DHH

Sector: Cloud Computing

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The right company at the right time in the right place

Fair Value (€)	22.6
Market Price (€)	14.5
Market Cap. (€mn)	70.9

DHH is a tech group that provides integrated cloud computing & premium internet access products in IaaS, PaaS and SaaS mode to ca. 124.000 corporate and professional clients across southeast Europe where expected growth is higher due to lower digital penetration.

Investment case built on a solid foundation

In our view, DHH stands out at the forefront of technological innovation and ethical business practices, excelling for the following key points:

1 – Ideal mix of products / solutions, ranging from Cloud Hosting to Cloud Computing, and from Premium B2B infrastructure-based ISP products to the ramping up AI-as-a-Service ones;

2 – Optimal market positioning in space (Italy, Switzerland and southeast Europe), and time (Cloud computing and web-hosting services are projected to more than double in size in a few years, while the global GPU-as-a-Service market is projected to expand from $3.2bn in 2023 to $25.5bn by 2030);

3 – Well carved growth strategy combining organic and M&A levers. M&A in particular, (close to 20 deals finalized so far, estimated total ROI close to 140%), is the way to double the ca. 10% y/y organic growth rate by reinvesting cash flow from operations;

4 – Highly skilled Top Management with "skin in the game", as it controls ca. 40% of the share capital;

5 –Highly responsible ESG commitment focused not only to environmental preservation but also to social responsibility and governance.

Coupled with outstanding financial profile

As a result, DHH boasts several notable economic features such as: (i) high scalability (VoP 2023 up +16.9% y/y); (ii) extremely high incidence (ca. 94%) of recurring revenues; (iii) strong client retention (churn rate lower than 10%); (iv) healthy operating profitability (Adj. EBITDA Margin 2023 in excess of 33%); (v) strong cash flow generation (OpFCF b.t. always in excess of 50% of EBITDA).

In FY24E-26E we expect Top Line organic growth rate at 10% per annum, with M&A deals aimed at doubling such pace, for a total 20% CAGR and VoP EBITDA, EBIT at €60mn-€18mn-€11mn respectively in 2026E.

Valuation: material upside ahead

DHH is currently trading at cheap multiples: 5.7x, 9.8x, 17.3x EV/EBITDA, EV/ EBIT and P/E 2024E respectively. Based on the outstanding number of shares, we set DHH fair value per share at €22.6, as simple average of: i) DCF model (€23.0); ii) Peers' analysis (€22.1). At fair value DHH would trade at 8.8x, 15.3x, 27.0x EV/EBITDA, EV/ EBIT and P/E 2024E respectively.

KEY FINANCIALS (€mn)	2023	2024E	2025E
REVENUES	34.6	39.7	49.6
EBITDA ADJUSTED	11.5	12.6	15.6
EBIT ADJUSTED	6.0	7.3	9.7
NET PROFIT ADJUSTED	3.3	4.1	5.7
EQUITY	23.7	26.8	32.5
NET FIN. POS.	-6.5	-2.3	-2.8
ADJ. EPS (€)	0.68	0.84	1.17
DPS (€)	0.0	0.0	0.0

Source: DHH Group (2023), Value Track (2024E-25E)

RATIOS & MULTIPLES	2023	2024E	2025E
Adj. EBITDA MARGIN (%)	33.2	31.8	31.4
Adj. EBIT MARGIN (%)	17.3	18.4	19.6
NET DEBT / EBITDA (x)	0.6	0.2	0.2
NET DEBT / EQUITY (x)	0.3	0.1	0.1
EV/SALES (x) (*)	2.1	1.8	1.5
EV/EBITDA (x) (*) (**)	7.1	5.7	4.6
EV/EBIT (x) (*) (**)	15.2	9.8	7.4

Source: DHH Group (2023), Value Track (2024E-25E)
(*) EV adjusted for peripherals and treasury shares
(**) 2023A EBITDA and EBIT adjusted for stock option charges

STOCK DATA	
FAIR VALUE (€)	22.6
MARKET PRICE (€)	14.5
SHS. OUT. (m)	4.89
MARKET CAP. (€m)	70.9
FREE FLOAT (%)	24%
AVG. -20D VOL. (#)	2,140
RIC / BBG	DHH.MI / DHH IM
52 WK RANGE	13.10-17.30

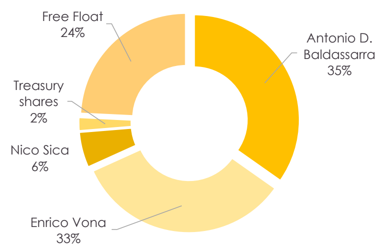
Source: Stock Market Data

Business Description

DHH is a tech group that provides cloud computing solutions in IaaS, PaaS and SaaS mode to 120.000+ clients across southeast Europe (the so-called “Adriatic Sea area”), where expected growth is higher thanks to current lower digital penetration. Nowadays, DHH manages businesses across seven countries (Bosnia-Herzegovina, Bulgaria, Croatia, Italy, Serbia, Slovenia, and Switzerland).

DHH aims to consolidate leadership position in such countries thus benefitting from the natural growth trend already in place.

Shareholders Structure



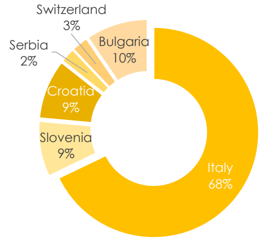
Source: DHH Group

Key Financials

€mn	2023	2024E	2025E	2026E
Total Revenues	**34.6**	**39.7**	**49.6**	**59.2**
Chg. % YoY	16.9%	14.5%	25.0%	19.3%
EBITDA	**11.5(*)**	**12.6**	**15.6**	**18.0**
EBITDA Margin (%)	33.2%(*)	31.8%	31.4%	30.4%
EBIT	**6.0(*)**	**7.3**	**9.7**	**11.0**
EBIT Margin (%)	17.3%(*)	18.4%	19.6%	18.7%
Net Profit Reported	**2.2**	**4.1**	**5.7**	**6.6**
Chg. % YoY	nm	85.5%	39.7%	15.4%
Net Profit Adjusted	**3.3**	**4.1**	**5.7**	**6.6**
Chg. % YoY	28.0%	23.2%	39.7%	15.4%
Net Fin. Position	**-6.5**	**-2.3**	**-2.8**	**-2.9**
Net Fin. Pos. / EBITDA (x)	0.6	0.2	0.2	0.2
Capex	-6.2	-5.0	-6.4	-8.1
OpFCF b.t.	**5.6**	**7.4**	**9.8**	**10.6**
OpFCF b.t. as % of EBITDA	48.3%	58.9%	62.8%	58.9%

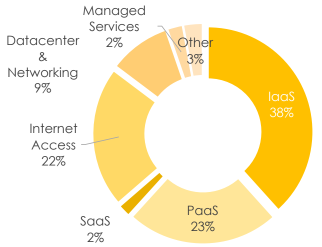
Source: DHH Group (historical figures), Value Track (estimates) (*) 2023 Adjusted

Sales b.down by country (2023)



Source: DHH Group

Sales b.down by segment (2023)



Source: DHH Group

Investment case

Strengths / Opportunities

- Excellent geographic footprint, market leader in Croatia and Slovenia
- Ever increasing reference market, expected to grow at double-digit rate
- Outstanding track record in digital business and M&A activities
- High profitability ratios, sound Free Cash Flow generation deriving from subscription-based recurring revenues business model

Weaknesses / Risks

- Much lower size if compared to US tech giants
- Highly competitive market with several players

Stock multiples @ €22.6 Fair Value

	2024E	2025E
EV / SALES (x)	2.8	2.2
EV / EBITDA (x)	8.8	7.2
EV / EBIT (x)	15.3	11.5
EV / Cap. Empl. (x)	3.8	3.1
OpFCF Yield (%)	8.9	10.9
P / E Adj. (x)	27.0	19.3
P / BV (x)	4.2	3.5
Cash Div. Yield. (%)	0.0	0.0

Source: Value Track

Executive Summary and Investment Case

DHH at a glance

With **2023A Value of Production and Adj. EBITDA at ca. €34.6mn and €11.5mn** respectively, DHH (or "the Group") is an Italian tech group that provides **integrated cloud & premium internet access products** in a subscription model (**SaaS/IaaS/PaaS**) to ~124.000 corporate and professional customers across southeast Europe (the so-called "Adriatic Sea area"), where expected growth is higher thanks to current lower digital penetration.

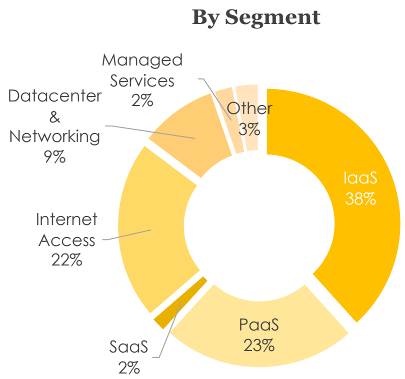
Founded back in **July 2015**, the **Group has expanded significantly through conspicuous M&A activity**, finalizing close to 20 deals.

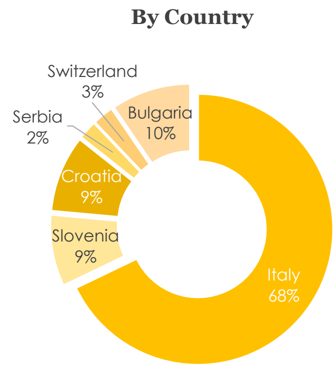
Since July 2016, the Group has been listed on the Italian Stock Exchange (Euronext Growth Milan, ticker "DHH").

DHH: Geographical Footprint

Source: DHH

DHH: FY23 Revenues from Sales breakdown by Segment and Country





Source: DHH, Value Track Analysis

Key points of DHH investment case

In our view, DHH stands out at the forefront of technological innovation and ethical business practices, excelling for the following key points:

 # 1 – Ideal mix of products / solutions;

 # 2 – Optimal market positioning in space and time;

 # 3 – Well carved growth strategy combining organic and M&A levers;

 # 4 – Highly skilled Top Management with "skin in the game";

 # 5 – Acting with a highly responsible approach.

1 - Ideal mix of products / solutions

DHH Group B2B cloud computing and premium B2B internet access product portfolio is the result of a proactive approach aimed at maintaining a technological edge over competitors and banks on an **extensive proprietary physical and network infrastructures** managed by some subsidiaries (Seeweb, Evolink and Connesi).

We can cluster different families of products depending on the time of introduction in DHH portfolio:

- **1st wave**: **Cloud Hosting products**, such as Shared hosting, Virtual Private Server (VPS) hosting, and more;
- **2nd wave**: **Cloud Computing products**, such as Cloud Servers Rentals dispensed in the PaaS, or IaaS models. These products have become relevant with reverse merger with Seeweb in 2020;
- **3rd wave**: **Premium B2B infrastructure-based Internet Service Provisioning products**, such as Premium Internet Connectivity, VOIP, VPN, WAN. These products got relevant following a series of acquisitions in 2021 and 2022;
- **4th wave**: **AI related products**. DHH, though its subsidiary Seeweb is included among the top 15 Cloud Server Providers for GPU-Powered LLM fine-tuning and training (Source: online publication *Towards AI).* While revenues from this product are still pretty small (€291k in 2023 and €46k MMR in February 2024), the expectation is for a significant take up in the next years.

From an operational standpoint, DHH offer portfolio is currently structured along **four distinct business lines**, i.e., **IaaS, PaaS, Premium Internet Access, Datacentre & Networking:**

- **IaaS,** 38% of Total Revenues in FY23 (41% in FY22), referring to cloud computing products;
- **PaaS,** 23% of Total Revenues in FY23 (25% in FY22), mainly including hosting products;
- **Premium B2B Internet Access**, 22% of Total Revenues in FY23 (16% in FY22);
- **Datacenter & Networking**, 9% of Total Revenues in FY23 (10% in FY22), linked to physical hosting services for clients' servers within their secure data centers;
- **Other,** 7% of Total Revenues in FY23 (8% in FY22).

2 - Optimal market positioning in space and time

DHH boasts an ideal positioning both in terms of reference markets exposure and geographic footprint.

Booming Reference Markets, with Cloud GPU-as-a-Service on top

Cloud computing and web-hosting services, the two primary sectors in which DHH currently operates, are experiencing significant growth rates. Indeed, **the market for cloud computing and web-hosting services is projected to exceed $3.1tn by 2030, more than doubling its size from 2022**.

On top of these highly growing markets, we underline that the excitement around AI has catapulted Cloud GPU services (where DHH is positioned as a key prospect player) to the forefront of technological needs. Indeed, the global GPU-as-a-Service market is projected to expand from $3.2bn in 2023 to $25.5bn by 2030, (*Fortune Business Insight*).

Geographic footprint focused on under-developed / highly growing areas

DHH is currently active in Italy (accounting for some 68% of DHH Group Revenues from Sales), Switzerland, Bulgaria and Balkan areas (Slovenia, Croatia, Serbia) i.e., geographies expected to post higher-than-average growth rates ahead, as the current digital adoption is growing but, in most cases, (Slovenia is an exception) still below the EU average. Just to give an example of the growth potential of DHH "catchment area", we note that the Italian cloud computing market is expected to face a strong market demand and increase at ~17.9% CAGR up to 2026E.

3 - Well carved growth strategy combining organic and M&A levers

DHH is pursuing an aggressive growth strategy that combines organic and M&A driven levers.

Organic growth strategies

As far as organic growth strategy, DHH is working on:

- Increasing ARPU, through the shift towards premium products and trough cross selling.;
- Launching proprietary solutions to stay ahead any technological trend;
- Improving go-to-market strategy through the establishment of value partnerships.

M&A driven growth strategies

As a matter of fact, DHH Group is the result of a well carved M&A strategy focused on a few selected verticals in the digital space. Indeed, during the last eight years, DHH has been effectively executing buy & build strategy and completed **18 M&A transactions with an average total ROI close to 140%**.

The result of the above-mentioned M&A activity is that as of today DHH Group can be viewed as an **ecosystem comprised of independent entities** unified by a shared theme that empowers tech entrepreneurs to innovate, exchange best practices, and expand within a collective of individuals with similar ideologies. In this scenario, DHH SpA acts as holding company, providing broad business and administrative support and ensuring seamless operations / strategic guidance.

As far as future M&A is concerned, we expect DHH to keep focusing on:

- Consolidating existing markets by making add-on acquisitions to grow market share;
- Tapping into contiguous market segments, i.e., the "premium" B2B infrastructure-based ISP one, with the goal to leverage on network infrastructure assets to generate upselling revenues synergies.

4 - Highly skilled Top Management with "skin in the game"

DHH's top management includes highly skilled professionals such as:

- **Antonio Baldassarra – Chief Executive Officer.** Founder of Seeweb and co-founder of DHH, he trusts more than 25 years' experience in Electronics, Telecommunications and Computer Science.
- **Giandomenico Sica – Executive Chairman**. Co-founder of DHH, he also is the founder of Grafoventures, his holding focused on IT industry SMBs.
- **Tamara Arduini – Chief Financial Officer.** With over two decades of experience in accounting administration and finance, she previously served as the CFO of Seeweb.
- **Matija Jekovec – Chief Operating Officer.** Co-founder of Klaro in 2003, beginning as a developer before transitioning into an R&D managerial role.

Worthy to note, the co-founders (Mr. Baldassarra and Mr. Sica) have a lot of "skin in the game" as they are controlling more than 40% of share capital.

5 - Highly responsible ESG approach

DHH's sustainability strategy is firmly rooted in integrating responsible practices across every level of the organization, from daily operational management to executive decision-making.

This approach underscores a deep-seated commitment to not only environmental preservation but also to social responsibility and governance, establishing these pillars as foundational to their long-term sustainability goals.

As an example of their commitment to ESG themes, we underline that DHH, recognizing the significant impact of power consumption in data centers and throughout product lifecycles, is mitigating its carbon footprint by:

- Enhancing operational energy efficiency;
- Transitioning to renewable energy sources;
- Promoting responsible disposal methods for end-of-life equipment.

Moreover, through its subsidiaries, Connesi and Seeweb, DHH Group has launched several initiatives to minimize environmental impacts and cut emissions.

A few challenges to face

As far as challenges to face we would identify the following:

Challenge # 1: Competitive scenario crowded with tech giants and large local players

Competition is definitively one of the biggest challenges to face.

Indeed, the global markets of cloud computing and of B2B internet service provisioning are dominated by very well-known tech players.

However, despite the presence of the Big Tech DHH has a strong position in its core markets for the following reasons: price effectiveness, flexibility and customization capability, local presence.

Challenge # 2: Italian stock market, i.e., possibility to raise money at high valuation

Tech companies need fresh money to accelerate at maximum their growth, both organic and M&A one.

DHH is not in the best position to do so due to the features of Italian EGM stock market, where it is listed. However, we have to note that DHH is a steady cash generator so every year it can deploy money in organic and M&A growth projects.

Outstanding Financial profile

Key financial features

As a result of its well carved business model, DHH boasts several notable economic and financial features of such as:

- High scalability;
- Extremely high incidence (ca. 94%) of recurring revenues;
- Strong client retention (churn rate lower than 10%) with long revenue periods.
- Strong cash flow generation, with OpFCF $_{\text{b.t.}}$ (defined as Adj. EBITDA – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) always in excess of 50% of EBITDA.

FY23 Results highlighting steady growth rate

FY23 results are in line with the healthy growth path previously highlighted. Indeed:

- **Value of Production up, ca. +16.9% y/y**, thanks to 8% organic growth and the full effect of the consolidation of Connesi (acquired post-1H22);

- **Adj. EBITDA up +27.7% y/y**, with Adj. EBITDA Margin in excess of 33%, up some 280bps y/y;
- **OpFCF b.t.** (defined as Adj. EBITDA – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) **at ca. €5.8mn**, i.e. ca 51% of Adj. EBITDA, negatively burdened by higher capex but positively affected by working capital management;
- **Net Debt at ca. €6.5mn**, well under control (Net Debt / EBITDA Adj. at ca. 0.6x as of the end of Dec' 2023), despite ca. €6.2mn Capex.

FY24E-25E-26E

Thanks to the combination of the above-mentioned well-crafted buy and build M&A strategy and of organic growth, DHH has been recording impressive growth rates so far: Value of Production and Adj. EBITDA up at 40.6% and 68.8% $CAGR_{18-23}$ respectively, with organic growth rates in the 10% region and the remaining being added by M&A.

As far as **2024E-26E forecasts** are concerned, our main assumptions are:

- **Top Line organic growth rate** remaining at **10% per annum**, with EBITDA margin steadily in the 32%-34% range, and €5mn average Free Cash Flow generation per annum;
- **M&A deals aimed at doubling the Top Line organic growth rate**. This means some €12mn-€13mn revenues to be acquired and ca. €2mn additional EBITDA before "synergies optimization". In order to achieve such results, we estimate some €12.6mn M&A cash out.

As a result, our 2024E -26E forecasts adding organic growth and M&A can be summarized as follows:

- **Value of Production** growing at ca. **20% CAGR** i.e., close to the €60mn threshold in 2026E;
- **EBITDA and EBIT** in absolute level getting close to **€18mn** and **€11mn** respectively in 2026E;
- **Cash conversion** (EBITDA / $OpFCF_{b.t.}$ ratio with $OpFCF_{b.t.}$ defined as EBITDA –Capex ± ΔNWC ± Δ Provisions) on average at **60%** over the next three years;
- **Net Debt Position** always remaining in the €2mn-€3mn range as the excess cash generated is assumed to be constantly invested in M&A.

Valuation: material upside ahead

DHH is currently trading at cheap multiples: 5.7x, 9.8x, 17.3x EV/EBITDA, EV/ EBIT and P/E 2024E respectively.

Based on the outstanding number of shares, we set DHH fair value per share at €22.6, as simple average of: i) DCF model (€23.0); ii) Peers' analysis (€22.1).

We note that if DHH should achieve such fair value, the stock option plan currently in place would imply the issue of some 80k new shares, with a dilution effect worth some €0.4 per share and a "fully diluted" fair value at ca. €22.2 per share.

At fair value DHH would trade at 8.8x, 15.3x, 27.0x EV/EBITDA, EV/ EBIT and P/E 2024E respectively.

Investment Case: Key Points
#1 - Ideal mix of products / solutions

DHH Group B2B cloud computing and premium B2B internet access product portfolio is the result of a proactive approach aimed at maintaining a technological edge over competitors and banks on an extensive proprietary physical and network infrastructures. From an operational standpoint, DHH offer portfolio is currently structured along four distinct business lines, i.e., IaaS, PaaS, Premium Internet Access, Datacentre & Networking. Worthy to note, DHH is already well positioned to ride the next big technological wave of Cloud GPU as-a-Service business.

DHH Group B2B cloud computing and premium B2B internet access product portfolio is currently structured along **four distinct business lines**, i.e., **IaaS, PaaS, Premium Internet Access, Datacentre & Networking,** and is the result of a proactive approach aimed at maintaining a technological edge over competitors.

As a result, we can identify different families of products depending on the time of introduction in DHH portfolio:

1st wave: Cloud Hosting products;

2nd wave: Cloud Computing products;

3rd wave: Premium B2B Internet Service Provisioning products;

Next to come wave: AI tailored products.

1st "wave" of products offered: Cloud Hosting

The first family of products historically offered by DHH. In this segment, DHH boasts a robust market presence and a considerable customer base in Italy (Tophost and Seeweb), Slovenia (Domenca, Domovanje, Si.Shell and Hosterdam), Serbia (mCloud and Plus), and Croatia (S4W, Plus Hosting, Infonet and Optima Hosting).

The product packages are offered as pre-configured products typically varying by SSD and RAM size. Depending on the technology used, we distinguish:

- **Shared hosting** – Which means sharing server space with other websites and individuals. It is extremely cheap, but exposed to the "bad neighbor" effect;
- **Virtual Private Server (VPS) hosting** – It always a shared server, however a VPS is literally split into as many parts as there are users, overcoming in such way the neighbor effect, since private account is contained within a virtual machine;
- **Dedicated hosting** – Website is renting the physical machine and not sharing hardware or bandwidth with any other websites, giving to the client maximum control over the server software.

The range of solutions provided by DHH also encompasses value-added services (VAS) such as SSL certificates, data management certificates, website builders, business mail products, and fundamental cybersecurity services, such as email protection, DDoS protection, and web application firewalls.

2nd "wave" of products offered: Cloud Computing

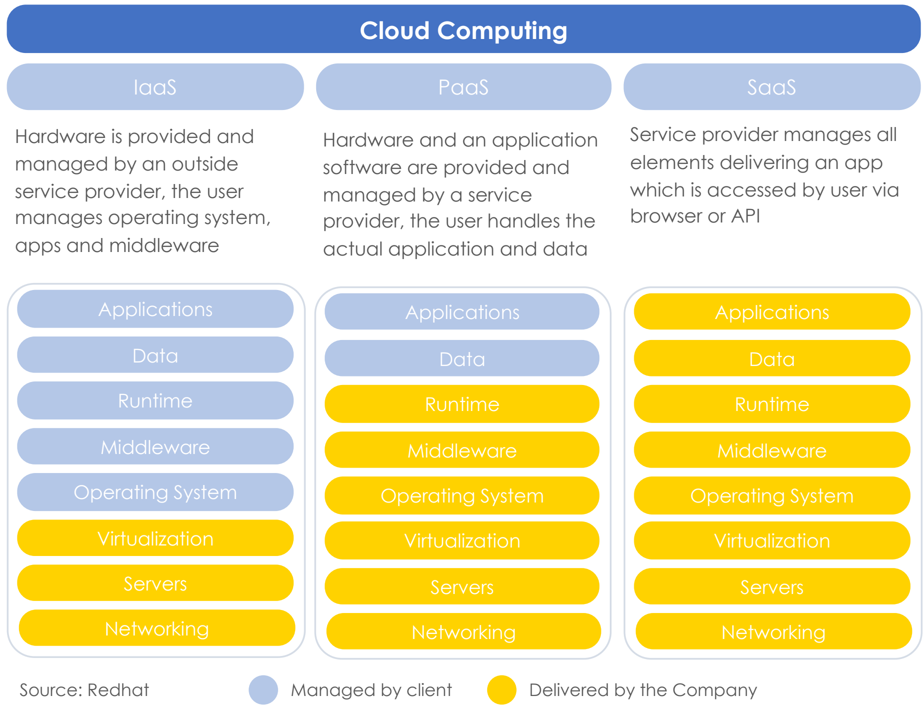
Succeeding the merger with Seeweb, cloud computing became the largest revenue contributor bringing in around half of the annual sales. It includes cloud servers offered in various configurations to match different client profiles and needs.

The assortment of solutions extends from uncomplicated pre-configured packages tailored to professionals and small enterprises, to complex custom cloud environments designed for large websites, eCommerce stores, or applications.

Examples of the cloud products offered by DHH are:

- **Easy Cloud Server** – The virtual computing environment where customers can configure cloud instances (tools) on a pay per use mode;
- **Cloud Server** – Offering extremely high reliability and huge scalability mostly thanks to the real time allocation of resources on redundant virtual servers
- **Foundation Server** – A dedicated server with very high performance, made with the available hardware components, particularly suitable for private cloud infrastructure with Hyper-V, XenServer and OpenStack. It is available also in a "pro" version, which allows customers to share storage between multiple nodes, while ensuring high reliable and high-performance virtualized infrastructure.

DHH: Main types of Cloud Computing services provided to its clients



Source: DHH

These cloud computing solutions are mostly based on subscriptions with a minimum duration (at least one month) which depends on specific service, with automatic renewal unless technical termination of the service in cases of self-provisioning or interruption request.

Additionally, some products have a fixed monthly cost established by a price list or by some particular conditions agreed with the customer, while others have a monthly cost that derives from the use or specific requests that the customer makes (metered), and still others have a final cost which is a mixture of these components.

The cloud services are dispensed in the SaaS, PaaS, or IaaS models, contingent on the client's selected configuration.

3rd "wave" of products offered: Premium B2B Internet Service Provisioning

Starting as of 2020, DHH has started venturing into a new business sphere, that's to say the provisioning of Internet connectivity services.

This strategic move is aimed at capturing the burgeoning opportunities within the **"premium" B2B infrastructure-based ISP market**, aiming to transform traditional ISPs into full-service IaaS providers, with the goal to generate upselling revenues synergies.

The foundation for this expansion was laid through a strategic reverse merger with Seeweb in 2020, followed by a series of acquisitions including Evolink in 2021, plus Connesi and Warian in 2022.

Examples of the suite of products offered by DHH to its **B2B client base**, are:

- **Premium Internet Connectivity** (shared, dedicated, managed) – Range of internet connectivity solutions that cater to the varying needs of businesses, ensuring high-speed, reliable access to the internet with options for shared, dedicated, and managed services;
- **Cloud Connectivity** – Secure and efficient connections to cloud services, empowering businesses with scalable and flexible cloud infrastructure solutions for their digital transformation needs;
- **Advanced Online Streaming Technology** – Cutting-edge streaming technology to deliver high-quality video content over the internet, catering to the growing demand for online events, conferences, and entertainment;
- **VOIP** – Enabling clients to conduct voice communications over the internet, offering a cost-effective and flexible alternative to traditional telephony systems, with enhanced features suitable for modern business communication;
- **Virtual Private Networks (VPN)** – Ensuring secure and private connections for businesses, protecting data and communications from eavesdropping and interception;
- **Wide Area Networks (WAN)** – In the view to connect multiple business locations over large geographic areas, facilitating seamless communication, data sharing, and network management across branches.

Worthy to note, in order to be as most competitive as possible, DHH has focused on acquiring network infrastructure-based companies. Indeed, the ownership or the complete management of physical and network infrastructures constitutes a significant strength, as it grants the Group to:

- Separately and independently choose and handle the applicable exchange policies;
- Carry out, according to most efficient methodologies, maintenance or improvement interventions as well as acting promptly in case of critical situations;
- Apply competitive prices, due to the reduction of production and supply costs related to infrastructures.

The aforementioned network backbone, as well as physical datacenters, are projected to limit possible faults of the single component, allowing at the same time the online maintenance, without the interruption or suspension of their relative operations.

More, also thanks to specific agreements with IP transit providers, the Group can independently carry out specialize technical interventions, including engineering operations in the Border Gateway Protocol, used to connect several routers belonging to different autonomous network systems.

In all the Internet Exchange Points (IXPs), the Group implements open peering policies, which consists in allowing any other internet network for the free exchange of data and internet traffic among users, aimed at achieving the best quality, latency and performance indices along the network backbone, as well as at improving the bandwidth used.

Next to come "wave" of products offered: AI-as-a-Service

Lastly, as far as the booming **Cloud GPU** as a Service business is concerned, it is worthy to note that DHH, though its subsidiary Seeweb, is one of the best positioned players.

Indeed, it launched a flexible and ready to use Cloud Server GPU offer already back in mid-June 2021, and can now provide an extremely efficient and flexible service not only to Italian clients but also to international ones at a double-digit price discount vs. competitors.

That's why the online publication *Towards AI* has included **Seeweb, among the top 15 Cloud Server Providers for GPU-Powered LLM fine-tuning and training**, alongside giants such as Microsoft Azure, Google Cloud, AWS and more.

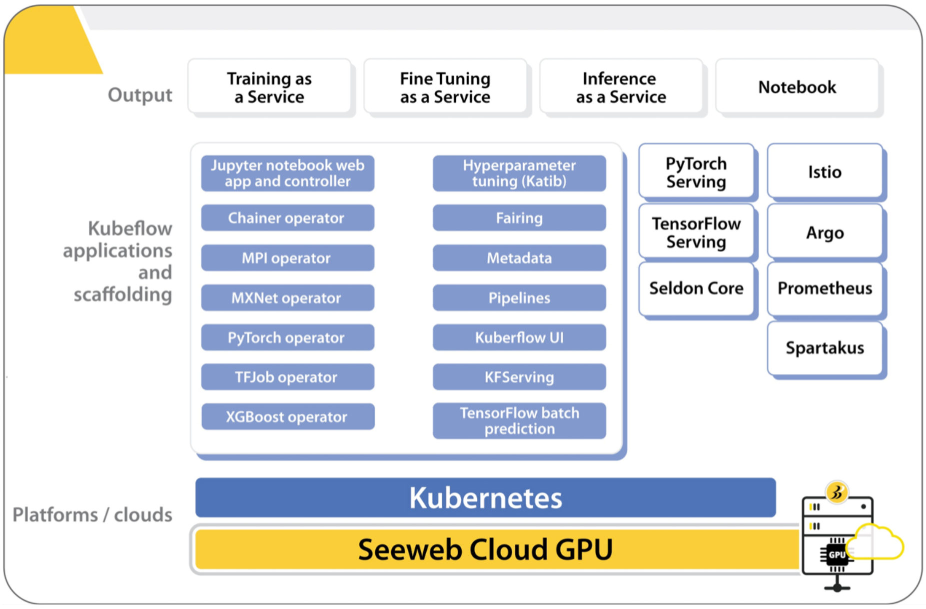
It is pertinent to acknowledge that the comprehensive portfolio of DHH is implemented through an Infrastructure as Code (IaC) strategy, distinguishing itself as the sole entity in Italy accredited to function within the Terraform automated development framework.

The strategic developmental trajectories of DHH are manifold and include:

- **The expansion of AI infrastructure technology's scope**—currently a proprietary feature of the Seeweb brand within Italian territories and hosted on domestic data centers—to encompass additional corporate entities under the DHH umbrella situated in international locales, notably the Balkans;
- **Broadening its range of products and services** to encompass GPUs with specific specializations, extending beyond its existing collaboration with NVIDIA, which has been the exclusive provider in the domain of AI chips. This expansion involves the integration of new offerings, such as the "AMD Instinct" products;
- **Developing a platform designed to offer streamlined access to its specialized AI cloud services**. This venture, designated as Artificial Intelligence as a Service (AIaaS), is intended to supply crucial functionalities such as training, fine-tuning, and inference, leveraging the capabilities of foremost Large Language Models (LLMs).

While revenues from this product are still pretty small (€291k in 2023 and €46k in 2024 MMR February), the expectation is for a significant take up in the next years.

Seeweb: AIaaS approach



Source: Seeweb

Seeweb: Cloud Server GPU offer flyer

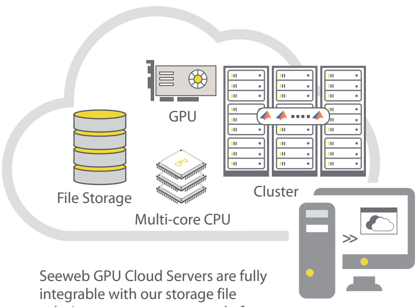
CLOUD SERVER GPU SEEWEB

Your powerful, managed and on demand GPU Computing infrastructure

Cloud Server GPU: what is it?
It is the flexible and ready-to-use GPU Computing service provided by Seeweb.
Based on open source technology, it enables you to manage parallel massive tasks and all the activities that need an intensive use of resources with maximum speed. Our servers' performances are possible thanks to the use of NVIDIA **powerful graphic processors**.

Main use cases

- Machine Learning and Deep Learning
- Infrastructures for the AI
- Natural language processing
- Graphic calculation acceleration
- VDI scientific research
- Video Processing
- Big Data processing
- CUDA applications
- Computational Finance
- Genomics
- Seismic analysis



Seeweb GPU Cloud Servers are fully integrable with our storage file solutions, to meet every need of space.

seeweb
THINK CLOUD

Contact us:
cloud@seeweb.it
www.seeweb.it
+39 0775880041

Seeweb GPU Computing proposal

Many companies in the world are using cloud solutions for Machine Learning, Deep Learning, Computer Vision, and virtual remote workstations. GPU servers also accelerate activities taking advantage of data to improve business and marketing strategies, scientific research and much more.

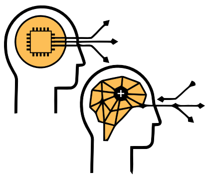
With Seeweb GPU Cloud Server you obtain a cloud, **high performance environment**, designed for the maximum integrability with other public cloud services. Take advantage of:

- extremely powerful NVIDIA graphic cards, already integrated in our cloud
- ready-to-use stacks
- easy driver installation
- deployment automation
- easy use via API
- customizable servers images
- integrated with Kubernetes
- IaC (Terraform) support
- minimum latency (Data Centers in Italy)
- pre-sales and post-sales support, h24 available
- 3 levels of assistance and full management of your super-calculation infrastructure
- on demand resources: billing on the base of the real usage
- green computing (DNSH and ISO 14001certified infrastructure)
- GDPR compliance in the EU area
- infrastructure built on the customer's requirements
- integrability with all our cloud storage services

HPC workloads managed in our Data Centers sustainably and safely

We enable the acceleration of your work with AI and we speed up **massive and parallel calculations** with an HPC solution managed by our engineers and graphic processors projected for being used in Data Center environments.

In our high-density racks, we put 10 GPUs at disposal in a single server to satisfy your needs of **high SLA**, flexibility and sustainability: our graphic cards are characterized by l**ow energy consumption** and installed on server farms only powered by renewable energies.



Hosting your AI projects in our infrastructures, that are ISO/IEC 27001, 27017, 27018 and 27701 certified, you obtain the perfect environment for the management of sensitive data, health, finance and business data, in an environment that guarantees you the constant monitoring of your business continuity and protects you against **DoS attacks** and security risks.

Source: Seeweb

2 - Optimal market position in space and time

DHH boasts an ideal positioning both in terms of: 1) reference markets exposure (cloud computing and web-hosting services are projected to exceed $3.1tn by 2030, more than doubling from 2022, while global GPU-as-a-Service market is projected to expand from $3.2bn in 2023 to $25.5bn by 2030) and geographic footprint, as the countries where DHH is active are expected to post higher-than-average growth rates ahead.

We believe that DHH boasts an ideal positioning both in terms of geographic footprint and reference markets exposure.

Geographic footprint focused on under-developed / highly growing areas

DHH is currently active in Italy, Switzerland, Bulgaria and Balkan areas (Slovenia, Croatia, Serbia) i.e., **geographies expected to post higher-than-average growth rates ahead.**

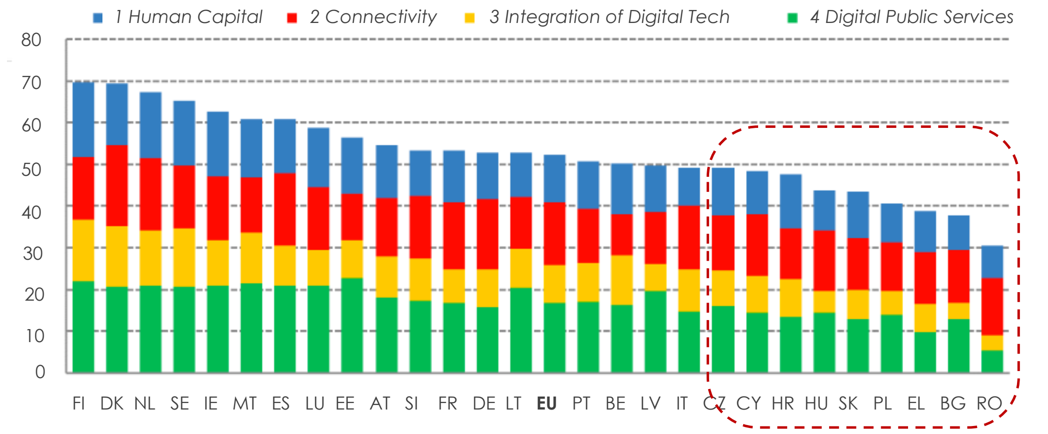
Indeed, while large corporations have quickly adopted technology, SMEs – making up 99% of EU businesses and generating over 50% of its GDP – lag behind in digitalization.

The European Commission notes a significant gap, i.e., 94% of large companies have a corporate website compared to only 76% of SMEs, highlighting a significant opportunity for the web hosting and cloud computing sectors.

This opportunity is even greater in Southeast Europe, where digital adoption is growing but still below the EU average. An easy proof of the potential of these countries comes from the Digital Economy and Society Index (DESI), a composite index that summarizes some 30 relevant indicators on Europe's digital performance.

Despite the index experiencing growth in recent years within Italy and Bulgaria (with Croatia experiencing a downgrade vs. FY19), the figures still fall short of the average across the European Union. On the other hand, Slovenia stands as an exception, having surpassed the EU's average.

2022's Digital Economy and Society Index (DESI)



Source: Desi 2022, European Commission

To note that exposure to these "unusual geographies" can also be seen as experimental markets to test and launch scalable digital businesses internationally, thanks to the number of talents available in these areas at very competitive costs with respect to more developed markets.

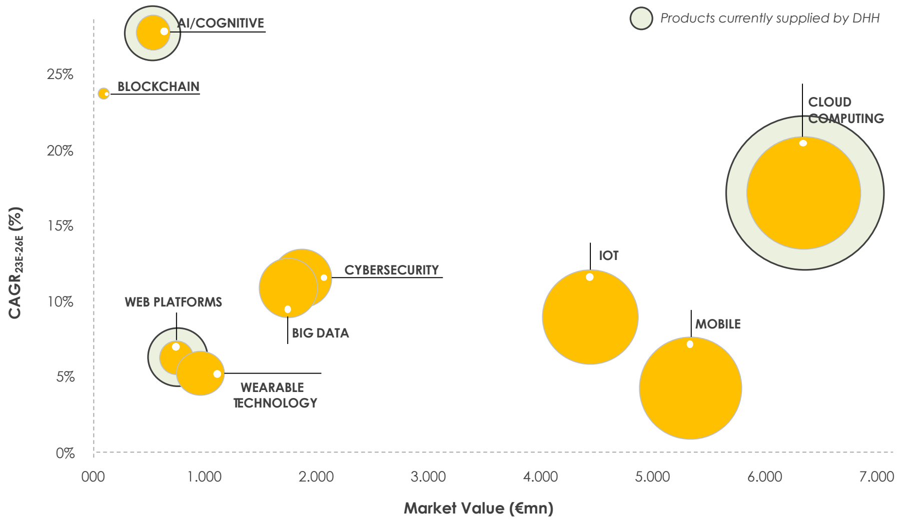
Focus on Italy

Italy currently accounts for some 68% of DHH Group Revenues from Sales.

Market analysis conducted by *Anitec-Assinform* state that Italian cloud computing market is expected to face a strong market demand and increase at ~17.9% CAGR up to 2026E.

The graph below also shows the domestic market growth expected for those products and solutions currently provided by the Group, highlighted in green and also include simply solutions in the management of web platform and applications, and for a residual part IoT solutions.

Italian Digital Enabler Market (FY23E)



Source: Assinform, October '23 (NetConsulting cube processing data), ValueTrack Analysis

According to the *Digital Innovation Observatories* of the School of Management of Politecnico di Milano, in **2023**, the Italian Cloud market should have recorded a **19% y/y growth rate and a total value reaching €5.51bn**. More in details:

1. **Public Cloud & Hybrid Cloud** has registered the most significant growth dynamics, spending ~€3.7bn and growing +24% y/y;
2. **Virtual & Hosted Private Cloud**, i.e., infrastructure services residing at external providers, has reached €1.0bn (+9%);
3. **Data Center Automation**, i.e., modernization of on-premises infrastructure, grew +10% to €748m.

In the Public & Hybrid Cloud sector, IaaS records the most significant growth, achieving a value of €1.bn in 2023, marking a 29% y/y and accounting for 41% of the overall mix. This growth is largely attributed to Virtual Machines, which enable the development of new services, including those related to generative AI, bringing the share of IaaS services close to that of the historically more widespread SaaS services. PaaS follows in terms of growth, with a 27% increase reaching €686mn, driven by opportunities in AI and analytics functionalities and strategic initiatives for application portfolio modernization. SaaS, grew by 19%, reaches a total value of ~€1.5bn.

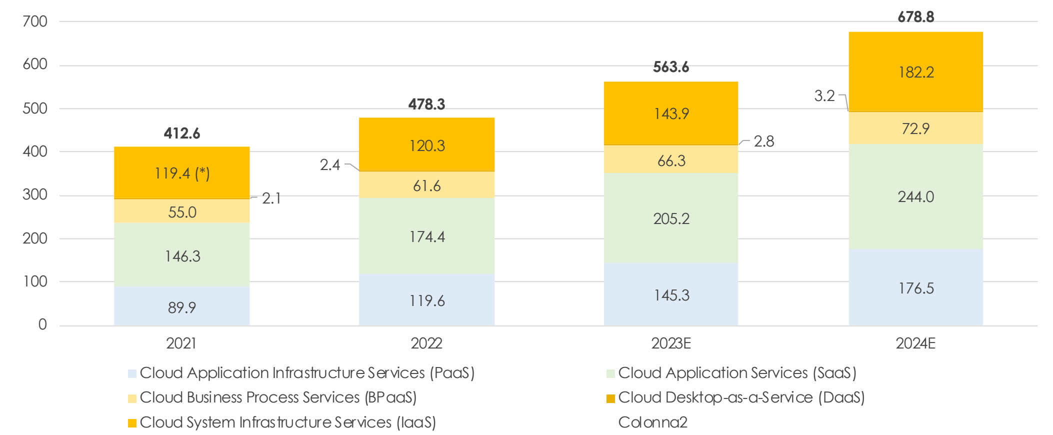
To note that the Italian Cloud spending is 87% accounted for by large enterprises, but adoption of Public Cloud services is also growing in SMEs (+34% y/y, totaling €478mn) thanks to systemic initiatives like the funds from the NRRP.

Booming Reference Markets

In recent years, the global economy has increasingly embraced digitalization, driven by the pursuit of productivity growth, new business opportunities, and scalability at cost-effective rates. The COVID-19 pandemic has accelerated these trends, highlighting the critical importance of digitalization.

Cloud computing and web-hosting services, the two primary sectors in which DHH operates, are experiencing significant growth rates. Indeed, **the market for cloud computing and web-hosting services is projected to exceed $3.1tn by 2030, more than doubling its size from 2022**.

Worldwide Public Cloud Service Revenue Forecast ($bn)



Source: Gartner (November 2023), (*) Including Cloud Management and Security Services

Infrastructures as a Service (IaaS)

In the IaaS space – expected to be worth around $150bn globally in 2023 (*Gartner*) – the segments on which DHH is mostly exposed are expected to evolve as follows:

1. *Cloud Server services* – In 2022, the Cloud Server segment accounted for $94.1bn revenues to the global Data Center market, making it the second-largest segment in terms of size, with Network Infrastructure first and followed by Storage. It is expected to grow at 9.3% CAGR23-30 leading to $175.3bn revenues in 2030.
2. *Virtual Private Cloud services* – The market has recently grown at 23.3% CAGR (2016 to 2021), resulting in a market size of $31.6bn in 2021. In the next future it is expected to boast a 12.8% $CAGR_{22A-32E}$, growing its size up to $129.6bn in 2032, driven by the rising demand for simple installation and low-cost disaster recovery solutions. Although, in some countries, weak internet infrastructure may limit the demand, the growing IoT market is expected to open up new prospects in this market.

To note that the growing emphasis on ensuring real-time and quick access to data, the continued adoption of the "bring your own device" trend and the increasing concerns over data security are boosting market growth, so that overall Data Center market is expected to grow at 6.6% $CAGR_{24E-28E}$.

Platform as a Service (PaaS)

According to Statista, the whole PaaS market was worth some $143bn in 2022 and is estimated to grow its size up to ca. $244bn by 2028, that's to say a 14.2% $CAGR_{24E-28E}$.

The segments on which DHH is mostly exposed are expected to evolve as follows:

1. *Shared Hosting services* – According to Statista in 2024 it should be worth some $157.9bn global revenues and may increase to a total of 345.0$bn in 2028, with a ca. 21.6% CAGR (2024 to 2028);
2. *Object Storage services* – Calculated to be worth some $15.3bn global revenues by the end of 2023 and to generate a 13.5% CAGR from 2022 to 2030.

Main drivers of the above markets should be the higher and higher necessity to protect from cyber-attack risks coupled with the expanding use of cloud and virtualization technologies in businesses. Market growth, however, could be burdened by high installation costs, limited customization, and complex network management strategies.

Datacenter & Networking

DHH acts in the co-location data center market, whose revenues worldwide in 2021 stands at $50.6bn with a forecast for 2028 of ~$136.7bn, thus \leading to a CAGR21-28E of 15.3%. Significant factors that are expected to impact the growth of the global data center industry include the surge in penetration of high-end cloud computing in enterprises and the rise in adoption of multi-cloud and network upgrade to support 5G technology;

B2B ISPs

This market is valued at approximately $1.2tn in 2023 and growing at single digit pace (in 2023 it is calculated to be up +2.1% y/y and the average annual growth between 2018 and 2023 stands at 3.3%).

AI-as-a-Service, Cloud GPU

The excitement around AI has catapulted Cloud GPU services to the forefront of technological needs, with DHH positioning itself as a key player.

The global GPU as a Service market, projected to expand from $3.2bn in 2023 to $25.5bn by 2030, highlights the potential for significant growth (*Fortune Business Insight*).

Software as a Service (SaaS)

Not the main focus for DHH, as it mainly offers Cloud Backup and Cloud Mail services. In Grand View Research outlook, the worldwide SaaS market size was worth some $273.6bn revenues in 2023 and is projected to reach $1.2tn by 2032, rising at a CAGR of 18.4% from 2024 to 2032.

Post COVID-19, companies are focusing on advanced technology such as AI, machine learning, IoT, cloud computing, and analytics across industries such as BFSI, healthcare, and IT & telecom to perform contactless operation. These drivers may create additional demand for SaaS-based software or services;

Managed Services

Again, not the main focus for DHH. Through systems consultancy, DHH runs in Managed Services market, which should have globally had a value of ca. $275.5nm in 2023. It is projected to reach $372,6bn by 2028, registering a 6.2% CAGR.

The main factors that are expected to drive the growth of the managed services market include: i) lack of skilled IT professionals, ii) rise in demand for secure IT infrastructure, iii) cost and risk reduction, iv) requirements for regulatory compliance and security.

3 - Well carved growth strategy (org. + M&A)

DHH is pursuing an aggressive growth strategy that combines organic and M&A driven levers. M&A in particular, (close to 20 deals finalized so far, total ROI estimated close to 140%), is the way to double the ca. 10% y/y organic growth rate by reinvesting cash flow from operations.

The Group is harnessing the momentum of strategic initiatives put in place in the latest couple of years (entrance into B2B ISP market / acquisition of network infrastructure-based companies, and so on), combining organic growth with M&A to further enhance its market position.

Organic growth strategies

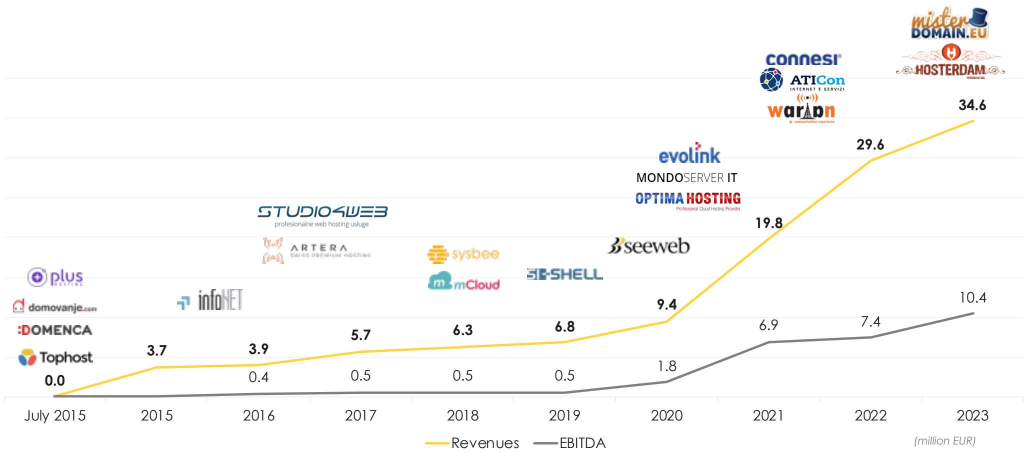
As far as organic growth strategy, we DHH is working on:

- **Increasing ARPU, through the shift towards premium products and trough cross selling**. Group strategy will be addressed to expand its value proposition, trying to provide customers with high quality products (value-added products lying a on higher price range) and granting them a satisfying experience level;
- **Launching proprietary solutions to stay ahead any technological trend.** With the aim of introducing innovative services and meet customers' needs. This approach will be substantially unchanged, with all businesses (and brands) within the consolidation perimeter willing to introduce innovative products;
- **Improving go-to-market strategy through the establishment of value partnerships.** The development of new relationships with web agencies, specialized partners (SAP), system integrators or software houses may accelerate the growth path and market penetration. This would also let the Group to differentiate marketing strategies, based exclusively on inbound methodology so far.

M&A driven growth strategies

As a matter of fact, DHH Group is the result of a well carved M&A strategy focused on a few selected verticals in the digital space. Indeed, during the last eight years, DHH has been effectively executing buy & build strategy and completed **18 M&A transactions** (*please find the whole list of M&A deals in Appendix),* **with an average total ROI close to 140%.**

DHH: Building value in M&A through "expansion deals"



Source: DHH

DHH: ROI on historical M&A deals

IFRS Data (€ '000)	Webtasy	Plus	Seeweb	Artera	mCloud	Tophost	Connesi	Evolink	System Bee
Acquisition (year)	2015	2015	2020	2017	2018	2015	2022	2021	2017
Book Value (*)	1,853	1,368	31,220	769	388	1,233	8,350	2,486	307
Estimated Equity Value (**)	6,444	5,540	65,807	493	362	3,797	9,350	2,064	374
ROI	**360%**	**368%**	**135%**	**18%**	**-1%**	**332%**	**-33%**	**-11%**	**69%**

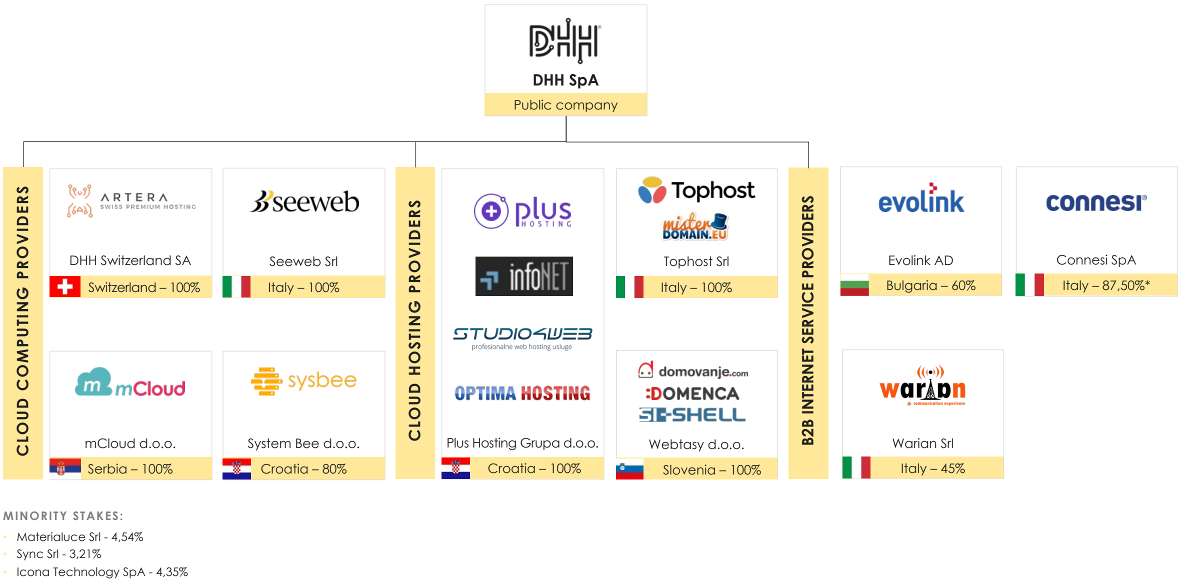
Source: DHH management accounts (unaudited). (*) Value of equity investment recorded in DHH S.p.A., except Seeweb whose value is the one estimated in the RTO; (**) Multiples used are the market multiples of DHH SpA calculated on 2023 figures

Such healthy positive returns have been achieved thanks to a careful approach based on:

- Proposing a fair valuation for the acquisition, not over-paying the target companies;
- Structuring a deal where the entrepreneurs have strong incentives to stay in the company after the acquisition with the goal of growing the main business KPIs: Revenue, EBITDA, Net Profit, FCF;
- Cleaning-up the companies from the costs not connected to the core business, which are a constant in the world of SMEs;
- Implementing a tight and effective control management system in acquired companies, so to improve the budgeting and planning process.

The result of the above-mentioned M&A activity is that as of today DHH Group can be viewed as an **ecosystem comprised of independent entities** (13 entities, out of which 9 operating companies directly consolidated on a line-by-line basis, one not consolidated and three minority stakes) unified by a shared theme that empowers tech entrepreneurs to innovate, exchange best practices, and expand within a collective of individuals with similar ideologies. In this scenario, DHH SpA act as holding company, providing broad business and administrative support to its portfolio companies and ensuring seamless operations / strategic guidance.

DHH: Group Structure



Source: DHH

DHH Subsidiaries: Market Positioning

Market positioning	PaaS	IaaS	Internet Access	DC & Networking
Seeweb	++	+++	-	+++
Tophost (*)	+++	-	-	-
Webtasy	+++	-	-	-
Plus Hosting Grupa	+++	-	-	-
System Bee	+++	++	-	+
DHH Switzerland	+++	++	-	+
mCloud	+++	+++	-	+
Evolink	+	+++	+++	+++
Connesi	+	++	+++	++
Warian (**)	+	++	+++	++

Source: DHH, (*) incl. in Misterdomain, (**) Not consolidated in DHH group figures

As far as future M&A is concerned, we expect DHH to keep focusing on:

- Consolidating existing markets by making add-on acquisitions to grow market share;
- Tapping into contiguous market segments, i.e., the "premium" B2B infrastructure-based ISP one, with the goal to leverage on network infrastructure assets to generate upselling revenues synergies.

DHH: M&A criteria

Criteria	1. Expansion	2. Consolidation	3. Start-ups
Objective	Entering in new geographies, or expanding into contiguous market segments by acquiring growing and cash generating companies	Increasing market share in the current company's reference market, acquiring small to mid-sized companies	Investing at least €1mn in worldwide innovative start-ups with appealing ideas
Stage of development	Cash generating companies with low leverage / Companies with an existing infrastructure network	Companies with an existing customer base and distribution network	Team and product with proven traction
Acquisition strategy	Initially cash purchase of 51%-60% of equity with the option to buy the remaining stake via cash or equity	Asset acquisition without retaining the management	Initial minority stakes with contingent call options
Deal size	**€2mn-€20mn**	**€0.5mn-€2mn**	**<€0.5mn**

Source: DHH

DHH: Brands currently managed

Brand	Brief description
evolink	One of the largest "Infrastructure-as-a- Service" (IaaS) providers in Bulgaria. Offers Ethernet connectivity, datacenter, cloud services to corporate customers and Telecom operators.
seeweb MONDOSERVER IT	Cloud computing company which offers SaaS, IaaS and PaaS services, as well as a wide range of additional IT services such as shared hosting, dedicated servers, housing and colocation, relying on six physical datacenters and a proprietary fiber optic network. In April'21 Seeweb acquired Mondo Server to strengthen its presence in the southern Italy.
Tophost	Leading Italian player for entry level solutions to more than 46,000 customers, still keeping the status of the lowest-cost web hosting provider in Italy.
domovanje.com :DOMENCA SI-SHELL	The Group has leading position in the Slovenian market (with around 27,000 customers and 31% market share). Domenca is a domain registration provider, while Domovanje and Si-Shell are mostly involved int the cloud computing field. High-end products like WordPress and hybrid hosting were launched on the market in FY19.
OPTIMA HOSTING STUDIO4WEB infoNET plus HOSTING	Largest hosting provider in Croatia, with 23% market share and ca. 20,000 customers, more than doubled in three years. Three proprietary brands providing a broad array of services, from low-cost hosting to managed hosting addressed to high end customers.
mCloud cloud hosting services domovanje.com	The two brands active in Serbia, Plus hosting and mCloud, target different customers in order to meet several needs, i.e. Revenue per user of mCloud (a cloud computing provider) is on average 7x than that recorded by Plus. They count ca. 6,300 active customers, and ca. 7% market share.
ARTERA SWISS PREMIUM HOSTING	Italian/Swiss brand providing high-end services such premium hosting, cloud services and application support designed to meet not only needs of companies and web professional, but also of important portals and e-commerce projects.
sysbee	Sysbee is engaged in the business of web hosting and IT solutions, made up of a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to small and medium-sized enterprises. It currently counts ca. 50 active clients.
connesi ATICon INTERNET E SERVIZI	Connesi is an independent provider in the field of Internet Access (via optical fiber - both owned and leased - and fixed wireless network), VOIP, and Cloud Computing, active mainly in Umbria and also present in other Italian regions (e.g., Tuscany and Marche). Aticon is a company fully controlled by Connesi and is focused on the premium B2B market in supporto of Connesi.
warian	Owned by Seeweb for 45%, Warian is a B2B Internet Service Provider (ISP) that offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. Warian is consolidated in DHH's financial statements with equity method.

Source: Value Track Analysis

4 - Skilled Top Mgmt. with skin in the game

DHH's top management includes highly skilled professionals, and many of them have "skin in the game". Indeed, the co-founders are controlling more than 40% of share capital.

Top Management: Structure & Powers

DHH's top management includes:

- **Antonio Domenico Baldassarra – Chief Executive Officer.** Founder of Seeweb and co-founder of DHH, he trusts more than 25 years' experience in Electronics, Telecommunications and Computer Science.
  He has proven track record in the development of start-ups and nascent companies operating in the world of Internet and Cloud Computing trough business angel activities and industrial relationship.
- **Giandomenico (Nico) Sica – Executive Chairman**. Co-founder of DHH, he also is the founder of Grafoventures, his holding focused on IT industry SMBs.
  His venture activity has led to six successful listings on the Stock Exchange from five investments. Nico has also acted as adjunct professor at institutions including Bocconi University, Polytechnic of Milan, and Domus Academy.
  He holds a cum laude Philosophy degree from the University of Milan, earned in 2003.
- **Tamara Arduini – Chief Financial Officer.** With over two decades of experience in accounting administration and finance, she previously served as the CFO of Seeweb.
  She was also an early director of DHH Spa, contributing significantly during the company's start-up phase in 2015. Additionally, she possesses a deep understanding of processes for information security holdings, reinforced by her lead auditor certification.
  She further honed her leadership skills by attending the SDA Bocconi Director's program.
- **Matija Jekovec – Chief Operating Officer.** Co-founder of Klaro in 2003, beginning as a developer before transitioning into an R&D managerial role.
  Through his technical career, he acquired an intimate knowledge of development, software architecture, implementation and system administration.
  His background is in Computer Science, and he is still maintaining an active involvement in Slovenia's developer community.

We'll see in a while that **co-founders controlling more than 40% of share capital are directly committed in DHH Group business dynamics.**

Shareholders Structure

DHH shareholders' base stands predominantly controlled by three main individuals, who collectively own more than ½ of the company's share capital:

- Mr. Antonio Domenico Baldassarra (Chief Executive Officer), representing the majority shareholder of DHH, directly holds approximately 34.80% of the Group's share capital;
- Mr. Enrico Vona's heirs, owning about 33.46% stake;
- Mr. Giandomenico Sica (Executive Chairman), with a 5.47% stake.

Further, around 2.06% of the shares are held as treasury stocks, while the free float stands at ~24.20%.

In addition, we underline that back on May 22, 2022, the Board of Directors approved the allocation of options under the "Piano Stock Option DHH 2022 – 2025," totaling a maximum of 1.1 million options, specifically targeted at key personnel within DHH.

These options grant the right to subscribe a maximum of 506,000 shares, in case the weighted average share price reaches €25.37 or higher.

DHH: Shareholders Structure

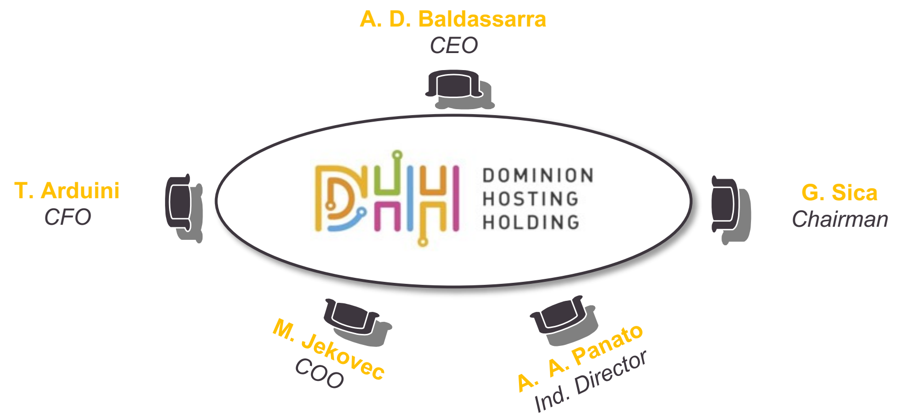
Shareholder	Nosh	As %
Antonio Domenico Baldassarra	1,702,759	*34.80%*
Enrico Vona's heirs	1,637,251	*33.46%*
Giandomenico Sica	267,614	*5.47%*
Treasury shares	100,957	*2.06%*
Market	1,184,191	*24.20%*
Total	**4,892,772**	***100.00%***

Source: DHH, Value Track Analysis

In addition to the top management, DHH's Board of Directors includes either:

- **Andrea Arrigo Panato – Independent Director.** With 25+ yrs of experience in tax and corporate consulting, he specializes in business valuations, finance operations, and corporate recovery.
  He lectures at Ca' Foscari School's RIAF Master's programme and in a postgraduate school allied with Bocconi University.
  He is also a member of scientific committees and author of some articles on finance & strategy and supports startups and investors in the innovation sector.

DHH: BoD Structure



Source: DHH

5 - Highly responsible ESG approach

DHH approach to ESG themes has a clear focus on totally abating the environmental impact of its operations (especially those more energy consuming such as data centers). At the same time, DHH underscores a deep-seated commitment to not only environmental preservation but also to social responsibility and governance, establishing these pillars as foundational to their long-term sustainability goals.

DHH's sustainability strategy is firmly rooted in integrating responsible practices across every level of the organization, from daily operational management to executive decision-making.

This approach underscores a deep-seated commitment to not only environmental preservation but also to social responsibility and governance, establishing these pillars as foundational to their long-term sustainability goals.

Sustainable initiatives in emissions savings

The ICT sector's primary greenhouse gas (GHG) emissions sources are pinpointed as data centers, manufacturing processes, and the disposal of electronic devices, which are classified into three groups:

i) direct emissions from owned sources;

ii) indirect emissions from purchased electricity, and;

iii) other indirect emissions related to the supply chain and product usage.

Recognizing the significant impact of power consumption in data centers, DHH Group is dedicated to totally abating the industry's carbon footprint by:

- Transitioning to renewable energy sources;
- Recycling water for cooling purposes thus abating consumption;
- Adopting the DNSH (Do Not Significant Harm) policy;
- Enhancing operational energy efficiency;
- Promoting responsible disposal methods for end-of-life equipment.

Through its subsidiaries, Connesi and Seeweb, DHH Group has launched several initiatives to minimize environmental impacts and cut emissions. Notable efforts include:

- Seeweb's commitment to powering its server farms entirely with renewable energy, aiming for climate neutrality by 2030 as part of the CISPE and the Neutral Datacenter Pact. This includes optimizing data center efficiency and intelligently reusing resources;
- In 2023, Connesi and Seeweb made significant sustainability investments. Connesi installed heat pumps and a photovoltaic system at a cost of €56,000, whereas Seeweb invested around €1 million to boost data center efficiency and environmental performance, achieving a Power Usage Effectiveness (PUE) of less than 1.20;
- Seeweb has also set ambitious targets to significantly reduce its Global Warming Potential (GWP), striving for a GWP of less than 10 within five years;
- The Group is actively engaged in climate change adaptation measures, including the certification of internal management systems, strategic emergency planning, and the introduction of insurance products designed to support climate resilience;
- Additionally, Connesi is in the process of transitioning its vehicle fleet to electric models.

Challenges to face

As far as challenges to face we would identify the following: 1) Competitive scenario crowded with tech giants and large local players; 2) Italian stock market, i.e., possibility to raise money at high valuation.

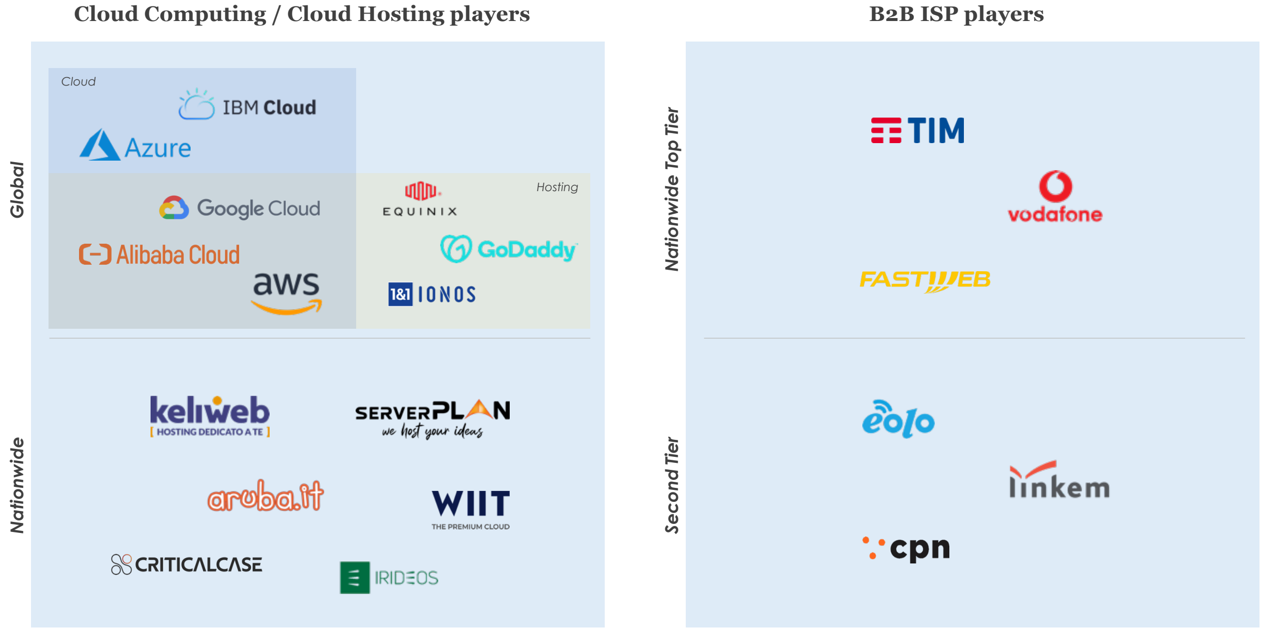
Competitive scenario crowded with tech giants and large local players

Competition is definitively one of the biggest challenges to face.

Indeed, the global market of cloud computing is dominated by very well-known tech players, i.e., *AWS, Microsoft Azure, Alibaba Cloud, IBM Cloud, Google Cloud, Go Daddy* and more.

On the contrary, the market of B2B internet service provider is dominated by nationwide Top tier players such as *TIM, Vodafone, Fastweb, Wind.*

DHH: Competitive landscape in the cloud computing and hosting business



Source: DHH, Value Track Analysis

As an effect of the intense market competition, we notice some price pressure on the least innovative and commoditized segments in which DHH operates, such as domain hosting.

However, despite the presence of the Big Tech DHH has a strong position in its core markets for the following reasons:

- **Price effectiveness** – Thanks to the choice to act as an infrastructure-based player (high capital invested), DHH has higher industrial margins vs. its competitors and can thus offer very competitive pricing to its clients;
- **Flexibility and customization** – DHH is much more flexible than Tech Giants and can offer tailored services to its clients rather than the Off-the-Shelf solutions offered by larger competitors;

- **Wide and top-quality offer portfolio** – Thanks to the various entities belonging to DHH Group, clients can access an extremely wide range of products / solutions;
- **Local presence** – While geographical barriers are not a problem, linguistic ones on the contrary are an opportunity for DHH that can be perceived as closer and more helpful to its clients. Noteworthy, IT is a sector where information asymmetries are still wide, and a local "touch" is paramount to offer a better service (this is particularly true in non-English speaking countries).

Italian stock market, i.e., possibility to raise money at high valuation

Tech companies need fresh money to accelerate at maximum their growth, both organic and M&A one.

DHH is not in the best position to do so due to the features of Italian EGM stock market, where it is listed. Indeed, the EGM stock market is characterized by relatively lower liquidity and a smaller investor base compared to global markets, thus influencing the valuation levels attainable by companies seeking to raise capital (often resulting in lower-than-desired valuations).

In confronting these challenges, DHH is pursuing strategies such as:

- **Strategic communication** – Implementing a robust communication strategy that effectively conveys DHH's growth prospects, technological innovations, and market potential to investors;
- **Investor engagement** – Actively engaging with both current and potential investors to build confidence and understanding of DHH's strategic vision and operational strengths;
- **Market positioning** – Highlighting the Group's unique value propositions and competitive advantages within the IT sector to differentiate it from competitors and to underscore its potential for sustained growth and profitability.

At the same time, we have to note that DHH is a steady cash generator so every year there is additional money generated to be deployed in organic and M&A growth projects.

Financials

DHH boasts several notable economic features such as: (i) high scalability; (ii) extremely high incidence of recurring revenues; (iii) strong client retention; (iv) healthy operating profitability; (v) strong cash flow generation.

Among the most notable economic and financial features of the DHH business model, we highlight:

- **Easily scalable business** – Cloud services, along with other products offered by the company, enable revenue growth to be expanded while keeping operational cost increases to a minimum. Most of these services are recurring, provided on a one-to-many basis, with customers charged in advance for their subscriptions;
- **High incidence of recurring revenues** – The majority of DHH's solutions are offered on a subscription basis, involving recurring payments (monthly or annual fees), which leads to a more predictable revenue stream. Currently, recurring revenue accounts for 94% of the total, with nearly all solutions featuring automatic renewals;
- **Strong client retention with long revenue periods** – The Group exhibits an extremely low churn rate, resulting in a high customer retention rate of 90%. Indeed, customers tend to stay with DHH for years, beyond the original contract duration, as result of the extremely low churn rate which by nature features DHH's products;
- **Strong cash flow generation** – As a result of the paid in advance As-a-Service business model.

FY23 Results

Key messages we get from FY23 results are the following:

- **Value of Production up, ca. +16.9% y/y**, thanks to 8% organic growth and the full effect of the consolidation of Connesi (acquired post-1H22);
- **Adj. EBITDA up +27.7% y/y**, with Adj. EBITDA Margin in excess of 33%, up some 280bps y/y;
- **Adjusted EBIT up ca. +23.9% y/y**, impacted by ca. €900k higher D&A charges mainly related to IFRS16 accounting of IRUs (~€3mn);
- **OpFCF b.t.** (defined as Adj. EBITDA – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) **at ca. €5.8mn**, i.e. ca 51% of Adj. EBITDA, negatively burdened by higher capex but positively affected by working capital management;
- **Net Debt at ca. €6.5mn**, well under control (Net Debt / EBITDA Adj. at ca. 0.6x as of the end of Dec' 2023), despite ca. €6.2mn Capex. **OpFCF b.t. / EBITDA Adj.** stands at **~50%**.

DHH: 2022 – 2023 Key Financial Items

(€mn)	2022	2023A	y/y (%)	2023E	Chg. (%)
Value of Production	29.6	34.6	16.9%	35.8	-3.4%
Adj. EBITDA (*)	9.0	11.5	27.7%	11.3	2.0%
Adj. EBIT (*)	4.8	6.0	23.9%	6.0	0.4%
Adj. Net Profit (*)	2.6	3.3	28.0%	3.4	-1.9%
Net Fin. Position [Net debt (-) / Cash (+)]	**-6.0**	**-6.5**	**-0.5**	**-7.0**	**0.4**

Source: DHH, Value Track analysis, (*) Gross of Stock Option Plan charge and of any other extraordinary costs

VoP up +17% y/y l-f-l, slightly below our expectation

Value of Production came in at €34.6mn, with a 16.9% y/y growth rate (+8% organic growth + Connesi full year consolidation effect).

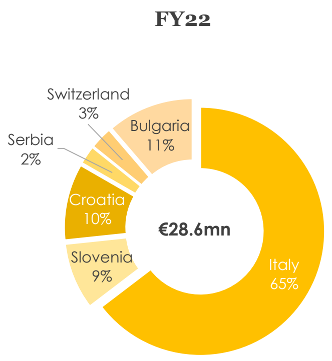
We highlight a very good performance in Italy, Slovenia, Bulgaria and Croatia, +24.2%, +15.1%, +9.5% and +7.7% respectively y/y, led by double digit growth in Connesi, Seeweb, Tophost and Webtasy. In terms of breakdown by segment, it's worthy to note the good diversification across PaaS, IaaS, Internet Access, and other services.

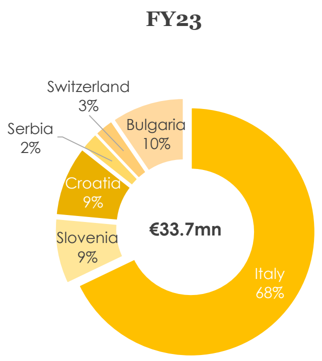
DHH Group: Revenues from Sales by segment FY22 – FY23

(€mn)	2022	2023	y/y (%)
Iaas	11.7	12.9	10.0%
Paas	7.2	7.9	9.5%
SaaS	0.5	0.6	34.7%
Internet Access	4.6	7.3	57.7%
Datacenter & Networking	2.8	3.2	12.4%
Managed Services	0.7	0.8	14.6%
Other	1.1	1.0	-7.8%
Total Revenues from Sales	**28.6**	**33.7**	**17.7%**

Source: Company figures, Value Track Analysis

DHH Group: FY22 – FY23 Net Sales by geography (%)





Source: DHH, Value Track Analysis

EBITDA Adj. Margin up by ca. 280bps at ~33%

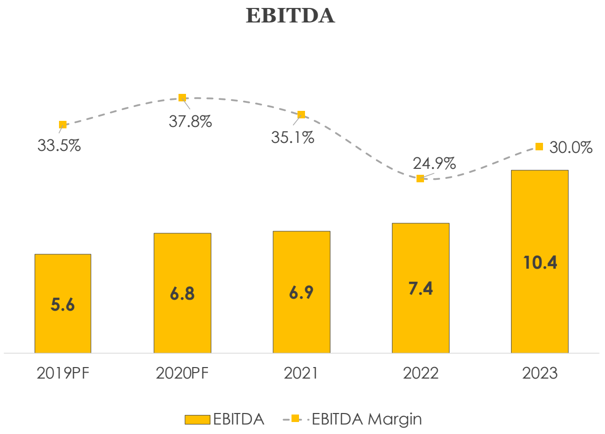
Adjusted EBITDA was up a more than proportional +27.7% y/y at €11.5mn (EBITDA Adj. Margin over 33%), thanks to tight cost control (to note that energy costs have not recorded an increase y/y).

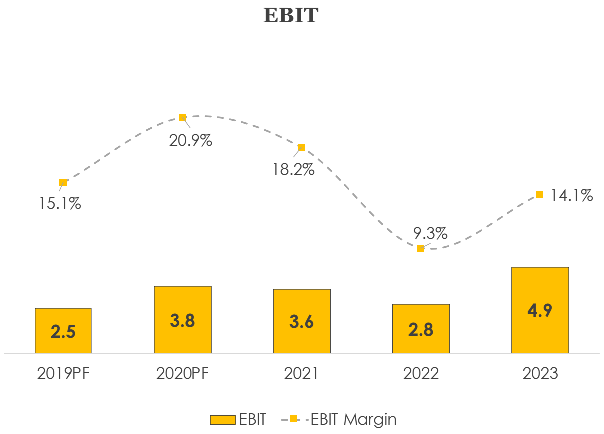
We underline that FY23 Reported EBITDA (€10.4mn, +40.9% y/y) has been affected by €1.1mn non-recurring and non-monetary charge related to the 2022-25 Stock Option plan.

Reported EBIT stood at €4.9mn (+77.2% y/y) after the above-mentioned stock option charges and higher D&A charges (at ca. €5.5mn compared to €4.6mn of FY22). Adjusted for one-off items, EBIT stood at €6.0mn (+23.9% y/y).

Net Profit stood at €2.2mn (Net Profit Adj. at ~€3.3mn, +28.0% y/y), ca. 3x vs FY22.

DHH Group: EBITDA and EBIT Evolution (€mn)





Source: DHH, Value Track Analysis

DHH: Income Statement 2022 – 2023

(€mn)	2022	2023	y/y (%)
Revenue from Sales	**28.6**	**33.7**	**17.7%**
Other Revenues	1.0 (*)	1.0	-5.9%
Total Revenues	**29.6**	**34.6**	**16.9%**
Raw Materials & Consumables	-1.8	-2.0	9.7%
Cost of Services	-14.2	-14.8	4.5%
Gross Profit	**13.6**	**17.8**	**30.7%**
Labour costs	-5.6	-6.6	17.1%
Other Costs	-0.6	-0.8	32.6%
Reported EBITDA	**7.4**	**10.4**	**40.9%**
EBITDA Margin (%)	*24.9%*	*30.0%*	*+512bps*
D&A	-4.6	-5.5	19.3%
Reported EBIT	**2.8**	**4.9**	**77.2%**
EBIT Margin (%)	*9.3%*	*14.1%*	*+480bps*
Net Financial Charges	-0.4	-0.8	84.9%
Taxes	-1.5	-1.9	27.4%
Minorities	-0.1	0.0	-86.5%
Net Profit	**0.7**	**2.2**	**197.5%**
Adj. EBITDA	**9.0**	**11.5**	**27.7%**
Adj. EBITDA margin (%)	*30.4%*	*33.2%*	+281bps
Adj. EBIT	**4.8**	**6.0**	**23.9%**
Adj. EBIT margin (%)	*16.3%*	*17.3%*	+98bps
Adj. Net Profit	**2.6**	**3.3**	**28.0%**

Source: Company figures, Value Track Analysis, (*) Mainly referred to government grants for energy costs

Balance Sheet / Cash Flow Statement

As for the Balance Sheet / Cash Flow Statement, we note:

- Tangible and intangible investments (included RoU) stood at €6.2mn in FY23 vs. €2.5mn in FY22 (as 17.8% and 8.6% of VoP, respectively), up y/y mainly due to Seeweb and Connesi needs, somewhat one-off (photovoltaics, data centre equipment and fibre optics' excavation);
- Working Capital at €-3.1mn (-8.9% of VoP, same as FY22), as result of an y/y decrease of about €0.6mn in trade receivables and about €0.1mn in trade payables;

As a result, OpFCF b.t. (defined as EBITDA Adj. – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) stood at 50.8% of the EBITDA Adj., still highlighting the strong cash generation capabilities of the DHH business model granted by recurring revenues, despite a high grade of Capex.

As far as the Net Debt Position is concerned, it stood at €6.5mn (vs €5.6mn and €6.0mn recorded in 1H23 and FY22, resp.), also driven by: €2.8mn cash out for the purchase of minority stakes in Connesi; €700k cash out for the acquisition of Misterdomain; €4.0mn IFRS16 Lease debts (vs FY22 at €4.3mn), mainly due to the impact of fundings in infrastructures.

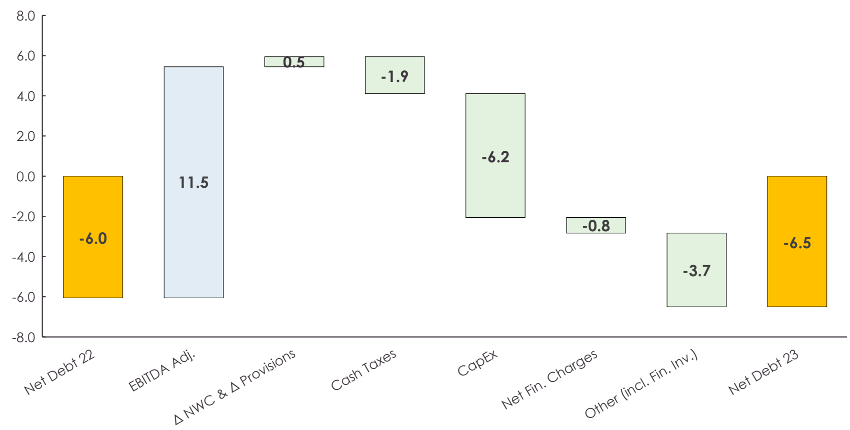
Worthy to note, DHH hold cash on hands for €10.4mn, to be likely devoted to further future M&A deals.

DHH Group: Balance Sheet FY22 – 1H23 – FY23

(€mn)	2022	1H23	2023
Net Working Capital	**-2.6**	**-4.1**	**-3.1**
Inventories	0.4	0.4	0.5
Total Receivables	7.0	6.3	6.4
Total Payables	-10.1	-10.8	-10.0
Net Fixed Assets	**35.1**	**37.0**	**35.7**
Goodwill	10.5	11.1	10.4
Tangibles & Intangibles (ex-Goodwill)	21.3	22.3	22.1
Other Assets	3.5	3.5	3.2
Provisions	**2.4**	**2.4**	**2.4**
Total Capital Employed	**30.2**	**30.5**	**30.2**
Group Net Equity	**24.1**	**24.9**	**23.7**
Net Financial Position [Net debt (-) / Cash (+)]	**-6.0**	**-5.6**	**-6.5**

Source: Company figures, Value Track Analysis

DHH: Bridge Cash Flow FY23



Source: Value Track Analysis

2024E-26E forecasts

The power of M&A boosts organic growth

As already highlighted, DHH has finalized close to 20 M&A deals since its foundation and invested roughly €45mn (€31mn in shares and the remaining in cash) creating a group that has generated €11.5mn Adjusted EBITDA in 2023E, with a 2023 year-end Net Debt at ca. €6.5mn.

Overall, DHH has grown up by investing at ca. 4.5x EV/EBITDA.

Thanks to the combination of such a well-crafted buy and build M&A strategy and of organic growth, DHH has been recording impressive growth rates so far. Indeed, looking at 2018-23 years, we calculate Value of Production and Adj. EBITDA up at 40.6% and 68.8% CAGR respectively, with organic growth rates in the 10% region and the remaining being added by M&A.

As far as **2024E-26E forecasts** are concerned, our main assumptions are:

- **Top Line organic growth rate** remaining at **10% per annum**, with EBITDA margin steadily in the 32%-34% range, and €5mn average Free Cash Flow generation per annum. If we consider that DHH currently boasts some €10mn cash on hands, this means a total €25mn war chest to be utilized for M&A without the need to draw new financing lines;
- **M&A deals aimed at doubling the Top Line organic growth rate**. This means some €12mn-€13mn revenues to be acquired and ca. €2mn additional EBITDA before "synergies optimization". In order to achieve such results, we estimate some €12.6mn M&A cash out i.e., 7.0x-4.8x EV/EBITDA FY1-FY2 acquisition multiple respectively.

2024E-26E forecasts at a glance

As a result, our 2024E -26E forecasts adding organic growth and M&A can be summarized as follows:

- **Value of Production** growing at ca. **20% CAGR** i.e., close to the €60mn threshold in 2026E;
- **EBITDA and EBIT Margins** slightly impacted (ca. 200-300 bps) by the lower initial profitability of acquired companies, remaining respectively at 30%-31.0% and 19%-20% level in the period;
- **EBITDA and EBIT** in absolute level getting close to €18mn and €11mn respectively in 2026E;
- **Capex** at ca. 13% of VoP, mostly due to Connesi and Seeweb IRU needs;
- **Working Capital** always favourably evolving, as a result of the paid in advance As-a-Service business model;
- **Cash conversion** (EBITDA / $OpFCF_{b.t.}$ ratio with $OpFCF_{b.t.}$ defined as EBITDA –Capex ± ΔNWC ± Δ Provisions) on average at 60% over the next three years;
- **Net Debt Position** always remaining in the €2mn-€3mn as the excess cash generated is assumed to be constantly invested in M&A.

DHH: 2023A-26E financials at a glance

(€mn)	2023A (*)	2024E	2025E	2026E
Value of Production	34.6	39.7	49.6	59.2
EBITDA	**11.5**	**12.6**	**15.6**	**18.0**
EBITDA Margin (% of VoP)	33.2%	31.8%	31.4%	30.4%
EBIT	6.0	7.3	9.7	11.0
Net Profit	3.3	4.1	5.7	6.6
OpFCF b.t.	**5.6**	**7.4**	**9.8**	**10.6**
As % of EBITDA	48.3%	58.9%	62.8%	58.9%
Financial Investments	-3.4	0.0	-6.3	-6.3
Net Fin. Pos. [Net debt (-) / Cash (+)]	**-6.5**	**-2.3**	**-2.8**	**-2.9**

Source: DHH, Value Track Analysis (*) EBITDA, EBIT, Net Profit adjusted for Stock Option charge

DHH Group: 2023A – 2026E P&L

(€mn)	2023	2024E	2025E	2026E
Value of Production	**34.6**	**39.7**	**49.6**	**59.2**
COGS	-17.6	-19.5	-24.6	-29.9
Labour costs	-6.6	-7.5	-9.4	-11.2
EBITDA	**10.4**	**12.6**	**15.6**	**18.0**
EBITDA Margin (%)	*30.0%*	*31.8%*	*31.4%*	*30.4%*
Depreciation & Amortization	-5.5	-5.3	-5.9	-6.9
EBIT	**4.9**	**7.3**	**9.7**	**11.0**
EBIT Margin (%)	*14.1%*	*18.4%*	*19.6%*	*18.7%*
Net Fin. Charges	-0.8	-1.0	-0.9	-0.8
Non-Operating Items	0.0	0.0	0.0	0.0
Pre-tax Profit	**4.1**	**6.3**	**8.8**	**10.2**
Tax	-1.9	-2.2	-3.1	-3.6
Reported Net Profit	**2.2**	**4.1**	**5.7**	**6.6**
Adj. EBITDA	**11.5**	**12.6**	**15.6**	**18.0**
Adj. EBIT	**6.0**	**7.3**	**9.7**	**11.0**
Adj. Net Profit	**3.3**	**4.1**	**5.7**	**6.6**

Source: DHH, Value Track Analysis

DHH Group: 2023A – 2026E Balance Sheet

(€mn)	2023	2024E	2025E	2026E
Net Fixed Assets	35.7	35.4	42.3	49.8
Net Working Capital	-3.1	-3.9	-4.5	-5.2
Severance Pay and Other Funds	2.4	2.4	2.5	2.5
Total Capital Employed	**30.2**	**29.1**	**35.3**	**42.1**
Group Net Equity	**23.7**	**26.8**	**32.5**	**39.2**
Net Fin. Position	**-6.5**	**-2.3**	**-2.8**	**-2.9**

Source: DHH, Value Track Analysis

DHH Group: 2023A – 2026E Cash Flow Statement

(€mn)	2023	2024E	2025E	2026E
EBITDA	**11.5**(*)	**12.6**	**15.6**	**18.0**
WC needs / Change in provisions	0.2	-0.2	0.6	0.8
Capex (inc. RoU)	-6.2	-5.0	-6.4	-8.1
OpFCF b.t.	**5.6**	**7.4**	**9.8**	**10.6**
As % of EBITDA	48%	59%	63%	59%
Cash Taxes	-1.9	-2.2	-3.1	-3.6
Financial Investments / Other	-3.4	0.0	-6.3	-6.3
Net Financial charges	-0.8	-1.0	-0.9	-0.8
Dividends paid	0.0	0.0	0.0	0.0
Change in Net Fin. Position	**-0.5**	**4.3**	**-0.5**	**-0.1**

Source: DHH, Value Track Analysis (*) Adjusted

Valuation

Based on the outstanding number of shares, we set DHH fair value per share at €22.6, as simple average of: i) DCF model (€23.0); ii) Peers' analysis (€22.1).

Based on the outstanding number of shares, we set DHH fair value per share at €22.6, as simple average of: i) DCF model (€23.0); ii) Peers' analysis (€22.1).

We note that if DHH should achieve such fair value, the stock option plan currently in place would imply the issue of some 80k new shares, with a dilution effect worth some €0.4 per share and a "fully diluted" fair value at ca. €22.2 per share.

At fair value DHH would trade at 8.8x, 15.3x, 27.0x EV/EBITDA, EV/ EBIT and P/E 2024E respectively.

Peers' Analysis

Based on 2024E financial forecasts, and considering the median EV/EBITDA, EV/EBIT and P/E of peers, i.e., companies operating in the cloud & internet access space meanwhile exposed to local / world-wide capital markets, we calculate that at current market price DHH is trading at ca. 34% discount.

Even if such discount vs. peers has shrink a bit in the latest quarters, we view it as possibly further reducing in the future due to:

- Strong revenue visibility – Subscription business model featured by 94% recurring revenues;
- Best-in-class profitability – EBITDA margin over 30%;
- Sound EBITDA cash conversion, benefitting from being paid spot and then delivering its solutions in a subsequent stage;
- M&A value-creation capabilities, generating an average total ROI close to 140%.

Assuming DHH to trade in line with peers would lead to **€22.1** fair equity valuation p/s.

DHH: Peers' stock trading multiples

Company	EV / EBITDA (x)		EV / EBIT (x)		P/E (x)	
	2024E	2025E	2024E	2025E	2024E	2025E
WIIT	12.5	10.9	25.7	20.2	28.7	22.0
Unidata	5.5	4.6	8.1	6.9	8.5	7.5
Intred	7.9	6.8	17.2	14.8	25.5	22.7
Peer's Italian - Average	**8.6**	**7.5**	**17.0**	**14.0**	**20.9**	**17.4**
Beeks Financial Cloud	10.2	7.5	26.1	18.0	nm	nm
IONOS	8.7	7.2	12.2	9.9	17.8	14.1
Gigas Hosting	8.0	nm	nm	nm	nm	nm
OVH	7.0	6.0	nm	nm	nm	nm
Go Daddy	15.3	13.2	23.7	20.1	25.8	20.0
Gamma Communications PLC	9.4	8.3	12.2	10.6	19.2	17.4
Peer's International - Average	**9.8**	**8.4**	**18.5**	**14.6**	**20.9**	**17.2**
Total Average Peers	**9.4**	**8.1**	**17.9**	**14.4**	**20.9**	**17.3**
Total Median Peers	**8.7**	**7.4**	**17.2**	**14.8**	**22.4**	**18.7**
DHH @ market price	**5.7**	**4.6**	**9.8**	**7.4**	**17.3**	**12.4**
DHH discount vs Average	*-39%*	*-43%*	*-45%*	*-48%*	*-17%*	*-28%*
DHH discount vs Median	*-34%*	*-37%*	*-43%*	*-50%*	*-23%*	*-34%*

Source: Market Consensus, Value Track Analysis

Discounted Cash Flow Model

Our DCF model is based on a "target" capital structure with, Net Debt at 30% of the Capital Invested.

Expanded CAPM based WACC stands at ca. 8.7%. The detailed calculation is based on the following assumptions:

- 2.0% Risk-free rate, 1.1x unlevered beta (weighted average of internet and system & application sectors), 5.62% Italian ERP and additional 1.5% small-cap market risk premium;
- Explicit financial statements projections from 2024E up to 2031E and Terminal Value at 2031E, obtained applying a 2% Perpetuity Growth Rate (PGR).

The result of the DCF model is **€ 23.0** fair value per share.

DHH: DCF Model

€mn	
PV of future cash flows 2024E-2031E	42.4
PV of Terminal value	75.4
Fair Enterprise value	**117.8**
Implied EV/ Adj.EBITDA 24E (x)	9.3x
Net Fin. Position 2023E	**-6.5**
Minorities (net of related debt)	-1.6
Peripheral assets	3.1
Fair Equity value	**112.8**
Shs. (mn) – net of Treasury shares	4.9
Fair Equity value per share (€)	**23.0**

Source: Value Track Analysis

DHH: Multiples analysis at various prices

DHH share price (€)	EV/EBITDA		EV/EBIT		P/E	
	2024E	2025E	2024E	2025E	2024E	2025E
€ 14.5	5.7	4.6	9.8	7.4	17.3	12.4
€ 15.5	6.1	5.0	10.5	7.9	18.5	13.2
€ 16.5	6.5	5.3	11.2	8.4	19.7	14.1
€ 17.5	6.9	5.6	11.8	8.9	20.9	14.9
€ 18.5	7.2	5.9	12.5	9.4	22.1	15.8
€ 19.5	7.6	6.2	13.2	9.9	23.3	16.7
€ 20.5	8.0	6.5	13.9	10.5	24.5	17.5
€ 21.5	8.4	6.8	14.5	11.0	25.7	18.4
€ 22.6	**8.8**	**7.2**	**15.3**	**11.5**	**27.0**	**19.3**

Source: Value Track Analysis

Appendix 1: Historical Milestones

DHH grew rapidly by completing **18 M&A transactions** with local web hosting, cloud computing and ISP companies and supporting them in operating and developing the business.

Thus, DHH current business profile is the result of some very important deals and successful operations occurred since its foundation:

- **2015** – Acquisition of: i) Klaro, a Slovenian web agency controlling Domenca, Domovanje, Plus HR and Plus RS; ii) Tophost, leading low-cost Italian web hosting player;
- **2016** – Successful IPO on EGM stock market, raising €4.2m proceeds and acquisition of Infonet, Croatian company which fully owns Hosting IT, a young web hosting provider;
- **2017** – Acquisition of: i) the business branch of Studio4Web, low-cost web hosting in the Croatian market; ii) 60% stake of Bee Bee Web, a Swiss based web hosting company, owner of the brand Artera;
- **2018** – Establishment of System Bee, owner of the brand Sysbee, as a spin-off from DHH Croatia (now Plus Hosting Grupa) and acquisition of 62% stake of mCloud, a Serbian cloud computing provider fully dedicated to delivering advanced hosting services;
- **2019** – Acquisition of: i) 20% stake of DHH Switzerland from Sergio Ravera; ii) Si.Shell, one of the most important Slovenian providers with 1.800 active customers, and merger between mCloud and DHH Serbia
- **2020** – Approval of the merger with Seeweb, through a reverse takeover;
- **2021** (a) – Acquisition of: i) Optima Hosting, Croatian and Bosnian web hosting provider; ii) MondoServer, a cloud computing provider in the South of Italy, by Seeweb; iii) the remaining 38% stake of mCloud; iv) 60% stake of Evolink, one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria;
- **2021** (b) – Investment in the innovative start-up Errera Technology and business combination between Errera Technology, i.e., the special purpose vehicle co-promoted by DHH, and Icona, i.e., a scale-up focused on Augmented Reality for remote assistance, renames into Icona Technology and lists on the Vienna Stock Exchange;
- **2022** – Acquisition of: i) 69.15% stake of Connesi, independent provider in the field of B2B Internet Access, VOIP and Cloud Computing; ii) 45% of Warian, Italian Internet service provider (ISP) operating in the B2B sector with main focus on the wholesale market - the operation was carried out through Seeweb;
- **2023** – Acquisition of: i) Misterdomain, one of the historical players in the Italian web hosting market, by Tophost; ii) Hosterdam, a business unit of STORK R d.o.o. - a Slovenian shared hosting provider - by Webtasy; iii) minority stakes in Connesi.

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