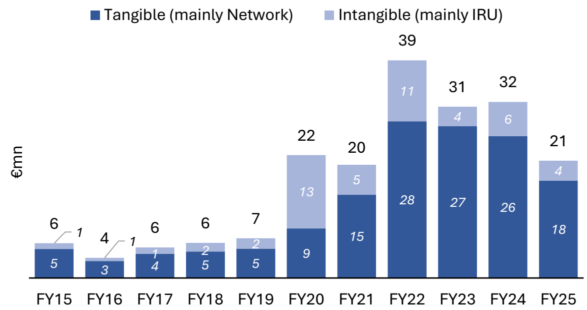
1. Fully-Owned Next-Generation Infrastructure

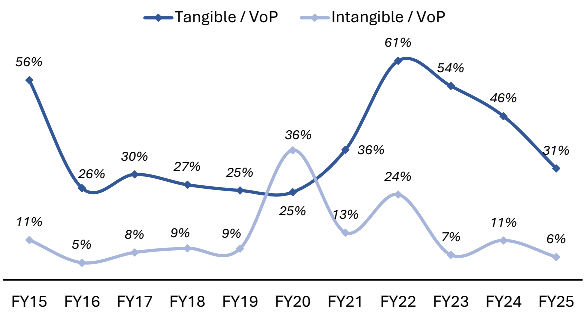
More than €190mn cumulated infrastructure investments, (mainly in FTTH deployment across Lombardy), have enabled Intred to rely on a proprietary fiber-based network, which today represents the foundation of its competitive edge. The network stands at ca. 15,000 km as of December 2025 and is characterized by:

- **Cutting Edge Technology**: designed to the highest standards of modernity and performance to deliver ultrabroadband connectivity at scale;
- **Capillarity**: a capillary distribution across Lombardy with strong geographical and equipment redundancy, including rural areas often overlooked by larger operators;
- **Resilience and Continuity**: full ownership and direct management also translate into faster and more efficient maintenance, supported by a qualified technical staff and a network operations center that continuously monitors performance and carries out preventive maintenance to minimize disruptions;
- **Versatility**: a network designed to serve both SMEs and residential customers, allowing faster return on investment for each local deployment and maximizing asset utilization.

Intred: Network and Backbone Map, Capex and Incidence on Top Line Evolution







Source: Intred, Value Track Analysis

2. Strong Market Share in Strategic Territories

Intred boasts a deliberate focus on Lombardy, Italy's economic powerhouse. Concentrating operations within this well-defined perimeter has delivered clear competitive benefits, supported by a strong local brand awareness built over time:

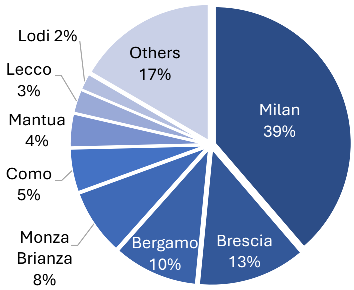
- **Economic Potential**: Lombardy contributes ~23% of Italy's GDP (~€490bn), representing the first region for contribution. It also accounts for ~30% of all Italian active companies (~800k), making it the ideal market for Intred's SME-driven model;
- **Efficient Resource Allocation**: a localized footprint enables rational deployment of capital, faster infrastructure roll-out, and direct customer service tailored to regional needs.

  Limiting operations to a defined perimeter allows Intred to monitor investments more effectively and maintain closer relationships with its customer base;
- **First Mover Advantage**: while national incumbents concentrate on Tier 1 cities, Intred penetrates underserved provincial areas where ultrabroadband adoption is still at an early stage.

  This strategy has consolidated its market share and built strong brand awareness across Brescia, Bergamo, and Milan, reinforcing its role as the regional reference operator.

Intred: Active Companies in Lombardy vs. Italy

Geographical Area	Population (mn)	Active Companies (k)
Milan	> 3.24	> 300
Brescia	> 1.26	> 100
Bergamo	> 1.11	> 80
Como and Lecco	> 0.93	> 60
Monza Brianza	> 0.87	> 60
Lombardy	**> 10**	**> 800**
Italy	**> 59**	**> 2,650**



Source: Intred, Value Track Analysis

3. Loyal and Diversified Customer Base

Intred has steadily expanded its business customer base, reaching >**57k active clients** as of December 2025, adding on average more than 4k accounts per year since FY15.

Even more importantly, we calculate that the annual average revenue per user (or "**ARPU**") has consistently increased from ~€700 in FY15 to **~€1,000 in FY25**, reflecting Intred's stronger positioning in advanced technological solutions and its ability to monetize infrastructure investments through premium services.

The customer base is **highly fragmented yet remarkably loyal**, boasting a very low **churn rate consistently below 5%** (4.4% in FY25).

More in details, we can distinguish the following types of clients:

- **Professional** (56.1% of FY25 Revenues from Sales): mainly SMEs in Lombardy, acquired through a direct sales force.

  Contracts typically have fixed terms with automatic renewal: one year for less complex services (e.g. ADSL), and three to five years for FTTH connections given the upfront investments required;
- **Private** (18.2%): individuals and families, acquired through online subscriptions and distributors. Contracts have an indefinite duration, as required by law.

  The residential offer, launched in 2012 under the "EIR" brand, unlocked an additional growth lever and enabled substantial margin expansion by exploiting existing infrastructure with limited incremental cost;
- **Wholesale** (8.9%): other telecom operators renting access to Intred's proprietary network.

These agreements usually have an indefinite term for simpler services and three years for fiber-based services;

- **Public Entities** (16.8%): primarily schools under the Infratel tenders (+4,400 activated as of FY24), as well as other public administrations in Lombardy.

  Customer acquisition is driven by public tenders or direct assignment.

4. High Visibility and Lean Operating Structure

Beyond its infrastructure and geography, Intred benefits from a business model designed for visibility and efficiency. Its strength lies in:

- **Recurring Revenues**: ~ 96% of turnover is generated from recurring fees and traffic revenues, ensuring stable cash inflows.

  This predictability allows for efficient financial control and disciplined planning of future development initiatives;
- **Contractual Visibility**: contracts typically cover a medium-to-long-term horizon, averaging three years (longer for FTTH connections), anchoring revenues and supporting consistent investment strategies over time;
- **Lean and Agile Organization**: Intred's operations are structured across clearly defined functions, each contributing to efficiency and customer satisfaction:
  - **Research & Development**: core cross-functional driver of **technological innovation**, with significant resources allocated to internal teams, vendor collaborations (e.g., Cisco, Huawei), and external consultants;
  - **Feasibility Analysis**: the Company adopts a flexible "**make-or-rent**" approach. For medium- and long-distance routes, it may rely on third-party networks through IRU agreements, while in other cases it invests directly in its own access network to ensure higher margins, quality, and control;
  - **Network Development**: if the decision is to "make," Intred deploys the network through internal teams or selected contractors.

    If the choice is "rent," the Company utilizes IRUs from third parties, ensuring optimal efficiency in capital allocation;
  - **Sales & Marketing**: While SMEs are served through a dedicated, highly skilled sales force with annual targets and a strong focus on building long-term relationships, on the contrary Residential clients are reached through online channels, telephone sales, and trusted partner retailers (mainly multi-brand telecom shops), widely distributed in core provinces;
  - **Customer Care**: assistance is managed internally through a **dedicated call center**, ensuring higher quality and faster response times compared to outsourced models.

    The Company's regional focus further supports personalized and effective customer service.

5. Growth strategy based on both organic and M&A levers

Intred's growth strategy from now on aims at redeploying targeted capex into three company-specific vectors:

1. **Data Center Project** - Cloud & Edge Infrastructure;
2. **On-net network migration** - Structured Upselling;
3. **M&A-Led On-Net Revenue Capture** - Customer Migration at Scale.

1. Data Center Project

To monetize its on-net fiber and expand into higher-value recurring services for Professional and PA clients, in September 2024 Intred signed a preliminary land agreement to develop a Tier IV, modular data center on a >28,000 sqm site in Brescia, securing building rights of ~6,000 sqm for the facility and ~4,000 sqm for offices where the new headquarters will be co-located.

Rollout is going late as urban authorizations are yet to come, so under our revised phasing, we model 1st sales contribution in 2028 and a clearer ramp through 2029.

2. On-net network migration

With the proprietary network now largely in place, Intred now aims to connect and enrich the installed base, raising utilization, and translating infrastructure into durable, higher-margin recurring revenue.

The commercial playbook prioritizes on-net upselling: migrating legacy ADSL/FTTC to FTTH ultrabroadband, stepping customers up in speed tiers, and bundling fixed-line telephony and voice & data with value-added services.

3. M&A-Led On-Net Revenue Capture

Intred's M&A agenda has historically been selective and industrial, aimed at accelerating on-net utilization, densifying the customer base in Lombardy, and lifting margins by migrating acquired traffic from leased infrastructure to Intred's proprietary fiber.

This philosophy underpinned prior bolt-ons: most notably Qcom (FY20) and Connecting Italia (FY24):

Looking ahead, we view bolt-on M&A as a disciplined lever to accelerate on-net utilization, deepen SME/PA reach in Lombardy, and compound margin by migrating acquired traffic to Intred's fiber.

In our "M&A added" model (not the Company's guidance) we envisage roughly one ~€10mn-revenue acquisition per year by FY27E, priced at mid-single-digit EV/EBITDA with earn-outs tied to migration and retention milestones, targeting asset-light ISPs/MSPs with dense customer books and limited proprietary network in complementary catchments.

In this scenario, value creation comes from rapid on-net migration over 12–24 months and structured upsell of speed tiers, voice & data, and managed services, lifting entry EBITDA margins of ~10% toward ~20% by year two.

Appendix 2: Intred Service Offer Portfolio

Intred offers **cutting-edge telecommunications solutions** with high technological content and **best-in-class performance**. It provides business and retail customers with a **complete portfolio of data and voice services**: broadband, ultra-broadband and wireless connectivity, landline and mobile telephony, cloud solutions, and ancillary services.

In more details, Intred offers:

- **Connectivity**: Intred provides a full suite of connectivity solutions, ranging from next-generation fiber to wireless and mobile access, designed to ensure speed, reliability, and flexibility, such as:
  - **Ultra-Broadband Connectivity**: Intred's fiber network (FFTC and FTTH) delivers the highest transmission speeds and capacity available today, ensuring maximum reliability and connection continuity even over long distances and with multiple users per line: (i) Fiber To The Cabinet (**FTTC**): fiber reaches the street cabinet, while copper connects the cabinet to the customer. Suitable for residential users and SMEs, with download speeds from 30 Mbps up to 100-200 Mbps depending on copper length and transmission technology; (ii) Fiber To The Home (**FTTH**): fiber reaches the customer premises. Two architectures are available: (a) Gigabit Passive Optical Network (**GPON**), based on shared fiber lines with passive splitters, cost-effective for small businesses and residential users; or (b) Point-To-Point (**PTP**, providing a dedicated line for each user, with guaranteed bandwidth and superior performance at higher cost, ideal for SMEs and large enterprises managing large amount of data. Download speeds range from 100 Mbps up to 10 Gbps;
  - **Wireless Connectivity**: where cable is not available, Intred provides high-performance Fixed Wireless Access (FWA), which delivers broadband using wireless technology instead of fixed lines;
  - **Broadband Connectivity**: professional copper-based connections (Asymmetric Digital Subscriber Lines, or ADSL) for customers with lower traffic volumes, ensuring quality and stability;
  - **Mobile Connectivity (4G)**: when businesses need backup connections independent of the fixed network, a SIM card represents the ideal solution.
- **Telephony:** Intred is a licensed telco operator with its own switching center interconnected to the national network, enabling both traditional and advanced telephony services across Italy, including:
  - WLR (Wholesale Line Rental): resale of another operator's lines under Intred's brand;
  - ULL (Unbundling Local Loop): direct use of the "last mile" copper line, fully managed by Intred;
  - VoIP (Voice over IP): voice services delivered over the internet;
  - Cloud PBX (Cloud-based Private Branch Exchange): virtual switchboards hosted in the cloud;
  - NNG: management of proprietary numbering resources and migration from other operators.
- **Cloud Services / Data Centers**: Intred is active in seven state-of-the-art data centers in Lombardy, including two proprietary facilities. Constantly upgraded, these infrastructures allow clients to rely on secure, high-performance environments without the need to invest in their own hardware and without the risk of obsolescence, with all solutions provided "as a service", such as:
  - Hosting: secure hosting of websites and applications;
  - Email & PEC: standard and certified email solutions for legal compliance;
  - Domain Registration: management and registration of internet domains;
  - Virtual Servers: flexible and scalable virtual machine environments;
  - Colocation: safe housing of clients' physical servers in Intred's facilities;
  - Cloud SecureBox: encrypted cloud storage for sensitive business data;
  - Cloud Backup: reliable off-site backup and disaster recovery solutions;
  - Cloud PBX**:** cloud-based virtual switchboards replacing traditional hardware.
- **Ancillary Services** and **Other Services**: line termination equipment rental (routers and firewalls), technical support, accessory fees, and related solutions.

Appendix 3: Reference Market

Intred operates in a **sector undergoing a profound technological shift**, where policy momentum, fiber deployment, and competitive dynamics combine to create both opportunities and challenges.

The Broader View: European and Italian Digital Outlook

By expanding infrastructure and connectivity in Lombardy, Intred is directly contributing to Italy's digital transformation. The 2025 Digital Economy and Society Index ("DESI") highlights **Italian progress**: full-fibre coverage has broadly converged with EU standards, 5G is now widespread, and edge capacity is expanding, reinforcing both access and the compute layer that underpins advanced services.

Yet challenges persist, with regional disparities in adoption, slow enterprise uptake of frontier technologies, and a shortage of digital skills that may slow monetization.

Policy momentum remains supportive. The European Commission points to Italy's clear roadmap and sustained funding, while recommending continued fiber roll-out (especially in low-density areas) and stronger demand-side incentives. For regional operators with a strong local footprint, such as Intred, this environment provides a **favorable backdrop for growth**.

European Fiber Optic Market: Coverage and Adoption

Building on this policy-driven momentum, the **European fiber market is showing steady progress in both rollout and adoption**. Fiber broadband creates value for customers and operators alike: moving to full-fiber enables Gigabit offers for households, multi-Gigabit Industry 4.0 solutions, and 5G backhaul.

Although FTTx requires high upfront capex, it translates into stable, annuity-like cash flows over time. Its applications extend well beyond households, supporting transport networks, cloud-based entertainment, and smart-city infrastructure. Indeed, across the EU27+UK, rollout and adoption continue to expand.

Italian Telecommunication Market: Structure and Trends

Italy's telecom market remains **structurally deflationary**, as persistent **price pressure** has more than offset traffic growth, keeping overall revenues broadly flat. Indeed, the market stood at €28.0bn in FY24, down 2.2% over FY20-FY24 (-€640mn), despite a ~3.4% YoY rebound in FY24 (+€940mn).

The overall contraction is entirely attributable to mobile, where revenues fell to €10.7bn (-€2.4bn / -18.1% vs FY20). By contrast, fixed-line services expanded to €17.3bn (+€1.7bn / +11.0% vs FY20), lifting their share of the market to ~62% (from 55% in FY20).

By customer segment, wholesale grew +9.9% YoY in FY24 but remains -5.4% over five years, while retail rose +1.9% YoY (-1.5% since FY20), holding steady at ~81% of total revenues.

The sharper decline in mobile reflects harsh competition following **Iliad's 2018 entry as fourth Mobile Network Operator** ("MNO"), which drove aggressive repricing and ARPU erosion. Fixed-line dynamics have been more resilient, supported by the migration from legacy DSL to FTTx, enabling quality improvements and partial monetization.

Poste – TIM deal

It's worthy to remind that back on March 22, 2026, Poste Italiane officially launched a €10.8bn voluntary public tender offer for the entirety of Telecom Italia (TIM), a move aimed at creating Italy's largest integrated "connected infrastructure platform."

This re-nationalization of the former telecom monopolist aims to exploit deep synergies between Poste's logistics and financial network and TIM's fixed and mobile infrastructure, with the goal of establishing a "digital services hub" for the country.

For independent operators like Intred, this consolidation might represent a short term opportunity as the integration between Poste and TIM is likely to imply a couple of semesters of reorganization and of lower marketing push. Furthermore, the lower the number of market players and the lower it should be the price pressure on B2C (and maybe B2B) segment.

Appendix 4: Peers Selection

Intred: Peers Description

Unidata (UD-IT) – Italy-based telecom and digital-infrastructure operator across Fiber & Networking (FTTH/FTTB, dark fiber/wholesale), Cloud & Data Center (housing/hosting, storage, multi-cloud, edge), and IoT & Smart Solutions with carrier and enterprise clientele.

Planetel (PLN-IT) – Italy-based integrated telecom provider that operates FTTH networks and proprietary data centers, delivering high-speed broadband, VoIP, cloud/hosting, cybersecurity, and office-automation/managed services to retail, SME, and wholesale customers.

Convergenze (CVG-IT) – Italy-based dual-utility combining telecommunications (FTTH, fixed wireless, voice/data) with multi-energy retail (renewables and natural gas) and e-mobility under the patented EVO platform.

Telecom Italia (TIT-IT) – Italy-based incumbent telecom group delivering nationwide fixed - mobile connectivity, wholesale access, cloud/ICT/enterprise solutions, underpinned by extensive last-mile infrastructure and spectrum holdings.

Rai Way (RWAY-IT) – Italy-based broadcast-tower and network-infrastructure operator managing Rai's terrestrial backbone and nationwide TV/radio transmission, offering terrestrial/satellite broadcasting, contribution and distribution networks, managed network services.

1&1 (1U1-DE) – Germany-based challenger telecom operator providing mobile and fixed broadband across Access and 1&1 Mobile Network segments, rolling out a cloud-native, virtualized 5G network and bundling digital services.

WIIT (WIIT-IT) – Italy-based premium enterprise-cloud provider delivering hosted private/hybrid cloud and managed services for mission-critical applications (e.g., ERP), cybersecurity, and business continuity/DR, supported by Tier IV-grade data centers.

DHH (DHH-IT) – Cloud/hosting and connectivity platform aggregating multi-brand providers across Southern & CEE Europe, delivering domains, shared/VPS/cloud hosting, SMB digital-presence tools, ISP services, AI based Cloud infrastructure services.

Source: Factset, Value Track Analysis

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