

DHH S.p.A.

Sector: Cloud Computing / Internet Infrastructure

1H25: All-time-high VoP and >33% Margin

DHH S.p.A. aims to position itself as a relevant player in the evolution of global internet infrastructure through the integration of next-generation technology and artificial intelligence. Based in Europe, the company leverages open-source technologies to enhance digital connectivity across various industries and regions.

Corporate Development YTD

In recent months, DHH has executed three strategic moves: (i) the launch in March of a fully subscribed 2025–28 Warrant Programme, providing long-term capital flexibility; (ii) the acquisition in April of 60% of Teknonet, expanding the subscription-based ICT offering; (iii) the completion in July of the buyout of Evolink AD, securing full ownership of two proprietary data centers and a pan-EU backbone.

1H25 Results: +9% VoP and +11% EBITDA

1H25 interim results came fully in line with our estimates. We flag: (i) VoP reached €20.1mn (+9.3% y/y; +4% l-f-l ex-Teknonet), with softer Seeweb offset by Teknonet contribution and stronger Balkans (Evolink/Webtasy/Plus ~+8%); (ii) EBITDA ~€6.7mn (+10.9% y/y, +8% l-f-l) and Margin >33% (~+50bps), helped by lower purchases (-6% to €1.3mn) and EBIT ~€3.8mn (+10.0% y/y) despite ~€330k higher D&A/interest; (iii) OpFCF b.t. ~€4.3mn (~65% of EBITDA, while reported FCF from Operation stands at 100% of EBITDA) after €3.8mn capex and +€1.4mn ΔNWC, leading to FCF -€1.5mn (due to Teknonet) and Net Debt ~€4.7mn, with low leverage (~0.3x LTM EBITDA).

Estimates Unchanged

We leave our estimates unchanged and, for FY25E–27E, we expect: (i) VoP to reach €60.1mn (17.4% CAGR_{24A–27E}; ~9% organic + targeted M&A); (ii) EBITDA and EBIT Margins at ca. 30.6% and 17.5% by 2027E; (iii) ~€49mn cumulated EBITDA more than offsetting >€25mn cumulated capex and €13.0–13.5mn expected M&A cash out, driving Net Debt to ~€2.7mn by 2027E.

Cloud Infrastructure demand booming (... in the US so far)

Recent Cloud/AI-infra deals — CoreWeave-OpenAI, Nebius-Microsoft; Oracle-OpenAI, NVIDIA-Intel, Oracle-Meta, NVIDIA- OpenAI – point to contracted offtake, HW co-design and orchestration. Against this, DHH's stack – GPU Cloud Servers, serverless GPU on Kubernetes, 2024 NPU for inference, and Regolo.ai – is optimally positioned to benefit from future European demand take off.

Fair Value at €29.3 p/s (from €28.5)

We raise Fair Value p/s to €29.3 (vs. €28.5 in July), ~€155mn mkt. cap — as a simple avg. of unchanged DCF (€29.5) and higher SOTP/peers (€29.2) on sector re-rating.

At FV, DHH would trade at ~11.4x and ~9.2x EV/EBITDA 25E–26E.

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FAIR VALUE (€) **29.3**

MARKET PRICE (€) **23.9**

MARKET CAP.(€m) **125.2**

KEY FINANCIALS	FY24A	FY25E	FY26E
VALUE OF PRODUCTION	37.1	43.6	54.6
EBITDA	12.0	13.7	17.1
EBIT	6.8	8.2	10.0
NET PROFIT	3.6	4.5	5.6
EQUITY	28.2	32.9	38.5
NET FIN.POS.	-3.1	-5.7	-7.6
EPS	0.7	0.9	1.1
DPS	0.0	0.0	0.0

Source: DHH, ValueTrack Analysis

KEY RATIOS	FY24A	FY25E	FY26E
EBITDA MARGIN (%)	32.3	31.4	31.4
EBIT MARGIN (%)	18.3	18.8	18.2
NET MARGIN (%)	9.7	10.4	9.8
NET DEBT / EBITDA (x)	0.3	0.4	0.4
ROE (%)	13.1	14.1	14.8
EV/SALES (x)	3.3	2.9	2.4
EV/EBITDA (x)	10.2	9.4	7.6
EV/EBIT (x)	18.0	15.7	13.1
P/E (x)	32.3	27.7	22.5

Source: DHH, ValueTrack Analysis

STOCK DATA	
SHS.OUT (m)	5.2
MARKET CAP. (m)	125.2
ENTREPRISE VALUE (m)	128.3
FREE FLOAT (%)	24.2
AVG. -20D VOL ('000)	3,790
RIC/BBG	DHH.MI / DHH IM
52 WK MAX	27.00
52-WK MIN	19.20

Source: DHH, ValueTrack Analysis

Description

DHH S.p.A. is dedicated to reshaping internet infrastructure through the integration of next-generation technology and artificial intelligence. Based in Europe, the company leverages open-source technologies to enhance digital connectivity across various industries and regions. With a commitment to continuous research and open innovation, DHH aligns technological progress with stringent data privacy standards. This approach promotes technological excellence while safeguarding individual privacy, aiming to position the company as a relevant player in the evolution of global internet infrastructure.

Financial Highlights

€mn	FY24A	FY25E	FY26E	FY27E
Value of Production	37.1	43.6	54.6	60.1
y/y (%)	7.2%	17.4%	25.3%	10.1%
EBITDA	12.0	13.7	17.1	18.4
EBITDA Margin (%)	32.3%	31.4%	31.4%	30.6%
EBIT	6.8	8.2	10.0	10.5
EBIT Margin (%)	18.3%	18.8%	18.2%	17.5%
Net Profit	3.6	4.5	5.6	5.9
y/y (%)	63.2%	25.4%	23.2%	5.8%
Net Fin.Position [Net debt (-)/Cash(+)]	-3.1	-5.7	-7.6	-2.7
Net.Fin.Pos./EBITDA (x)	0.3	0.4	0.4	0.1
Capex	-6.8	-7.3	-8.3	-9.3
OpFCF b.t.	5.6	7.0	9.7	9.4
OpFCF b.t.as % of EBITDA	46.3%	50.9%	56.6%	51.3%

Source: DHH

Investment case

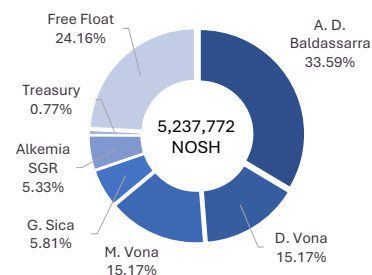
Strengths / Opportunities

- Excellent geographic footprint, market leader in Croatia and Slovenia
- Exposed to macro-trends such as AI hype and European Digital Reshoring
- 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

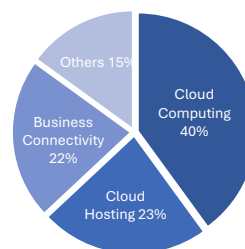
- Much lower size if compared to US tech giants
- Highly competitive market with several players

SHAREHOLDER STRUCTURE



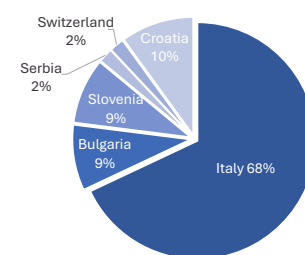
Source: DHH

FY24 SALES BREAKDOWN BY SERVICE



Source: DHH

FY24 SALES BREAKDOWN BY COUNTRY



Source: DHH

STOCK MULTIPLES @ FV (€29.3)	FY25E	FY26E
EV / SALES (x)	3.6	2.9
EV / EBITDA (x)	11.4	9.2
EV / EBIT (x)	19.1	15.9
EV / CAP.EMP. (x)	4.0	3.4
OpFCF Yield (%)	6.6	8.8
P / E Adj.(x)	33.9	27.5
P / BV (x)	4.8	4.1
Div. Yield.(%)	0.0	0.0

Source: Value Track

Corporate Developments YTD

Over the past few months, DHH has delivered three noteworthy corporate development moves:

1# Approval of a Warrant Programme (2025E-28E);

2# Acquisition of Teknonet;

3# Squeeze out of Evolink AD minorities.

1# Approval of a Warrant Programme (2025E-28E)

On March 29th, DHH approved the issuance of **up to 1,039,485 warrants** at €0.10 each, allocated to existing shareholders in the ratio of 1 warrant per every 5 shares held (record date: May 6, 2025). Each warrant grants the right to subscribe 1 ordinary share at €3.10, **exercisable from June 2027 through December 2028**, provided the Monthly Average Price exceeds the €26.00 strike threshold.

The number of shares to be received per warrant (Conversion Ratio) increases progressively with the underlying share price and is capped at a maximum price of €39.75. The formula is:

$$\frac{\text{Monthly Avg.Price} - \text{Strike Price}}{\text{Strike Price} - \text{Subscription Price}}$$

Depending on DHH's share performance, the number of shares to be issued and the capital raised could vary as shown below:

DHH Group: Warrant Plan 25E-28E

Monthly Avg. Price (€)	A	B	Conversion Ratio (A/B)	Warrants : Shares	Exercisable Shares	As a % of ToT	Capital Increase	Capital Increase Adj.	Impact on share cap. (%)
≤26.00	nm	22.9	nm	nm	nm	nm	nm	103,949	nm
27.00	1.0	22.9	0.044	22.90	45,392	7%	140,716	244,665	0.9%
28.00	2.0	22.9	0.087	11.45	90,785	15%	281,433	385,381	1.7%
29.00	3.0	22.9	0.131	7.63	136,177	22%	422,149	526,097	2.5%
30.00	4.0	22.9	0.175	5.73	181,569	29%	562,865	666,814	3.4%
31.00	5.0	22.9	0.218	4.58	226,962	36%	703,582	807,530	4.2%
32.00	6.0	22.9	0.262	3.82	272,354	44%	844,298	948,246	4.9%
33.00	7.0	22.9	0.306	3.27	317,747	51%	985,014	1,088,96	5.7%
34.00	8.0	22.9	0.349	2.86	363,139	58%	1,125,730	1,229,67	6.5%
35.00	9.0	22.9	0.393	2.54	408,531	66%	1,266,447	1,370,39	7.2%
36.00	10.0	22.9	0.437	2.29	453,924	73%	1,407,163	1,511,11	8.0%
37.00	11.0	22.9	0.480	2.08	499,316	80%	1,547,879	1,651,82	8.7%
38.00	12.0	22.9	0.524	1.91	544,708	87%	1,688,596	1,792,54	9.4%
39.00	13.0	22.9	0.568	1.76	590,101	95%	1,829,312	1,933,26	10.1%
39.75	13.8	22.9	0.600	1.67	623,691	100%	1,933,442	2,037,39	10.6%

Source: Value Track Analysis

Following the offer period (7–13 May 2025), DHH announced that 3,394,170 subscription and pre-emption rights were exercised out of the 5,197,425 allocated to shareholders.

As a result, all 1,039,485 warrants were fully subscribed, generating a gross cash inflow of €103,949 for the Company.

#2 Acquisition of Teknonet

On April 16th, DHH announced the acquisition of 60% of Teknonet Srl, Managed Service Provider (MSP) active in the remote management of corporate customers IT infrastructure and connectivity on a proactive basis, typically under a subscription model. DHH has agreed to pay **€5.6mn for the 60%** of Teknonet, (including the costs related to the transaction) and has started consolidating Teknonet as of April 2025. DHH also acquired a call option on the residual 40% of the share capital to be possibly exercised after the approval of 2026 financial statements. Teknonet closed 2024 with €4.2mn Revenue from sales (€3.6mn in 2023), €923k EBITDA (>€1.05mn on an adjusted basis), (€798k in 2023), and €643k Net Profit (€500k in 2023). Operating Cash Flow reached €1.0mn, with €1.8mn Net Cash.

DHH Group: Warrant Plan 25E-28E

Date	Value (€mn)	Stake (%)	Equity Value (€mn)	Minorities (€mn)	Call Option (Year) (*)	EV (€mn)	EV/EBITDA 24 post adj. pre-syn (x)
16/04/2025	5.60	60.00%	9.33	3.73	FY27E	7.53	7.0x

Source:DHH, Value Track Analysis, (*) Not mandatory

Our View

We estimate the deal closed at a **non-dilutive EV/EBITDA multiple 2024 of 7.0x post-adjustments (and pre-synergies)**. From an industrial perspective, Teknonet positions itself as a “horizontal” ICT service provider with a client base highly aligned with DHH’s product suite — spanning from business connectivity to cloud infrastructure and the recently launched AI-as-a-service solutions. On this front, we see Teknonet not only as a direct distributor, but also as a key enabler for prospective clients lacking internal capabilities to adopt advanced AI services. Also, its geographic proximity to Connesi further strengthens the potential for cross-selling and operational synergies. Financially, Teknonet brings a solid profile to the Group, with a subscription-based revenue model, an EBITDA margin of 22% (ca.), positive free cash flow, and a net cash position — all of which enhance visibility on our 2025E top-line targets.

#3 Full Buyout of Evolink AD

On July 15th, DHH finalized the acquisition of the **residual 40% equity interest in Evolink AD** – the Bulgaria-based subsidiary that provides IaaS and advanced connectivity solutions – for a total **€2.25mn** cash consideration, thereby achieving full ownership. The transaction follows the initial 60% stake acquired in FY21 for €2.45mn, implying a ToT EV of around €4.7mn, which equates to an EV/Sales multiple of ~1.4x (based on FY24 Sales). Evolink generated €3.29mn in FY24 revenues, accounting for ca. 9% of consolidated group Top Line. Originally acquired during a turnaround phase, Evolink has since then regained operating momentum, with margin recovery and a return to top-line expansion — and notably ranked as the best-performing entity across the group in 1Q25. We remind that Evolink operates two proprietary data centers in Bulgaria and manages a virtual pan-European backbone, delivering mission-critical services across cloud infrastructure, cybersecurity, and data transport.

Our View

We commented the transaction as a strategically sound move that secures full control of a mission-critical infrastructure asset in a scalable and operationally synergistic geography. Evolink remains relevant for its scale, resilient margins, and positioning within key service verticals, allowing DHH to leverage it as both a growth driver and a monetization platform within its cloud-native architecture.

1H25's Financials

On September 22nd, DHH published its 1H25 interim results, which confirm a solid trajectory and came in **fully in line with our full-year estimates**. The performance highlights several structural strengths:

- High share of recurring revenues – 96% of turnover derives from subscription-based solutions with automatic renewals, ensuring visibility and predictability of cash flows;
- Exceptional client retention – churn remains extremely low, supporting a customer retention rate of around 90% and revenue relationships that extend well beyond the initial contract term;
- Scalable business model – cloud and related services are delivered on a one-to-many basis, enabling revenue expansion with limited incremental operating costs and with subscriptions generally billed upfront;
- Strong cash flow generation – the As-a-Service model, with advance payments and high recurring content, translates directly into robust cash conversion.

1H25 Results

In terms of **1H25 financials**, we flag as follows:

- **Value of Production “all-time-high” at €20.1mn**, up +9.3% y/y (+4% l-f-l, i.e., excluding Teknonet acquisition, consolidated starting from April '25) and +10.7% 2Q24 vs 2Q25. Although Seeweb's 1H25 performance was weaker than expected, with low single-digit growth below its historical trend due to some key clients being acquired through M&A deals — some by DHH competitors – this was partially offset by more dynamic growth in the Balkan region and beyond. Notably, Connesi, the group's 2nd-largest company, posted a +5%, while Evolink, Webtasy and Plus achieved an avg. growth of +8% y/y;
- **Reported EBITDA up +10.9% YoY** (+8% l-f-l), at **around €6.7mn**, with EBITDA Margin above 33% of VoP (+~50bps YoY), driven in part by a lower impact from purchases of raw materials, spare parts and consumables, which fell 6% to €1.3mn on reduced procurement needs;
- **Reported EBIT up +10.0% YoY**, at **approx. €3.8mn**, impacted by ca. €330k cumulative higher D&A expenses (due to the completion of certain operating lease agreements) and financial interest, however, supported by higher EBITDA;
- **OpFCF b.t. at ca. €4.3mn**, representing roughly 65% of EBITDA, negatively burdened by €3.8mn capex then again positively affected by NWC management for €1.4mn;
- **FCF at -€1.5mn**, resulting in **Net Debt of ca. €4.7mn** - mainly attributable to Teknonet deal – well under control (leverage at ca. 0.3x, based on LTM 1H25 EBITDA).

DHH Group: Key Financials 1H22 to 1H25

(€mn)	1H22	1H23	1H24	1H25	y/y
Value of Production	12.4	17.1	18.4	20.1	9%
EBITDA	3.7	4.3	6.0	6.7	11%
EBITDA Margin (%)	30.2%	25.1%	32.6%	33.1%	+47bps
EBIT	1.8	1.5	3.5	3.8	10%
EBIT Margin (%)	15.0%	8.7%	18.9%	19.1%	+11bps
Net Profit	1.2	0.3	2.0	2.1	8%
Net Margin (%)	9.8%	1.7%	10.8%	10.6%	-13bps
NFP [i.e. Net Debt (-) Cash (+)]	0.9	-5.6	-3.6	-4.6	-1.0

Source: DHH, Value Track Analysis

Top Line growing +9 YoY (+4 l-f-l basis)

1H24 Revenues from Sales reached €19.6mn (+9.0% y/y), with Value of Production up ~9.3% y/y, due to €131k of other revenues, €249k from R&D internal projects, and €168k of capitalized internal costs – together ~€100k higher y/y. On an organic basis, growth would have been ~4%, with Teknonet contributing just under €1mn over three months from April–June 2025.

By mix: i) Cloud Computing delivered €7.2mn (36% of total, +2% y/y) supported by double/triple-digit traction in new offerings (e.g. AI infrastructure); ii) Cloud Hosting was €4.6mn (23%, +7% y/y); iii) Business Connectivity €4.5mn (23%, +16% y/y); iv) Datacenter & Networking accounted for 9% (+10% y/y); and v) Managed IT Services rose 74% to 3% of total, also benefitting from the Teknonet acquisition.

DHH Group: Revenue from Sales by Business Segments (1H24-1H25)

(€mn)	1H24	1H25	y/y
Cloud Computing	7.1	7.2	2%
As a % of Total Revenues	39.4%	36.8%	//
Cloud Hosting	4.3	4.6	7%
As a % of Total Revenues	23.7%	23.3%	//
Business Connectivity	3.9	4.5	16%
As a % of Total Revenues	21.7%	23.1%	//
Datacenter & Networking	1.7	1.8	10%
As a % of Total Revenues	9.3%	9.3%	//
Managed IT Services	0.4	0.6	74%
As a % of Total Revenues	2.0%	3.3%	//
Others	0.7	0.8	16%
As a % of Total Revenues	3.9%	4.1%	//
Total Revenues from Sales	18.0	19.6	9%

Source: DHH, Value Track Analysis

Looking at the various geographies, **growth was broad-based**: Italy — the core market at 69% of total sales — and Bulgaria (Evolink) were the top performers (+10% y/y each; note that Italy's figure includes the Teknonet contribution and would be ~+3% y/y on a l-f-l basis), while Croatia and Slovenia posted low single-digit growth (+5% y/y). Switzerland contributed 3% of sales (+8% y/y) and Serbia 2% (+7% y/y).

DHH Group: 1H24 – 1H25 Revenue from Sales by Geography (%)



Source: Factset, Value Track Analysis

EBITDA Margin up by 50bps at >33%

EBITDA was up +10.9% y/y at €6.7m and **EBITDA Margin** was up as well +50bps to **33.1%** after Total Opex at €13.5mn (+8.6% y/y). On a like-for-like basis EBITDA grew ~8%, with Teknonet contribution just under €200k at ~20% Margin. Thus, excluding M&A, the EBITDA Margin would have been higher, at ~34%.

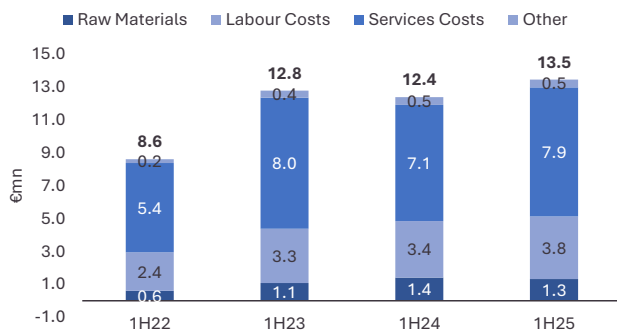
Going into details, we note:

- procurement savings (~€90k) as purchases of raw materials/spare parts/consumables fell 6.6% to €1.3mn;
- datacenter services up 15% to €1.5mn and network services up 23% to €1.1mn on higher energy usage/prices (cost headwind);
- wholesale services & licenses up 10% to €2.6mn, broadly tracking recurring revenue growth (Cloud Hosting, Business Connectivity);
- personnel costs up 11% to €3.8mn on selective hiring and wage adjustments (avg. 190 employees; +16 from Teknonet);

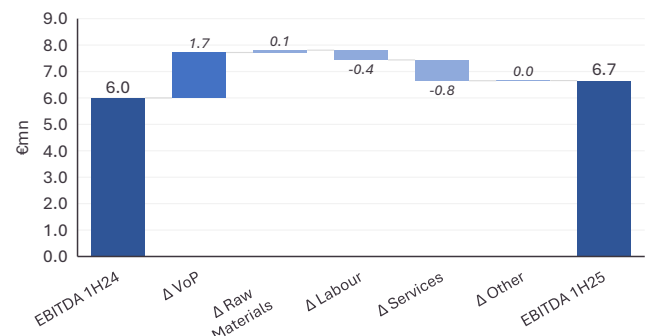
Below EBITDA, the increase D&A charges by ca. €300k did not materially affect performance: **EBIT** rose +10.0% y/y to **€3.8mn** and **Net Profit** was **€2.1mn**, implying a 10.6% net margin (vs €2.0mn in 1H24).

Notably, in 1H25 there were ~€103k of non-recurring items — mainly professional costs related to the Teknonet acquisition — so Adj. EBITDA stands at ~€6.8mn, Adj. EBIT at ~€3.9mn, and Adj. Net Profit at ~€2.2mn.

DHH Group: Costs Structure and Reported EBITDA Bridge 1H24-1H25



Source: Factset, Value Track Analysis



DHH Group: P&L 1H22 to 1H25

(€mn)	1H22	1H23	1H24	1H25	y/y
Revenues from Sales	12.1	16.5	18.0	19.6	9.0%
Other Revenues	0.3	0.6	0.4	0.5	22.6%
Value of Production	12.4	17.1	18.4	20.1	9.3%
COGS	-6.0	-9.1	-8.5	-9.2	8.2%
Gross Profit	6.3	8.0	9.9	10.9	10.3%
Gross Margin (%)	51.2%	47.0%	53.9%	54.4%	48bps
Labour costs	-2.4	-3.3	-3.4	-3.8	10.8%
Other OpEx	-0.2	-0.4	-0.5	-0.5	-1.2%
EBITDA	3.7	4.3	6.0	6.7	10.9%
EBITDA Margin (%)	30.2%	25.1%	32.6%	33.1%	47bps
D&A	-1.9	-2.8	-2.5	-2.8	12.3%
EBIT	1.8	1.5	3.5	3.8	10.0%
EBIT Margin (%)	15.0%	8.7%	18.9%	19.1%	11bps
Net Financial Charges	-0.1	-0.4	-0.4	-0.4	8.0%
Taxes	-0.6	-0.8	-1.1	-1.1	4.9%
Minorities	0.0	0.0	0.0	-0.1	377.2%
Net Profit	1.2	0.3	2.0	2.1	8.1%

Source: DHH, Value Track Analysis

Operating Cash Flow remains strong, i.e. OpFCF b.t. on EBITDA at 65%

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

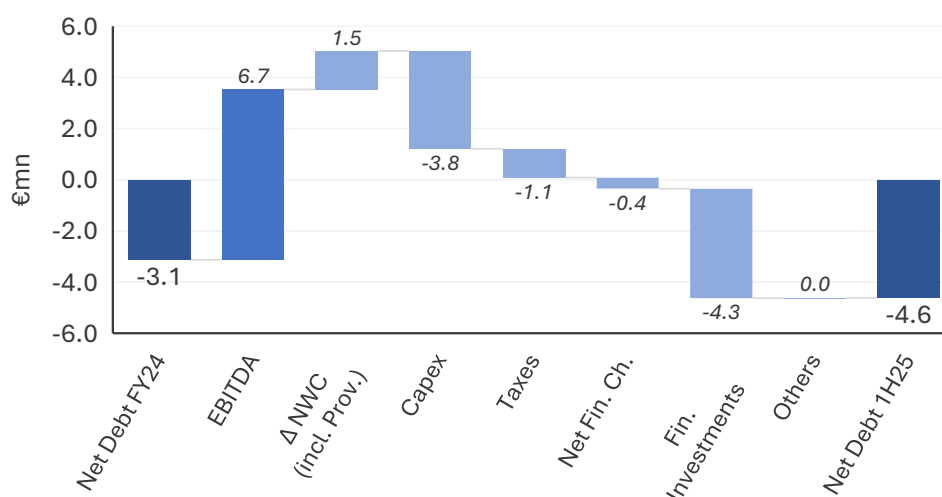
- Tangible and intangible investments (included RoU) at €3.8mn in 1H25 vs. €4.0mn in 1H24, o/w around 70% relates to IRU assets: ca. €2.0mn was recognized under land & buildings for the six-year renewal of two office leases, with an additional €0.1mn attributable to Teknonet. Note that IRU investments (~€2.6mn in 1H25, vs. €2.1mn in 1H24) are typically higher in 1H, therefore, are expected to have a reduced impact on cash flows in 2H;
- Net Working Capital at €-4.8mn (-11.9% of VoP), with an increase in Trade Receivables (from €4.5mn in FY24 to €5.3mn in 1H25), more than offset by an increase in Trade Payables (from €4.5mn in FY24 to €5.2mn in 1H25) and Tax Payables (from €620k to €2.0mn);

As a result, **OpFCF before taxes** (defined as EBITDA - Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) **stood at ca 65% of the EBITDA**, still emphasizing the strong cash generation capabilities of the DHH business model granted by recurring revenues despite ca. €3.8mn Capex.

As far as **Net Debt Position** is concerned, it has decreased to **€4.6mn** (vs. €2.5mn and €3.1mn recorded in 1Q25 and FY24, respectively) – driven mainly by Teknonet acquisition – well under control, i.e., leverage at ca. 0.3x, based on LTM 1H25 EBITDA.

It is worthy noting DHH holds cash available at €16.3mn, to be likely devoted to further future M&A deals.

DHH Group: Cash Flow Bridge 1H25



Source: DHH, Value Track Analysis

DHH Group: Balance Sheet from 1H22 to 1H25

(€mn)	1H22	1H23	1H24	FY24	1H25
Net Working Capital	-1.2	-4.1	-4.0	-3.4	-4.8
As % of Revenues	-4.8%	-12.0%	-10.9%	-9.0%	-11.9%
Goodwill	9.6	11.1	10.4	10.4	17.4 (*)
Tangibles & Intangibles (ex Goodwill)	10.8	22.4	23.3	23.7	25.4
Financial assets	0.8	2.0	1.7	1.6	1.7
Other net assets	1.5	1.5	1.5	1.5	1.6
Net Fixed Assets	22.7	37.0	37.0	37.2	46.1
Provisions	1.5	2.4	2.5	2.5	2.5
Total Capital Employed	20.0	30.5	30.5	31.4	38.8
Group Net Equity	20.9	24.9	26.9	28.2	34.2
NFP [i.e. Net Debt (-) Cash (+)]	0.9	-5.6	-3.6	-3.1	-4.6

Source: DHH, Value Track Analysis; (*) €7.0mn refers to the Teknonet acquisition, according to the full goodwill method

DHH Group: Balance Sheet from 1H22 to 1H25

(€mn)	1H22	1H23	1H24	FY24	1H25
Cash and Deposits (+)	10.0	10.9	13.2	13.1	16.3
Debt to Banks within 12 months (-)	-5.0	-4.7	-5.1	-5.4	-6.0
Current Net Financial Position	5.0	6.1	8.0	7.7	10.3
Long term financial credits, i.e., BTP (+)	0.0	0.0	0.5	0.2	0.2
Debt to Banks over 12 months (-)	-4.0	-11.7	-12.1	-11.0	-15.2
Non-Current Financial Position	-4.0	-11.7	-11.7	-10.8	-15.0
Net Fin. Position [Net debt (-) / Cash (+)]	0.9	-5.6	-3.6	-3.1	-4.6

Source: DHH, Value Track Analysis

2025E-onwards estimates confirmed

We leave **estimates unchanged**. Unlike the prior update (when we modestly trimmed outer years), operating signals now track plan – stable recurring mix, Teknonet integration on track, Evolink fully consolidated, warrant plan subscribed – with no new datapoints warranting revisions. Visibility on contracted/recurring revenues remains high, and the M&A roadmap continues to support scale and mix improvement. Our **2025E–27E forecasts** remain as follows:

- Top line expected to rise from €43.6mn in 2025E to ~€60.1mn by 2027E, implying +17.4% CAGR_{24A–27E}, driven by ~9% organic growth p.a. plus bolt-on M&A aimed at roughly doubling that pace;
- EBITDA and EBIT Margins at 30.6% and 17.5% by 2027E, while disciplined working capital sustains strong cash conversion, with OpFCF b.t./EBITDA ~50–55% on average;
- Net Debt seen at ~-€2.7mn by 2027E, below prior breakeven assumptions due to the €2.25mn Evolink minority buyout (which also reduces minority leakage, supporting Net Profit growth > VoP). Cumulative €49.2mn EBITDA expected to absorb >€25mn capex and €13.0–13.5mn M&A cash outflows.

DHH Group: 2024A – 2027E P&L

(€mn)	FY24	FY25E	FY26E	FY27E	CAGR _{24A–27E}
Value of Production	37.1	43.6	54.6	60.1	17%
COGS	-18.1	-21.6	-27.1	-30.3	19%
Labour costs	-7.0	-8.3	-10.4	-11.4	18%
EBITDA	12.0	13.7	17.1	18.4	15%
<i>EBITDA Margin (%)</i>	<i>32.3%</i>	<i>31.4%</i>	<i>31.4%</i>	<i>30.6%</i>	<i>-177bps</i>
Depreciation & Amortization	-5.2	-5.5	-7.2	-7.9	15%
EBIT	6.8	8.2	10.0	10.5	16%
<i>EBIT Margin (%)</i>	<i>18.3%</i>	<i>18.8%</i>	<i>18.2%</i>	<i>17.5%</i>	<i>-80bps</i>
Net Fin. Charges	-0.8	-1.0	-1.1	-1.1	10%
Non-Operating Items	-0.1	0.0	0.0	0.0	-100%
Pre-tax Profit	5.8	7.2	8.9	9.4	17%
Tax	-2.2	-2.7	-3.3	-3.5	17%
Net Profit	3.6	4.5	5.6	5.9	18%

Source: DHH, Value Track Analysis

DHH Group: 2024A – 2027E Balance Sheet

(€mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	37.2	45.0	53.4	54.8
Net Working Capital	-3.4	-3.9	-4.8	-5.1
Provisions	2.5	2.5	2.5	2.6
Total Capital Employed	31.4	38.6	46.1	47.1
Group Net Equity	28.2	32.9	38.5	44.4
NFP [i.e. Net Debt (-) Cash (+)]	-3.1	-5.7	-7.6	-2.7

Source: DHH, Value Track Analysis

DHH Group: 2024A – 2027E Cash Flow Statement

(€mn)	FY24	FY25E	FY26E	FY27E
EBITDA	12.0	13.7	17.1	18.4
Δ NWC & Provisions	0.3	0.6	0.9	0.4
Capex (inc. RoU but not Fin. Inv.)	-6.8	-7.3	-8.3	-9.3
OpFCF b.t.	5.6	7.0	9.7	9.4
<i>As a % of EBITDA</i>	<i>46%</i>	<i>51%</i>	<i>57%</i>	<i>51%</i>
Cash Taxes	-2.1	-2.7	-3.3	-3.5
Capital Injections	0.1	0.1 (*)	0.0	0.0
Financial Investments & Others	0.7	-6.0 (**)	-7.2	0.0
Net Financial Charges	-0.8	-1.0	-1.1	-1.1
Δ NFP [i.e. Net Debt (-) Cash (+)]	3.4	-2.6	-1.9	4.9

Source: DHH, Value Track Analysis; (*) €104k Warrant Inflow; (**) It includes Teknonet + Evolink AD

AI-Cloud Infrastructure on fire (in the US...)

Landmark Deals Shaping the AI Infrastructure Cycle

Looking around – from early 2025 through September – the broader cloud infrastructure space has seen a series of landmark transactions and partnerships, confirming that AI / Cloud infrastructure has become the defining theme of the current cycle:

- **CoreWeave – OpenAI (Mar-Jun 2025)** – CoreWeave, a GPU cloud specialist backed by NVIDIA, signed a US\$11.9bn five-year contract with OpenAI. In parallel, it acquired Weights & Biases, an MLOps platform, reinforcing its strategy of combining scale in GPU infrastructure with software capabilities to lock in AI workloads;
- **Nebius – Microsoft (Sep 2025)** – The AI-enabler Nebius (NASDAQ: NBIS) announced a 5-year agreement to supply Microsoft (NASDAQ: MSFT) with dedicated GPU infrastructure capacity. Under the deal, worth initially US\$17.4bn with options up to US\$19.4bn, Microsoft will lease computing power from Nebius's GPUs at its new data centre in Vineland, New Jersey;
- **Oracle – OpenAI (Sep 2025)** – Oracle (NYSE: ORCL) secured a landmark multi-year agreement with OpenAI, valued at around US\$300bn over five years, to provide AI compute capacity via OCI. The contract ranks among the largest ever in the cloud industry, highlighting the strategic need to secure long-term compute supply;
- **NVIDIA – Intel (Sep 2025)** – NVIDIA (NASDAQ: NVDA) invested US\$5bn in Intel (NASDAQ: INTC) as part of a co-development program to design multiple generations of x86 systems integrating NVIDIA GPU chiplets. The partnership aims to broaden the hardware base for AI workloads, improve efficiency, and reduce dependency on monolithic GPU architectures;
- **Oracle – Meta (Sep 2025)** – Oracle (NYSE: ORCL) entered negotiations with Meta Platforms (NASDAQ: META) for a multi-year cloud contract worth about US\$20bn, further expanding its positioning as a long-term supplier of AI compute capacity to hyperscalers;
- **NVIDIA – OpenAI (Sep 2025)** – NVIDIA (NASDAQ: NVDA) committed up to US\$100bn to OpenAI, combining chip supply with the construction of ~10 GW of AI-dedicated data centers, the first of which is expected to come online in 2026. The initiative underscores the scarcity of GPU capacity and the drive to vertically integrate hardware and hyperscale infrastructure.

DHH as a Regional Beneficiary of the AI Infrastructure Race

Taken together, these moves point to a sector increasingly centered on contracted offtake, hardware co-design, and integration of orchestration layers. While DHH is not directly exposed to such mega-transactions, we believe it can be indirectly but meaningfully impacted: the direction of demand is clear.

We see DHH as one of the few Italian-based providers structurally aligned with these global trends, offering compliance and sovereignty advantages not easily matched by hyperscalers.

Going into details, DHH has progressively built a differentiated **AlaaS portfolio**:

- (i) Cloud Server GPU (NVIDIA/AMD options),
- (ii) Serverless GPU with Kubernetes-native orchestration,
- (iii) Cloud Server NPU / AI Accelerators launched in 2024 for inference workloads, and
- (iv) Regolo.ai, a secure, EU-compliant chat-based platform for localized Private AI.

This product suite provides a credible foundation to align contracted offtake with utilization, with a clear advantage in data residency and regulatory alignment.

Valuation Update

DHH's Fair Equity Value p/s upgrades at €29.3 — up vs. €28.5 in July '25 update — implying a market cap. of ca. €155mn, based on the simple average of: **i)** a DCF-derived value of €29.5 p/s (unchanged vs. the prior report, as estimates and assumptions are confirmed); **ii)** a SOTP/peers value of €29.2 p/s (higher on the sector re-rating across Cloud Computing and AI Infrastructure peers).

At fair value, DHH would be trading at 11.4x and 9.2x EV/EBITDA for 2025E–2026E respectively. These implied multiples are broadly consistent with peer group benchmarks for 2025E–2026E, yet stand well above DHH's current market multiples — underscoring the valuation gap that persists despite the Group's recurring revenue profile, solid profitability, and growing strategic relevance.

Note that, while the Warrant Plan 25E-28E remains “out-of-the-money” at current market levels, it would become partially exercisable at our €29.3 fair value estimate, potentially resulting in the issuance of up to 150k new shares and a corresponding dilution of ca. 2.8%.

SOTP based Peers' Analysis

Stock Market Multiples Benchmark

The overall peer group is currently trading at median multiples of **4.1x EV/Sales**, **12.5x EV/EBITDA**, and **29.3x P/E Adj.** for 2025E (vs. 3.8x, 11.2x and 25.7x in July '25), while DHH continues to trade at a significant discount of approx. **10%–35%** on 2025E–26E multiples — more specifically, a **25%–30% discount on EV/EBITDA** and around **10% on P/E**. However, a more granular breakdown of the peer universe reveals differentiated valuation dynamics across clusters:

- **Cloud Computing & Internet Access** companies are currently trading at median 2025E multiples of 10.7x EV/EBITDA and 25.1x EV/EBIT (vs. 10.2x and 23.7x in July '25);
- **AI Enablers** command the highest valuation levels, fueled by continued market hype-cycle, with the segment trading at a median EV/Sales of 25.1x, up vs. 21.6x in July '25.

DHH Group: Peers' Stock Trading Multiples (1/2)

Company	Market Cap. (€mn)	EV/Sales (x)		EV/EBITDA (x)		P/E (x)	
		FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Cloud Computing							
WIIT	505.1	4.1	3.8	10.7	9.6	33.5	24.9
Beeks Financial Cloud	176.4	3.9	3.5	10.4	9.4	21.2	19.4
IONOS	5,948.9	3.8	3.4	12.6	10.8	25.1	20.5
Gigas Hosting	76.3	1.7	1.7	7.2	6.8	<0	>50
OVH	1,946.3	2.8	2.6	7.3	6.5	>50	>50
Go Daddy	17,991.4	4.8	4.3	15.0	13.0	24.9	21.6
Cyber Folks	633.6	4.0	3.3	12.5	9.7	33.6	22.8
Peer's Cloud Computing – Avg.	3,896.9	3.6	3.2	10.8	9.4	27.7	21.8
Peer's Cloud Computing - Median	633.6	3.9	3.4	10.7	9.6	25.1	21.6
AI Enablers							
E2E	663.5	na	na	na	na	90.8	46.9
Nvidia	3,827,391.8	21.3	15.7	34.1	23.4	40.7	29.0
CloudFlare	72,596.1	39.5	31.1	>50	>50	>100	>100
Nextdc	6,378.4	28.9	28.1	>50	>50	<0	<0
DigitalOcean	3,136.4	5.3	4.6	13.4	11.3	17.2	17.2
Peer's AI Enablers - Average	782,033.2	23.7	19.9	23.7	17.3	49.5	31.1
Peer's AI Enablers - Median	6,378.4	25.1	21.9	23.7	17.3	40.7	29.0

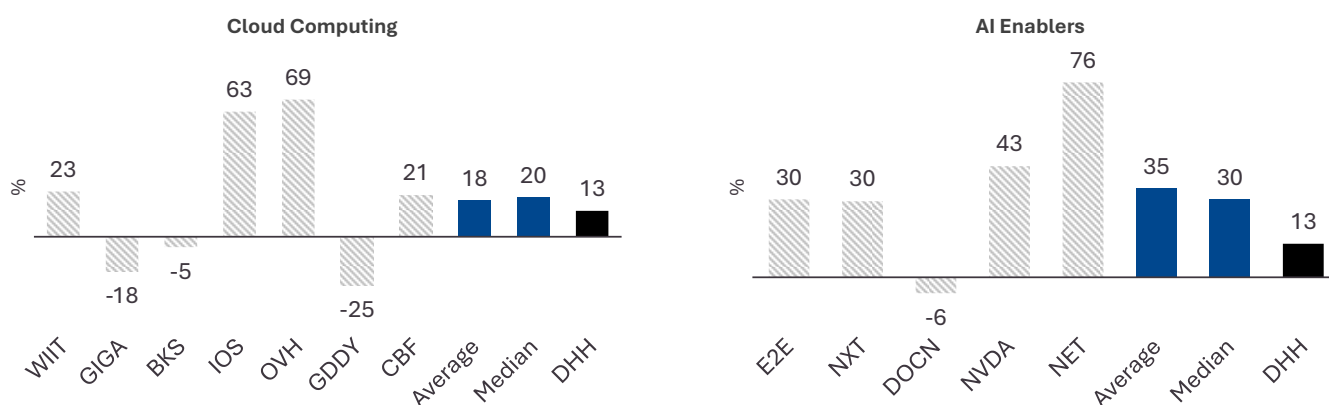
Source: Factset, Value Track Analysis

DHH Group: Peers' Stock Trading Multiples (2/2)

Company	EV/Sales (x)		EV/EBITDA (x)		P/E (x)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
ToT Average Peers	10.9	9.3	13.7	11.2	35.9	25.3
ToT Median Peers	4.1	3.8	12.5	9.7	29.3	22.2
DHH @ Current Mkt Price (i.e., €23.9)	2.9	2.4	9.4	7.6	27.7	22.5
DHH Discount vs. Average	-73%	-74%	-31%	-32%	-23%	-11%
DHH Discount vs. Median	-29%	-37%	-25%	-21%	-6%	1%

Source: Factset, Value Track Analysis

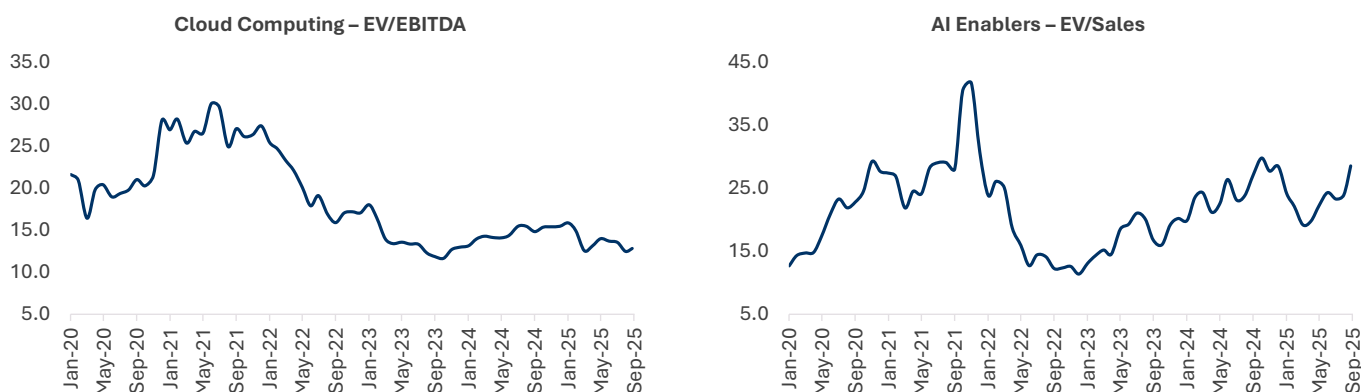
DHH Peers: Stock Market 3-months Performance (%)



Source: Factset, Value Track Analysis

Valuation dynamics across the sector remain structurally sound yet asymmetric, with Cloud Computing peers undergoing a multiple compression phase since mid-2021 — gradually normalising toward midcycle EV/EBITDA LTM levels in the 10x–15x range. In contrast, AI Enablers continue to trade at structurally elevated EV/Sales LTM multiples, generally ranging between 20x and 25x, with episodic spikes to 40x– 50x amid speculative momentum.

Historical Avg. EV/Sales and EV/EBITDA LTM Trend – Selected Peers by Cluster



Source: Factset, Value Track Analysis

SOTP Valuation

Our SOTP valuation yields a **Fair Equity Value of €29.2 p/s**, based on:

- The application of the 2025E median EV/EBITDA multiple (10.7x) of the Cloud Computing & Hosting peer group to **DHH's stand-alone** EBITDA 25E, excluding the AI Infrastructure segment;
- A 2025E EV/Sales multiple of 25.1x for the AI Enablers peer group, adjusted by a 50% discount (resulting in an effective multiple of 12.5x), applied to the **AI Infrastructure and Other Innovative Products division**, for which we forecast €1.2mn in 2025E revenues.

DHH Group: Value of Production and EBITDA Assumptions by BU (*)

Assumptions	2025E
Value of Production	43.6
Cloud Computing & Cloud Hosting	42.4
AI Infrastructure / Other Innovative Products	1.2
EBITDA	13.7
Cloud Computing & Cloud Hosting	13.2
AI Infrastructure / Other Innovative Products	0.5

Source: Factset, Value Track Analysis, (*) Value Track estimates

Thus, Equity Fair Value rises from €27.6 (as of July '25) to €29.2 p/s, with a slightly revised Enterprise Value mix: AI Infrastructure & Other Innovative Products at 10% (from 9%) and Cloud at 90% (from 91%), reflecting sector multiple expansion and a modest reweighting toward AI-driven assets.

DHH Group: Sum of the Parts Valuation

Fair Equity Value (€mn)	Cloud Computing & Cloud Hosting	AI Infrastructure / Other Innovative Products	Total
Peers EV/Sales 2025E (x)		25.1	
Peers EV/EBITDA 2025E (x)	10.7		
Discount vs. Peers (%)	0%	50%	
Fair Multiple (x)	10.7	12.5	
Fair Enterprise Value	141.2	15.1	156.2
As a % of Total	90%	10%	100%
NFP 2025E			-5.7
Adjustments EV 2025E (**)			2.6
Fair Equity Value			153.1
Number of Shares (mn)			5.2
Fair Equity Value p/s (€)			29.2

Source: Factset, Value Track Analysis, (*) Value Track estimates; (**) Incl. Treasury Shares, IconaTech, Warian and so on

Discounted Cash Flow Model

Our DCF valuation is based on a **Target Capital Structure** with Net Debt representing 30% of Capital Invested, and a **WACC of approx. 7.95%**, derived through an extended CAPM framework. Key underlying assumptions include:

- A 2.0% risk-free rate, an unlevered beta of 0.99x (weighted across the EU Internet and System/Application Software sectors), a 5.37% ERP for Italy (source: *Damodaran*), and a 1.0% small-cap premium to reflect DHH's size and liquidity profile;
- Explicit forecasts from 2025E to 2034E, with Terminal Value calculated as of 2034E using a 3.0% perpetuity growth rate (PGR).

The resulting **Fair Equity Value** from the DCF model stands at **€29.5 p/s**, unchanged vs. the mid-July assessment.

DHH Group: DCF Model

(€mn)	
PV of Future Cash-Flows 2025E-2034E	47.5
PV of Terminal Value 2034E	107.4
Fair Enterprise Value	155.0
Implied EV/ EBITDA 25E (x)	11.3
Net Fin. Position FY24A	-3.1
Adjustments EV 2025E (*)	2.6
Fair Equity Value	154.4
Number of Shares (mn)	5.2
Fair Equity Value p/s (€)	29.5

Source: Value Track Analysis; (*) Incl. Treasury Shares, IconaTech, Warian and so on

DHH Group: Multiples Sensitivity at Various Stock Price Levels

DHH Share Price	EV/EBITDA (x)		EV/EBIT (x)		P/E (x)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
€ 25.5	10.0	8.1	16.7	13.9	29.5	24.0
€ 26.5	10.4	8.4	17.3	14.4	30.7	24.9
€ 27.5	10.7	8.7	18.0	15.0	31.8	25.8
€ 28.5	11.1	9.0	18.6	15.5	33.0	26.8
€ 29.5	11.5	9.3	19.2	16.0	34.1	27.7
€ 30.5	11.9	9.6	19.9	16.5	35.3	28.6
€ 31.5	12.3	9.9	20.5	17.1	36.4	29.6
€ 32.5	12.6	10.2	21.2	17.6	37.6	30.5
€ 33.5	13.0	10.5	21.8	18.1	38.8	31.5

Source: Value Track Analysis

Appendix: DHH Investment Case

DHH at a Glance

DHH (or “the Group”) is a tech group dedicated to **reshaping internet infrastructure through the integration of next-generation technology and artificial intelligence**. Based in Europe, the group leverages open-source technologies to enhance digital connectivity across various industries and regions, and offers its products in a subscription model (**SaaS/IaaS/PaaS**) to more than 120.000 corporate and professional customers. Founded back in **July 2015**, the **Group has expanded significantly through conspicuous M&A activity**, finalizing around 20 deals.

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 – Outstanding Financial profile;
- # 6 – 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 relies 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**, e.g. Shared hosting, Virtual Private Server (VPS) 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 infrastructure products**. DHH, through 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*).

2 - Optimal market positioning in space and time

Cloud computing and Cloud hosting, the two primary sectors in which DHH currently operates, are experiencing **significant growth rates**. Indeed, the global cloud computing market is projected to expand from USD 752bn in 2024 to USD 2.39tn by 2030 (CAGR_{FY25E-30E} at 20.4%, Source: *Grand View Research*), while the web hosting market is expected to grow from USD 197bn in 2025 to USD 372bn by 2030 (CAGR_{FY25E-30E} at 13.6%, Source: *Statista*).

In addition to these fast-growing markets, we underline that the **AI infrastructure market is expected to grow from \$135.8bn in FY24 to \$394.5bn by 2030E, 19.4% CAGR_{FY25E-30E}** (Source: *Markets and Markets*) fuelled by the adoption of AI across industries such as healthcare, automotive, and finance.

We remind that DHH is currently active in Italy (accounting for some 68% of FY24 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.

3 - Well carved growth strategy combining M&A levers

DHH is pursuing an aggressive growth strategy that adds M&A to organic growth. In the last nine years, it has completed **around 20 M&A transactions with an average total ROI close to 140%**. The result of the above-mentioned M&A activity is that DHH Group can be viewed as an **ecosystem of independent entities** unified by a shared theme that empowers tech entrepreneurs to innovate, and exchange best practices. In this scenario, DHH SpA acts as holding company, providing broad business and administrative support and ensuring seamless operations / strategic guidance.

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 boasts 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 Filomatica, 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 - Outstanding Financial profile

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

- High scalability;
- Extremely high incidence (ca. 96%) of recurring revenues;
- Strong client retention (churn rate lower than 10%) with long revenue periods.
- Strong cash flow generation, with OpFCF _{b.t.} (defined as Adj. EBITDA – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) always in excess of 50% of EBITDA.

6 - 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.

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:

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

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

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