

DHH

Sector: Technology

Buy and Build

By means of M&A, DHH has built a solid leadership in cloud hosting and computing in targeted Southeast European countries. The group generates recurring sales from a fragmented and loyal customer base of small and micro corporates. Catch-up on digitalisation and GDP growth in the reference geographies should support a HSD organic top line growth. The high FCF generation to be invested in additional M&A should be a strong value driver. We initiate our coverage with a BUY rating and a TP of Eu22.5/share

- **The Southeast European M&A builder in cloud hosting and computing.** DHH offers cloud computing (49% of 2020PF sales) and hosting (41%) services to SMEs and solo entrepreneurs in Southeast European countries, leveraging on an ecosystem of 8 independent and autonomous entities agglomerated through M&A. The group has a fragmented portfolio of >100k clients, generating recurrent sales with a low churn (c. 5%). The transformational reverse merger with Seeweb, finalised in 2020, has changed the size of the group, added a proprietary infrastructure and created a sounder base to keep pushing on sector consolidation
- **Target markets to catch-up in corporate digitalisation.** Digitalisation of corporates should support a growing demand of cloud computing (2020-26 CAGR of 19% globally) and web-hosting (15%) services. DHH should enjoy positive catch-up trends, thanks to its positioning: 1) small & micro caps are much less digitalised than medium & large caps; 2) The current level of digitalisation in Southeast European countries is below the EU average; 3) The geographies targeted by the group should outperform the rest of Europe in terms of GDP growth
- **Local leadership despite competition from the Big Tech.** The global market of cloud computing and hosting is dominated by very well-known tech players (AWS, Google Cloud, GoDaddy, ...). However, local players have a strong position in regional markets, offering customized solutions. DHH is one of the main players in Italy and leader in Slovenia, Croatia, Serbia, Bulgaria and Bosnia, where it was a first-mover consolidator. Although the future M&A activity of DHH could become more complex and expensive, the group could merge with one of the competitors at some point or become a target for the other few potential consolidators
- **More organic growth and M&A in the future. Strong M/L potential from vertical integration.** We expect 13 % 2020PF-24E top line growth (HSD organic), which could be potentially stronger with an enlargement of the product offer. The consolidation of the newly acquired Evolink, which should contribute c. 5% of the CAGR. Further M&A is not just an option for DHH, but a core part of its strategy. The group has already finalised 15 deals to date with a total investment of c. Eu40mn. Our expected EBITDA/EBIT growth is in line with that of the top line. We see strong M/L term potential coming from more vertical integration in the physical infrastructure. Migration of the existing clients on a proprietary infrastructure could be strongly margin enhancing and value accretive in our view
- **Reinvestment of FCF in M&A could be a strong value driver.** DHH manages a cash-generative business. The physical infrastructure is already in place and NWC is very efficient (slightly negative). EBITDA to FCF conversion should easily exceed 40% in the coming years. Assuming the use of the existing treasury stocks (valued Eu2.8mn at current price) and a potential maximum leverage at 2x Net Debt / EBITDA, DHH could invest Eu33mn in M&A in 2022E and up to Eu49mn by 2024. Despite the goodwill paid in the past, ROCE is expected at 20% in 2022 and 29% in 2024E. Additional M&A could continue to be a strong value driver in our view
- **We initiate with BUY and TP of Eu22.5/share.** DHH has outperformed the FTSE EGM Italy index from the reverse merger with Seeweb. However, at 7.5x 2022E EV/EBITDA (13.6x EV/EBIT), the stock trades at >35% discount versus our selected peers. We base our TP on 2022/23 EV/EBIT multiples of peers (after 25% size discount) and cross-check with DCF. We believe that the delivery of the expected organic growth, additional M&A deals and potential vertical integration in the physical infrastructure could trigger reduction of the valuation gap.

BUY

New Coverage

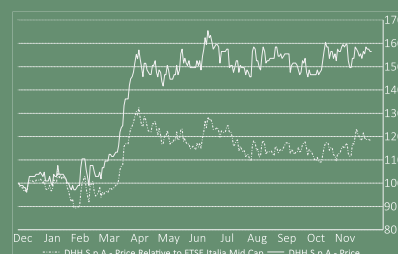
TP 22.5

New Coverage

Target price upside: 48%

Ticker (BBG, Reut)	DHH IM	DHH.MI
Share price Ord. (Eu)		15.2
N. of Ord. shares (mn)		4.7
Total N. of shares (mn)		4.7
Market cap (Eu mn)		71
Total Market Cap (EU mn)		71
Free Float Ord. (%)		24%
Free Float Ord. (Eu mn)		17
Daily AVG liquidity Ord. (Eu k)		32

	1M	3M	12M
Absolute Perf.	0.0%	1.9%	56.5%
Rel.to FTSEMidCap	4.2%	3.8%	25.2%
52 weeks range		9.7	16.7



	FY20A	FY21E	FY22E
Sales	9	20	25
EBITDA adj.	2.0	7.4	8.7
Net profit adj.	0.8	2.7	3.2
EPS adj.	0.241	0.555	0.648
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	9.4x	7.5x	6.2x
P/E adj.	26.4x	22.5x	18.1x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	4.4%	5.7%	6.0%
Net debt/(Net cash)	(1.5)	(2.3)	(6.4)
Net debt/EBITDA	nm	nm	nm

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Financial Summary (IFRS)

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	6.8	9.3	19.8	25.1	27.5
First margin	na	na	na	na	na
EBITDA reported	0.5	1.8	7.4	8.7	9.9
D&A	(0.3)	(0.8)	(3.3)	(3.9)	(4.0)
EBIT reported	0.1	0.9	4.2	4.8	6.0
Net financial charges	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	0.1	0.9	3.9	4.6	5.7
Taxes	(0.1)	(0.3)	(1.1)	(1.3)	(1.6)
Minorities	0.0	(0.0)	(0.1)	(0.1)	(0.2)
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	0.1	0.6	2.7	3.2	3.9
EBITDA adjusted	0.5	2.0	7.4	8.7	9.9
EBIT adjusted	0.1	1.2	4.2	4.8	6.0
Net profit adjusted	0.1	0.8	2.7	3.2	3.9

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
First margin	na	na	na	na	na
EBITDA margin (adj)	7.3%	21.2%	37.4%	34.7%	36.2%
EBIT margin (adj)	2.1%	12.4%	20.9%	19.2%	21.7%
Pre-tax margin	1.6%	9.3%	19.8%	18.3%	20.9%
Net profit margin	1.5%	6.5%	13.6%	12.6%	14.3%
Net profit margin (adj)	1.5%	8.2%	13.6%	12.6%	14.3%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	8.0%	37.3%	112.1%	26.8%	9.2%
EBITDA	-7.4%	270.8%	304.7%	17.6%	13.8%
EBITDA adjusted	-7.4%	301.1%	274.1%	17.6%	13.8%
EBIT	-16.2%	553.8%	338.8%	16.4%	23.2%
EBIT adjusted	-49.6%	695.6%	258.1%	16.4%	23.2%
Pre-tax	-26.8%	674.5%	351.6%	17.4%	24.3%
Net profit	-0.9%	517.8%	340.8%	17.4%	24.3%
Net profit adjusted	-43.8%	665.8%	253.8%	17.4%	24.3%

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
N. of shares AVG	1.455	3.165	4.866	4.893	4.893
N. of shares diluted AVG	1.455	3.070	4.687	4.723	4.723
EPS	0.068	0.194	0.555	0.648	0.805
EPS adjusted	0.068	0.241	0.555	0.648	0.805
DPS - Ord.	0.000	0.000	0.000	0.000	0.000
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	5.236	5.178	3.928	4.555	5.360

Enterprise value (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	5.7	8.7	15.2	15.2	15.2
Market cap	8.5	42.2	71.2	71.2	71.2
Net debt/(Net cash)	(2.2)	(1.5)	(2.3)	(6.4)	(10.6)
Adjustments	(0.0)	0.3	0.7	1.0	1.2
Enterprise value	6.2	41.0	69.6	65.9	61.8

Strengths

- Fragmented and loyal portfolio of business clients
- Proprietary infrastructure in Italy
- Organic growth potential of target markets/clients
- Market Leadership in Slovenia, Croatia, Serbia, Bosnia and Bulgaria

Opportunities

- Further expansion in existing markets through M&A
- Expansion in other emerging geographies
- Stronger vertical integration in infrastructure outside Italy

Key shareholders

- Antonio Domenico Baldassarra, 34.0%
- Enrico Vona, 32.7%
- Giandomenico Sica, 5.4%
- Treasury Shares, 3.7%
- Free Float, 24.3%

Management

- Antonio Domenico Baldassarra - Director
- Giandomenico Sica - Co-Founder & Chairmam
- Uroš Čimžar - CSO, Managing Director
- Matija Jekovec - COO, Managing Director
- Guido Busato - Independent Director

Next events

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA reported	0.5	1.8	7.4	8.7	9.9
Net financial charges	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Cash taxes	(0.1)	(0.3)	(1.1)	(1.3)	(1.6)
Ch. in Working Capital	0.6	(0.7)	0.6	0.9	0.2
Other Op. items	0.0	1.3	0.0	0.2	0.1
Operating cash flow	1.0	2.1	6.7	8.2	8.4
Capex	(1.4)	(0.7)	(3.6)	(4.1)	(4.1)
FCF	(0.4)	1.4	3.1	4.1	4.3
Disposals/Acquisitions	0.0	0.0	(3.5)	0.0	0.0
Changes in Equity	0.0	0.0	0.0	0.0	0.0
Others	(0.0)	(2.1)	1.1	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Ch. in NFP	(0.4)	(0.7)	0.8	4.1	4.3

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Capex/Sales	19.8%	8.0%	18.0%	16.5%	15.0%
Capex/D&A	3.9x	0.9x	1.1x	1.1x	1.0x
FCF/EBITDA	-72.0%	74.3%	42.4%	46.6%	42.8%
FCF/Net profit	-359.4%	222.5%	116.7%	128.4%	108.1%

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	(1.8)	(2.3)	(3.0)	(3.8)	(4.1)
Fixed assets	7.1	17.8	22.0	22.2	22.4
Provisions & others	(0.0)	(0.6)	(0.6)	(0.7)	(0.8)
Net capital employed	5.4	14.9	18.4	17.7	17.5
Net debt/(Net cash)	(2.2)	(1.5)	(2.3)	(6.4)	(10.6)
Equity	7.6	16.4	19.1	22.3	26.2
Minority interests	(0.0)	(0.0)	1.6	1.7	1.9

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital/Sales	-26.0%	-25.1%	-15.0%	-15.3%	-14.8%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
EV/CE	1.2x	2.7x	3.7x	3.6x	3.4x
P/BV	1.1x	2.6x	3.7x	3.2x	2.7x
EV/Sales	0.9x	4.4x	3.5x	2.6x	2.3x
EV/EBITDA	12.6x	22.3x	9.4x	7.5x	6.2x
EV/EBITDA adjusted	12.6x	20.6x	9.4x	7.5x	6.2x
EV/EBIT	42.9x	43.3x	16.8x	13.6x	10.4x
EV/EBIT adjusted	42.6x	35.3x	16.8x	13.6x	10.4x
P/E	85.4x	68.8x	26.4x	22.5x	18.1x
P/E adjusted	84.9x	55.2x	26.4x	22.5x	18.1x
ROCE pre-tax	2.8%	11.1%	24.1%	25.9%	32.5%
ROE	1.3%	4.7%	14.1%	14.2%	15.0%
EV/FCF	-17.4x	30.1x	22.1x	16.2x	14.5x
FCF yield	-4.2%	3.2%	4.4%	5.7%	6.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Weaknesses

- Exposure to riskier than average European countries
- Lack of advanced ERP
- Forex risk

Threats

- Stronger competition from local and global competitors
- Potential value disruption with M&A and integration
- Low vaccination levels in some Eastern European countries

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Executive Summary

By means of M&A, DHH has built a solid leadership in cloud hosting and computing in targeted Southeast European countries. The group generates recurring sales from a fragmented and loyal customer base of small and micro corporates. Catch-up on digitalisation and GDP growth in the reference geographies should support a HSD organic top line growth. The high FCF generation to be invested in additional M&A should be a strong value driver.

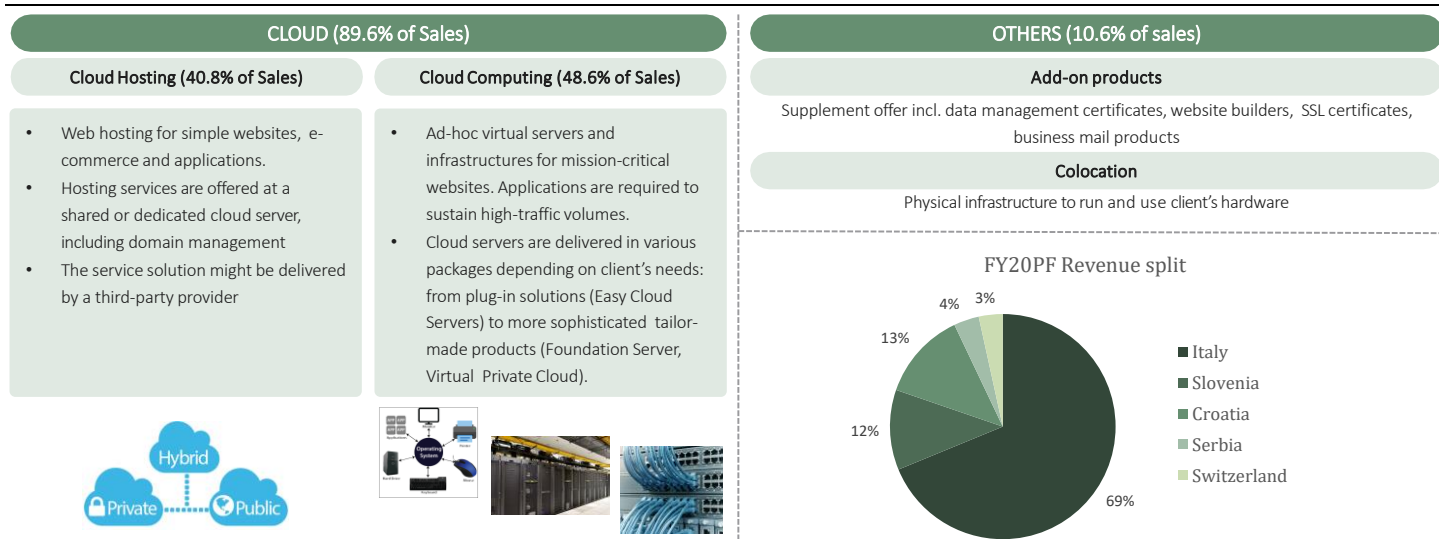
We initiate our coverage with a BUY rating and a TP of Eu22.5/share

The South-East European M&A builder in cloud hosting and computing

Established in 2015, DHH offers cloud computing (49% of 2020PF sales) and hosting (41%) services to SMEs and solo entrepreneurs in Italy (69% of 2020PF sales), Croatia (13%), Serbia (12%), Slovenia (3%), Italian Switzerland (3%), and the recently added Bulgaria (14% of 2021PF sales). The group operates through an ecosystem of 8 independent and autonomous entities built through M&A. They have their own brands and receive central support from the holding on strategy, corporate governance, business planning, M&A, compliance, strategic sourcing, and executive search. The entities offer a broad array of products, from simple web hosting packages to complex tailor-made cloud computing solutions (ARPU ranging from Eu30 to Eu8k with group average of c. Eu800). As of Dec 2020, DHH had a fragmented portfolio of >100k clients (Top 10 clients slightly above 10%), generating sales from either annual subscription-based contracts with automatic renewal or service usage. Acquisition and onboarding of new clients is completely inbound and online, with a minimal churn-rate (c. 5%). The recent reverse merger with Seeweb has been transformational for DHH (FY20PF sales and EBITDA were up 93% and 272% versus actuals, reaching, respectively, Eu18.1mn and Eu6.8mn) and, in our view, it has created a sounder base to continue the M&A Buy&Build strategy going forward. Listed on Euronext Growth Milan since 2016, DHH can leverage on the complementary expertise of a strong management team with over 25 years of experience in IT and a solid M&A track record.

Business segments and Group's revenues by geography (FY20PF)

DHH offers a broad range of services in the cloud ecosystem in Southeast European countries



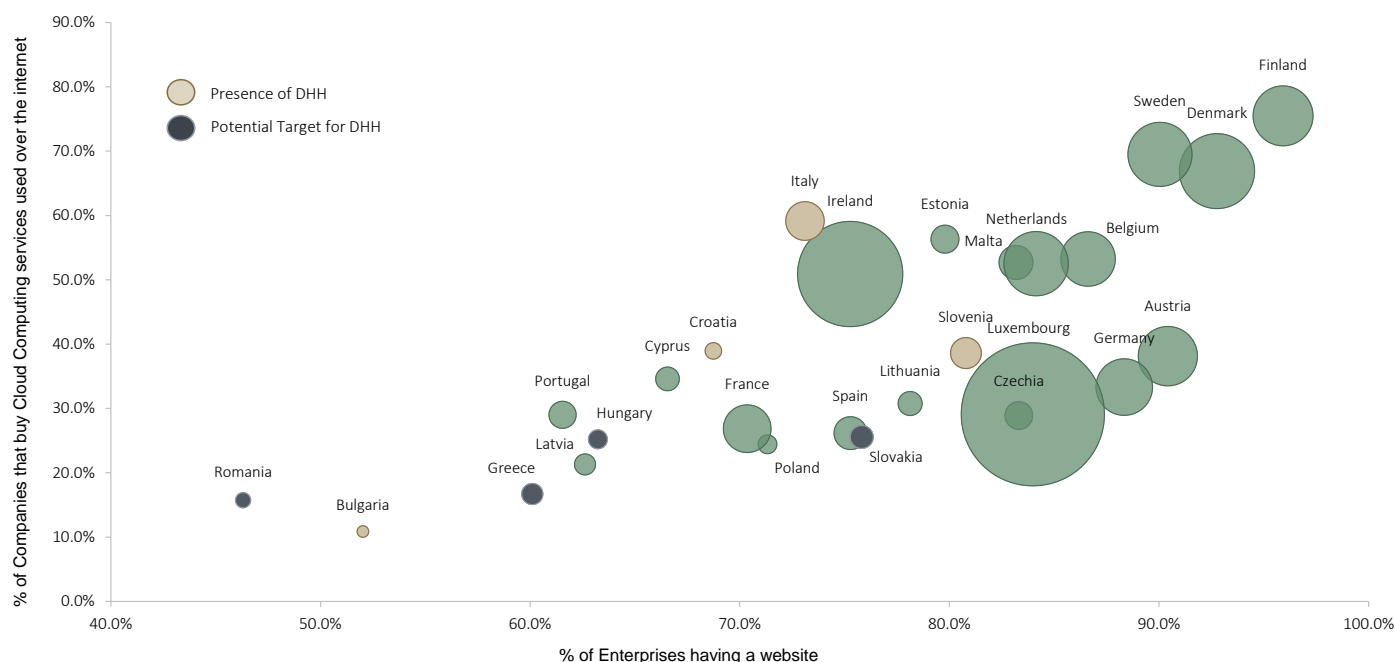
Source: Alantra on Company presentation. Note: Bulgaria has been added at the end of 2021. The country should account for 14% of 2021PF sales

Target markets to catch-up in corporate digitalisation

Digitalisation of corporates should support a growing demand of cloud computing and web-hosting services. According to Business Wire and Allied Market Research, the global market of cloud computing should grow at a 2020-2026 CAGR of 18.8%, while the cloud hosting one should experience a growth of 15.2% between 2020 and 2027. We believe that DHH has a peculiar positioning: small & micro enterprises in South-Eastern Europe. The group should enjoy some positive catch-up trends: 1) small & micro caps are usually much less digitalised than medium and large caps. According to our analysis on data coming from the European Commission, while 94% of European big corporates have a company website, only 76% of SMEs have it; 2) the current level of digitalisation in South European countries is below the European average (with a tech gap standing at c. 10% vs the overall Euro Area); 3) the geographies targeted by the group should outperform the rest of Europe in terms of GDP growth. As a matter of fact, the countries where DHH is present (target markets) should have an average yearly outperformance of around 0.4% GDP growth vs the overall Euro Area in the coming 5 years. The countries targeted by the DHH have a catch-up potential on corporate digitalisation or GDP growth.

Comparative analysis of cloud computing and website adoption across EU 27 countries

The countries targeted by the group have a catch-up potential on corporate digitalisation and/or GDP growth



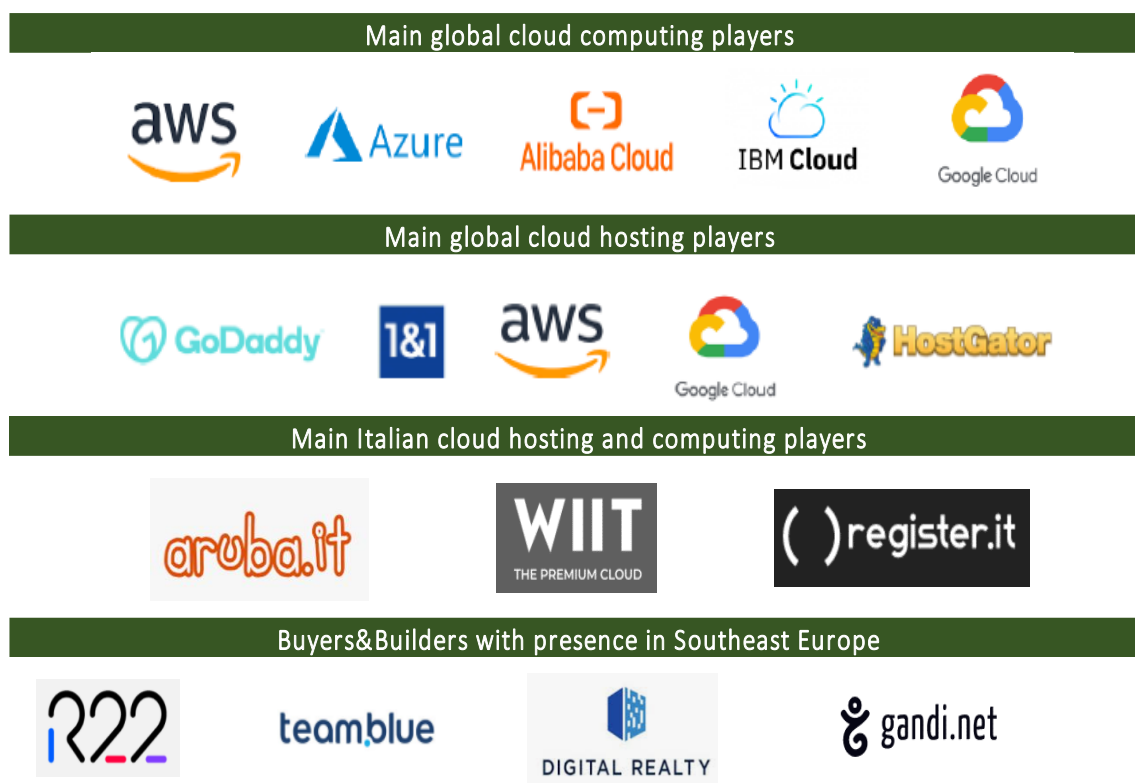
Source: Alantra analysis based on European Commission and World Bank. Note: Size of bubbles scaled by GDP per capita

Local leadership despite competition from the Big Tech

The global market of cloud computing is dominated by very well-known tech players: AWS, Microsoft Azure, Alibaba Cloud, IBM Cloud, Google Cloud. We see the same picture, with some different names, in cloud hosting: GoDaddy, Google Cloud, AWS, 1&1 and HostGator. However, despite the presence of the Big Tech, local players have a strong position in regional markets. They offer customized solutions that best serve the needs of local customers, something similar to what happens in other digital value chains. This is the case in Italy, as well as in the other countries covered by DHH. In the main market of the group (Italy, standing at 69% of 2020PF sales), DHH directly competes with larger local players (including Aruba, Wiit, and Register Group) and other smaller players. DHH has a broad offer of services and profitability close to that of the top players, thanks to the proprietary infrastructure of Seeweb. DHH has been a first mover consolidator in some Southeast European countries outside Italy. The group has acquired a strong position in Slovenia, Serbia and Croatia. Few other players are following the same strategy. We have seen recent deals by the listed Polish group R22, the Belgian Team.Blue and US Digital Realty Trust. Although future M&A activities of DHH could become more complex and expensive, the group could, at some point, either merge with one competitor, or become a target.

Competitive landscape in the cloud computing and hosting business

Despite the presence of the Big Tech, local players have a strong positioning in regional markets



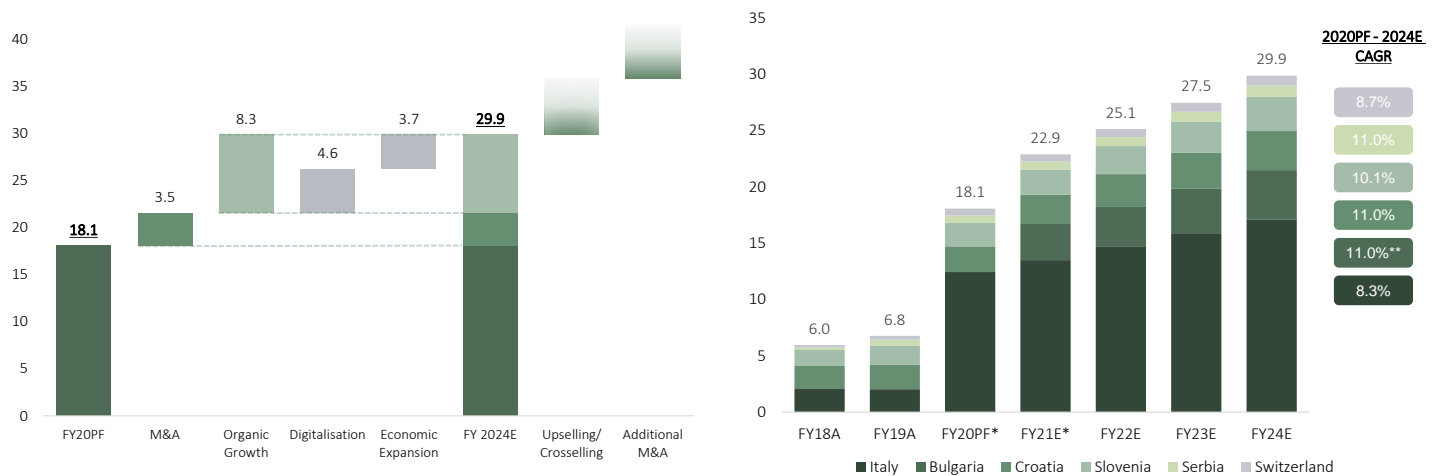
Source: DHH, Alantra

More organic growth and M&A. Strong M/L potential from vertical integration

We expect DHH to deliver a 13% 2020PF-24E top line growth. We assume HSD organic growth, driven by the specific markets covered by the group, which should catch-up on corporate digitalisation and enjoy above average GDP growth. We believe that organic growth could be potentially stronger with an enlargement of the product offer. From December 2021, DHH should consolidate the newly acquired Evolink (Eu3.2mn sales and Eu0.23mn EBITDA in FY21E), which should add c. 5% to our estimated organic CAGR. Further M&A is not just an option for DHH: it is at the core of its strategy. DHH has already finalised 15 deals to date with a total investment of c. Eu40mn. We expect more of this in the future, although our estimates only incorporate the deals already finalised. We have not included in our numbers the potential coming from more vertical integration in the physical infrastructure. This could be achieved in two ways: 1) acquisition of players with an infrastructure network (datacentres and fiber connection); 2) organic build-up of the network, leveraging on the strong expertise of Seeweb. Migration of the existing clients on a proprietary infrastructure would be strongly margin enhancing and value accretive in our view.

Top line growth bridge 2020PF-2024E: 1) Organic vs M&A; 2) By geography (Eu mn)

DHH revenues are expected to reach Eu30mn by 2024, with digitalisation being a big driver of growth. Geography-wise, Italy should continue to be a major contributor



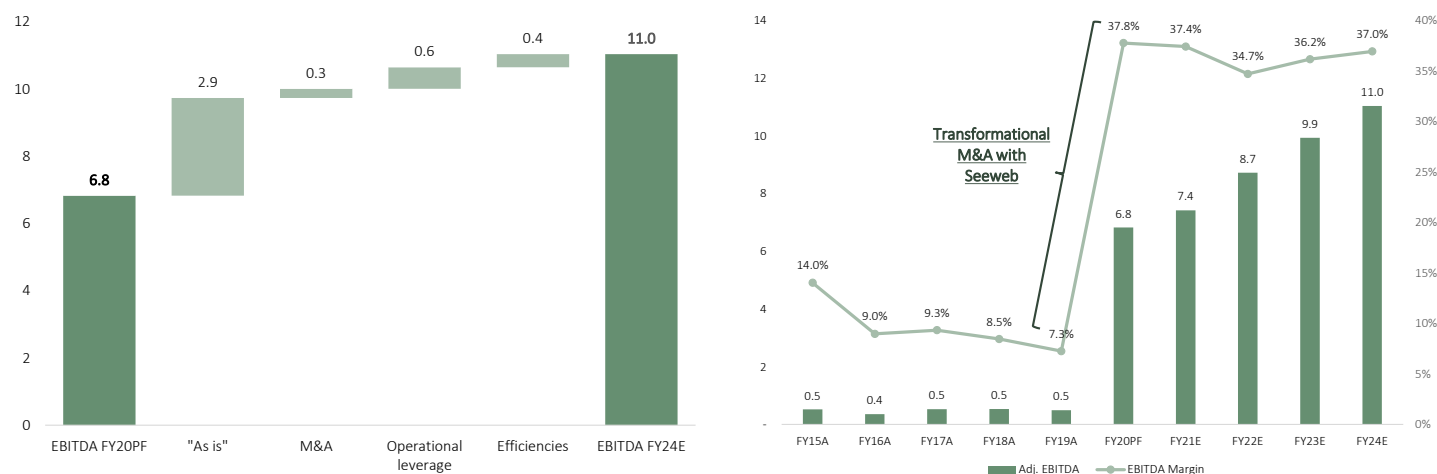
Source: Company's financial statements for historical figures, Alantra estimates. (*) FY20PF considers full consolidation of Seeweb, FY21E also considers full consolidation of MondoServer, Optima Hosting and Evolink; (**) CAGR based on period 2021E – 2024E since Bulgaria was not yet included in FY20PF

Top-line driven EBITDA/EBIT growth

We expect a 12.8% 2020PF-2024E EBITDA CAGR, roughly in line with that of the top line. The Bulgarian acquisition should have a dilutive effect on margins, offset by efficiencies and operational leverage by 2024. Exploitation of the existing physical infrastructure should trigger capex and D&A growth significantly below EBITDA growth, with a positive effect on EBIT margin (expansion of roughly 300bp from 2020PF to 2024E). Interest charges are relatively low and we expect net profit growth in line with that of EBIT (16.6% 2020PF-24E CAGR). We believe that more vertical integration in the physical infrastructure could significantly enhance profitability, with value creation depending on the execution strategy (organic, M&A, or a mix).

FY20PF – FY24E EBITDA bridge & EBITDA margin expansion

"As is" growth will be the main contributor in terms of EBITDA growth, while M&A, Operational Leverage and Efficiencies should stimulate margin expansion to 2024



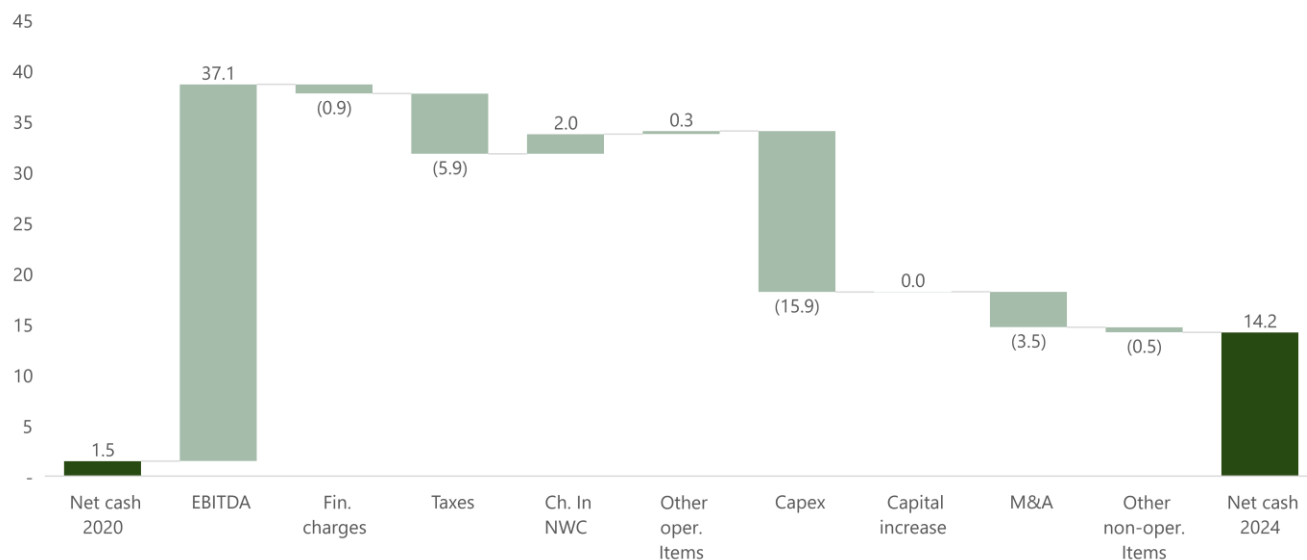
Source: Company's financial statements for historical figures, Alantra estimates

Reinvestment of FCF in M&A could be a strong value driver

DHH manages a cash-generative business. The physical infrastructure (datacentres and fiber networks) is already in place (we estimate capex slightly above D&A in the coming years) and Net Working Capital is very efficient (slightly negative). According to our estimates EBITDA to FCF conversion should easily exceed 40% in the coming years. We expect a growing cash pile, meaning that the group has strong M&A fire power. Assuming the use of the existing treasury stocks (valued Eu2.8mn at current price) and a potential maximum leverage at 2x Net Debt / EBITDA, DHH could invest Eu33mn in M&A in 2022E, and up to Eu49mn by 2024. We highlight that the group was built through M&A, with a total invested amount of c. Eu40mn. The current market cap of the group at market price is Eu71mn, almost 2x the amount invested in M&A. Despite the goodwill paid, ROCE is expected at 20% in 2022 (with full consolidation of the Bulgarian business) and 29% in 2024E. Additional M&A could continue to be a strong value driver in the future.

2020-2024E Net Cash bridge

We expect strong free cash flow generation to 2024



Source: Company's financial statements for historical figures, Alantra estimates

Eu22.5/share TP using EV/EBIT of peers after 25% discount

Listed on Euronext Growth Milan since 2016, DHH has outperformed the FTSE EGM Italia Index (ex-AIM). We believe that the market has appreciated the transformational merger with Seeweb, which has increased the size of the group and created a sounder base to continue the M&A Buy&Build strategy going forward. Despite the recent outperformance (stock up 45% YTD), DHH is still trading at a strong discount versus peers of around 50% on 2022/23 EV/EBIT. We prefer to look at the EV/EBIT multiple instead of EV/EBITDA and P/E ones, as the former adjusts for the different capital intensity of the business, as well as the financial leverage. We apply a 25% discount to take into account the lower size of DHH compared to Italian and international peers in our sample. We have used the DCF to cross-check. We set a TP of Eu22.5/share. We believe that the delivery of the expected organic growth, additional M&A deals (the group has a significant fire power) and potential vertical integration in the physical infrastructure could trigger reduction of the valuation gap.

Valuation of DHH based on EV/EBIT multiples of peers after 25% discount

We apply a 25% discount to set the TP of DHH to take into account the lower size of the group compared to the Italian and international peers in our sample

Eu mn	Hosting & Computing Peers	
	FY22E	FY23E
EBIT	4.8	6.0
EV/EBIT Peer Group	28.3x	21.6x
Premium (Discount)	-25%	-25%
EV/EBIT Peer Group after discount	21.2x	16.2x
EV based on multiples	102.7	96.5
Net Financial Position	6.4	10.6
Adjustments	(1.0)	(1.2)
Pre-money Equity Value on EV/EBIT	108.1	105.9
Eu Per Share	22.9	22.4

Source: Factset, Alantra

Main risks

We believe that the main risks related to DHH's business can be summarised in the following factors: 1) Recent transformational merger; 2) Country risk; 3) Low vaccination level in Eastern European countries; 4) Integration of acquired companies; 5) Lack of advanced ERP; 6) More aggressive competition from big tech and local players; 7) Expensive M&A deals; 8) Forex risk; 9) Receivables from SMEs.

The South-East European M&A builder in cloud hosting and computing

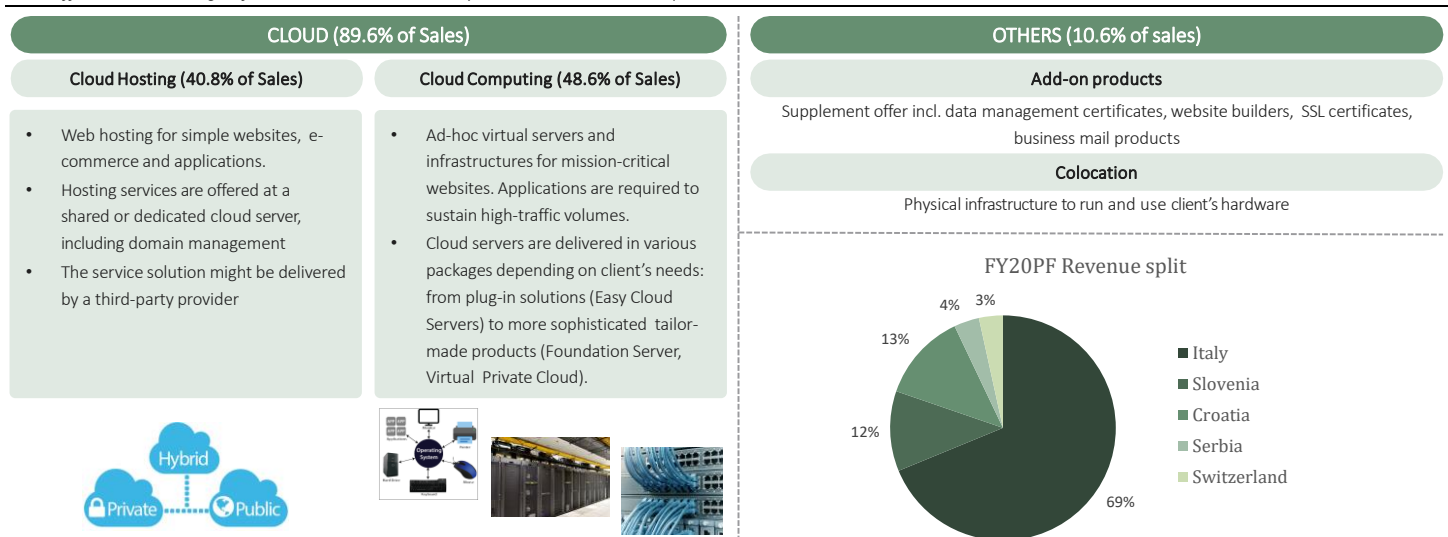
Established in 2015, DHH offers cloud computing (49% of 2020PF sales) and hosting (41%) services to SMEs and solo entrepreneurs in Italy (69% of 2020PF sales), Croatia (13%), Serbia (12%), Slovenia (3%), Italian Switzerland (3%), and the recently added Bulgaria (14% of 2021PF sales). The group operates through an ecosystem of 8 independent and autonomous entities built through M&A. They have their own brands and receive central support from the holding on strategy, corporate governance, business planning, M&A, compliance, strategic sourcing, and executive search. The entities offer a broad array of products, from simple web hosting packages to complex tailor-made cloud computing solutions (ARPU ranging from Eu30 to Eu8k with group average of c. Eu800). As of Dec 2020, DHH had a fragmented portfolio of >100k clients (Top 10 clients slightly above 10%), generating sales from either annual subscription-based contracts with automatic renewal or service usage. Acquisition and onboarding of new clients is completely inbound and online, with a minimal churn-rate (c. 5%). The recent reverse merger with Seeweb has been transformational for DHH (FY20PF sales and EBITDA were up 93% and 272% versus actuals, reaching, respectively, Eu18.1mn and Eu6.8mn) and, in our view, it has created a sounder base to continue the M&A Buy&Build strategy going forward. Listed on Euronext Growth Milan since 2016, DHH can leverage on the complementary expertise of a strong management team with over 25 years of experience in IT and a solid M&A track record.

A broad array of cloud hosting and computing services...

DHH generated 49% of 2020PF sales from cloud computing services, 41% from cloud hosting and 10% from add-on services. In our view, the main differences between computing and hosting are linked to two main elements: 1) Infrastructure vs Service activity. Cloud computing is linked to a physical infrastructure (datacentres) usually owned by the provider. Hosting is mainly a service activity, which can be easily managed using third-party assets; 2) Complexity. While computing is related to complex or mission critical applications for the client, hosting is linked to simple websites, e-commerce and applications.

Business segments and Group's revenues by geography (FY20PF)

DHH offers a broad range of services in the cloud ecosystem in Southeast European countries



Source: Alantra on Company presentation. Note: Bulgaria has been added at the end of 2021. The country should account for 14% of 2021PF sales

Cloud computing

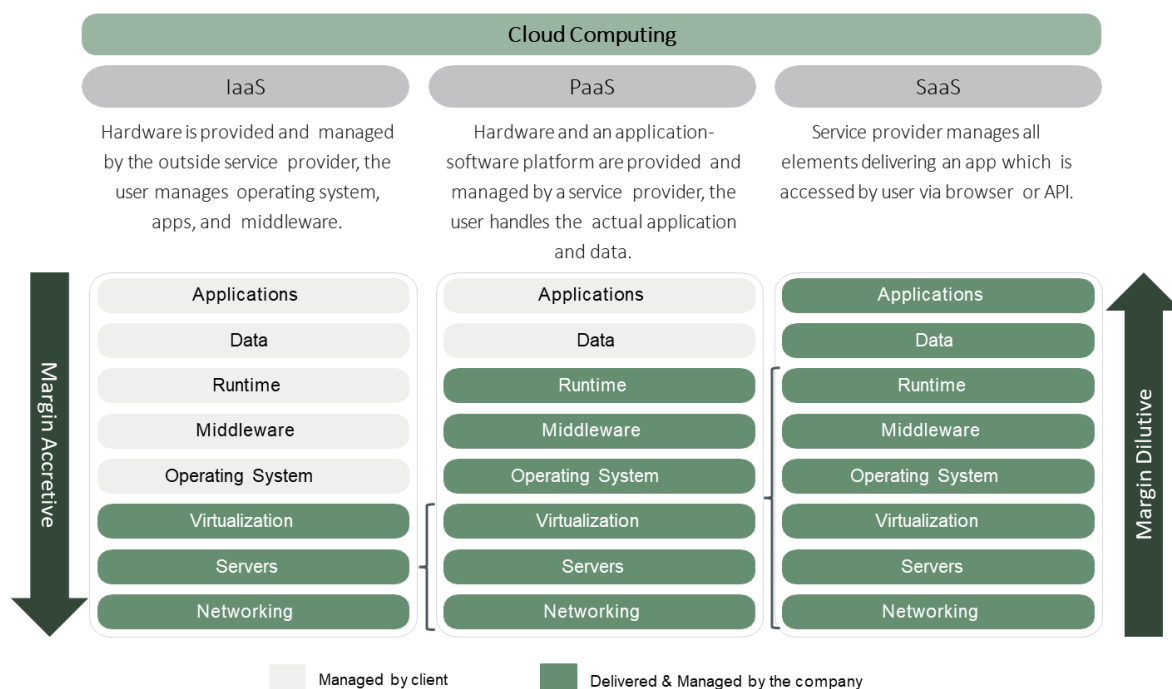
Cloud Computing consists of dedicated virtual servers and infrastructures for mission-critical websites, e-commerce and applications required to sustain high-traffic volumes. DHH offers several options for a broad range of client's needs, ranging from plug-in solutions for beginners (Easy Cloud Servers) to more sophisticated and ad-hoc products (Foundation Server, Virtual Private Cloud, etc.) with higher associated gross margins. This flexibility allows DHH to cover the full spectrum of cloud appetite by providing tailor-made solutions to SMEs. Cloud Computing is mainly offered through the 100% controlled Seeweb, which manages 6 datacentres (of which 4 fully owned) connected by a proprietary internet backbone network. Finally, we see that the M&A activity of the group has recently been tilted towards broadening the cloud computing business outside of Italy.

Cloud computing is offered through IaaS, PaaS and SaaS. Moving from IaaS to SaaS, the computing content of the offer is complemented with additional services across the value chain:

- **IaaS.** The Company offers to its customers Infrastructure as a Service (e.g. server virtualization, networking) through an hardware provided and managed by DHH. The user manages operating system, applications and middleware.
- **PaaS.** In the Platform as a Service mode, middleware and operating systems are provided by the Company as well, while users manage applications and data. PaaS is designed to make it easier for developers to quickly create web or mobile apps, without worrying about setting up or managing the underlying infrastructure.
- **SaaS.** Software as a Service consists into the offering of a turnkey solution through a full-managed package where users have access via browser or API. The delivery of software applications is made over the internet, allowing cloud providers to host and manage the software application and the underlying infrastructure.

Full stack of cloud computing services

DHH covers a broad range of clients' needs within the cloud computing ecosystem



Cloud Hosting

Cloud Hosting is offered through shared or dedicated cloud servers and include domain registration & management and web hosting for websites, e-commerce and applications. Hosting services may be divided into shared, cloud, VPS and dedicated, each of these being associated to a different level of available capacity and pricing:

- **Shared hosting.** One server operates as the lead hosting solution, with several users sharing the space. This solution comes at a competitive cost but implies limited available resources.
- **Cloud Hosting.** Public clouds are owned and operated by a cloud service provider who is responsible for hosting, managing and maintaining the network. Cloud Hosting is often a cost-effective and scalable solution where multiple servers are connected to the cloud and power multiple websites/e-commerce/applications at the same time
- **Hybrid Cloud (Virtual Private Server).** A hybrid cloud combines a dedicated hosting with a cloud one. This allows data and apps to move between the two environments, giving businesses greater control over their private data: they can maintain a private infrastructure for sensitive assets or workloads, and simultaneously pivot on managed public cloud for standard data. As such, confidential operations and sensitive data can be run on a private cloud while high-volume and less sensitive workloads can be run on a public environment. The primary motivation is twofold: acquiring the flexibility to choose the optimal cloud for each application and gaining the ability to move workloads freely among clouds as dictated by changing circumstances.
- **Dedicated Hosting.** Users with access to heavy duty IT and needs for strict privacy often adopt a dedicated hosting solution. It is a data centre built specifically for a single business to host and manage data internally and privately. This cloud resource is not shared by any other company or individual, and is typically located on-site. The level of maintenance required makes the private cloud the most expensive cloud option for businesses, as they require an in-house IT team, equipment, and housing. This often makes it the preferred cloud storage option for large corporations with a budget set aside for IT.

Cloud Hosting

DHH offers custom-made cloud solutions for different user's needs

	What is it?	Whom is it for?
Shared Hosting	Shared hosting is when multiple sites are stored on one server. Sharing the space is more cost effective, but it also means resources are finite	Small and starter sites with modest technical demands. If in doubt, start here and upgrade as your site's demands grow
Cloud Hosting	Cloud hosting is when your site is powered by multiple servers. It's a much more flexible system than shared hosting. If one server goes down, another picks up the slack	For sites starting to outgrow their humble origins. Cloud hosting copes far better with traffic spikes than shared does. It's a good half-measure if you want to scale up but not take the plunge of dedicated hosting
Virtual Private Server (VPS) Hosting	VPS is a halfway point between shared and dedicated servers. You share server space with other sites, but a section of it is entirely yours	This is a step beyond cloud. You're really getting somewhere now. This mixes flexibility, scalability, and power. These plans are great if you've outgrown shared hosting but are still not yet ready to go dedicated
Dedicated Hosting	Dedicated hosting is where you are the sole tenant of a server. You get all those resources all to yourself. This exclusivity costs, but it's worth it if your site is resource-intensive	This is the big leagues. If you're just starting out, you won't need anywhere near this tier of plan. Not yet anyway

Source: Websitebuilderexpert.com, Alantra

Add-on services

DHH provides colocation and add-on services on top of its core business:

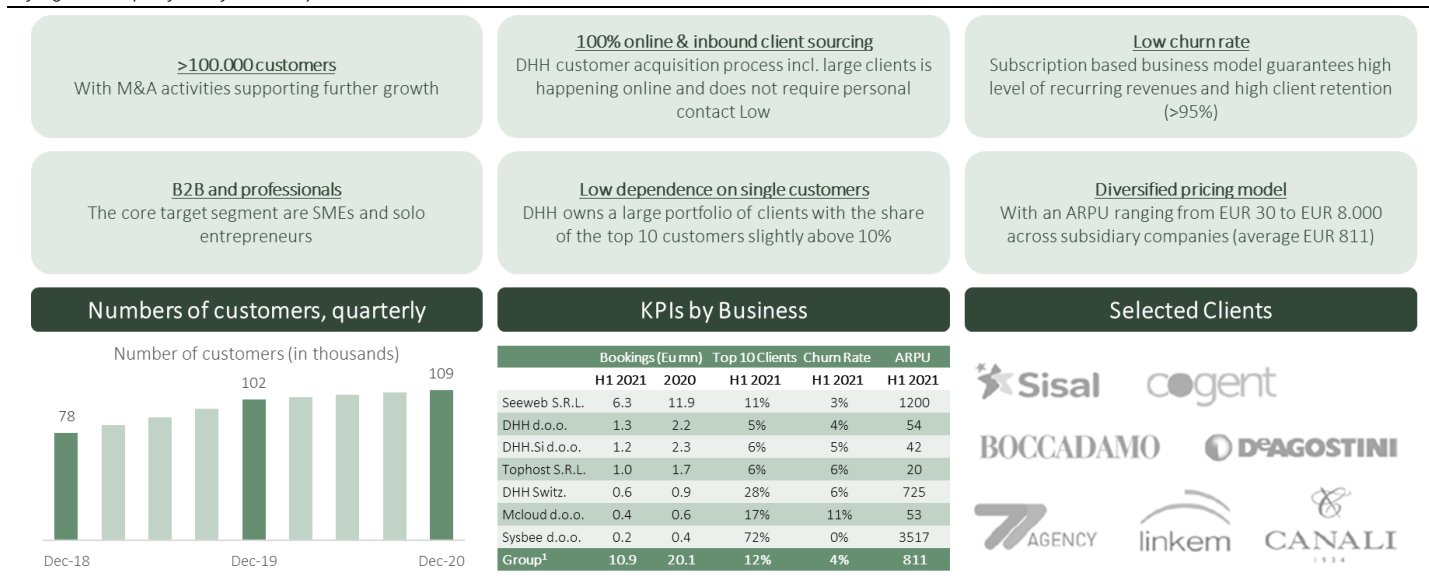
- **Colocation** consists in the offering of space in the owned datacentres, where corporates can place their own hardware. This activity is equivalent to that of a real estate manager. The datacentres managed by the group have capacity of 2,250mq/3.2MW, which could be expanded up to 4,000mq/8MW with additional investments. The space not used to host proprietary hardware is leased to 3rd parties
- **Add-on services and certificates** complement the offer. These include data management certificates, website builders, SSL certificates, business mail products, etc.

...offered to a fragmented portfolio of >100k loyal clients...

DHH has a fragmented portfolio of >100k clients (2020PF), with the top 10 clients representing c. 10%. The company generates sales from either annual subscription-based contracts with automatic renewal or service usage. ARPU is very volatile, mainly depending on client size and services offered (ranging from Eu30 to Eu8k, with group average of around Eu800). Acquisition and onboarding of new clients is completely inbound and online, and churn-rate is very low (around 5%).

M&A track-record

A fragmented portfolio of >100k loyal clients



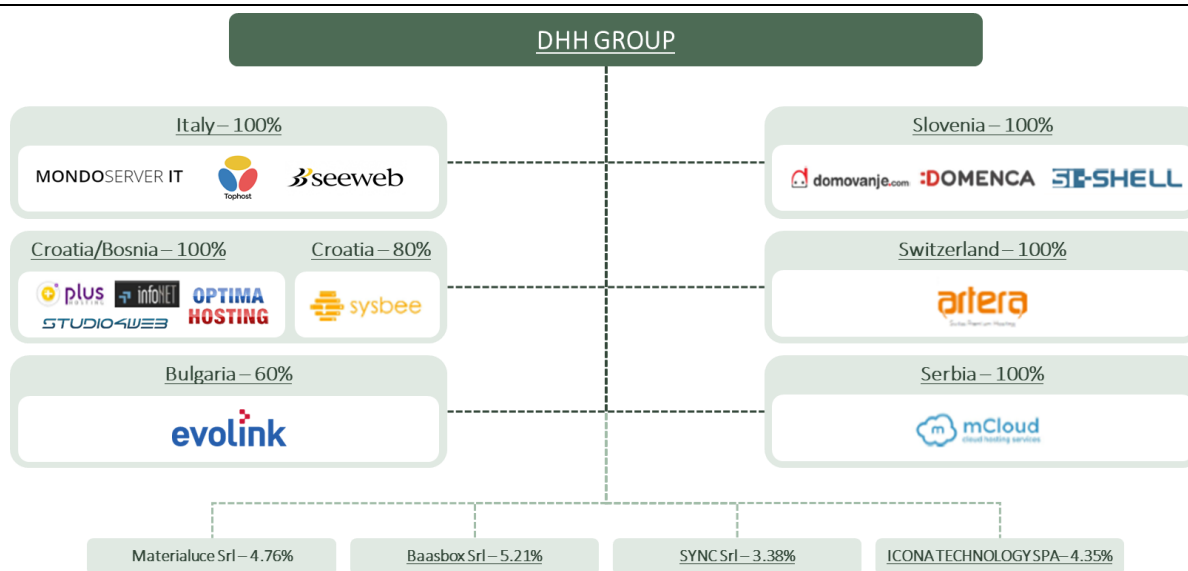
Source: DHH, Alantra. ¹ Weighted averages calculated for Top 10 customers, churn rate and ARPU at a Group level

...through an ecosystem of 8 independent and autonomous entities...

The group operates through an ecosystem of 8 independent and autonomous entities agglomerated by means of M&A. The acquired companies retain leadership, autonomy, branding and market positioning. They receive central support from the holding on strategy, corporate governance, business planning, M&A, compliance, strategic sourcing, and executive search. They remain fully autonomous with regards to day-to-day operations. The acquired companies can also benefit from a better access to capital and share best-practices and technological know-how.

Organizational structure

The group consists of 7 autonomous and independent entities (8 if we consider the recent acquisition of Evolink in Bulgaria)



Source: DHH, Alantra

Seeweb is the most important company of the group and Italy is the main country (69% of 2020PF sales) followed by Croatia (13%) and Slovenia (12%).

Well-established players in Europe, strong market share in Southeast regions

Established presence in EU Southeast regions with strong market share in Slovenia and Croatia (31% and 23% respectively)

Company	Country	Description	FY20PF sales (Eumn)	% of total sales	ARPU (Eu)	Churn rate
Seeweb	Italy	Full-stack of cloud computing services (SaaS, IaaS and PaaS), cloud hosting (private and hybrid mode) and housing and colocation, relying on six physical datacenters and a proprietary fiber optic network. In April'21 Seeweb acquired MondoServer to strengthen its presence in the Southern Italy.	11.9	69%	2,374	9%
TopHost	Italy	TopHost provides entry level solutions to more than 46000 customers, being one of the most cost-effective web hosting providers in Italy.	1.7		37	
Studio4web, Plus Hosting, Infonet, Sysbee, Optima Hosting	Croatia	DHH Group is the largest hosting provider in Croatia with ca. 20,000 clients or 23% market share mainly through Studio4web, Plus Hosting and Infonet, which provide both low-cost hosting solutions and managed hosting services to high end customers. Other DHH's companies include Sysbee (web hosting and IT solutions) and Optima Hosting (web hosting with 5,600 clients across Croatia and Bosnia and Herzegovina).	2.3	13%	7,964 ²	9% ²
Domenca, Domovanje, Si-Shell	Slovenia	DHH has over 27,000 customers or 31% market share in Slovenia, a leading position player on the local market through the three brands, Domenca, Domovanje and Si-Shell. Domenca is a domain registration provider, while Domovanje and Si-Shell are mostly involved in cloud computing field. High-end products like WordPress and hybrid hosting were introduced to the market in FY19.	2.2	12%	81	11%
mCloud	Serbia	The Serbian operations serve 6,300 customers which represents ca. 7% of the market through mCloud and Plus Hosting brands.	0.5	3%	95	14%
Artera	Switzerland	With Artera, DHH provides high-end services, mainly addressed to customers requiring high level of reliability and technologically advanced web hosting services.	0.5	3%	530	9%
Evolink	Bulgaria	Established in 2004 and based in Sofia (Bulgaria), Evolink is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria with two data centers, both located in Sofia.	3.2	14% ¹	n.a.	n.a.

Source: DHH, Alantra. (1) Figure refers to FY21PF data (2) Only Sysbee

DHH also adds to organic growth and M&A strategy the capability of investing in early-stage projects that have the potential to become relevant businesses in the international market. The group has historical track record in the field:

- Seeweb started investing in seed stage start-ups in 2015. The first seed investment, **Docebo**, provider of AI-powered learning management technologies, today is a listed company on the Toronto Stock Exchange with a market capitalisation above Eu350mn
- DHH backed a SPAC (Errera Technology) in July 2021 with Eu500k investment. The SPAC has completed the business combination with Icona, an Italian scale-up focused on Augmented Reality for Remote Assistance. The combined entity (renamed **Icona Technology**) has been listed on the Wien Stock Exchange since 24th November 2021. The market value of the 4.35% stake owned by DHH is Eu1.2mn (almost 3x the initial investment in just few months)

DHH has a small portfolio of 4 corporate venture capital minority investments today.

Current DHH's corporate venture investments

Icona Technology stake is valued at Eu1.2mn, almost a 3-fold return from initial investment in July 2021

Company	Country	Description	FY20 sales (Eumn)	Value (Eumn)	Method	Type
Baasbox	Italy	Venture-capital-backed company that operates in the software industry for mobile apps. BAASBOX is the first Backend as a Service (BaaS) that is open source, free to download, free to use and free to modify. It is a server that provides general backend services for your mobile Apps.	0.7	0.1	1H21 book value	Private
Materialuce	Italy	Founded in 2014, develops, designs and markets lights and innovative light systems	0.1*	0.1	1H21 book value	Private
Icona Technology	Italy	Founded in 1996, Icona is an Italian vertical-focused Independent Software Vendor specialized in remote assistance and customer support.	2.2	1.2	Current Mkt cap	Public
SYNC	Italy	Founded in 2015 as IT service provider	n.a.	0.1	1H21 book value	Private

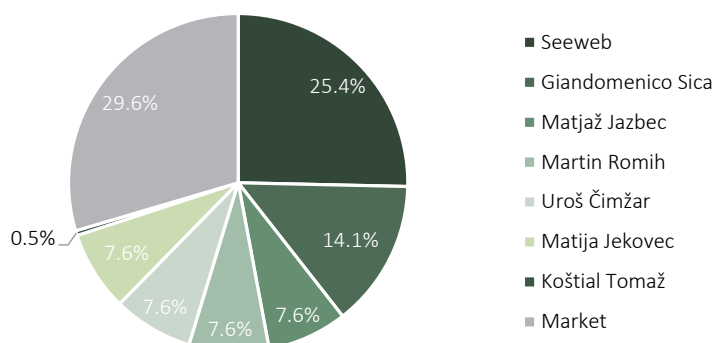
Source: DHH, Alantra

...built through M&A and the transformational reverse merger with Seeweb

DHH was founded in 2015 by Seeweb (an historical Italian cloud computing group), Giandomenico Sica (venture capitalist with previous managerial experiences in the listed Mail-up and Digital Magic), Uroš Čimžar (co-founder of Claro, web-hosting provider in Slovenia) and Matija Jekovec (co-founder of Claro). Before listing on the Euronext Growth Milan market segment in 2016, the company has completed the acquisitions of Claro in Slovenia and Tophost in Italy (the main shareholders of Claro became shareholders of DHH).

Shareholder's structure of DHH post-IPO in 2016

At IPO, Seeweb was the main shareholder (with a 25.4% stake), free float accounted for 29.6%, and market cap stood at Eu14.2mn

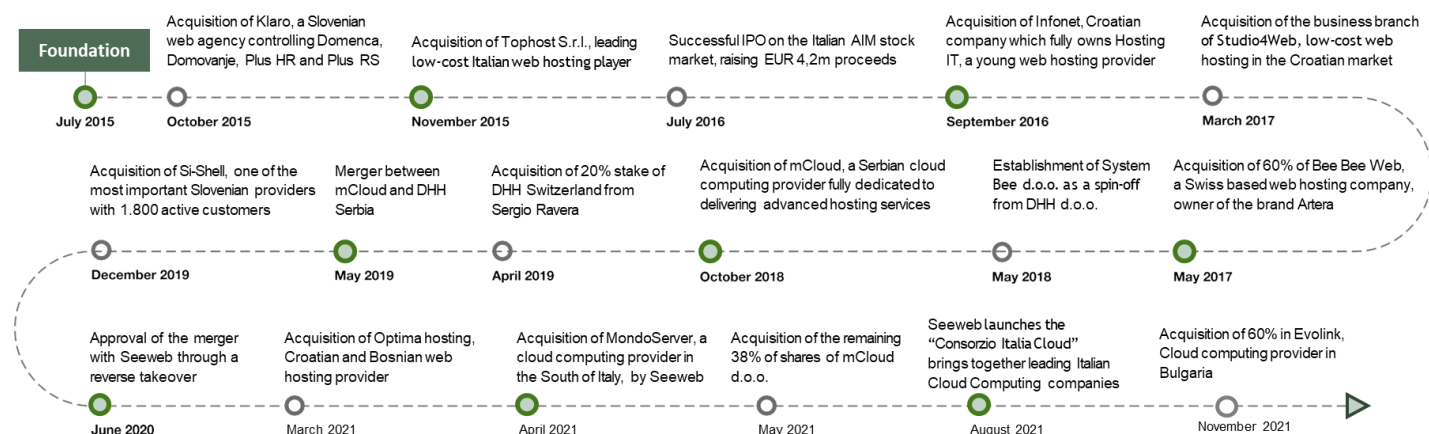


Source: DHH, Alantra

Thanks to the IPO, DHH raised Eu4.2mn, an amount that has been used to continue the consolidation of the cloud hosting market in Southeast Europe. Since the IPO, DHH has completed additional 14 acquisitions (including the Bulgarian Evolink) for a total combined value of around Eu40mn. The idea of the founders was linked to the low penetration of cloud hosting and digitalisation in these geographies, as well as the possibility of becoming a consolidator and exploiting organic growth after the deals.

M&A track-record

Since the 2016 IPO on the AIM Italia Stock Exchange, DHH has grown rapidly also thanks to a vigorous M&A plan exceeding Eu40mn (15 acquisitions)



- Since 2016 IPO on AIM Italia Stock Exchange, DHH has grown rapidly also thanks to a vigorous M&A plan exceeding EUR 37m, with 14 acquisitions of promising tech companies.
- Reverse merger with Seeweb in June 2020 consolidated the Group's market position in its core business areas and made it better prepared to approach future M&A opportunities and face competitive challenges at European level.

Source: DHH, Alantra

The reverse merger (100% share exchange) with the main shareholder Seeweb (approved in June 2020 with a *whitewash waiver*) has been a transformational deal for the group. Seeweb was the first company to offer cloud computing solutions on the Italian market and was one of the first company to register domains in Italy. From an almost pure web hosting player, DHH has transitioned to a cloud computing provider, now being able to leverage on a proprietary infrastructure. Seeweb manages six physical datacentres (out of which four are completely owned) in Italy, Switzerland and Croatia, as well as an internet backbone which connects proprietary datacentres to important domestic and foreign exchange points. The company has room to significantly expand its datacentre capacity with additional investments.

Seeweb's proprietary infrastructure at a glance

Seeweb manages six physical datacentres in Italy, Switzerland and Croatia (of which 4 are completely owned), and an internet backbone which connects proprietary datacentres to important domestic and foreign exchange points



Seeweb holds six physical datacenters in Italy, Switzerland and Croatia, and an internet backbone which connects proprietary datacenters to important domestic and foreign exchange points such as: 1) Mix and Minap located in Milan, 2) NameX located in Rome, 3) Amsix located in Amsterdam, 4) Cix located in Zagreb and 5) Six located in Ljubljana.

Proprietary network allows the Group to:

- Choose and handle the applicable exchange policies.
- Carry out maintenance or improvement interventions as well as act promptly in case of critical situations.
- Apply competitive prices, due to the reduction of production and supply costs related to infrastructures.

Datacenter	Capacity Total	Capacity Free	Capacity for Expansion (with investments)
Seeweb	2.250mq / 3,2MW	142 racks	4.000mq / 8MW

Interconnections

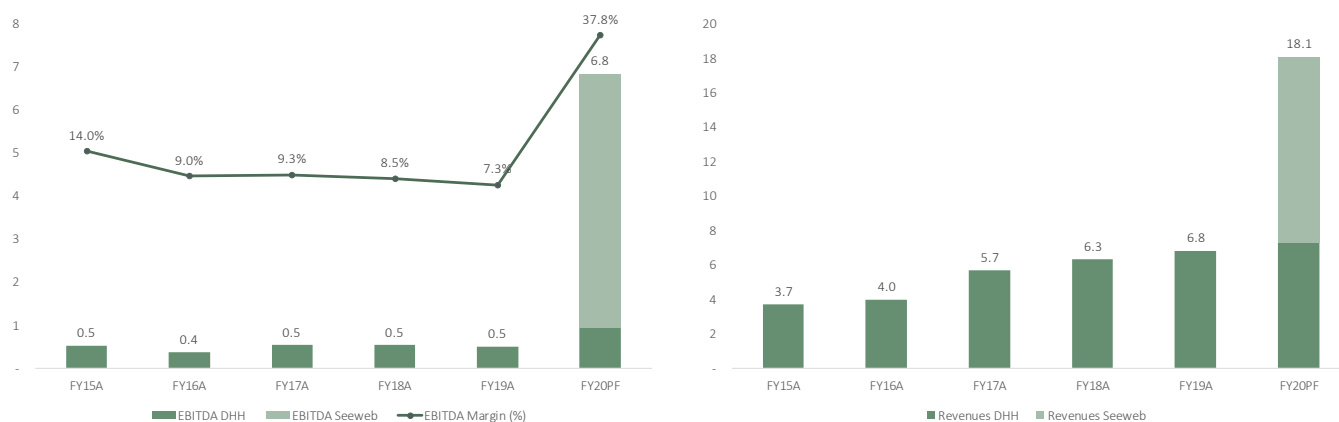


Source: DHH, Alantra

FY20PF sales of the group (Eu18.1mn) were up 93% versus actuals, while EBITDA was up 272% (standing at Eu6.8mn). In our view, the combination of DHH and Seeweb has created a sounder base to continue the M&A Buy&Build strategy.

Historical revenues, EBITDA (Eu mn) and EBITDA margin (%)

Strong contribution and value creation after the merger with Seeweb



Source: DHH, Alantra

Strong management with complementary expertise

The 4 key managers and co-founders of the group are part of the BoD, together with one independent director. We believe that the management team has extensive and complementary experience within cloud and tech businesses:

- **Antonio Baldassarra.** Founder, CEO and main shareholder (before reverse merger) of Seeweb, he has more than 25 experience in the IT, electronics and telecommunication business. He is Chairman of the Italian Hosters and Registrants Associations and member of the BoD at the Rome Nautilus Mediterranean Exchange.
- **Giandomenico Sica.** Co-founder of the Group and Executive member of the BoD with several years of experience in tech companies. He is also founder of Grafoventures (investment company) and Creatives Group (applied AI technology). Previously, he was investor in MailUp (public marketing tech company) and Digital Magics (start-up incubator).
- **Uroš Čimžar.** Managing Director and CSO with over 15 years of experience in the web and hosting industry. He also co-founded one of the top 10 web agencies, named Klaro.
- **Matija Jekovec.** Managing Director, COO and co-founder of Klaro, working as developer and R&D manager. Through its technical careers, he has gained extensive experience in software development, software architecture, implementation of development software and system administration.

Board of Directors and Group's top management

Several years of experience in IT



Antonio Baldassarra
Director

Founder and CEO of Seeweb with over 25 years of experience in IT and Electronics. President of the Hosters and Registrants Association, member of the Board of Directors at Rome Nautilus Mediterranean Exchange (Namelx).



Guido Busato
Independent

Entrepreneur and manager with over 25 years of experience in finance and energy markets. Specialized in start-ups and excellent track-record in banking and asset management. Founder of EcoWay S.p.A., trading and advisory firm on environmental markets and finance. From 2015, Guido manages a small Family Office with equity investments in Italian SMEs.



Uroš Čimžar
Managing Director, CSO

Uroš Čimžar has over 15 years of experience in the web and hosting industry. While at university, he co-founded and managed Klaro which was one of the top 10 Slovenian web agencies. The team also worked on its own internal projects like Domovanje.com. Over the years, Uroš has accumulated extensive entrepreneurial experience, mostly in the fields of finance, marketing and business development.



Matija Jekovec
Managing Director, COO

Matija co-founded Klaro in 2003 and worked as a developer and later R&D manager. Through his technical career he acquired an intimate knowledge of software development, software architecture, implementation of development processes and system administration. As the company shifted focus to hosting and acquired some of its competitors, Matija managed the operations for the group and has been building the largest hosting group in Slovenia.



Giandomenico Sica
Executive Chairman
of the Board of Directors

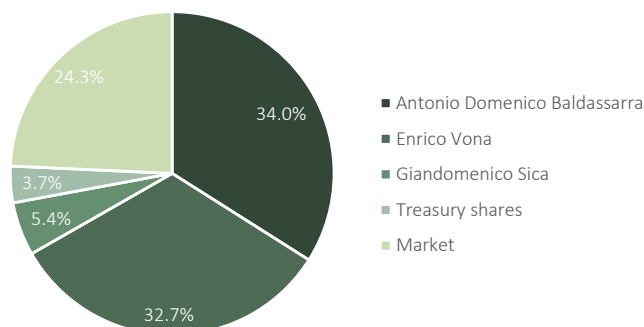
Giandomenico is a co-founder of DHH. He is also a founder of Grafoventures, Small Caps investment company focused on SEE, and a co-founder at Creatives Group, listed Applied AI company. Previously he was an investor of MailUp, listed marketing tech company, and a shareholder & partner of Digital Magics, listed start-up incubator. He is a graduate in Philosophy (cum laude) at the University of Milan.

Source: DHH, Alantra

To be noted that the key managers are also shareholders of the group (although the stakes of Uroš Čimžar and Matija Jekovec are very low following the merger with Seeweb). Enrico Vona, founder and previous shareholder of Seeweb is not executive. We finally highlight that the group owns a 3.65% treasury stake, which could be used to fund potential M&A deals and get onboard managers of the acquired companies.

Shareholding structure

Founder at 34.0%, Market at 24.3%



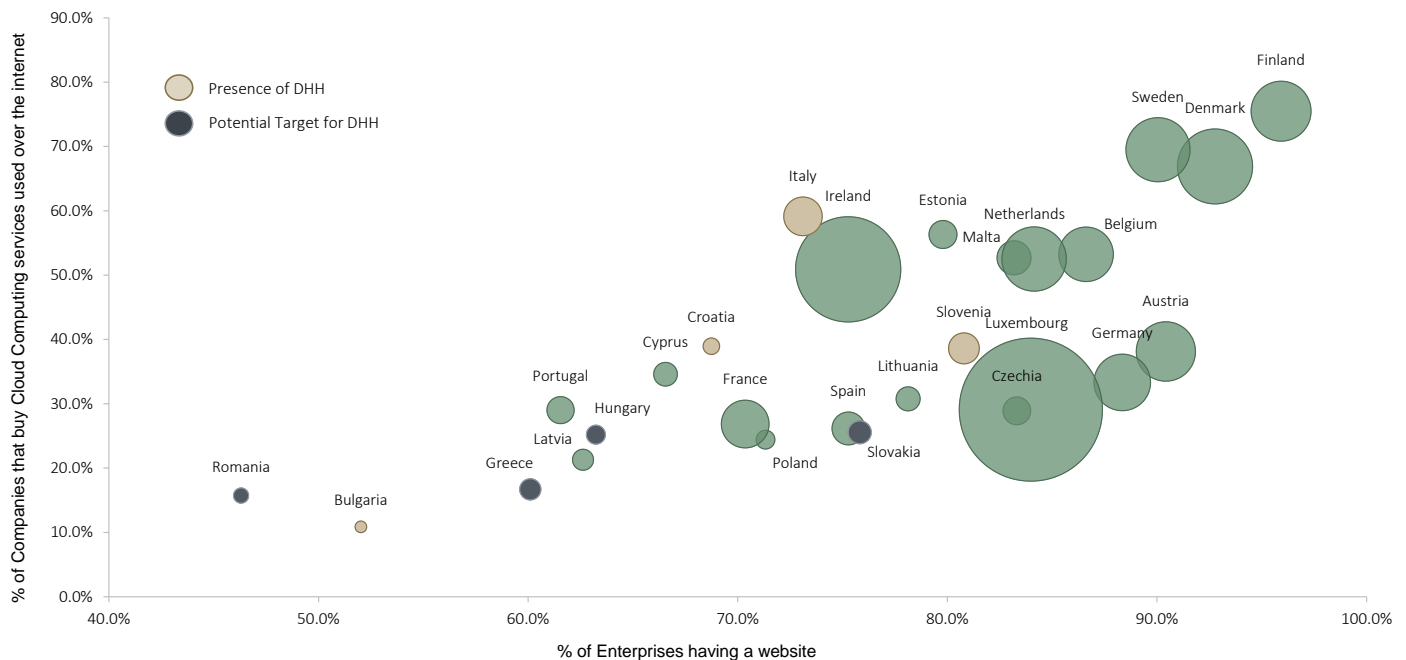
Source: DHH, Alantra

Target markets to catch-up in corporate digitalisation

Digitalisation of corporates should support a growing demand of cloud computing and web-hosting services. According to Business Wire and Allied Market Research, the global market of cloud computing should grow at a 2020-2026 CAGR of 18.8%, while the cloud hosting one should experience a growth of 15.2% between 2020 and 2027. We believe that DHH has a peculiar positioning: small & micro enterprises in South-Eastern Europe. The group should enjoy some positive catch-up trends: 1) small & micro caps are usually much less digitalised than medium and large caps. According to our analysis on data coming from the European Commission, while 94% of European big corporates have a company website, only 76% of SMEs have it; 2) the current level of digitalisation in South European countries is below the European average (with a tech gap standing at c. 10% vs the overall Euro Area); 3) the geographies targeted by the group should outperform the rest of Europe in terms of GDP growth. As a matter of fact, the countries where DHH is present (target markets) should have an average yearly outperformance of around 0.4% GDP growth vs the overall Euro Area in the coming 5 years. The countries targeted by the DHH have a catch-up potential on corporate digitalisation or GDP growth.

Comparative analysis of cloud computing and website adoption across EU 27 countries

The countries targeted by the group have a catch-up potential on corporate digitalisation and/or GDP growth



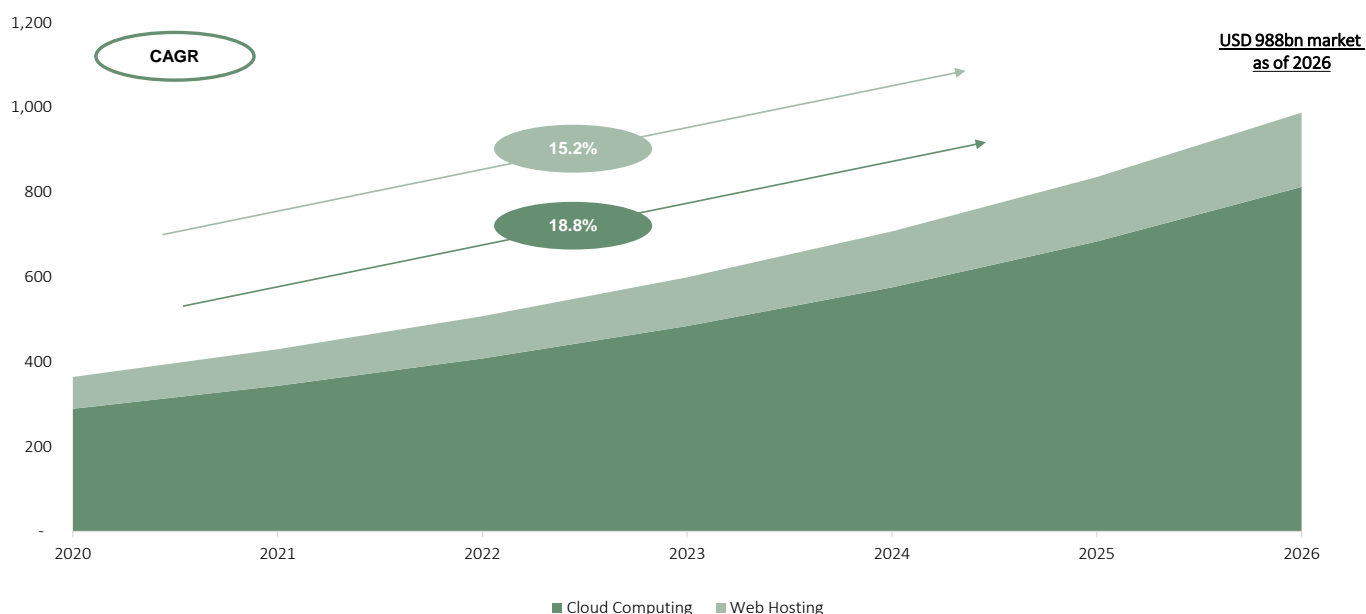
Source: Alantra analysis based on European Commission and World Bank. Note: Size of bubbles scaled by GDP per capita

Digitalisation of corporates should trigger growing demand of cloud hosting and computing

In the search of productivity growth, new business opportunities and scalability at an affordable cost, the global economy has been pushed towards digitalisation in the last few years. On top of this, Covid-19 has further accelerated the implementation of new technological advancements, raising awareness on the importance of digitalization, which has become a must-have for corporates. According to a 2021 survey from McKinsey, 89% of the 1,100+ companies participating in the questionnaire believe that their business model needs to change, with digitalization being a “Sine qua non” in order to remain economically viable. This mindset will incrementally contribute to the fast-paced growth of the cloud hosting and cloud computing markets, both being vital for every industry. Our analysis, based on estimates from Business Wire and Allied Market Research, shows that these two sectors are set to become a trillion-dollar opportunity by 2026, more than doubling their respective size as of 2020.

Global cloud computing and web hosting markets growth, 2020-2026 (USD bn)

Prompted by a trend of digitalization among corporates, cloud computing and web hosting are set to surge to a USD1tn market



Source: Alantra analysis based on Business Wire and Allied Market Research

In an increasingly cloud-based world, data is becoming the new oil. This is, in turn, triggering the need for more cloud computing and web hosting in order to manage data, enable enterprise-wide cloud migration and extrapolate insights. Data coming from Gartner shows that cloud spending is set to accelerate, reaching 14% of global enterprise IT spending by 2024. This being said, SaaS will continue to be the predominant segment inside the global cloud service market (estimated at USD138bn as of 2021), even though PaaS will be the one experiencing the strongest growth (26.6% in 2021).

DHH should benefit from positive catch-up trends linked to its target markets

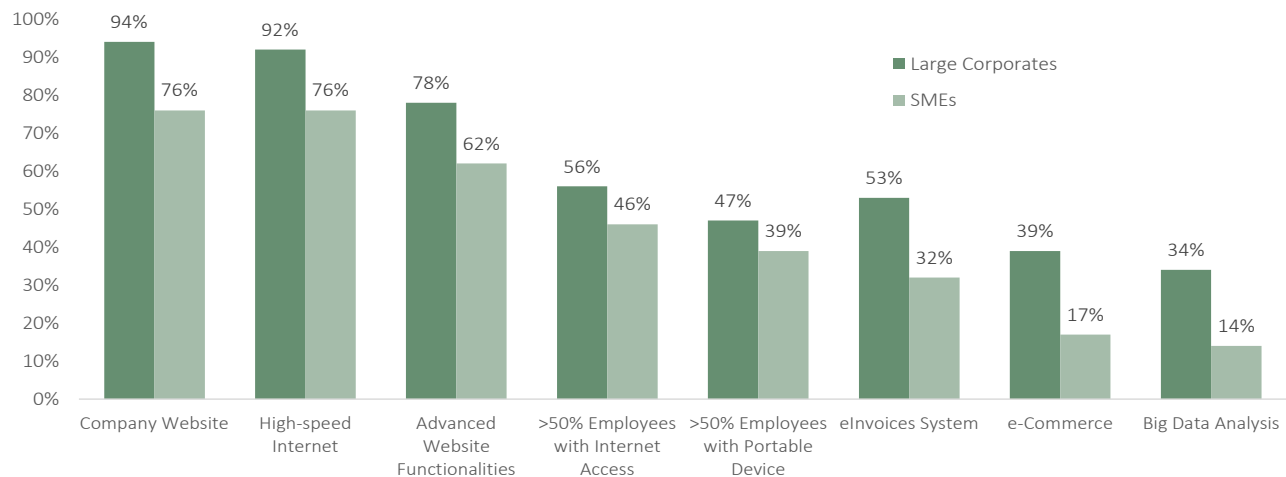
DHH has a specific focus on small and micro enterprises and solo entrepreneurs in Southeast Europe. We believe that, thanks to this positioning, the group should enjoy few catch-up trends.

1. Small & Micro enterprises are less digitalised than medium and large corporates

While big corporates have adopted technological advancements at a faster pace, small companies still lag behind in terms of digitalisation. Web hosting players are set to benefit from closing this gap in the years to come. This opportunity is even more significant in Europe, where 24 million SMEs, representing 99% of all EU businesses, employ around 100 million people and generate more than 50% of EU's GDP. Data coming from the European Commission shows that, while 94% of Large Corporates have a company website, only 76% of SMEs have it, opening an ocean of opportunities for cloud hosting and cloud computing players.

Digital Intensity Index indicators tracking digitization processes (% enterprises), 2020

As small companies still lag behind in terms of technology adoption, web-hosting players are set to benefit from closing the gap in the years to come

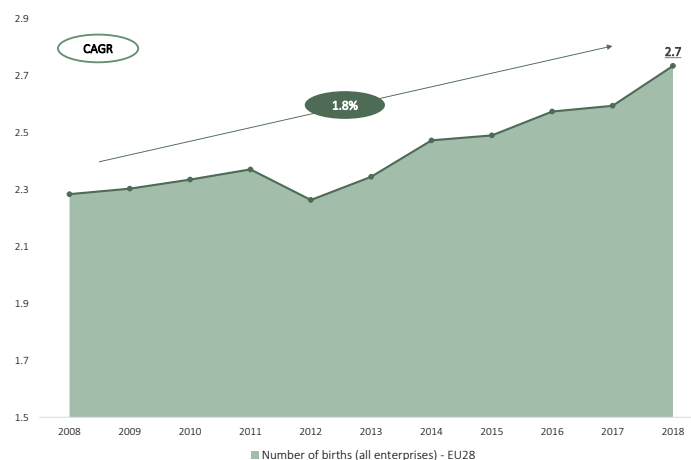
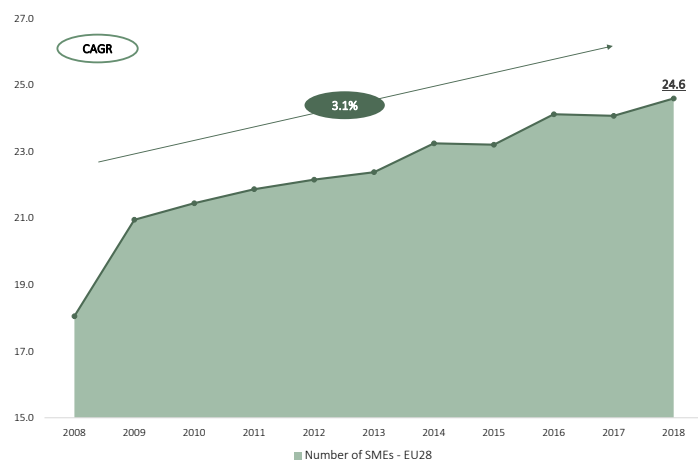


Source: European Commission, Alantra. Note: SMEs identification follows the EU's definition based upon staff headcount, turnover and balance sheet total

Cloud computing and cloud hosting players will benefit not only from a digitalisation gap of SMEs vs larger corporates, but also from the surging number of SMEs. SMEs in the European Union (as per EU28) have been steadily increasing in number, at a 10-year CAGR (2008-2018) of 3.1%, reaching more than 24.5mn as of 2018. Furthermore, even though large corporates are already well digitalised (and almost 100% of them have a company website), new enterprises will need to implement digital solutions to get into business, hence driving more demand for web hosting and cloud computing services. In 2018, more than 2.7mn enterprises were created in EU28.

Historical evolution of number of SMEs and number of enterprise births in EU28, 2008 - 2018 (in mn)

The number of SMEs had been surging at 3.1% CAGR between 2008 and 2018. A similar increase has been witnessed for the births of new corporates

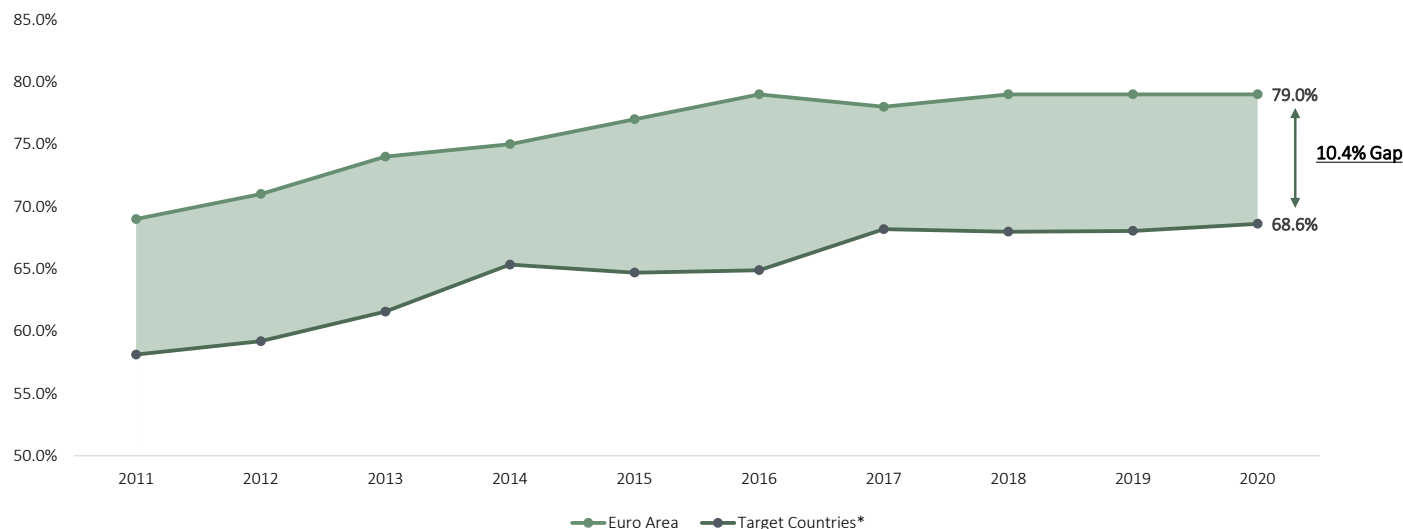


Source: OECD, Alantra. Note: SMEs are identified as corporates with less than 250 employees

2. Current level of digitalisation among Southeast European countries is below EU average

Even though the adoption of digital services has been increasingly tilting upwards for SEE (Southeast European) economies in the past 10 years, the digital divide with European averages is yet to be closed. Our analysis based on data from Eurostat clearly shows that a gap persists between the Euro Area and the countries where DHH is present (Italy, Slovenia, Croatia, Serbia, Switzerland, Bulgaria). Considering that the historical economic engines of South-Eastern countries (labor-cost advantages, exports, EU funding and traditional economic sectors) have been gradually fading away in recent years, the chances are that digitalisation will be the new force propelling business growth in the years to come. Consequently, a window of opportunity exists for players offering services such as cloud computing and cloud hosting. This could be a multi-billion dollar market even only looking at the value growth of the digital economy in CEE countries, which stood at Eu6.8bn as of 2019, estimates from McKinsey show.

Southeast European Countries are less digitalized, with a website adoption gap standing at c. 10% vs the overall Euro Area



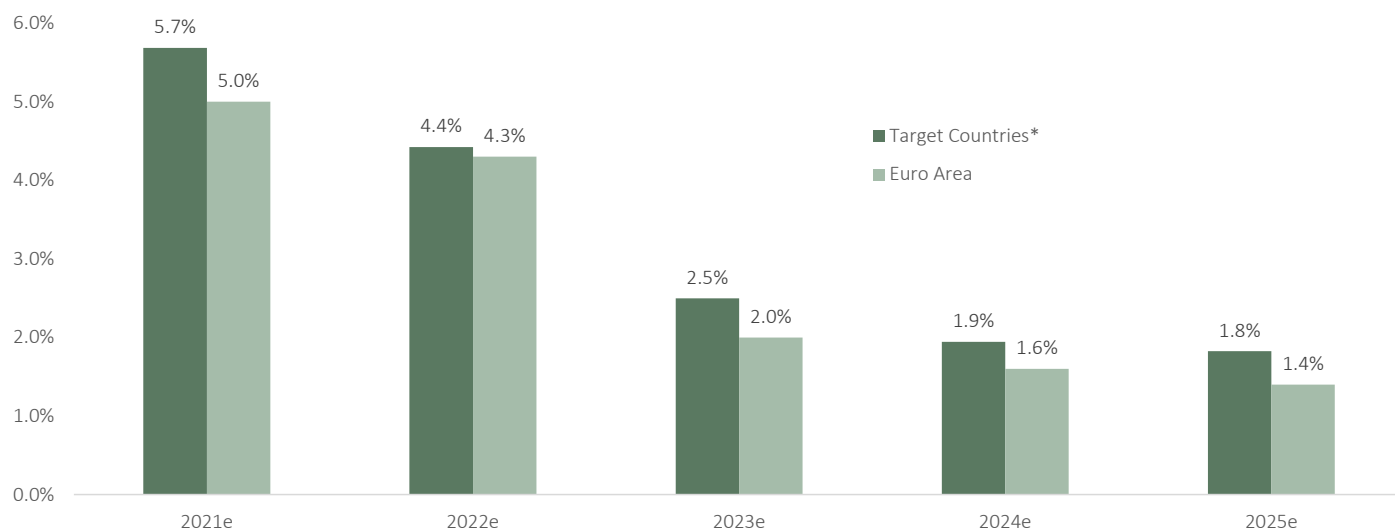
Source: Alantra analysis based on Eurostat. (*) countries where DHH is present, weighted by the revenue generated in the country. Note: all enterprises with 10 or more employees, no financial sector

3. South-Eastern European countries to outperform EU average on GDP growth

Digitalisation will be also fostered by a higher-than-average GDP growth of target countries (the ones where DHH operates, i.e. Italy, Slovenia, Croatia, Serbia, Switzerland, and Bulgaria), which are expected to outperform the overall Euro Area with an average 0.4% up-tick between 2021 and 2025. Such outperformance is consistent with data coming from the IMF, which shows how these countries tend to outperform in periods of economic growth. In light of a smaller GDP per capita of South-Eastern European countries, a higher GDP growth will help these economies bridging the gap with the overall Euro Area. This will allow such economies to have more available capital to be invested in digitalisation. Such process will likely end up creating a virtuous circle, where higher-than-average GDP growth will sustain strong investments in digitalisation, in turn boosting GDP growth of the coming years.

Estimates of future real GDP Growth, 2021-2025

South-Eastern European economies are expected to outperform the overall Euro Area in the coming years, with an average 0.4% up-tick



Source: IMF, Alantra. (*) average of target countries are the ones where DHH is present, weighted by the expected 2021PF revenue generated by DHH in the country

The global market of cloud computing is dominated by very well-known tech players: AWS, Microsoft Azure, Alibaba Cloud, IBM Cloud, Google Cloud. We see the same picture, with some different names, in cloud hosting: GoDaddy, Google Cloud, AWS, 1&1 and HostGator. However, despite the presence of the Big Tech, local players have a strong position in regional markets. They offer customized solutions that best serve the needs of local customers, something similar to what happens in other digital value chains. This is the case in Italy, as well as in the other countries covered by DHH. In the main market of the group (Italy, standing at 69% of 2020PF sales), DHH directly competes with larger local players (including Aruba, Wiit, and Register Group) and other smaller players. DHH has a broad offer of services and profitability close to that of the top players, thanks to the proprietary infrastructure of Seeweb. DHH has been a first mover consolidator in some Southeast European countries outside Italy. The group has acquired a strong position in Slovenia, Serbia and Croatia. Few other players are following the same strategy. We have seen recent deals by the listed Polish group R22, the Belgian Team.Blue and US Digital Realty Trust. Although future M&A activities of DHH could become more complex and expensive, the group could, at some point, either merge with one competitor, or become a target.

Local players compete with the Big Tech in specific regions

The global market of cloud computing is dominated by very well-known tech players. AWS, the subsidiary of Amazon.com, is the leading player in the industry, followed by Microsoft's Azure, Google Cloud, IBM Cloud, and Alibaba Cloud.

Main global players in cloud computing

AWS, the subsidiary of Amazon.com, is the leading global player in cloud computing, followed by Microsoft's Azure, Google Cloud, IBM Cloud, and Alibaba Cloud



Source: DHH, Alantra

We see the same picture, with some different names, in cloud hosting. The global leader is the US player GoDaddy, followed by Google Cloud, AWS, 1&1 and HostGator.

Main global players in cloud hosting

The US player GoDaddy, is global leader in cloud hosting, followed by Google Cloud, AWS, 1&1 and HostGator

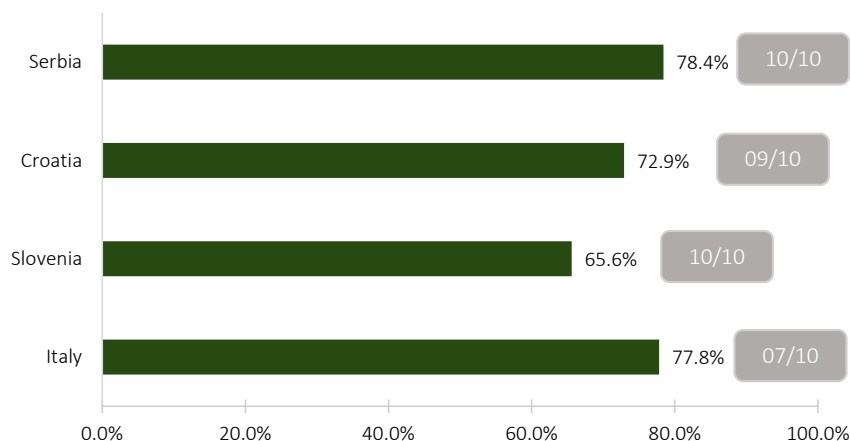


Source: DHH, Alantra

However, despite the presence of the Big Tech, local players have a strong positioning in regional markets. They offer customized solutions that best serve the needs of local customers. Something similar to what happens in other digital value chains. Local players can take advantage of the opportunities generated from SMEs transitioning to the cloud, leveraging on a better time-to-customer activity with more flexible solutions than those of larger players. We highlight that, in the main regions where DHH is present, local players have a key role in the Top10 league. In Serbia and Slovenia there is still no significant presence of the global leaders.

Top 10 players: market concentration and number of local providers

Despite the presence of the Big Tech, local players control a large share of the market in the regions where DHH is present



Source: DHH, Alantra

DHH is at the forefront of the cloud landscape in Italy

In the main market of the group (Italy, accounting for 69% of 2020PF sales), DHH directly competes with larger local players (including Aruba, Wiit, Register Group) and other smaller players. DHH has a broad offer of services and profitability close to that of the top players, thanks to the proprietary infrastructure of Seeweb.

Offer of cloud services by the main Italian players

In Italy, DHH has a more diversified offer compared to its main competitors

Company	Cloud computing	Domain & hosting	Housing & colocation	Managed services
DHH	✓	✓	✓	✓
Reevo	✓			✓
Aruba	✓	✓	✓	✓
Wiit	✓		✓	✓
Unidata	✓		✓	
Itnet	✓		✓	✓
Server Plan	✓	✓		
Cyberoo	✓			✓
Netsons	✓	✓	✓	✓
Keliweb	✓	✓	✓	✓
Team.blue (Register.it)	✓	✓	✓	✓
Neoserver		✓		

Source: Alantra

Financial snapshot of main Italian cloud providers

DHH is one of the main cloud players in Italy

Company	Type	Sales FY20 (Eu mn)	YoY '19 on '20	CAGR '16-20	EBITDA % 2020	EBIT % 2020	EBITDA % Avg. 5Y	EBITDA % Max. 5Y	EBITDA % Min. 5Y
Aruba	Private	168.5	21%	17%	24%	15%	19%	24%	15%
WiiT	Public	53.0	56%	39%	34%	3%	35%	40%	26%
DHH	Public	9.3	37%	24%	38%*	21%*	11%	21%	7%
Itnet	Private	8.5	17%	4%	11%	3%	5%	11%	neg.
Cyberoo	Public	8.0	17%	46%	25%	3%	26%	33%	22%
Server Plan	Private	7.8	19%	16%	38%	33%	33%	38%	29%
Reevo	Public	7.8	59%	27%	22%	13%	13%	22%	7%
Netsons	Private	4.4	20%	14%	15%	8%	13%	15%	8%
Keliweb	Private	1.8	33%	30%	38%	30%	37%	54%	20%
Mean			31%	24%	27%	14%	21%	29%	17%
Median			21%	24%	25%	13%	19%	24%	18%

Source: Factset, Aida, Alantra. (*) PF figures. Note: Register's latest available financial report is related to 2017 (Eu68mn sales and Eu11mn EBITDA)

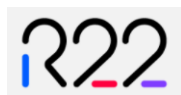
Other International players compete with DHH in the Buy&Build strategy in Southeast Europe

DHH has the peculiarity of being a Buy&Build consolidator in Southeast Europe. The group has secured a leading position in Croatia, Slovenia, Serbia, Bosnia and Bulgaria leveraging on a "first mover" advantage. We believe that other groups are active on the M&A front in similar geographies. Although future M&A activity of DHH could become increasingly complex and expensive, the group could either merge with one of the competitors, or become a target.

Other Buy&Build consolidators in Southeast Europe

Other groups are active on the M&A front in Southeast Europe

Buyers&Builders with presence in Southeast Europe



team.blue



gandi.net

Source: Alantra

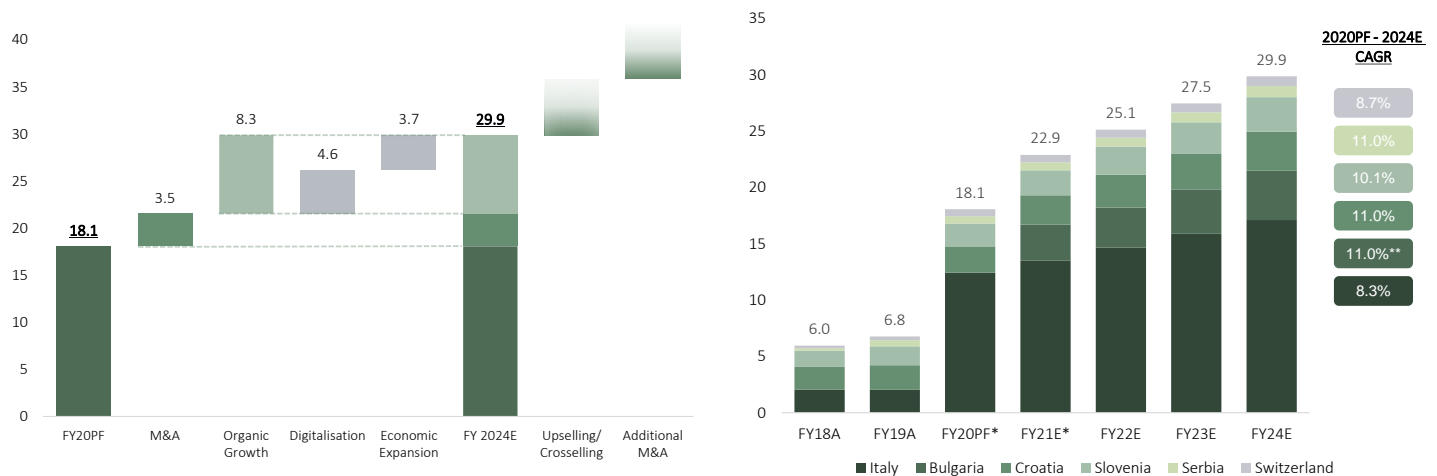
- **R22.** Listed on the Polish Stock Exchange, it is active in the hosting, omnichannel communication, and telecommunication markets in Poland. Its Hosting segment boasts an offer of shared hosting, VPS, and dedicated servers; sale and maintenance of Internet domains; and provision of value-added services, including SSL certificates. The company serves retail customers, small and medium enterprises, and organizations, as well as large business customers. Founded in 1999. The group is expanding its geographical presence in Romania. Over the last 3 years, R22 finalised 4 transactions for a total value of USD27.9mn. R22 reported FY20 sales of Eu47mn, and EBITDA of Eu13mn.
- **Team.blue.** Creates and provides digital enabling products and services for companies and entrepreneurs, aiming to become a leading European operator. The group was founded in 2019 by the merger of Combell Group and TransIP, and it is based in Ghent (Belgium). The company acquired the Italian leading domain provider Register.it in 2019, the Bulgarian hosting player SuperHosting in 2020 and the Greek cloud hosting player Enartia in 2021 (Top.Host and Papaki brands).
- **Digital Realty Trust.** Listed in the US with a market capitalisation >Eu45bn, it operates as a real estate investment trust, engaging in the provision of data centre, colocation and interconnectivity solutions. It is involved in the following industries: artificial intelligence (AI), networks, cloud, digital media, mobile, financial services, healthcare, and gaming. The company was founded in 2014. Digital Realty Trust has recently acquired the cloud computing group Altus in Croatia
- **Gandi SAS.** Founded in 2000, Gandi has become, one of the biggest domain name providers in the world, with 2.5 million active domain names in 2019 and more than 750 available domain extensions. Additionally, Gandi has grown to become an SSL certificate authority (managing more than 55,000 certificates) and has distinguished itself as a web hosting provider (with more than 200,000 websites and services hosted). Its current main shareholder is the PE Montefiore Investments.

More organic growth and M&A. Strong M/L potential from vertical integration

We expect DHH to deliver a 13% 2020PF-24E top line growth. We assume HSD organic growth, driven by the specific markets covered by the group, which should catch-up on corporate digitalisation and enjoy above average GDP growth. We believe that organic growth could be potentially stronger with an enlargement of the product offer. From December 2021, DHH should consolidate the newly acquired Evolink (Eu3.2mn sales and Eu0.23mn EBITDA in FY21E), which should add c. 5% to our estimated organic growth. Further M&A is not just an option for DHH: it is at the core of its strategy. DHH has already finalised 15 deals to date with a total investment of c. Eu40mn. We expect more of this in the future, although our estimates only incorporate the deals already finalised. We have not included in our numbers the potential coming from more vertical integration in the physical infrastructure. This could be achieved in two ways: 1) acquisition of players with an infrastructure network (datacentres and fiber connection); 2) organic build-up of the network, leveraging on the strong expertise of Seeweb. Migration of the existing clients on a proprietary infrastructure would be strongly margin enhancing and value accretive in our view.

Top line growth bridge 2020PF-2024E: 1) Organic vs M&A; 2) By geography (Eu mn)

DHH revenues are expected to reach Eu30mn by 2024, with digitalisation being a big driver of growth. Geography-wise, Italy should continue to be a major contributor



Source: Company's financial statements for historical figures, Alantra estimates. (*) FY20PF considers full consolidation of Seeweb, FY21E also considers full consolidation of MondoServer, Optima Hosting and Evolink; (**) CAGR based on period 2021E – 2024E since Bulgaria was not yet included in FY20PF

8.7% 2020PF-24E organic top line CAGR

We estimate an organic top line CAGR of 8.7% between 2020 and 2024, with 2024 being adjusted for the acquisitions performed in 2020 (Seeweb) and 2021 (MondoServer, Optima Hosting and Evolink). Such high-single-digit revenue growth is principally affected by 2 factors: Digitalisation and Economic Expansion. With respect to the former, we see website adoption as a main driver of organic growth. Both factors will be affected by Covid-19, with economic expansion boosted by the Covid-19 rebound in 2021 and 2022, and the digitalisation process being accelerated in the wake of the post-pandemic world. With respect to geographical expansion, we expect Italy to continue being the biggest contributor in absolute terms, while Serbia should be the country with the highest 2020PF–2024E CAGR, estimated at 11% (though, its contribution will still be negligible in absolute terms).

Organic top line CAGR, FY 2020PF - FY 2024E

We estimate an organic top line CAGR of 8.7% between 2020PF and 2024E



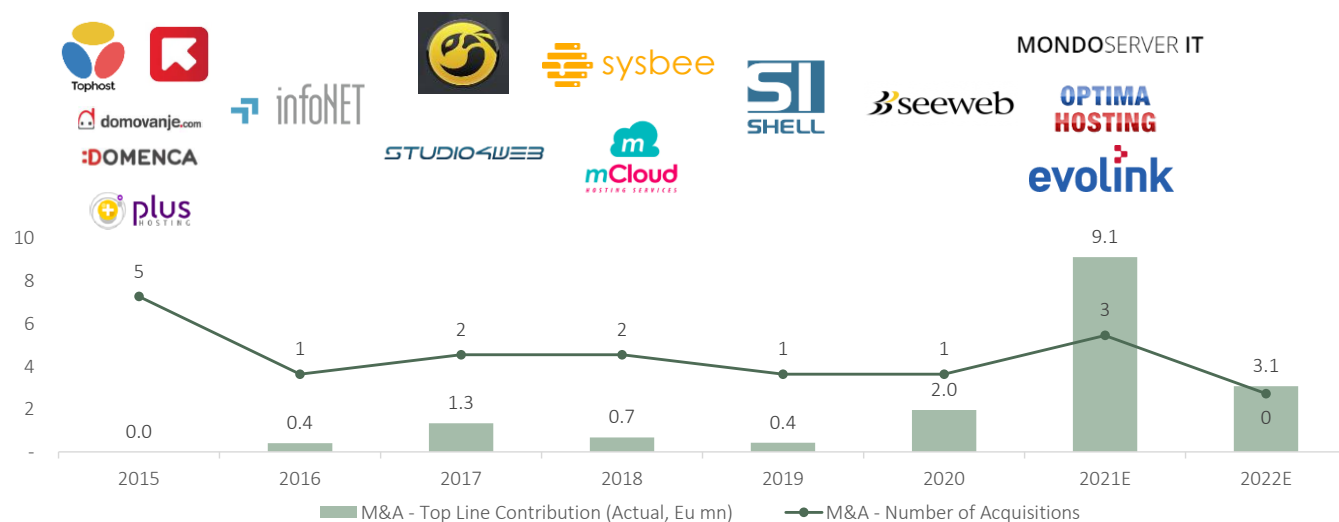
Source: Company's financial statements for historical figures, Alantra estimates. (*) FY20PF considers full consolidation of Seeweb, FY21E considers pro-quota consolidation of MondoServer, Optima Hosting and Evolink

M&A is at the core of DHH growth strategy

Acquisitions have been the fuel powering the DHH engine since 2015. With a consistent track record of 2 acquisitions/year on average, the company has implemented and executed 15 deals to date, with a cumulative top line contribution of c. Eu17mn.

M&A track record since foundation

Since its inception, DHH has continuously delivered on its M&A build-up strategy, with Seeweb being the most disruptive one, for now...



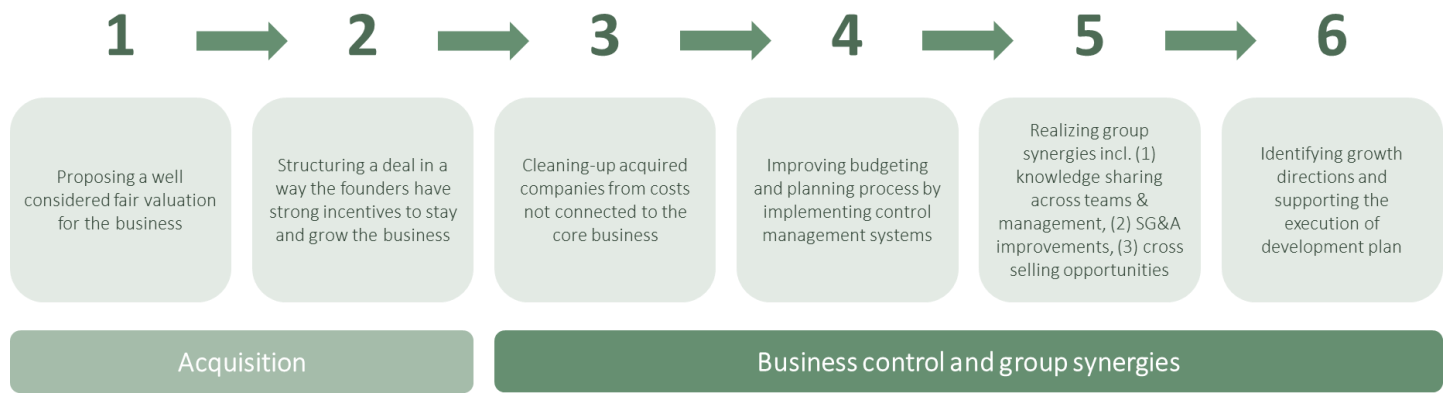
Source: Company's financial statements for historical figures, Alantra estimates

DHH has developed a structured process to create value through M&A. Once a target is identified, DHH initially purchases a majority stake in the business (51% to 60% of equity), with the option to buy the remaining share in the following years. The acquired firm is then "cleaned-up" from non-core costs, and its budgeting/planning

process is streamlined and improved. Synergies are mainly generated from knowledge sharing, SG&A enhancements, and cross-selling opportunities.

DHH M&A Strategy

DHH has implemented a sound M&A process, which can be split into 6 different steps



Source: DHH, Alantra

DHH aims to expand its reach looking at relatively mature providers of IaaS, PaaS, and SaaS solutions, preferably with a leadership positioning in their respective geographies. By analysing the most recent deals, we see that its strategic focus has recently shifted from cloud hosting to cloud computing. The group has also an eye on innovation.

Two primary focus: Expansion and Innovation

DHH invests not only in mature companies in order to expand geographically or product-wise, but also in early-stage projects with growth potential

	Expansion	Innovation
Objective	Entering in new geographies, or expanding product lines acquiring mature and cash generating companies with at least €1mn turnover	Early-stage investment - 500k in small companies with growth potential
Industry Focus	IaaS, PaaS, SaaS providers from emerging markets with a particular focus on Southeastern Europe	New IaaS, PaaS, SaaS technologies with global potential
Stage of development	Market leader, cash generating companies with low leverage	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	Initial minority stakes with contingent call options

Source: DHH, Alantra

Vertical integration in the physical infrastructure is a strong M/L upside risk

While cloud computing business is usually linked to a proprietary infrastructure, the cloud hosting business of DHH relies on a third-party's infrastructure. Italy and Switzerland are the sole examples of vertical integration at the moment, as Tophost, MondoServer and DHH Swiss (cloud hosting providers) use the infrastructure of Seeweb. This solution is obviously margin accretive for the group, because instead of paying a fee to a third-party infrastructure provider, the service is internally offered at a very low marginal cost. The margin of the third-party infrastructure provider is therefore internalised.

We believe that vertical integration could be further deployed in two different ways:

1. **Acquisition of players with an infrastructure network** (datacentres and fiber connection) in countries where DHH is already present with a cloud hosting business. Migration of the cloud hosting business on the datacentres of the acquired company would create powerful synergies
2. **Organic build-up of the network, leveraging on the strong expertise of Seeweb.** This is what Seeweb has already done in Switzerland. We highlight that Seeweb also manages a datacentre (not fully owned) in Zagreb (Croatia). This is not yet integrated with the cloud hosting business in the region. The same framework could be replicated in other contiguous geographies

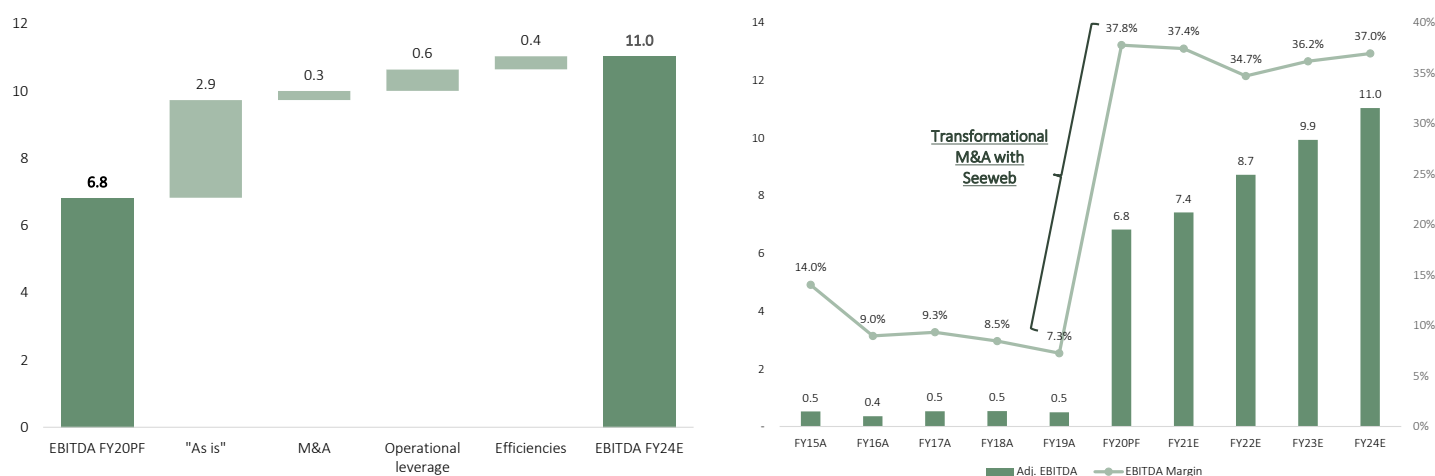
The two solutions would imply an upfront investment (M&A or Capex), but the investment could be quickly repaid, with the infrastructure being scaled-up with existing clients. DHH could become a leading Southeast European cloud computing and hosting provider with an offer of services completely run on a proprietary infrastructure. This is not in our estimates. At the moment, the group is focused on building its presence and acquiring market share. In the future, strategic priority could shift on a stronger integrated and synergy-driven model.

Top-line driven EBITDA/EBIT growth

We expect a 12.8% 2020PF-2024E EBITDA CAGR, roughly in line with that of the top line. The Bulgarian acquisition should have a dilutive effect on margins, offset by efficiencies and operational leverage by 2024. Exploitation of the existing physical infrastructure should trigger capex and D&A growth significantly below EBITDA growth, with a positive effect on EBIT margin (expansion of roughly 300bp from 2020PF to 2024E). Interest charges are relatively low and we expect net profit growth in line with that of EBIT (16.6% 2020PF-2024E CAGR). We believe that more vertical integration in the physical infrastructure could significantly enhance profitability, with value creation depending on the execution strategy (organic, M&A, or a mix).

FY20PF – FY24E EBITDA bridge & EBITDA margin expansion

"As is" growth will be the main contributor in terms of EBITDA growth, while M&A, Operational Leverage and Efficiencies should stimulate margin expansion to 2024



Source: Company's financial statements for historical figures, Alantra estimates

12.8% 2020PF - 2024E EBITDA CAGR

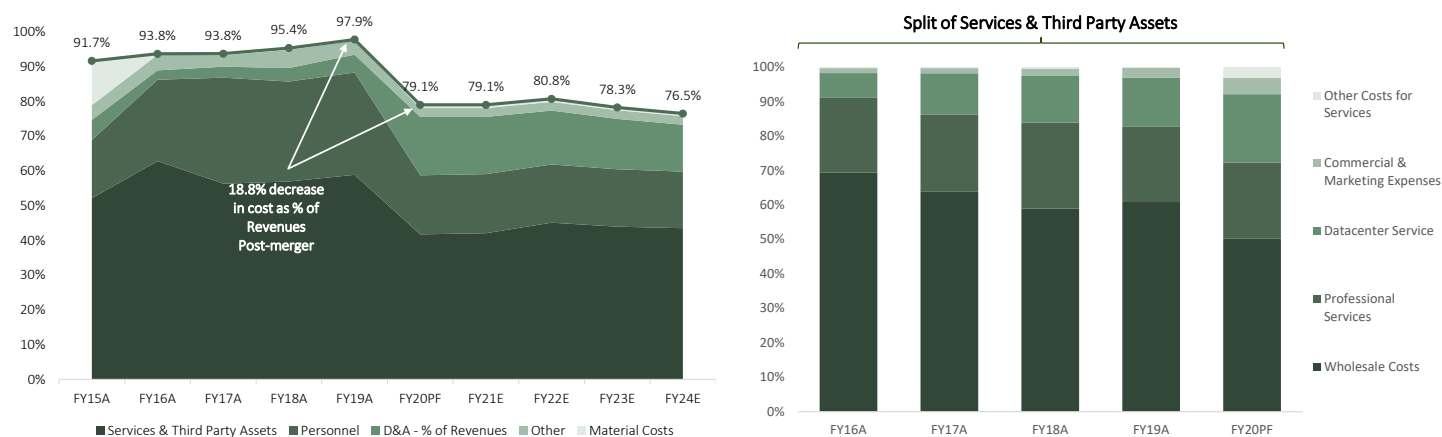
The cost structure of DHH is relatively simple. The business is low labour intensive, as many activities are performed online. The most important cost item is represented by services acquired from third parties, including physical space on datacentres and platform and software solutions acquired from third parties and resold to final clients.

Subsequently to the transformational reverse merger with Seeweb, the company has significantly changed its cost structure, now having the possibility of relying on a proprietary infrastructure. As a consequence, the component linked to third party services has been reduced while D&A has increased. More important, the merger with Seeweb has significantly increased EBITDA and EBITDA margin of the group.

Looking forward, we expect a dilution of profitability linked to the consolidation of the companies acquired in 2021 and consolidated for an entire year from 2022. Margins should increase from 2023E thanks to: 1) Operational leverage, considering that new business running on the proprietary infrastructure has low marginal costs; 2) Efficiencies, as the operating structure of many geographies has not yet been optimized (i.e. Croatia, Serbia, Bulgaria).

Historical and future evolution of DHH cost structure

We expect a dilution of the EBITDA margin linked to the consolidation of the companies acquired in 2021. EBITDA margin should increase from 2023E thanks to: operational leverage and efficiencies



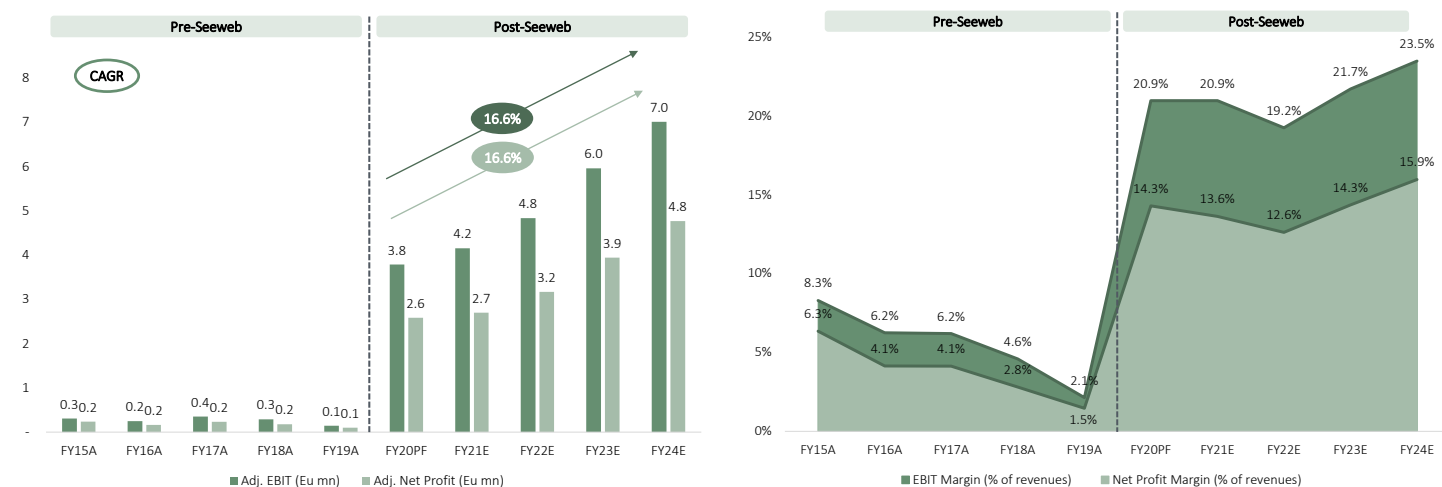
Source: Company's financial statements for historical figures, Alantra estimates

EBIT and Net profit projected to experience expansion from 2023E

We expect EBIT and Net Profit margin to witness a substantial improvement from 2023E after dilution in 2021E-2022E, once again linked to consolidation of the businesses acquired in 2021. We see Adjusted EBIT increasing from Eu3.8mn as of FY20PF to Eu7.0mn in FY24E. Such an increase in EBIT should be accompanied by a proportional enhancement in Net Profit, which should move from Eu2.6mn as of FY20PF to Eu5.7mn in FY24E. The expansion in EBIT and Net Profit from 2023 to 2024 will be supported by operational leverage and efficiencies. We expect financial costs to stay almost flat going forward. Finally, minorities should decrease as from 2024, following the agreement with Evolink to buy the remaining 40% (as per earnout agreement signed at closing of the deal).

FY20PF – FY24E EBIT & Net Profit Evolution

The reverse merger with Seeweb was transformational on profitability, with both EBIT and Net Profit margins soaring 10-fold



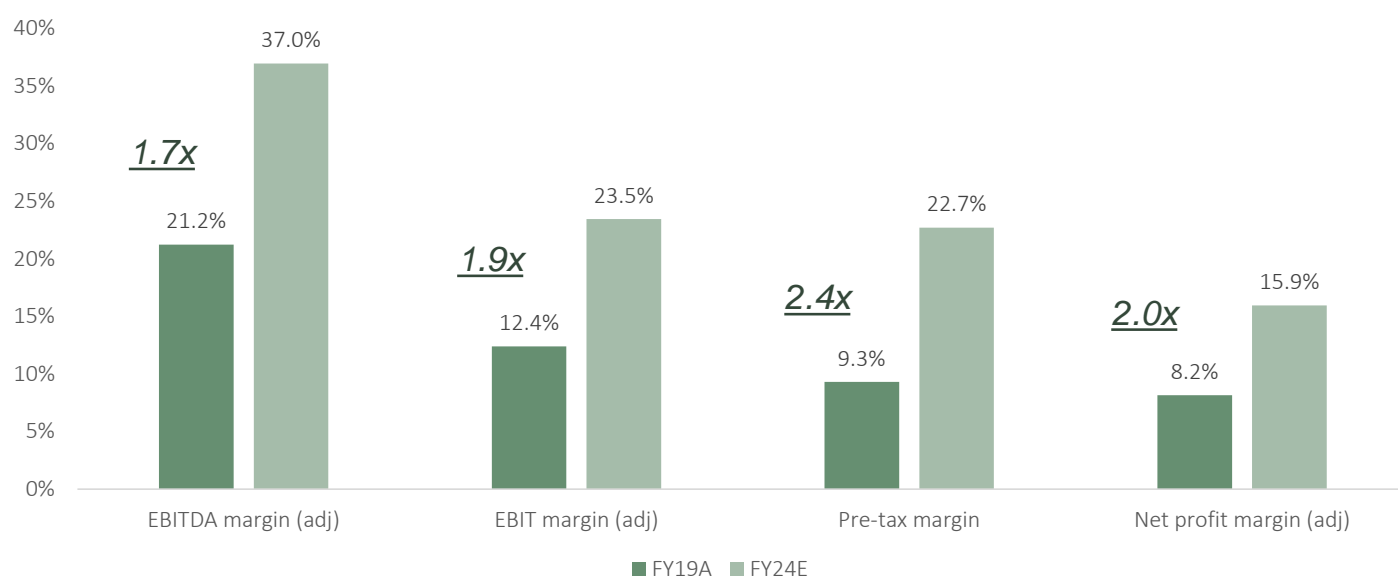
Source: Company's financial statements for historical figures, Alantra estimates

Potential margin expansion from vertical integration in the infrastructure business

As we can already see from the state of DHH pre- and post-merger with Seeweb, margins are highly affected by the shift to a more vertically-integrated structure. Having a proprietary infrastructure allows the company to enlarge the profit per client, and this is even more noticeable when operating leverage starts to kick in. We believe that DHH has still ample space of manoeuvre in this sense, having the possibility to zero in on its new infrastructure/business model also in Croatia, Serbia, and Bulgaria, leveraging on high-performance datacentres (based in Italy, Switzerland and Croatia), as well as a ramified internet backbone (fiber network). More vertical integration with a proprietary infrastructure is not in our estimates, but it is an important medium / long term opportunity in our view.

Margins evolution of DHH: FY19A vs FY24E

The initiated process of vertical integration linked to the merger with Seeweb has already strengthened the profitability profile of the company. Further margin expansion is waiting at the door in the form of capex-driven additional vertical integration, which is not in our current numbers



Source: Company's financial statements for historical figures, Alantra estimates

Reinvestment of FCF in M&A could be a strong value driver

DHH manages a cash-generative business. The physical infrastructure (datacentres and fiber networks) is already in place (we estimate capex slightly above D&A in the coming years) and Net Working Capital is very efficient (slightly negative). According to our estimates EBITDA to FCF conversion should easily exceed 40% in the coming years. We expect a growing cash pile, meaning that the group has strong M&A fire power. Assuming the use of the existing treasury stocks (valued Eu2.8mn at current price) and a potential maximum leverage at 2x Net Debt / EBITDA, DHH could invest Eu33mn in M&A in 2022E, and up to Eu49mn by 2024. We highlight that the group was built through M&A, with a total invested amount of c. Eu40mn. The current market cap of the group at market price is Eu71mn, almost 2x the amount invested in M&A. Despite the goodwill paid, ROCE is expected at 20% in 2022 (with full consolidation of the Bulgarian business) and 29% in 2024E. Additional M&A could continue to be a strong value driver in the future.

2020-2024E Net Cash bridge

We expect strong free cash flow generation to 2024



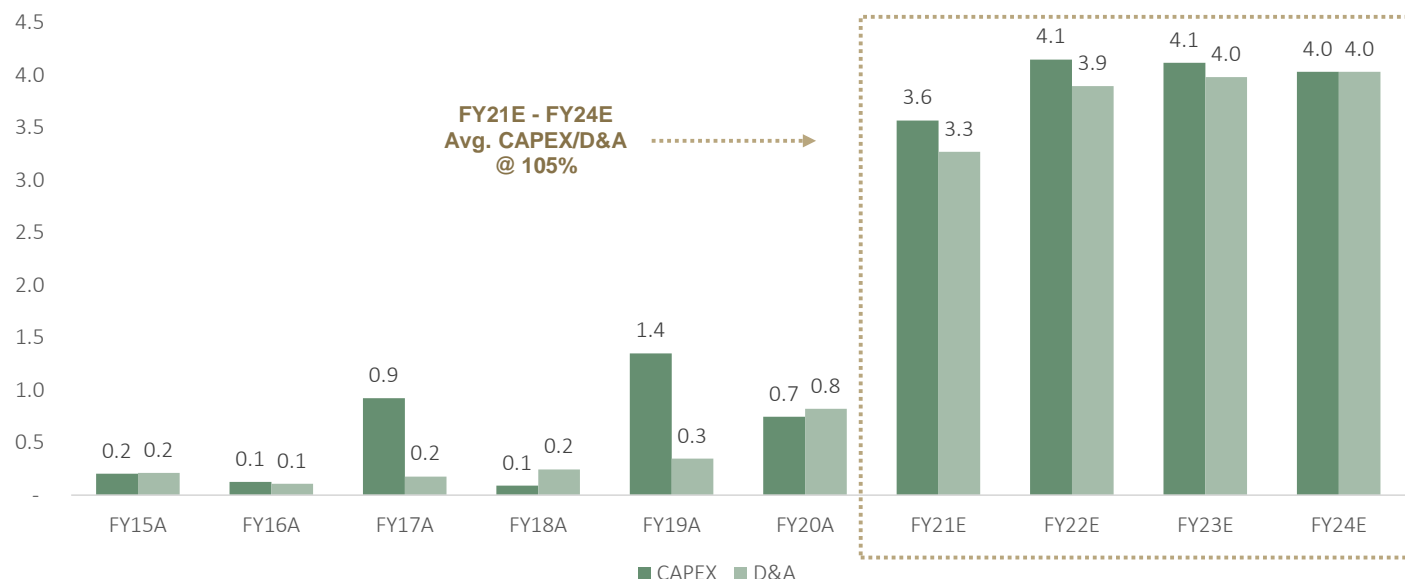
Source: Company's financial statements for historical figures, Alantra estimates

Capex slightly above D&A,...

We expect CAPEX to remain slightly above D&A in the years to come, also considering the available infrastructure not yet saturated. The company has still space to cope with a future increase in the client base, mostly thanks to the datacenter infrastructure acquired through Seeweb. Furthermore, the company has the availability of another warehouse in Frosinone (not in use today). The expansion of this datacenter should be less demanding in terms of CAPEX, considering that it is adjacent to the current infrastructure in operation. Further investments (not included in our estimates) could come from 2 principal sources: 1) Investments in the fiber network/internet backbone in order to expand the reach of the already-in-place datacenters. Such investment would allow the company to increase its operating leverage, managing to saturate the current cloud computing capacity (as of 2020YE, the company had 142 racks of spare capacity, with 8MW/4,000mp of potential for expansion); 2) Creation of new data warehouses (and expansion of the existing datacenter in Frosinone) in the target countries where the company has already (or could have in the future) a presence.

Historical and expected evolution of CAPEX and D&A

We forecast FY21E - FY24E CAPEX/D&A to slightly surpass 100%



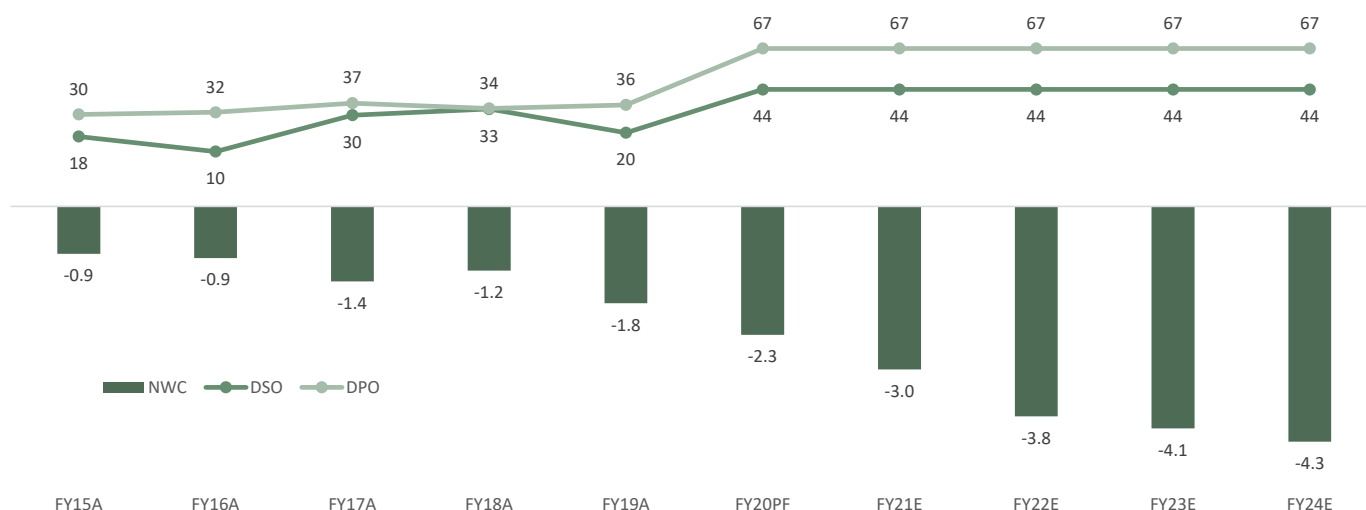
Source: Company's financial statements for historical figures, Alantra estimates

...and negative NWC...

Thanks to the subscription-based revenue generating model of the company, NWC is constantly negative over time, hence being an additional source of cash generation for the company. We expect NWC to stay negative, going from Eu-2.3mn in FY20A, to Eu-4.3mn in FY24E, hence generating a total of Eu2mn in the period. Even though DSO have been deteriorating post-reverse merger (going from 20 in FY19A to 44 in FY20PF), DPO has outweigh this negative effect on NWC (increasing from 36 to 67 in the same period).

Evolution of NWC, DSO and DPO

We estimate a Eu2mn cash generation from NWC between FY20PF and FY24E, with DSO and DPO staying stable at post-reverse merger levels



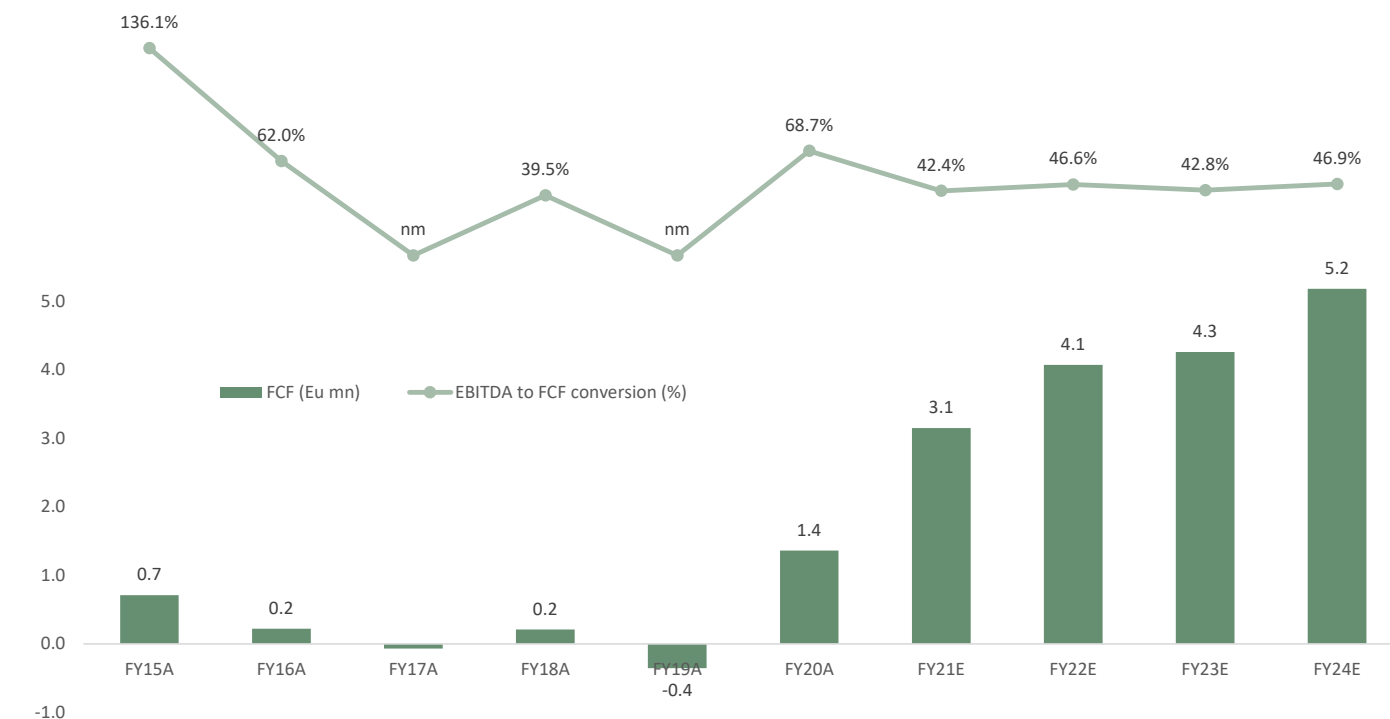
Source: Company's financial statements for historical figures, Alantra estimates

...should trigger strong FCF generation and...

Thanks to no need of expansion CAPEX (due to the spare capacity of the company in terms of available physical space, as well as spare computing capacity) and the negative NWC (expected to become increasingly more negative in the coming years), FCF should be strong in the forecast window. We expect a cumulative FCF generation of Eu16.7mn from FY2021E to FY2024E, always ranging between 42% and 47% in terms of EBITDA to FCF conversion.

FCF generation profile and EBITDA to FCF conversion

Strong cash generation is at the horizon, with EBITDA to FCF conversion hanging around 45%



Source: Company's financial statements for historical figures, Alantra estimates

...enhance the M&A fire power

More cash means one important thing for DHH: possibility to reinvest in M&A. Its cash generative profile, together with existing treasury stocks (worth Eu2.8mn at current price) and a potential maximum leverage at 2x Net Debt / EBITDA, should allow the company to reach a 2022E M&A firepower of Eu33mn, and up to Eu49mn by 2024. Considering that the strategy of DHH is to become the Southeast European consolidator of the web hosting and cloud computing markets, such firepower is good news, indicating the possibility for the group to proceed in this trajectory. Regarding execution, the strong track record of DHH should reassure investors, as the management has constantly showed diligence and expertise on the subject.

M&A firepower as of 2022

Assuming the use of existing treasury stocks (Eu2.8mn at current price) and a potential max leverage at 2x Net Debt / EBITDA, DHH could invest Eu33mn in M&A in 2022E

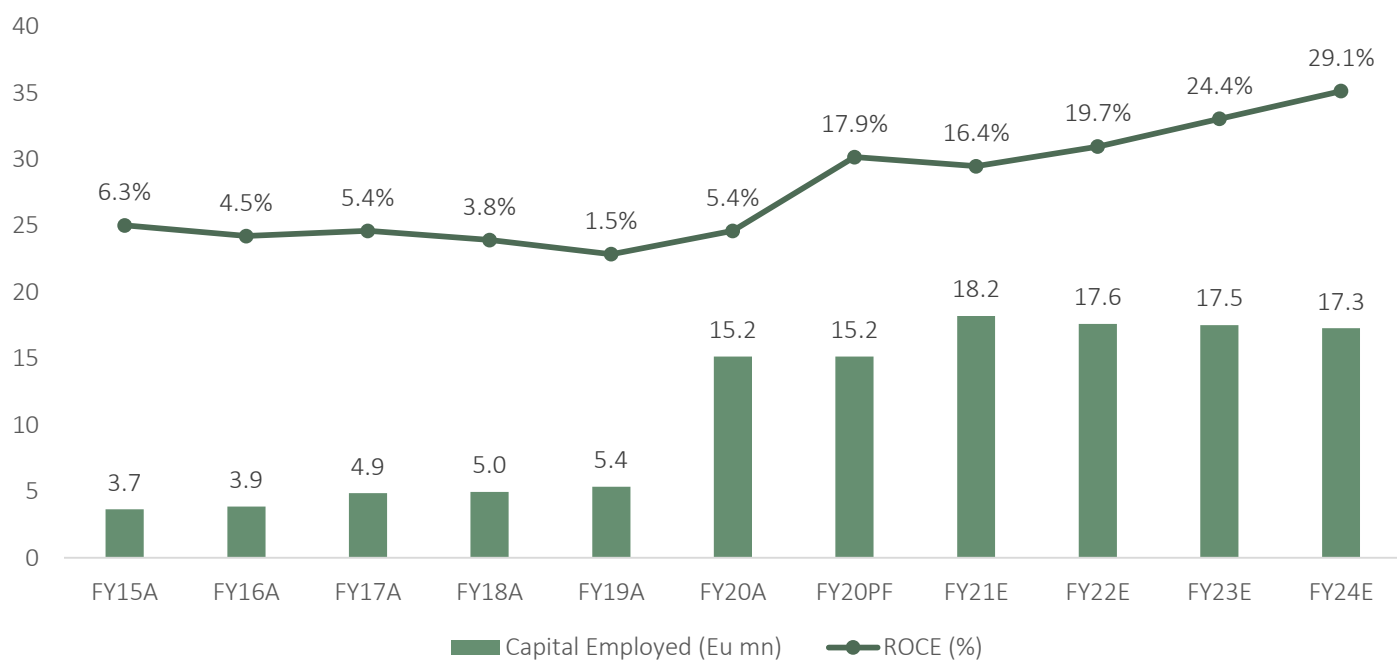
	Acquisition multiple (EV/EBITDA)				
	8.0	9.0	10.0	11.0	12.0
EBITDA of the target					
2022	4.4	3.8	3.3	3.0	2.7
Additional Debt (Deals 100% financed with debt or treasury shares)					
2022	35	34	33	33	32
Target EV/EBITDA of the group post-deals	2.0				

Source: Company's financial statements for historical figures, Alantra estimates

We highlight that the group was built through M&A, with a total invested enterprise value of c. Eu40mn. Current market cap of the group at market price is Eu71mn, almost 2x the amount invested in M&A. Despite the goodwill paid, ROCE is expected at 19.7% in 2022 (with full consolidation of the Bulgarian business) and 29.1% in 2024E. Additional M&A could continue to be a strong value driver in the future. Furthermore, ROCE has increased exponentially since the reverse merger with Seeweb, and it is set to continue this trend in the years to come thanks to efficiencies and operational leverage.

Evolution of ROCE and Capital Employed

ROCE has surged 10-fold between FY19A and FY20PF, and we expect it to continue its expansion, reaching a peak of 29.1% in FY24E



Source: Company's financial statements for historical figures, Alantra estimates

Eu22.5/share TP using EV/EBIT of peers after 25% discount

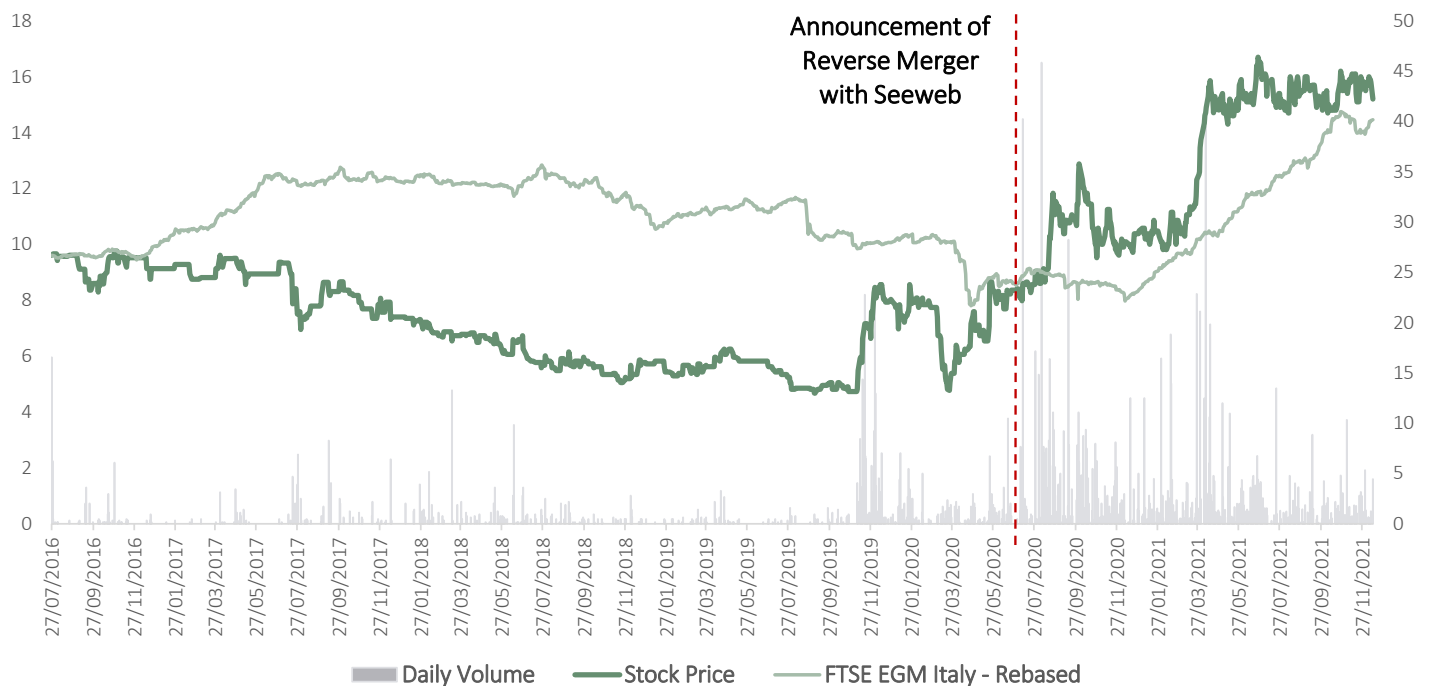
Listed on Euronext Growth Milan since 2016, DHH has outperformed the FTSE EGM Italia Index. We believe that the market has appreciated the transformational merger with Seeweb, which has increased the size of the group and created a sounder base to continue the M&A Buy&Build strategy going forward. Despite the recent outperformance (stock up 45% YTD), DHH is still trading at a strong discount versus peers of around 50% on 2022/23 EV/EBIT. We prefer to look at the EV/EBIT multiple instead of EV/EBITDA and P/E ones, as the former adjusts for the different capital intensity of the business, as well as the financial leverage. We apply a 25% discount to take into account the lower size of DHH compared to Italian and international peers in our sample. We have used the DCF to cross-check. We set a TP of Eu22.5/share. We believe that the delivery of the expected organic growth, additional M&A deals (the group has a significant fire power) and potential vertical integration in the physical infrastructure could trigger reduction of the valuation gap.

Strong market performance YTD...

Listed on Euronext Growth Milan since 2016, DHH has outperformed the FTSE EGM Italia Index. We believe that the market has appreciated the transformational merger with Seeweb, which has increased the size of the group and created a sounder base to continue the M&A Buy&Build strategy going forward. As a matter of fact, we clearly see that the reverse merger with Seeweb has been a turning point for the stock, with the price starting to outperform the FTSE EGM Italia Index and average daily volumes doubling in the post-transaction period. Furthermore, the announcement of FY20PF results, released on the 25th of March 2021, provoked a spike in stock price.

DHH vs FTSE EGM Italy (rebased) since IPO

The stock price of DHH has steeply accelerated, starting from the reverse merger, and continuing with the announcements of the FY20PF results in March 2021



Source: Factset, Alantra

...but the discount versus peers is still very high

We have compared DHH with other cloud computing and hosting groups. None of them is fully comparable. **Reevo** and **Unidata** are mainly focused on Italy. **WIIT** is expanding outside Italy, but it is mainly a cloud computing provider for mission critical applications. **GoDaddy** is the world leader in domain registration and web hosting thanks to a strong position in its local market (US). The Spanish **Gigas Hosting** looks relatively similar, with an expansion strategy through M&A in line with that of DHH.

Description of our selected comparable groups

We have selected 3 Italian and 4 international groups involved in businesses similar to that of DHH

Company	Country	Mkt Cap (Eu mn)	Company Description
Hosting & Computing Peers			
WIIT SpA	ITALY	1,009	WIIT SpA is a holding company, which engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cyber security, technology migrations, service desk, and digital transformation solutions. The company was founded by Alessandro Cozzi in 2001 and is headquartered in Milan, Italy.
iomart Group plc	UNITED KINGDOM	206	iomart Group Plc is a holding company, which engages in the provision of cloud computing services. It operates through the Easyspace, and Cloud Services segments. The Easyspace segment offers a range of shared hosting and domain registration services to micro, and small and medium-sized enterprises. Cloud Services segment includes managed cloud computing facilities and services, through a network of owned datacenters, to the larger small and medium-sized enterprises, and corporate markets. The company was founded by Angus MacSween and William Dobbie in December 1998 and is headquartered in Glasgow, the United Kingdom.
Gigas Hosting SA	SPAIN	128	Gigas Hosting SA engages in the provision and commercialization of cloud computing and infrastructure services. It offers cloud datacenter, cloud virtual private server, contingency solution, and cloud server for Oracle. The company was founded by Moises Israel, Jose Antonio Arribas and Diego Cabezedo on January 21, 2011 and is headquartered in Alcobendas, Spain.
Locaweb Servicos de Internet SA	BRAZIL	1,383	Locaweb Servicos de Internet SA engages in the provision of business to business solutions for digital business transformation. Its solutions include web hosting, electronic mail, cloud computing, servers, object storage, website creation, virtual store, payment intermediary and gateway, digital marketing, and productivity. The firm offers its products under the Locaweb, Locaweb Corp, All iN, KingHost, Cluster2Go, Delivery Direto, Tray, Tray Corp, and Yapay. The company was founded by Gilberto Mautner and Claudio Gora on October 29, 1997 and is headquartered in Sao Paulo, Brazil.
GoDaddy, Inc. Class A	UNITED STATES	10,498	GoDaddy, Inc. engages in the provision of domain name registration and web hosting services. It provides website building, hosting, and security tools. The company was founded by Robert R. Parsons on January 1997 and is headquartered in Scottsdale, AZ.
Unidata S.P.A.	ITALY	124	Unidata SpA engages in the provision of telecommunications solutions. The firm offers fiber and networking services, cloud and data center, and Internet of Things technology. Its products and services include optical fibers, voice over Internet protocol telephony, colocation, hosting, and IoT Lora. The company was founded by Renato Brunetti, Marcello Vispi, and Claudio Bianchi in 1985 and is headquartered in Rome, Italy.
ReeVo SpA	ITALY	68	ReeVo SpA operates as a holding company which develops information technology solutions for cloud services. Its main service areas include Cloud Infrastructure Services, Cyber Security, and Hybrid Cloud. The Cloud Infrastructure Services comprises software and hardware resources to enable asset data management including Infrastructure as a Service, Backup as a Service, Storage as a Service and Disaster Recovery as a Service. The Cyber Security area offers a digital safe feature as well as indicates threats, vulnerabilities, and other data protection measures against cyber attacks to computer networks. The Hybrid Cloud area specializes in device and technology hosting to enable secure interconnectivity to its Cloud services. The company was founded by Salvatore Giannetto and Antonio Giannetto on April 1, 2003 in and is headquartered in Brugherio, Italy.

Source: Factset

DHH has profitability and growth rates similar to the average of the overall panel. Capex intensity is also relatively similar. We highlight that The UK group Iomart is the only player with negative growth rates.

DHH and comparable companies: profitability and growth rates

DHH has profitability and growth rates similar to the average of the overall panel

Company	Country	Mkt Cap (Eu mn)	FY21E - FY23E average margins					CAGR FY20A - FY23E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
DHH S.p.A	ITALY	77	36.1%	20.6%	13.5%	16.5%	0.0%	43.2%	75.6%	84.6%	60.8%
WIIT SpA	ITALY	1,009	37.6%	20.4%	13.2%	14.0%	31.7%	31.3%	39.3%	47.0%	49.5%
iomart Group plc	UNITED KINGDOM	206	36.3%	17.4%	12.8%	15.3%	56.4%	-1.6%	-2.6%	-5.8%	-8.7%
Gigas Hosting SA	SPAIN	128	22.8%	7.7%	3.0%	na	0.0%	87.9%	97.9%	-518.9%	-250.8%
Locaweb Servicos de Internet SA	BRAZIL	1,383	22.7%	13.1%	13.3%	20.0%	30.6%	45.0%	58.0%	86.8%	94.9%
GoDaddy, Inc. Class A	UNITED STATES	10,498	22.3%	11.1%	7.6%	1.4%	0.0%	11.4%	4.5%	27.5%	-192.1%
Unidata S.P.A.	ITALY	124	34.3%	17.9%	15.0%	33.1%	0.0%	27.7%	22.2%	21.7%	20.7%
ReeVo SpA	ITALY	68	29.6%	20.7%	14.7%	15.7%	na	43.2%	62.5%	73.2%	na
Hosting & Computing Peers	Average		29.4%	15.5%	11.3%	16.6%	19.8%	35.0%	40.3%	-38.4%	-47.8%
	Median		29.6%	17.4%	13.2%	15.5%	15.3%	31.3%	39.3%	27.5%	6.0%

Source: Factset

DHH trades at a strong discount versus the average of the selected peers. The company is the cheapest in our sample after Iomart. We have not looked at 2021 multiples, as almost all the players have finalised acquisitions during the year and multiples are distorted by the consolidation of the acquired companies for just a portion of the FY.

DHH and comparable companies: multiples

Huge discount versus peers

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA		EV/EBIT		PE		EV/Sales	
			FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
DHH S.p.A	ITALY	77	7.5 x	6.2 x	13.6 x	10.4 x	22.5 x	18.1 x	2.6 x	2.3 x
Premium (discount) to Peers' Median			-35%	-29%	-52%	-52%	-52%	-44%	-20%	-15%
PEERS			Average	15.3 x	12.2 x	28.9 x	21.4 x	43.9 x	32.4 x	4.5 x
			Median	11.6 x	8.7 x	28.3 x	21.6 x	46.7 x	32.5 x	3.3 x
WIIT SpA	ITALY	1,009	27.9 x	24.5 x	53.7 x	41.7 x	60.9 x	51.0 x	10.3 x	9.4 x
iomart Group plc	UNITED KINGDOM	206	5.9 x	5.8 x	12.4 x	12.2 x	13.8 x	14.9 x	2.1 x	2.1 x
Gigas Hosting SA	SPAIN	128	9.5 x	8.7 x	29.4 x	23.1 x	68.8 x	44.2 x	2.1 x	2.0 x
Locaweb Servicos de Internet SA	BRAZIL	1,383	28.2 x	19.0 x	43.7 x	26.2 x	54.1 x	33.9 x	6.7 x	5.1 x
GoDaddy, Inc. Class A	UNITED STATES	10,498	14.5 x	11.8 x	28.3 x	21.6 x	39.3 x	31.2 x	3.2 x	2.7 x
Unidata S.P.A.	ITALY	124	9.4 x	7.7 x	18.7 x	13.7 x	26.2 x	19.5 x	3.3 x	2.7 x
ReeVo SpA	ITALY	68	11.6 x	8.1 x	16.2 x	11.4 x	na	na	3.5 x	2.6 x
Hosting & Computing Peers			Average	15.3 x	12.2 x	28.9 x	21.4 x	43.9 x	32.4 x	4.5 x
			Median	11.6 x	8.7 x	28.3 x	21.6 x	46.7 x	32.5 x	3.3 x

Source: Factset

We prefer to look at the EV/EBIT multiple instead of EV/EBITDA and P/E ones, as the former adjusts for the different capital intensity of the business, as well as the financial leverage. We apply a 25% discount to set the TP of DHH to take into account the lower size of the group compared to the Italian and international peers in our sample. In our EV adjustments of DHH we have included: 1) Pension liabilities and provisions for risks at book value; 2) Minorities at book value, including the 40% stake in Evolink to be acquired in 2024E; 3) Associates at book value, apart the stake in Icona Technology, which is valued at market price. We believe that the corporate venture capital investments of the group could realise strong upsides in the future.

Valuation of DHH based on EV/EBIT multiples of peers after 25% discount

We apply a 25% discount to set the TP of DHH to take into account the lower size of the group compared to the Italian and international peers in our sample

Eu mn	Hosting & Computing Peers	
	FY22E	FY23E
EBIT	4.8	6.0
EV/EBIT Peer Group	28.3x	21.6x
Premium (Discount)	-25%	-25%
EV/EBIT Peer Group after discount	21.2x	16.2x
EV based on multiples	102.7	96.5
Net Financial Position	6.4	10.6
Adjustments	(1.0)	(1.2)
Pre-money Equity Value on EV/EBIT	108.1	105.9
Eu Per Share	22.9	22.4

Source: Factset, Alantra

We use DCF to cross-check valuation based on multiples

The undervaluation of the group is confirmed by our DCF, which is useful to consider the cash generative profile of the group. The DCF is based on our detailed estimates until FY 2025. We have calculated the terminal value using 2.5% perpetual growth. We believe that exposure to Southeast Europe and the catch-up potential of the related countries on GDP growth and corporate digitalisation should be a structural driver to support organic growth of the group going forward. We use WACC at 8.8%. On the one hand, we take into account the country risk of the different geographies the group is exposed to. On the other hand, we acknowledge that the business model has a limited risk profile (stress-tested during the pandemic) and relatively low operational leverage. We assume Capex/Sales of 7% at terminal value. We believe that the capital intensity of the business should decline over time, as the group is mainly exposed to cloud hosting outside Italy, a business with lower capital intensity in economies with higher growth.

DCF Valuation

We use 8.8% WACC and terminal growth rate at 2.5%

(Eu mn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	TV
EBITDA	0.5	0.5	2.0	7.4	8.7	9.9	11.0	12.3	12.6
taxes on EBIT	(0.1)	(0.1)	(0.3)	(1.2)	(1.4)	(1.7)	(2.0)	(2.4)	(2.9)
Non recurring Cash-out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NWC Change	(0.1)	0.6	(0.7)	0.6	0.9	0.2	0.2	0.3	
Capex	(0.1)	(1.4)	(0.7)	(3.6)	(4.1)	(4.1)	(4.0)	(3.9)	(2.4)
Capex/Revenues	-1.5%	-19.8%	-8.0%	-18.0%	-16.5%	-15.0%	-13.5%	-12.0%	-7.0%
Free cash flow	0.2	(0.4)	0.2	3.3	4.1	4.4	5.3	6.3	117.3
Disc. Free Cash Flow	0.2	(0.4)	0.2	3.3	3.8	3.7	4.1	4.5	83.9

Year 1 2 3 4 4

Total Disc. FCF	16.0
Terminal value	83.9
Total EV (Eu mn)	99.9
NFP FY21E	2.3
Adjustments	(0.7)
TOTAL Equity Value	101.5
# of shares (mn)	4.7
Fair Value per share (Eu)	21.5

Implied multiples	FY22E	FY23E	FY24E
EV/ Adj. EBITDA	11.0 x	9.3 x	7.9 x
EV/Adj. EBIT	19.9 x	15.5 x	12.4 x
P/Adj. E	32.0 x	25.8 x	21.3 x

Source: Company's financial statements for historical figures, Alantra estimates

DCF Valuation – Sensitivity to WACC and Terminal growth rate – Eu/share

		Wacc				
		8.2%	8.5%	8.8%	9.1%	9.4%
Term. Growth	1.5%	20.7	19.7	18.9	18.1	17.4
	2.0%	22.1	21.1	20.1	19.2	18.4
	2.5%	23.9	22.6	21.5	20.5	19.5
	3.0%	25.9	24.4	23.1	21.9	20.9
	3.5%	28.4	26.6	25.1	23.7	22.4

Source: Alantra

What could close the valuation gap?

We believe that few factors could contribute to close the valuation gap in the future:

- **Delivery on the expected organic growth and efficiency.** We expect HSD organic top line growth of the group, thanks to the catch-up on corporate digitalisation and the higher-than-average GDP growth in the geographies DHH is exposed to. Additionally, the recently acquired companies has still space to gain efficiency. The combination of organic growth and efficiencies should sustain EBIT growth in the future
- **Additional M&A.** DHH has been completely built through M&A and the current market cap is almost 2x the invested amount. Further M&A would allow the group to exploit the operational leverage as well as the efficiencies of the acquired companies. The group has developed a strong track record in this field, with a total deal count of 15
- **Vertical integration in the physical infrastructure.** Italy and Switzerland are the sole examples of vertical integration at the moment, as Tophost, MondoServer and DHH Swiss (cloud hosting providers) use the infrastructure of Seeweb. This solution is obviously margin accretive for the group: instead of paying a fee to a third-party infrastructure provider, the service is internally offered at a very low marginal cost. The margin of the third-party infrastructure provider is therefore internalised. We believe that vertical integration could be further integrated in the business model of DHH by means of M&A or Capex. The upfront investment could be quickly repaid, with the infrastructure being scaled-up with existing clients. DHH could become a leading Southeast European cloud computing and hosting provider with an offer of services completely run on a proprietary infrastructure. This is not in our estimates.

Main risks

We believe that the main risks related to our estimates, rating and target price are:

Recent transformational merger. The transformational reverse merger of DHH and Seeweb was finalised in 2020 and there is limited available history on the integration of the two groups. We highlight that the business model of DHH is based on independence and autonomy of the different operating companies and integration should not be complex. In addition, Seeweb was the main shareholder of DHH before the merger and relationships between the two groups were already in place

Country risk. DHH is exposed to Southeast European countries, which have a higher risk profile compared to the European average. However, if we take the 10y government yield as a proxy of country risk, none of the target countries of DHH has a significant credit risk at the moment. Serbia (the riskier country) has a 10y government yield of 4.2%, versus 1.0% for Italy and -0.4% for Germany, but it accounts for less than 4% of sales. The weighted (for the expected 2021PF sales of DHH) average 10y treasury bond yield of the countries covered by DHH is currently 0.9%

Low vaccination level in Eastern European countries. The vaccination levels in some of the countries DHH is exposed to is significantly below EU average (71% uptake of at least one vaccine dose on total population). The rate on total population is only 27% in Bulgaria and 54% in Croatia based on data coming from the European Centre for Disease Prevention and Control. A slower exit from the pandemic emergency could have consequences on the GDP growth of different countries. However, we highlight that DHH has a fully-online-integrated onboarding process. On top of this, the pandemic should accelerate the digitalisation process of corporates. Finally, the most important country for the group (Italy) has vaccination rates above the EU average (79%)

Integration of acquired companies. Building a common culture and identity in a multinational group built through M&A is relatively tough, and DHH could have integration issues. However, the business model of the group is based on independence and autonomy of the different entities. A stronger integration of the infrastructure could be only a medium / long term opportunity and it is not in our estimates

Lack of advanced ERP. The group companies are not managed through a common ERP. In addition to this, the financial and accounting integration is not completely automatized. We believe that the business model, based on a soft integration, does not need a common ERP

More aggressive competition from big tech and local players. DHH could see a more aggressive competition in the future by global tech companies or other local players / consolidators. However, the group has been a first mover in the consolidation of a fragmented industry in some specific countries and any further consolidation is unlikely to happen without the involvement of DHH in our view. We also highlight that big tech and local players coexist in cloud hosting and computing in other more developed countries, as well as in other digital value chains

Expensive M&A deals. M&A is at the core of the DHH strategy. Expensive acquisitions and limited exploitation of synergies could destroy value in the future. We believe that DHH has been disciplined so far and we do not see reasons for this to change in the future. Despite the goodwill paid to acquire the group companies, we expect a ROCE of 19.7% in 2022E and 29.1% in 2024E

Forex risk. Croatia, Slovenia, Serbia, Bulgaria and Switzerland have not adopted the Euro as their national currency. Fluctuations of exchange rates could have an impact on the financial results of DHH. However, we highlight that: 1) Italy is the most important country for the group; 2) The volatility of the currencies the group is exposed to is very low; 3) Revenues and costs of the controlled companies are in the same currency, hence acting as a natural hedging

Receivables from SMEs. DHH has a focus on small corporates and solo entrepreneurs. This could imply a credit risk for the group. However, we highlight that the business model is mainly based on annual subscription revenues, which are usually cashed in upfront. For this reason, the level of provisions of losses on receivables has been historically very low

Appendix 1

DHH – P&L

	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	FY19PF	FY20PF
Net revenues	3.5	3.9	5.3	6.0	6.8	9.2	19.6	24.9	27.2	29.6	32.2	16.6	17.9
YoY Growth	11.5%	11.5%	34.0%	12.9%	13.2%	36.1%	113.3%	27.0%	9.2%	8.8%	8.8%	7.8%	7.8%
Organic					6.0%	7.0%	7.2%	9.9%	9.2%	8.8%	8.8%	7.8%	7.8%
M&A					7.2%	29.1%	106.0%	17.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Forex					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other revenues	0.2	0.0	0.4	0.3	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.2
YoY Growth					-83.9%	186.4%	41.7%	9.8%	9.2%	8.8%	8.8%	-7.7%	-7.7%
on net revenues %				5.3%	0.8%	1.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Revenues	3.7	4.0	5.7	6.3	6.8	9.3	19.8	25.1	27.5	29.9	32.5	16.8	18.1
YoY Growth	100.0%	6.5%	43.2%	11.1%	8.0%	37.3%	112.1%	26.8%	9.2%	8.8%	8.8%	7.6%	7.6%
on revenues %		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Material Costs	(0.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.0)	(0.2)
YoY Growth	-12.8%	nm	nm	nm	nm	nm	nm	20.0%	3.0%	2.2%	1.8%	590.7%	590.7%
on revenues %		-0.3%	-0.5%	-0.5%	-0.4%	-1.8%	-0.9%	-0.9%	-0.8%	-0.8%	-0.7%	-0.1%	-0.9%
Services & Third Party Assets	(1.9)	(2.5)	(3.2)	(3.6)	(4.0)	(5.0)	(8.3)	(11.3)	(12.1)	(13.0)	(14.0)	(7.3)	(7.5)
YoY Growth	28.3%	28.4%	12.4%	11.6%	24.3%	67.2%	36.0%	6.5%	7.7%	7.7%	7.7%	3.0%	3.0%
on revenues %	-52.2%	-62.8%	-56.3%	-57.0%	-58.9%	-53.4%	-42.1%	-45.1%	-44.0%	-43.5%	-43.1%	-43.6%	-41.7%
Personnel	(0.6)	(0.9)	(1.7)	(1.8)	(2.0)	(2.0)	(3.4)	(4.2)	(4.5)	(4.9)	(5.2)	(3.3)	(3.1)
YoY Growth	-16.8%	nm	nm	nm	nm	nm	nm	25.0%	7.6%	7.1%	7.1%	-7.9%	-7.9%
on revenues %	-23.4%	-30.5%	-28.8%	-29.5%	-21.7%	-17.0%	-16.8%	-16.5%	-16.3%	-16.0%	-16.0%	-19.9%	-17.0%
Other	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)	(0.7)	(0.8)	(0.5)	(0.5)
YoY Growth	-4.5%	-4.5%	-3.3%	-5.2%	-4.0%	-3.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.4%	-2.9%	-2.5%
on revenues %	-4.2%	-4.5%	-3.3%	-5.2%	-4.0%	-3.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.4%	-2.9%	-2.5%
Operating Costs	(3.2)	(3.6)	(5.1)	(5.8)	(6.3)	(7.5)	(12.4)	(16.4)	(17.5)	(18.8)	(20.2)	(11.2)	(11.2)
YoY Growth	-86.0%	-91.0%	-90.7%	-91.5%	-92.7%	-80.4%	-62.6%	-65.9%	-64.4%	-63.7%	-62.9%	-66.5%	-62.2%
on revenues %													
EBITDA Adj.	0.5	0.4	0.5	0.5	0.5	2.0	7.4	8.7	9.9	11.0	12.3	5.6	6.8
YoY Growth	14.8%	-31.9%	49.0%	0.7%	-7.4%	301.1%	274.1%	17.6%	13.8%	11.1%	11.1%	33.9%	21.4%
on net revenues %	9.0%	9.0%	10.0%	8.9%	7.3%	21.6%	37.9%	35.1%	36.5%	37.3%	38.1%	33.5%	38.1%
on revenues %	14.0%	9.0%	9.3%	8.5%	7.3%	21.2%	37.4%	34.7%	36.2%	37.0%	37.7%	33.5%	37.8%
EBITDA Adjustments						0.2							
EBITDA	0.5	0.4	0.5	0.5	0.5	1.8	7.4	8.7	9.9	11.0	12.3	5.6	6.8
YoY Growth	14.0%	-31.9%	49.0%	0.7%	-7.4%	270.8%	304.7%	17.6%	13.8%	11.1%	11.1%	33.9%	21.4%
on revenues %	14.0%	9.0%	9.3%	8.5%	7.3%	19.6%	37.4%	34.7%	36.2%	37.0%	37.7%	33.9%	38.1%
D&A	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)	(0.8)	(3.3)	(3.9)	(4.0)	(4.0)	(3.9)	(3.1)	(3.0)
YoY Growth	-5.7%	-2.7%	-3.1%	-3.9%	-5.1%	-8.8%	-16.5%	-15.5%	-14.5%	-13.5%	-12.0%	-18.3%	-16.8%
on revenues %													
Tangible	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(1.3)	(1.9)	(2.0)	(2.0)	(1.9)		
Intangible	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.6)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)		
of which Goodwill													
Provisions/Writedown	0.0	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)						0.0	0.0
YoY Growth	0.0%	nm	nm	nm	nm	nm						0.0%	0.0%
on revenues %		-0.3%	0.0%	-1.8%	0.0%	-0.7%						0.0%	0.0%
EBIT Adj.	0.3	0.2	0.4	0.3	0.1	1.2	4.2	4.8	6.0	7.0	8.4	2.5	3.8
YoY Growth	8.3%	6.2%	6.2%	4.6%	2.1%	12.4%	20.9%	19.2%	23.2%	21.7%	23.5%	15.1%	48.8%
on revenues %													20.9%
EBIT Adjustments	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0		
EBIT	0.3	0.2	0.3	0.2	0.1	0.9	4.2	4.8	6.0	7.0	8.4	2.5	3.8
YoY Growth	8.3%	5.9%	6.2%	2.7%	2.1%	10.1%	20.9%	19.2%	23.2%	21.7%	23.5%	15.1%	48.8%
on revenues %													20.9%
Net financial income (costs)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	0.0	(0.2)
of which Forex Income and Expenses	0.0	0.0	0.0	0.0	(0.0)	(0.0)							
YoY Growth	0.1%	nm	nm	nm	nm	nm	nm	0.0%	0.0%	0.0%	0.0%	0.0%	-2533.8%
on revenues %		-0.4%	-0.5%	-0.3%	-0.5%	-0.8%	-1.1%	-0.9%	-0.8%	-0.8%	-0.7%	0.0%	-1.0%
Pre-tax profits	0.3	0.2	0.3	0.2	0.1	0.9	3.9	4.6	5.7	6.8	8.1	2.6	3.6
YoY Growth	8.4%	-29.8%	45.6%	-52.1%	-26.8%	674.5%	351.6%	17.4%	24.3%	18.4%	20.0%	15.2%	41.1%
on revenues %		5.5%	5.6%	2.4%	1.6%	9.3%	19.8%	18.3%	20.9%	22.7%	25.0%	15.2%	19.9%
Taxes	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(1.1)	(1.3)	(1.6)	(1.9)	(2.3)	(0.8)	(1.0)
tax rate %	-24.7%	-29.3%	-25.1%	-33.8%	-46.4%	-29.3%	-28.2%	-28.2%	-28.2%	-28.2%	-28.2%	-29.9%	-28.2%
Minorities	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	0.0	(0.0)
Pre-tax profits %				-0.9%	34.7%	-0.3%	-3.0%	-3.0%	-3.0%	-1.5%	-1.5%	1.5%	-0.1%
Net Profit	0.2	0.2	0.2	0.1	0.1	0.6	2.7	3.2	3.9	4.8	5.7	1.8	2.6
YoY Growth	6.3%	3.9%	4.1%	1.6%	1.5%	6.5%	13.6%	12.6%	14.3%	15.9%	17.6%	10.9%	41.4%
on revenues %													14.3%
Restated Net Profit	0.2	0.2	0.2	0.2	0.1	0.8	2.7	3.2	3.9	4.8	5.7	1.8	2.6
YoY Growth	6.3%	nm	nm	nm	nm	665.8%	253.8%	17.4%	24.3%	21.0%	20.0%	10.9%	41.4%
on revenues %		4.1%	4.1%	2.8%	1.5%	8.2%	13.6%	12.6%	14.3%	15.9%	17.6%	10.9%	14.3%

Source: Company data, Alantra estimates from 2021

Appendix 2

DHH – Balance Sheet

(Eu mn)	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	FY19PF	FY20PF
Inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Days of Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0
Receivables	0.2	0.1	0.4	0.6	0.4	2.2	2.4	3.1	3.3	3.6	3.9	2.1	2.2
% sales	4.9%	2.8%	7.8%	8.8%	5.6%	23.5%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
DSO	18	10	30	33	20	86	44	44	44	44	44	45	44
Payables	(0.2)	(0.2)	(0.4)	(0.4)	(0.6)	(1.8)	(2.3)	(3.0)	(3.2)	(3.3)	(3.5)	(2.2)	(1.8)
% external costs	7.1%	6.6%	8.4%	6.5%	8.2%	21.5%	16.4%	16.3%	16.2%	16.0%	15.8%	14.3%	14.3%
Days of payables	30	32	37	34	36	102	67	67	67	67	67	100	67
Other current assets	0.4	0.6	0.7	0.7	0.8	0.8	0.9	1.1	1.2	1.3	1.4	1.2	0.8
% sales	11.9%	16.0%	11.8%	11.2%	11.0%	8.5%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Other current liabilities	(1.3)	(1.4)	(2.038)	(2.0)	(2.3)	(3.6)	(3.9)	(5.0)	(5.4)	(5.9)	(6.4)	(3.3)	(3.6)
% sales	-33.7%	-36.4%	-35.9%	-32.5%	-34.4%	-38.1%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%
Net Working capital	(0.9)	(0.9)	(1.4)	(1.2)	(1.8)	(2.3)	(3.0)	(3.8)	(4.1)	(4.3)	(4.6)	(2.2)	(2.3)
% sales				-18.6%	-26.0%	-25.1%	-15.0%	-15.3%	-14.8%	-14.4%	-14.0%	-13.2%	-13.0%
Property, plant and equipment	0.2	0.2	0.4	0.3	0.3	1.8	2.3	2.5	2.6	2.5	2.6	1.8	1.8
Right of Use Assets	0.0	0.0	0.0	0.0	0.3	4.3	4.3	4.3	4.3	4.3	4.3	5.7	4.3
Intangible assets	4.3	4.6	5.9	5.8	6.6	12.1	15.2	15.3	15.4	15.4	15.3	11.7	12.1
o/w goodwill	4.2	4.5	5.5	5.5	5.6	8.0	11.5	11.5	11.5	11.5	11.5	10.7	5.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments in other companies	0.0	0.0	0.0	0.0	0.0	0.3	0.8	0.8	0.8	0.8	0.8	0.3	0.3
Others	0.0	0.0	(0.0)	(0.0)	0.0	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	0.2	-0.6
Total fixed assets	4.5	4.8	6.2	6.2	7.1	17.8	22.0	22.2	22.4	22.4	22.4	19.6	17.8
Employee pension benefits	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)	(0.9)	(0.6)	(0.6)
Other liabilities (funds)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Invested Capital	3.7	3.9	4.9	5.0	5.4	14.9	18.4	17.7	17.5	17.2	16.9	16.9	14.9
Short Term debts	0.1	0.1	0.1	0.1	0.1	2.2	2.2	2.2	2.2	2.2	2.2	2.5	2.0
Long Term debts	0.8	0.7	0.0	0.0	0.2	5.3	5.3	5.3	5.3	5.3	5.3	4.7	5.3
Cash	(0.6)	(3.9)	(2.6)	(2.7)	(2.5)	(9.1)	(9.9)	(13.9)	(18.2)	(21.7)	(27.9)	(4.6)	(8.8)
Net Debt (Cash)	0.3	-3.2	-2.5	-2.6	-2.2	-1.5	-2.3	-6.4	-10.6	-14.2	-20.3	2.6	-1.5
Share capital	0.0	0.1	0.1	0.1	0.1	0.5	0.5	0.5	0.5	0.5	0.5	14.2	16.4
Reserves	3.1	6.7	6.7	6.7	6.7	15.3	16.0	18.7	21.8	25.8	30.5		
Net result	0.2	0.2	0.5	0.7	0.8	0.6	2.7	3.2	3.9	4.8	5.7		
Minorities			0.0	0.0	0.0	0.0	1.6	1.7	1.9	0.4	0.5		
Shareholders Equity	3.4	7.1	7.3	7.6	7.6	16.4	20.7	24.0	28.1	31.4	37.2	14.2	16.4
Source of Funds	3.7	3.9	4.8	5.0	5.4	14.9	18.4	17.7	17.5	17.2	16.9	16.9	14.9

Source: Company data, Alantra estimates from 2021

Appendix 3

DHH – Cash Flow

(Eu mn)	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	FY19PF	FY20PF
Net Profit	0.2	0.2	0.2	0.1	0.1	0.6	2.7	3.2	3.9	4.8	5.7	1.8	2.6
Interests	(0.0)	0.1	(0.0)	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2		0.2
Taxes	0.1	0.1	0.1	0.1	0.1	0.25	1.1	1.3	1.6	1.9	2.3	0.8	1.0
Losses (gains) of disposal of fixed assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Provisions/Writedowns	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D&A	0.2	0.1	0.2	0.2	0.3	0.8	3.3	3.9	4.0	4.0	3.9	3.1	3.0
Change in net working capital	0.3	0.1	0.4	(0.1)	0.6	(0.7)	0.6	0.9	0.2	0.2	0.3		(0.5)
Interests paid	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		(0.2)
Taxes paid	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(1.1)	(1.3)	(1.6)	(1.9)	(2.3)		(1.0)
Use of funds	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.2	0.1	0.1	0.1		0.0
Other operating items	0.0	(0.1)	0.0	0.0	(0.0)	1.3	0.1	0.1	0.2	0.1	0.1		(0.2)
Cash flow from operating activities	0.9	0.3	0.9	0.3	1.0	2.1	6.7	8.2	8.4	9.2	10.1		5.0
Intangibles (CAPEX)	(0.1)	(0.0)	(0.8)	(0.0)	(0.9)	(0.0)	(1.8)	(2.1)	(2.1)	(2.0)	(2.0)		(0.3)
on revenues %	-2.8%	-0.8%	-14.0%	-0.4%	-12.8%	-0.4%	-9.0%	-8.3%	-7.5%	-6.8%	-6.0%		-1.5%
Tangibles (CAPEX)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.7)	(1.8)	(2.1)	(2.1)	(2.0)	(2.0)		(1.1)
on revenues %	-2.7%	-2.4%	-2.2%	-1.1%	-7.1%	-7.6%	-9.0%	-8.3%	-7.5%	-6.8%	-6.0%		-6.2%
Intangibles + Tangible	(0.2)	(0.1)	(0.9)	(0.1)	(1.4)	(0.7)	(3.6)	(4.1)	(4.1)	(4.0)	(3.9)		(1.4)
on revenues %	-5.5%	-3.2%	-16.3%	-1.5%	-19.8%	-8.0%	-18.0%	-16.5%	-15.0%	-13.5%	-12.0%		-7.7%
Financials	(2.5)	(2.7)	(0.6)	(0.2)	(0.0)	(0.6)	(0.5)						0.0
on revenues %	-66.4%	-66.9%	0.0%	-3.2%	-0.7%	-6.2%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Acquisitions							(3.5)						
on revenues %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Disposals													
Cash flow from investment activities	(2.7)	(2.8)	(1.5)	(0.3)	(1.4)	(1.3)	(7.6)	(4.1)	(4.1)	(4.0)	(3.9)		(1.4)
Change in shareholders equity	-71.9%	-70.2%	-26.1%	-4.7%	-20.6%	-14.2%	-38.2%	-16.5%	-15.0%	-13.5%	-12.0%		-7.7%
Dividends	1.4	6.0	0.0	0.1	0.0	0.0	0.0						0.0
Other items	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0						0.0
	(0.1)	(0.1)	(0.1)	(0.0)	0.0	(1.5)	1.6			(1.6)			0.6
Change in NFP	(0.5)	3.4	(0.7)	0.1	(0.4)	(0.7)	0.8	4.1	4.3	3.6	6.2		(1.2)
NFP at year beginning	0.3	(0.3)	3.2	2.5	2.6	2.2	1.5	2.3	6.4	10.6	14.2		2.6
NFP at YE (debt)/cash	(0.3)	3.2	2.5	2.6	2.2	1.5	2.3	6.4	10.6	14.2	20.3		1.5

Source: Company data, Alantra estimates from 2021

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