

# DHH

Sector: Industrials

**BUY**

Price: Eu25.20 - Target: Eu32.00

## M&A and AI to Enrich a Recurring and Scalable Business Model

**Giorgio Tavolini +39-02-77115.279**

giorgio.tavolini@intermonte.it

**Andrea Randone +39-02-77115.364**

andrea.randone@intermonte.it

### Stock Rating

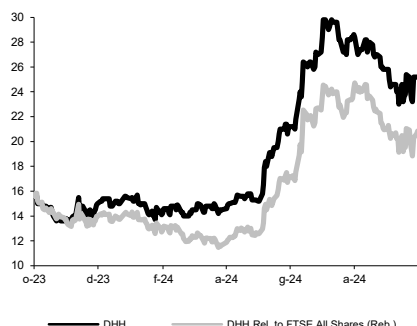
**Rating:** BUY (New Coverage)

**Target Price (Eu):** 32.00 (New Coverage)

### Next Event

3Q Results Out 22 November

### DHH - 12M Performance



### Stock Data

Reuters code: DHH.MI

Bloomberg code: DHH IM

| Performance             | 1M    | 3M          | 12M   |
|-------------------------|-------|-------------|-------|
| Absolute                | -2.3% | -7.4%       | 61.5% |
| Relative                | -0.5% | -7.4%       | 42.2% |
| 12M (H/L)               |       | 29.80/13.50 |       |
| 3M Average Volume (th): |       | 1.03        |       |

### Shareholder Data

|                           |       |
|---------------------------|-------|
| No. of Ord shares (mn):   | 5     |
| Total no. of shares (mn): | 5     |
| Mkt Cap Ord (Eu mn):      | 123   |
| Total Mkt Cap (Eu mn):    | 123   |
| Mkt Float - Ord (Eu mn):  | 28    |
| Mkt Float (in %):         | 23.0% |
| Main Shareholder:         |       |
| Antonio D. Baldassarra    | 33.6% |

### Balance Sheet Data

|                                 |      |
|---------------------------------|------|
| Book Value (Eu mn):             | 28   |
| BVPS (Eu):                      | 5.94 |
| P/BV:                           | 4.2  |
| Net Financial Position (Eu mn): | -1   |
| Enterprise Value (Eu mn):       | 124  |

- **DHH in a nutshell:** DHH is a European internet infrastructure company leveraging next-generation technology and AI, with a focus on open-source solutions and data privacy standards. It operates as a holding company overseeing nine independent entities across seven countries, promoting decentralised entrepreneurship. Serving over 125,000 customers in cloud computing, hosting, and business connectivity, DHH maintains over 90% customer retention and strong recurring revenues. In FY23, it generated €34.6mn in revenue and €11.5mn in adj. EBITDA, driven by top line growth in Cloud Computing (+11%), Cloud hosting (+10%), Business Connectivity (+58%) and Datacenter & Networking (+6%). In 1H24, DHH showed strong scalability, with growth in adj. EBITDA outpacing revenue. 2H momentum is expected to be solid, despite some softness from clients in the automotive sector.
- **Dual growth strategy: organic expansion and M&A.** DHH's growth strategy combines steady organic development with strategic M&A. Organic growth is driven by continuous R&D investment and product innovation, resulting in around 10% annual growth. Its M&A strategy focuses on expanding into new geographical areas, consolidating existing markets, and investing in start-ups, leading to 20 deals to date. Notable milestones include the reverse merger with Seeweb, a former key shareholder and Italian cloud leader, which strengthened DHH's infrastructure, and the 2022 acquisition of Connesi, an Italian B2B connectivity provider, enhancing its high-speed connectivity offerings. DHH is now targeting M&A expansion in Spain and France to reinforce and complement its regional leadership in Southern Europe (Italy, Switzerland, Croatia, Slovenia, Bulgaria, Serbia).
- **Competitive edge through decentralised leadership and focus on AI:** DHH's decentralised structure and local expertise enable rapid adaptation to market needs, setting it apart from global players like AWS and regional competitors like Aruba. This allows DHH to serve underpenetrated Mediterranean B2B markets more effectively while ensuring compliance with EU regulations. The company is also expanding its AI offerings with serverless GPU solutions and private AI applications tailored to specific industries. Although AI demand in Italy is currently low, DHH expects adoption to grow, supporting new revenue streams.
- **FY24-26 estimates:** Our FY24-26 estimates are based on c.10% revenue CAGR, entirely organic and consistent with historical trends, before potential upside from M&A. The EBITDA margin is expected in excess of 30%, supported by business scalability and efficient absorption of fixed costs. With limited CapEx, this should lead to high FCF conversion (up to 5% yield in 2026), turning net debt into positive cash from next year onwards, thereby creating additional capacity for future M&A.
- **Initiating coverage with a BUY recommendation and TP of Eu32.** We appreciate DHH's clear business model focused on technology and a scalable and recurring revenue stream, along with strong customer diversification and a proven M&A track record that could support future deals. The company shows a constant focus on innovation, particularly in AI, and agility in adopting new technologies, while standing out for its solid, highly cash-generating business model. At our DCF-based target price of Eu32/share, the stock would trade at 13.5x EV/EBITDA'24E, a discount to larger listed peers and to recent private deals (c.15-19x EV/EBITDA).

| Key Figures & Ratios   | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn)          | 29    | 34    | 36    | 40    | 43    |
| EBITDA Adj (Eu mn)     | 9     | 12    | 12    | 13    | 15    |
| Net Profit Adj (Eu mn) | 2     | 3     | 4     | 5     | 6     |
| EPS New Adj (Eu)       | 0.499 | 0.678 | 0.784 | 0.906 | 1.075 |
| DPS (Eu)               | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| EV/EBITDA Adj          | 8.8   | 7.1   | 10.2  | 9.3   | 7.9   |
| EV/EBIT Adj            | 17.3  | 13.6  | 18.5  | 16.1  | 12.9  |
| P/E Adj                | 50.5  | 37.2  | 32.1  | 27.8  | 23.4  |
| Div. Yield             | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
| Net Debt/EBITDA Adj    | 0.7   | 0.6   | 0.1   | -0.3  | -0.7  |

## DHH – Key Figures

| Profit & Loss (Eu mn)                    | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
|------------------------------------------|-------|--------|--------|--------|--------|--------|
| Sales                                    | 20    | 29     | 34     | 36     | 40     | 43     |
| EBITDA                                   | 7     | 7      | 10     | 12     | 13     | 15     |
| EBIT                                     | 4     | 3      | 5      | 7      | 8      | 9      |
| Financial Income (charges)               | -0    | -1     | -1     | -1     | -1     | -1     |
| Associates & Others                      | 0     | 0      | 0      | 0      | 0      | 0      |
| Pre-tax Profit                           | 3     | 2      | 4      | 6      | 7      | 8      |
| Taxes                                    | -0    | -1     | -2     | -2     | -2     | -3     |
| Tax rate                                 | -7.9% | -62.7% | -45.4% | -35.0% | -35.0% | -35.0% |
| Minorities & Discontinued Operations     | 0     | -0     | -0     | 0      | 0      | 0      |
| Net Profit                               | 3     | 1      | 2      | 4      | 5      | 6      |
| EBITDA Adj                               | 7     | 9      | 12     | 12     | 13     | 15     |
| EBIT Adj                                 | 4     | 5      | 6      | 7      | 8      | 9      |
| Net Profit Adj                           | 3     | 2      | 3      | 4      | 5      | 6      |
| Per Share Data (Eu)                      | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| Total Shares Outstanding (mn) - Average  | 5     | 5      | 5      | 5      | 5      | 5      |
| Total Shares Outstanding (mn) - Year End | 5     | 5      | 5      | 5      | 5      | 5      |
| EPS f.d                                  | 0.675 | 0.156  | 0.452  | 0.784  | 0.906  | 1.075  |
| EPS Adj f.d                              | 0.558 | 0.499  | 0.678  | 0.784  | 0.906  | 1.075  |
| BVPS f.d                                 | 4.078 | 4.931  | 4.848  | 5.938  | 6.557  | 7.632  |
| Dividend per Share ORD                   | 0.000 | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |
| Dividend per Share SAV                   | 0.000 | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |
| Dividend Payout Ratio (%)                | 0.0%  | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Cash Flow (Eu mn)                        | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| Gross Cash Flow                          | 6     | 5      | 8      | 9      | 10     | 11     |
| Change in NWC                            | -1    | 1      | 0      | -0     | 0      | 0      |
| Capital Expenditure                      | -3    | -3     | -6     | -5     | -5     | -6     |
| Other Cash Items                         | -1    | -3     | 1      | 1      | 0      | 0      |
| Free Cash Flow (FCF)                     | 2     | 4      | 2      | 4      | 5      | 6      |
| Acquisitions, Divestments & Other Items  | -4    | -6     | -3     | 0      | 0      | 0      |
| Dividends                                | 0     | 0      | 0      | 0      | 0      | 0      |
| Equity Financing/Buy-back                | 0     | 0      | 0      | 0      | 0      | 0      |
| Change in Net Financial Position         | -2    | -5     | -0     | 6      | 5      | 6      |
| Balance Sheet (Eu mn)                    | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| Total Fixed Assets                       | 24    | 35     | 36     | 35     | 35     | 35     |
| Net Working Capital                      | -2    | -3     | -3     | -3     | -3     | -4     |
| Long term Liabilities                    | -1    | -2     | -2     | -2     | -2     | -2     |
| Net Capital Employed                     | 21    | 30     | 30     | 30     | 29     | 29     |
| Net Cash (Debt)                          | -1    | -6     | -7     | -1     | 4      | 10     |
| Group Equity                             | 20    | 24     | 24     | 29     | 34     | 39     |
| Minorities                               | 0     | 2      | 1      | 1      | 1      | 1      |
| Net Equity                               | 20    | 22     | 23     | 28     | 33     | 38     |
| Enterprise Value (Eu mn)                 | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| Average Mkt Cap                          | 68    | 74     | 75     | 123    | 129    | 129    |
| Adjustments (Associate & Minorities)     | 0     | 0      | 0      | 0      | 0      | 0      |
| Net Cash (Debt)                          | -1    | -6     | -7     | -1     | 4      | 10     |
| Enterprise Value                         | 69    | 80     | 82     | 124    | 125    | 119    |
| Ratios (%)                               | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| EBITDA Adj Margin                        | 37.0% | 31.5%  | 34.2%  | 33.6%  | 33.7%  | 34.5%  |
| EBIT Adj Margin                          | 19.9% | 16.1%  | 17.8%  | 18.4%  | 19.6%  | 21.3%  |
| Gearing - Debt/Equity                    | 4.7%  | 25.0%  | 27.5%  | 3.1%   | -13.2% | -26.7% |
| Interest Cover on EBIT                   | 20.9  | 4.5    | 6.0    | 8.3    | 10.1   | 12.5   |
| Net Debt/EBITDA Adj                      | 0.1   | 0.7    | 0.6    | 0.1    | -0.3   | -0.7   |
| ROACE*                                   | 20.2% | 11.7%  | 16.2%  | 22.3%  | 26.2%  | 31.9%  |
| ROE*                                     | 14.5% | 11.3%  | 14.7%  | 14.9%  | 14.8%  | 15.4%  |
| EV/CE                                    | 3.9   | 3.1    | 2.7    | 4.1    | 4.2    | 4.1    |
| EV/Sales                                 | 3.5   | 2.8    | 2.4    | 3.4    | 3.1    | 2.7    |
| EV/EBITDA Adj                            | 9.6   | 8.8    | 7.1    | 10.2   | 9.3    | 7.9    |
| EV/EBIT Adj                              | 17.7  | 17.3   | 13.6   | 18.5   | 16.1   | 12.9   |
| Free Cash Flow Yield                     | 1.8%  | 3.1%   | 1.6%   | 3.3%   | 4.3%   | 4.9%   |
| Growth Rates (%)                         | 2021A | 2022A  | 2023A  | 2024E  | 2025E  | 2026E  |
| Sales                                    | 9.2%  | 46.4%  | 17.7%  | 8.0%   | 8.9%   | 9.2%   |
| EBITDA Adj                               | 5.8%  | 24.8%  | 27.7%  | 6.1%   | 9.5%   | 11.7%  |
| EBIT Adj                                 | 2.9%  | 18.4%  | 30.0%  | 11.9%  | 15.6%  | 18.8%  |
| Net Profit Adj                           | 2.1%  | -10.1% | 39.8%  | 15.6%  | 18.3%  | 21.3%  |
| EPS Adj                                  | -2.5% | -10.6% | 36.0%  | 15.6%  | 15.6%  | 18.6%  |
| DPS                                      |       |        |        |        |        |        |

\*Excluding extraordinary items

Source: Intermonte SIM estimates

## Index

---

|                                                               |           |
|---------------------------------------------------------------|-----------|
| <b>DHH at a glance .....</b>                                  | <b>4</b>  |
| <b>Company Overview .....</b>                                 | <b>5</b>  |
| Main businesses .....                                         | 6         |
| Group Structure.....                                          | 6         |
| Ownership structure & stock price trend .....                 | 9         |
| Board of Directors and top management team .....              | 10        |
| A bit of history .....                                        | 11        |
| Business Development .....                                    | 12        |
| <b>SWOT analysis .....</b>                                    | <b>14</b> |
| <b>Reference Markets.....</b>                                 | <b>15</b> |
| European Cloud Market: Key Challenges and Opportunities ..... | 15        |
| Key Segments .....                                            | 16        |
| Increasing focus on AI-as-a-Service .....                     | 17        |
| Focus on Southeast Europe .....                               | 19        |
| <b>Competitive environment and listed peers .....</b>         | <b>20</b> |
| Listed Peers .....                                            | 21        |
| Unlisted peers .....                                          | 22        |
| <b>The role of private equity funds in the industry.....</b>  | <b>24</b> |
| <b>Historical Financials .....</b>                            | <b>25</b> |
| FY20-23 Results .....                                         | 25        |
| 1H24 Results.....                                             | 28        |
| Confident Tone from 1H conference call .....                  | 29        |
| <b>Financial Estimates .....</b>                              | <b>30</b> |
| <b>Valuation.....</b>                                         | <b>32</b> |

## DHH at a glance

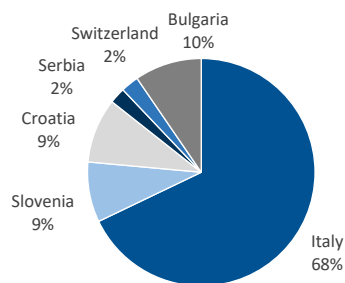
### Company description

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

### Strengths/Opportunities

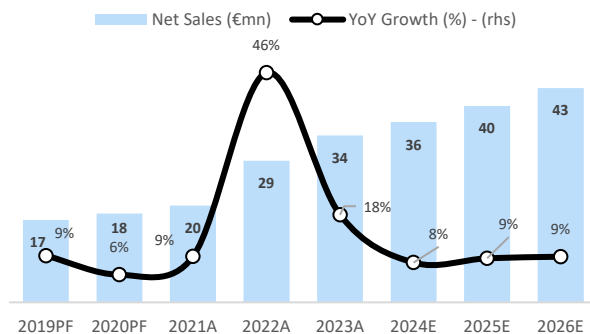
- Scalable and flexible business model, highly diversified customer base featuring recurring revenue
- Positive M&A track record, with eighteen transactions finalised since IPO
- Highly attractive assets in a market consolidation scenario, drawing potential interest from PE funds
- Rapidly-growing reference markets with strong positioning in fast-growing, unconventional geographical areas (e.g. Southeast Europe).

### DHH: Revenue Breakdown by Geography (FY23)



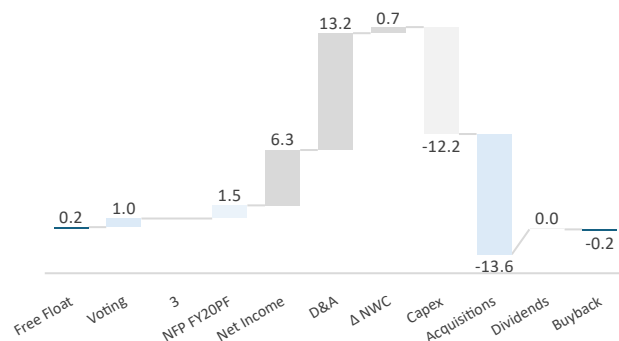
Source: Intermonte SIM

### DHH: Revenues (Eu mn) and YoY growth (%)



Source: Intermonte SIM

### DHH: NFP bridge (FY19-FY23)



Source: Intermonte SIM

### Management

**Executive Chairman:** Giandomenico Sica  
**CEO:** Antonio D. Baldassarra  
**CFO:** Tamara Arduini  
**COO:** Matija Jekovec

**Independent Board Members:** 1/5

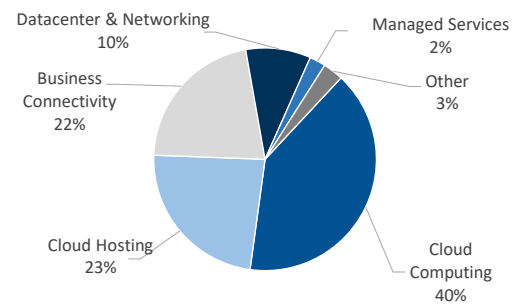
### Shareholding Structure

|                        |       |
|------------------------|-------|
| Antonio D. Baldassarra | 33.5% |
| Daniele Vona           | 16.2% |
| Marianna Vona          | 16.2% |
| Giandomenico Sica      | 5.5%  |
| Alkemia SGR            | 5.0%  |
| Market                 | 21.5% |

### Weaknesses/Threats

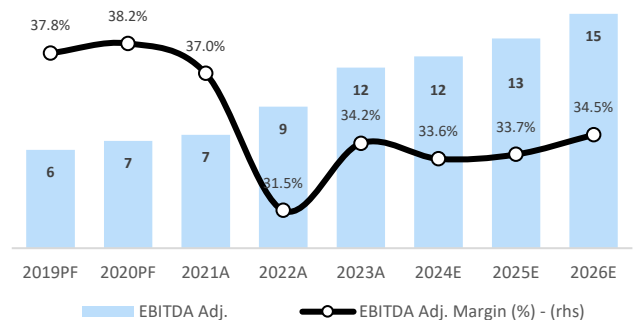
- Competitive reference market characterised by the presence of major players with international scale.
- SMEs typically more penalised in the event of an economic downturn, compared to large corporates
- Over-reliance on a highly experienced and well-regarded management team
- Keeping up with investments and innovation

### DHH: Revenue Breakdown by Technology (FY23)



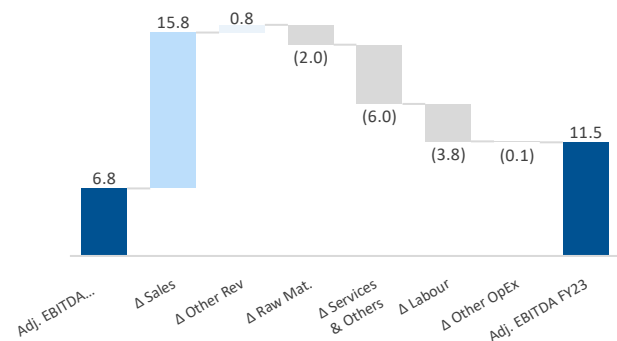
Source: Intermonte SIM

### DHH: EBITDA (Eu mn) and margin (%)



Source: Intermonte SIM

### DHH: EBITDA path (FY19-FY23)



Source: Intermonte SIM

## Company Overview

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

DHH is structured as a group of independent entities coordinated by a holding company that provides strategic guidance, governance, and oversees administration and finance, while allowing each company to remain operationally autonomous. This decentralized organization promotes local entrepreneurship, enabling each business to operate independently according to its market needs. Currently DHH operates through 9 businesses, across seven countries (Bosnia and Herzegovina, Bulgaria, Croatia, Italy, Switzerland, Serbia and Slovenia), each with its own branding, market positioning, and leadership, and 3 minority stakes in start-up and scale-up companies.

The Group provides a wide range of cloud computing, cloud hosting and business connectivity technologies in a subscription model, where customers are either billed in advance with a fixed, typically, annual fee or based on service usage (metered). Group companies feature customer retention rates of over 90% and recurring revenues.

In FY23, DHH recorded total revenue of €34.6mn (2017-23 total compound annual growth rate [CAGR] for revenue c. 35%) and c.€11.5mn in adj. EBITDA, a margin in excess of 33%. Notably, in 2023 alone, the main business units continued to grow at double-digit rates: Cloud Computing (+11%), Cloud Hosting (+10%), while the Business connectivity segment was up +58%, partly thanks to the consolidation of Connesi.

DHH is listed on Euronext Growth Milan (EGM), regulated by Borsa Italiana and registered as an SME Growth Market. Based on the current €25.2 stock market price, DHH boasts a market capitalisation of about €125mn.

### DHH – Geographical footprint



Source: Intermonte SIM on Company presentation

### DHH - Key characteristics

#### Recurring revenue

**Above 90%**

Most of our turnover is recurring, providing predictable income, better financial planning, and stability, distinguishing us from IT services companies.

#### Operating cash flow

**Above 80%**

High operating cash flow enhances financial flexibility, allowing for reinvestment, debt reduction, and strategic initiatives, while offering a buffer against downturns.

#### Distributed customer base of

**Over 125K customers**

A distributed customer base reduces revenue risk, enhances resilience to market fluctuations, and supports consistent growth.

#### Focus on proprietary technology

Proprietary technology ensures control, flexibility, competitive advantage, cost efficiency, security, and scalability, enabling strategic decisions without third-party constraints.

#### R&D-driven product development

R&D-driven development drives innovation, improves product quality, and speeds up time-to-market, creating unique, high-value solutions that meet customer needs.

#### Focus on professional & business customers

Targeting B2B customers leads to more significant transactions, longer relationships, predictable revenue, higher loyalty, and reduced price sensitivity.

#### Multidimensional approach to growth

Stable organic growth of around 10% and continuous M&A, with 20 deals since inception, allow us to scale, diversify, and accelerate growth.

#### Geographic presence in the Mediterranean area

Our presence of 200 people across several Mediterranean countries allows access to top engineers and growth opportunities in underserved markets.

Source: Intermonte SIM on Company presentation

## Main businesses

DHH provides comprehensive internet infrastructure services, assisting businesses in managing and expanding their digital presence. DHH's offerings include cloud computing, cloud hosting, business connectivity, datacenter & networking, and AI infrastructure, all available through subscription models, typically on a monthly or annual basis.

### Cloud Computing (FY23: €12.9mn, +65% 3Y CAGR)

- What It Is: Cloud computing delivers on-demand resources like servers, storage, and applications over the internet, eliminating the need for physical hardware.
- What DHH Offers: DHH offers scalable cloud solutions that align with business needs, enabling efficient cost management and fostering rapid service deployment and innovation.

### Cloud Hosting (FY23: €7.9mn, +16% 3Y CAGR)

- What It Is: Cloud hosting uses a network of interconnected servers to host websites or applications, ensuring high availability and performance.
- What DHH Offers: DHH provides scalable cloud hosting with automatic adjustments to traffic demands, minimizing downtime and including managed services for maintenance and security.

### Business Connectivity (FY23: €7.3mn, +58% 3Y CAGR)

- What It Is: Business connectivity refers to the internet connections businesses use for web access, communication, and cloud services, essential for operational efficiency.
- What DHH Offers: DHH delivers high-speed, secure internet and dedicated lines tailored to business needs, supporting reliable connections for both office setups and remote work.

### Datacenter & Networking (FY23: €3.1mn, +102% 3Y CAGR)

- What It Is: Datacenters house computing systems, while networking connects hardware and software components, facilitating data flow.
- What DHH Offers: DHH's datacenters provide secure environments for hosting data and applications, with networking solutions that optimize data flow and reduce latency. DHH also offers colocation services.

### AI Infrastructure - Emerging segment, long term growth opportunity

- What It Is: AI infrastructure includes hardware like GPUs and NPUs designed to handle AI and machine learning workloads.
- What DHH Offers: DHH offers high-performance AI infrastructure to support businesses in running complex AI models and processing large datasets, enabling effective deployment of AI applications.

These integrated technologies provide robust, scalable, and secure internet infrastructure solutions that support the digital growth and efficiency of businesses, all available through flexible subscription plans.

## Group Structure

DHH is structured as a group of independent entities coordinated by a holding company that provides strategic guidance, governance, and oversees administration and finance, while allowing each company to remain operationally autonomous.

This decentralized organization promotes local entrepreneurship, enabling each business to operate independently according to its market needs.

### Benefits of Decentralized Organization vs. Centralized Organization

- Agility and Responsiveness: Decentralized organizations can quickly adapt to local market changes and customer needs, as decision-making occurs at the local level, fostering flexibility and innovation.
- Empowerment of Local Leaders: By granting autonomy, decentralized organizations empower local leaders to take initiative, fostering a sense of ownership, which can lead to improved performance and motivation.
- Fostering Local Entrepreneurship: DHH's model supports local entrepreneurship by allowing companies to retain their brand and culture, encouraging innovation and growth without top-down constraints.
- Knowledge Sharing: Although DHH companies operate independently, they share knowledge across similar fields in different geographies. This sharing of best practices and insights enhances collective learning and drives success across the group.

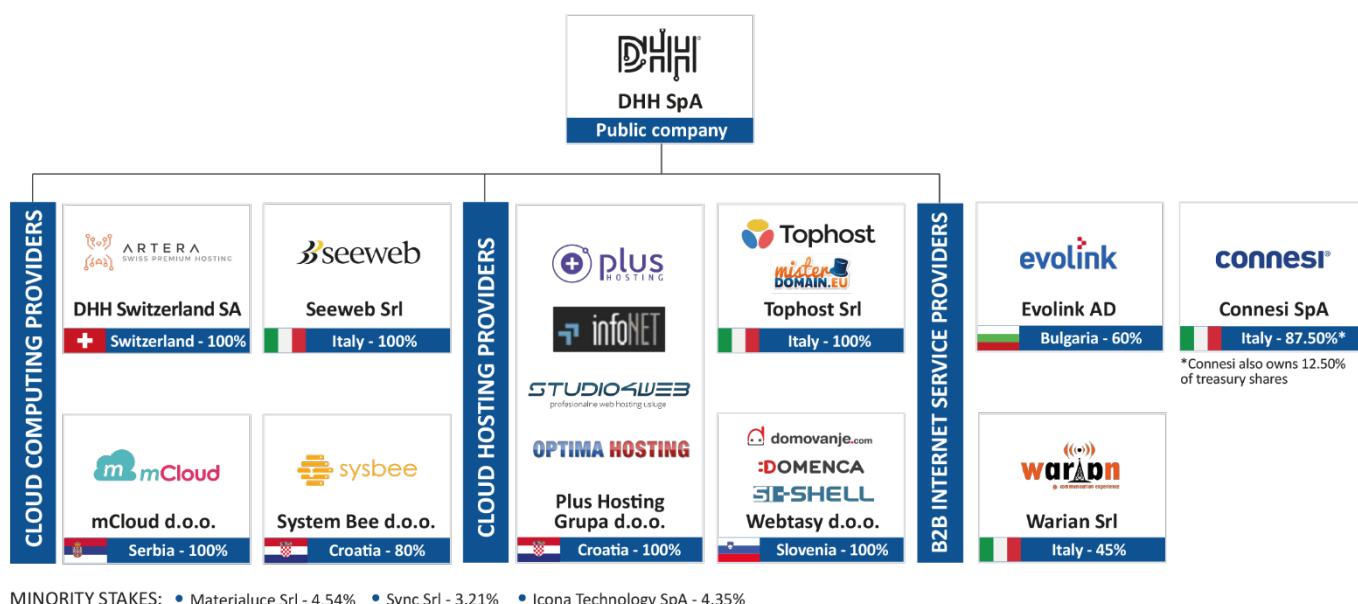
## Benefits of Knowledge Sharing

- **Accelerated Innovation:** Sharing successful strategies and technologies across companies speeds up innovation and collective improvement.
- **Efficient Problem-Solving:** Learning from each other's challenges reduces trial and error, making problem-solving more efficient.
- **Enhanced Competitiveness:** Access to shared expertise strengthens each company's market position, leveraging collective intelligence for better outcomes.

DHH's decentralized model enhances agility, empowers leaders, and fosters collaboration through knowledge sharing, driving group-wide success and adaptability, in contrast to centralized models that can be slower and less responsive to local needs.

As at the end of December 2023, DHH held equity stakes in 13 business units. These included nine operating companies directly consolidated on a line-by-line basis, and one not consolidated (Warian in Italy). 3 are based in Italy (Seeweb, Tophost, Connesi), 2 in Croatia (Plus Hosting Grupa and Sysbee), 1 in Slovenia (Webtasy), 1 in Serbia (mCloud), 1 in Switzerland (Artera), and 1 in Bulgaria (Evolink). The other 3 are minority stakes in start-up companies, namely Sync, Materialuce, and Icona Technology.

## DHH: Group Structure



Source: Intermonte SIM on Company presentation

## DHH Group: Cloud Computing providers

### Cloud computing providers



**DHH Switzerland SA** - Owner of the brand Artera, part of DHH since May 2017, the Swiss company provides high-end products, mainly addressed to customers requiring high reliability and technologically advanced web hosting products. Founded in 2002 Artera boasts twenty years of experience in the sector, growing together with its team and integrating a specialized staff that has allowed it to obtain the main international certifications and be a partner of countless companies on the web. The team is guided by the same vision: to offer a service of the highest quality in the name of cutting-edge technology.



**mCloud d.o.o.** - Serbian cloud computing provider founded in March 2018, and part of DHH since October 2018. The company is focused on delivering advanced hosting products and it manages two brands, Plus hosting and mCloud, each targeting different customers.



**Seeweb Srl** - Italian based cloud computing company providing SaaS, IaaS and PaaS services, as well as a wide range of additional IT products such as shared hosting, dedicated servers, housing and colocation, relying on six physical datacenters and a proprietary fiber optic network. The company is part of DHH group since November 2020 following the reverse takeover. In April '21 Seeweb acquired MondoServer to strengthen its presence in the South Italy.



**System Bee d.o.o.** - Croatian company established back in 2018 as a spin-off of DHH d.o.o. (now Plus Hosting Grupa) engaged in the business of web hosting and IT solutions. System Bee, owner of the brand Sysbee, is made up of a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to SMEs in Croatia. It currently counts ea. 80 active clients.

Source: Intermonte SIM on Company presentation

## DHH Group: Cloud Hosting providers

### Cloud hosting providers



**Plus Hosting Grupa d.o.o.** - Plus Hosting Grupa d.o.o. (until April 13th, 2022 named DHH d.o.o.) established in 2001 as IT Plus d.o.o. and later renamed to Plus hosting d.o.o., the company joined DHH in 2015. Following the (1) repositioning of the company on the market, (2) completing acquisitions of local competitors, and (3) spinning off one of the business activities into a separate company, the Croatian entity is today the largest local player recognized for its technical expertise and high-quality customer service. The three proprietary brands (Plus hosting, Studio4web, Infonet) provide a broad array of products, from low-cost hosting solutions to managed hosting products addressed to high end customers. Optima Hosting is a provider with over 10 years of experience in web hosting and serving 5.600 clients in Croatia and BiH, as the only Croatian company has been successfully operating on the Bosnian market for over 8 years.



**Tophost Sri** - Established in 2004 with a goal of becoming a major Italian player in the "mass" web hosting industry. In a short period of time, the company gained a notable position in the market providing entry-level web hosting products. Tophost joined DHH in 2015 and today the Italian subsidiary offers comprehensive and innovative solutions at competitive prices to more than 47.000 customers across Italy. In January 2023 Tophost acquired all the assets of the competitor Misterdomain (<https://misterdomain.eu>), one of the historical players in the Italian web hosting market, with more than 10.000 customers, 31.000 domains under management, and a turnover of ea. 500k EUR.



**Webtasy d.o.o.** - Acquired in October 2015, Webtasy d.o.o. (until December 28th, 2021 named DHH.si d.o.o.) operates under three brands - Domovanje, Domenca (acquired in 2012, and that will soak up the newly acquired brand Hosterdam) and Si-Shell (acquired in December 2019). It has been the leading player on the local market in the last 20+ years, serving 30.000+ customers and holding ea. 30% market share with over 72.000 registered domains. Webtasy brands offer domain registration, web hosting and cloud products. Their focus is developing high-performance managed solutions for the SMB market.

Source: Intermonte SIM on Company presentation

## DHH Group: Internet Service providers

### Internet Service providers



**Connesi SpA** - Independent provider in the field of Internet Access (via optical fiber - both owned and leased - and fixed wireless network), VOIP, and Cloud Computing, active mainly in Umbria and also present in other Italian regions (e.g. Tuscany and Marche). Connesi is focused on the premium B2B market, with ea. 35 employees and 3.000 customers among which top tier corporates and public administrations



**Evolink AD** - Established in 2004 and based in Sofia (Bulgaria), with its team of 43 employees is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria active in Cloud Computing, Cybersecurity, and Data transport services provisioning, managing two data centers, both located in Sofia. Its customer portfolio includes large companies and telecom operators.



**Warian S.r.l.** - Owned by Seeweb for 45%, Warian is an Italian B2B Internet service provider (ISP) operating in the B2B sector with main focus on the wholesale market. It offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. Established in 2010, it boasts a network with more than 50 wholesale partners.

Currently, the Group has minority stakes in

- (1) **Materialuce**, a startup which develops and markets innovative lights and lighting systems,
- (2) **Sync**, a company that provides IT services, and
- (3) **Icona Technology**, a company listed on the Vienna Stock Exchange.

Source: Intermonte SIM on Company presentation

## Ownership structure & stock price trend

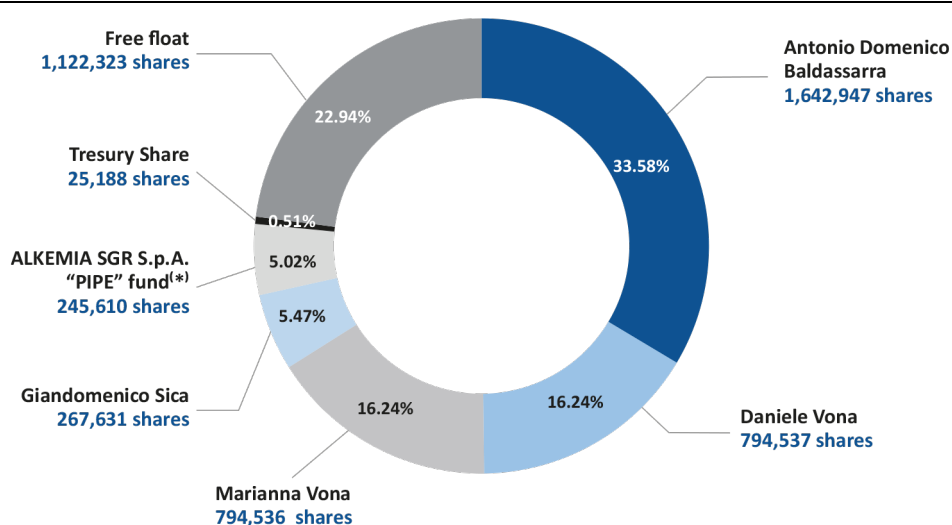
On 3 May 2024, DHH sold 100,957 of its own shares to the “PIPE” (private investment in public equity) fund managed by Alkemia Capital Partners SGR S.p.A., at a price of Eu14.8 per share. The PIPE fund also bought an additional 130,538 shares at the same value from Antonio Baldassarra, Matija Jekovec and other shareholders, to reach 4.73% of the company’s capital.

Antonio Baldassarra is the single largest shareholder of DHH, holding a 33.58% stake, following the reverse merger of Seeweb into DHH. This transaction did not trigger a mandatory takeover of DHH's capital as it was approved through the whitewash mechanism.

As a result of the 2022-25 stock option plan, upon completion of the issuance and subscription process for 230k new shares (corresponding to the exercise of 500k options), expected by March 2025, the DHH S.p.A. share capital will amount to Eu512,277.20 divided into a total of 5,122,772 ordinary shares.

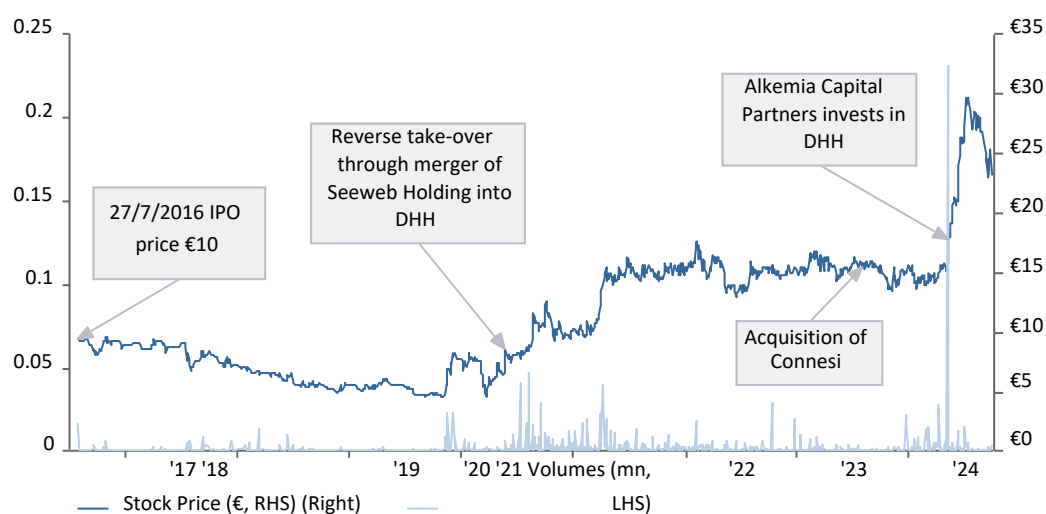
Currently, DHH directly holds 25,632 treasury shares, corresponding to 0.52% of the share capital (0.51% at the end of June 2024).

**DHH: Shareholder base (updated as of 30 June 2024)**



(\*) Shareholding held by the closed-end, restricted alternative investment fund named “PIPE” and managed by Alkemia SGR S.p.A.  
Source: Intermonte SIM on Company presentation

**DHH: Stock price trend since the IPO**



Source: Factset

## Board of Directors and top management team



**Giandomenico Sica** | *Executive Chairman*

- Co-founder of DHH, he also established Grafoventures, his personal holding focused on small caps in Southeast Europe, partnering with innovative software companies, helping them to develop long-term strategies, raise capital, go public, recruit talent, and expand through M&A.
- Since 2011, he has worked with five companies that have all gone public and are now prominent brands employing 500 people globally. Additionally, he invests in promising tech micro-caps worldwide. He holds a *cum laude* degree in Philosophy from the University of Milan.



**Antonio Baldassarra** | *Chief Executive Officer*

- Founder and CEO of Seeweb, an Italian leader in IT services, cloud computing, and datacentres, Antonio has over 25 years of experience in Electronics, Telecommunications, and Computer Science.
- Passionate about fostering start-ups and emerging companies in the Internet and cloud computing sectors, he actively engages in business angel and business development activities.



**Matija Jekovec** | *Chief Operating Officer*

- Co-founder of the Klaro Group in 2003 (subsequently acquired by DHH), initially working as a developer and later as an R&D manager. He gained extensive knowledge in development, software architecture, agile development processes, test-driven development, continuous integration, and system administration.
- As the company transitioned to focus on hosting and acquired competitors, Matija managed the Group's operations and contributed significantly to building the largest hosting Group in Slovenia. He has a background in Computer Science and remains actively involved in the developer community in Slovenia.



**Tamara Arduini** | *Chief Financial Officer*

- Brings over twenty years of experience in accounting, administration, and finance. Tamara is currently the CFO at Seeweb, and previously served as a director of DHH during its start-up phase in 2015.
- She has extensive knowledge of corporate processes for information security holdings and lead auditor certification.

## A bit of history

**2015-2020**  
Foundation and early growth

DHH was established in July 2015 by Seeweb (an Italian cloud computing group founded in 1998 and controlled by Antonio Baldassarra), Giandomenico Sica (venture capitalist with previous managerial and entrepreneurial experience in listed companies Mail-Up and Digital Magic). Uroš Čimžar (co-founder of Klaro, web-hosting provider in Slovenia) and Matija Jekovec (co-founder of Klaro) joined DHH management in parallel with the acquisition of Klaro. At inception, DHH's corporate mission was to serve as a reference point in the field of hosting and software services for SMEs in Europe's emerging digital economies, particularly in regions where the Internet economy is still developing. These regions include Italy and the Balkans. These areas, referred to as "unusual geographies", represent digital markets that are not yet mature and thus less frequently attract investments from entities operating in more developed markets. Before listing on the Euronext Growth Milan market in 2016, DHH completed the acquisitions of Klaro in Slovenia and Tophost in Italy.

**2020**  
Reverse merger with

On 21 May, 2020, DHH approved a reverse takeover through the merger of Seeweb Holding into DHH. This strategic move, which involved a 100% share exchange, marked DHH's evolution into a larger entity with enhanced capabilities. The merger led to the issuance of 3,030,081 new DHH shares valued at €10.30 each. As a result, DHH's consolidated pro-forma accounts for 2019 showcased revenues of €16.8mn, EBITDA of €5.6mn, and net income of €1.8mn, strengthening its presence in the Southeast European cloud computing market and expanding the number of customers served to over 100,000.

**2021-2023**  
Increasing M&A activity

The company has aggressively expanded through strategic acquisitions, with a significant increase in M&A activity between 2021 and 2023, strengthening its presence across European markets. These years marked a pivotal phase in consolidating its position in the cloud computing and web hosting sectors.

**2024**  
Integrating AI in the offering

In July 2024, DHH launched its AI Accelerator product through its subsidiary Seeweb. This new offering, leveraging Tenstorrent's advanced neural processing units (NPUs), is designed to significantly enhance AI inference workloads, providing organisations with scalable, high-performance, and cost-effective AI processing capabilities.

### DHH Historical Milestones

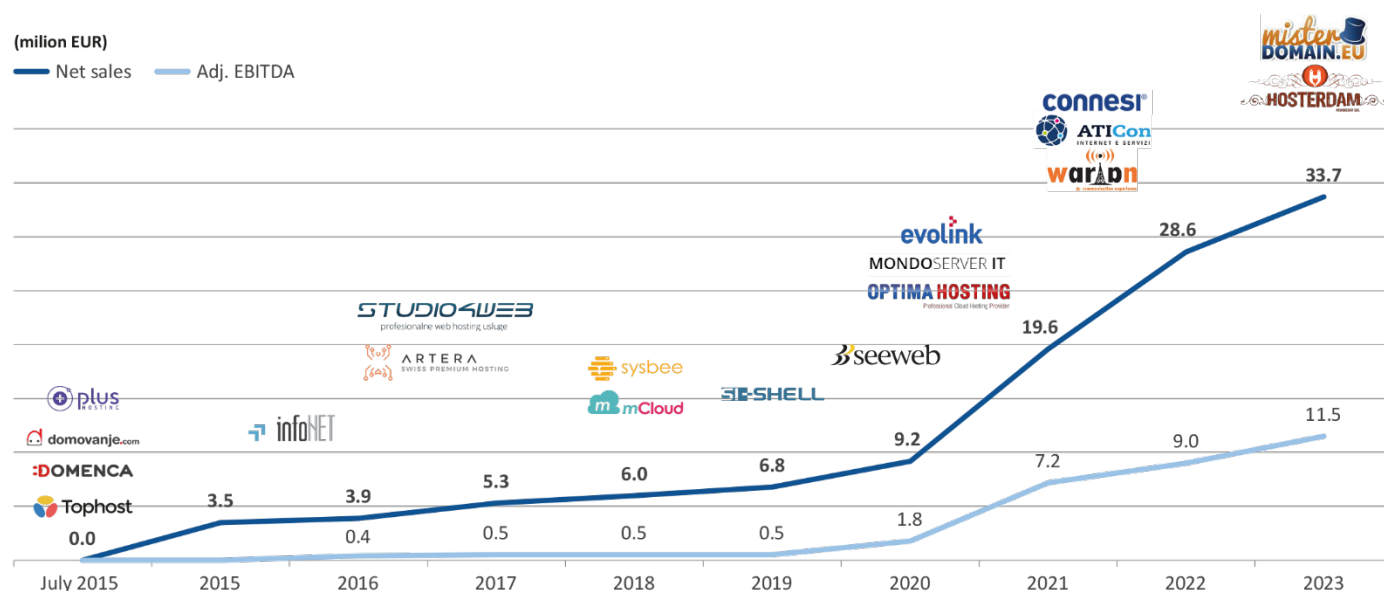


Source: Company presentation

## Business Development

To seize opportunities in local markets, the Group's strategy focuses on internal collaboration between companies to drive organic growth, alongside an ambitious M&A plan aimed at expanding expertise and entering new segments within the cloud computing industry. Over the past eight years, DHH has successfully executed a buy-and-build strategy, completing 18 M&A transactions and increasing annual revenues from €1mn to €34.6mn in FY23.

### DHH – M&A historical trackrecord



Please note that: i) The results of Connesi are fully consolidated in DHH's financial statements starting from 1st July 2022, with full effect in 2023 and ii) the results of Misterdomain are fully consolidated in DHH's financial statements starting from the acquisition date with full effect in 2023

Source: Intermonte SIM on Company presentation

In order to continue its dynamic growth trajectory DHH outlines the following core objectives:

### M&A

- Consolidating existing markets by making add-on acquisitions to grow market share.
- Expanding into new geographical areas and market segments by acquiring Cloud Computing, Cloud Hosting, and SaaS providers from emerging markets with a particular focus on Southeastern Europe. DHH looks at cash-generating, low-leverage businesses whose founders need support “in taking the company to the next level”.
- Tapping into contiguous market segments such as Business Connectivity providers and Managed Services Providers, with the aim of leveraging network infrastructure assets to generate revenue synergies through upselling.
- Innovating by investing in early-stage businesses developing unique next generation internet infrastructure technologies with global potential. DHH provides promising teams with the required capital and shares its expertise and business know-how to help them grow.

### DHH – M&A Strategy

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

Source: Company presentation

## DHH: M&A trackrecord

| Target                     | Date           | Country     | Stake                  | Description                                                     | Price Paid | Ref. year | Revenues | EBITDA |
|----------------------------|----------------|-------------|------------------------|-----------------------------------------------------------------|------------|-----------|----------|--------|
| Klaro                      | October 2015   | Slovenia    | 100% - Cash and Shares | Slovenian web agency controlling Domenca, Domovanje, Plus       | 1.8        | FY14      | 2.5      | 0.4    |
| Tophost                    | November 2015  | Italy       | 100% - Cash and Shares | low-cost web hosting player                                     | 1.2        | FY14      | 1.2      | 0.1    |
| Infonet                    | September 2016 | Croatia     | 100%                   | controlling Hosting IT, a web hosting provider                  | 0.5        | FY15      | 0.4      | 0.1    |
| Studio 4Web                | March 2017     | Croatia     | 100%                   | low-cost web hosting provider                                   | 0.3        | FY16      | n.a.     |        |
| Bee Bee Web e Hosting Star | May 2017       | Switzerland | 60%                    | web hosting company owner of the brand Artera                   | 0.6        |           | n.a.     |        |
| mCloud                     | October 2018   | Serbia      | 62%                    | cloud computing provider fully dedicated to delivering advanced | 0.2        |           | n.a.     |        |
| Si-Shell                   | December 2019  | Slovenia    | 100%                   | Slovenian provider with 1800 active customers                   | n.a.       |           | n.a.     | na     |
| Seeweb                     | June 2020      | Italy       | 100% - Reverse Merger  | Cloud computing provider                                        | 31.2       | FY19      | 11.3     | 5.1    |
| Optima Hosting             | March 2021     | Croatia     | 100%                   | Croatian (83%) and Bosnian (17%) web hosting provider           | n.a.       | FY19      | 0.2      | 0.0    |
| MondoServer                | April 2021     | Italy       | 100%                   | Cloud computing provider in the South of Italy                  | n.a.       |           | n.a.     |        |
| evolink                    | November 2021  | Bulgaria    | 60%                    | Largest IaaS provider in Bulgaria                               | 2.5        | FY21      | 3.2      | 0.2    |
| Connesi                    | July 2022      | Italy       | 69%                    | B2B provider of Internet Access, VOIP and Cloud Computing       | 5.5        | FY21      | 5.5      | 1.1    |
| Warian                     | December 2022  | Italy       | 45%                    | B2B internet service provider focused on the wholesale market   | n.a.       | FY21      | 1.3      |        |
| Mister Domain.eu           | January 2023   | Italy       | 100%                   | web hosting provider                                            | 0.7        | FY22      | 0.5      |        |
| Hosterdam                  | March 2023     | Slovenia    | 100%                   | shared hosting and domain registration provider                 | na         |           | n.a.     |        |

Source: Intermonte SIM on Company data

## Organic Development:

- growing within an existing customer base by enhancing the offering and capitalising on cross-selling opportunities.
- Growing the international footprint through leveraging DHH brand awareness among portfolio companies to reach new clients internationally.
- Fostering innovation and developing R&D activities to introduce new internally-developed products to the market.

## DHH: Organic Growth Strategy



**Increasing ARPU**, through the shift towards premium products - Group strategy will be addressed to expand its value proposition, trying to provide customers with high quality products (value-added products lying on a higher price range) and granting them a satisfying experience level



**Launching proprietary solutions to stay ahead any technological trend** - with the aim of introducing innovative products and meet customers' needs. This approach will be substantially unchanged, with all businesses (and brands) within the consolidation perimeter willing to introduce innovative products. A worthy to note example is the introduction - back in mid-June 2021- of Cloud Server GPU offer tailored for gen-AI applications



**Improving go to market strategy** through the establishment of value partnerships - the development of new relationships with web agencies, specialized partners (SAP), system integrators or software houses may accelerate the growth path and market penetration, thus allowing the enhancement of customer base, and the improvement of retention rates

Source: Intermonte SIM on Company presentation

## SWOT analysis

### Strengths

---

- Wide offering of solutions focused on cloud hosting, computing services and internet access.
- Highly diversified customer base featuring recurring revenue.
- Positive M&A track record, with eleven transactions finalised since the IPO.
- Combining double-digit organic growth with sound profitability margins.
- Good market positioning in “unusual geographies” (Southeastern Europe), expected to grow at a faster pace, relying on a leading position in the Balkans (Croatia, Slovenia, Bulgaria).
- Competitive pricing enabled by higher operating leverage due to DHH's infrastructure-based approach

### Opportunities

---

- Rapidly growing reference markets, expected to benefit from structural growth trends, along with the adoption of generative AI across enterprises.
- M&A opportunities to enlarge the range of solutions, to enter new markets, and to acquire new technological know-how.
- Highly attractive assets in a market consolidation scenario, drawing potential interest from PE funds.

### Weaknesses

---

- Small size compared to other national and international players.
- Exposure, albeit limited, to the domain registration and web hosting market, which involves more commoditised products driven by price dynamics.
- Overwhelming exposure to SMEs, typically more penalised than large corporates in the event of an economic downturn.
- Reliance on a highly-experienced and well-regarded management team

### Threats

---

- Technological risk if management does not seize potential future technological trends in time, falling behind competitors.
- Personnel risk: difficulty in finding sufficient qualified personnel necessary to seize growth opportunities.
- Integration risk: difficulty in integrating acquired companies and extracting the expected synergies in terms of cross-selling and cost efficiency.

Source: Intermonte SIM

## Reference Markets

In recent years, the global economy has increasingly shifted toward digitalisation in pursuit of productivity growth, new business opportunities, and scalable solutions at an affordable cost. The Covid-19 pandemic further accelerated this trend, highlighting the critical importance of digitalisation, which has now become essential for businesses. In particular, cloud computing and web hosting services—DHH’s two core sectors—have benefited from their ease of implementation, flexibility, and speed, eliminating the need to purchase and maintain physical and network infrastructure.

As a result, global cloud computing and web hosting services are expected to represent a market opportunity exceeding \$3.1tn by 2030, more than doubling their size compared to 2022. Within these sectors, DHH specifically addresses markets including Cloud Computing, Cloud Hosting, SaaS, Business Connectivity, Datacentres & Networking, and Managed Services.

## European Cloud Market: Key Challenges and Opportunities

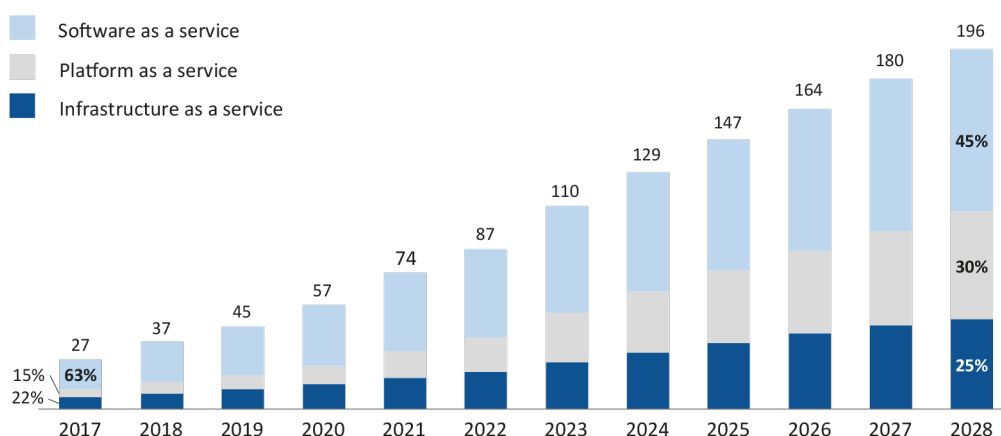
Europe’s cloud computing market was worth around €87bn in 2022 and is estimated to reach €200bn by 2028. The three US-based cloud ‘Hyperscalers’ (Amazon Web Services, Microsoft Azure and Google Cloud) account for 65% of this market. EU cloud providers’ share decreased to under 16% in 2021, with the largest operator (DT) capturing only 2% of the EU market. In addition, most EU providers offer basic services in the form of infrastructure-as-a-service (IaaS) and mostly depend on hosting or re-selling hyperscalers’ platform services (PaaS), which are harder to compete with, commercially stickier and more profitable.

EU lagging behind in cloud competitiveness

According to the recent report on the Competitiveness of the European Union presented by Draghi, the EU’s competitive disadvantage in the cloud market is set to widen, as the market is characterised by the need for very large, continuous investments, economies of scale and the integration of multiple services offered by a single cloud provider. In addition, real estate and energy costs – crucial components of operating costs– are substantially higher in Europe than in the US or the Middle East, a further disadvantage for EU-based providers.

More recently, several Member States have promoted ‘secure’ cloud setups where EU-owned Infrastructure-as-a-Service providers cooperate with hyperscalers’ distribution but retain control over sensitive elements of security and encryption (‘sovereign cloud’ solutions). These set-ups, while not fully ‘sovereign’ technologically (as underlying technology is not fully developed in the EU and is therefore still subject to vulnerability), are currently Europe’s next-best available option for data security and territorial sovereignty.

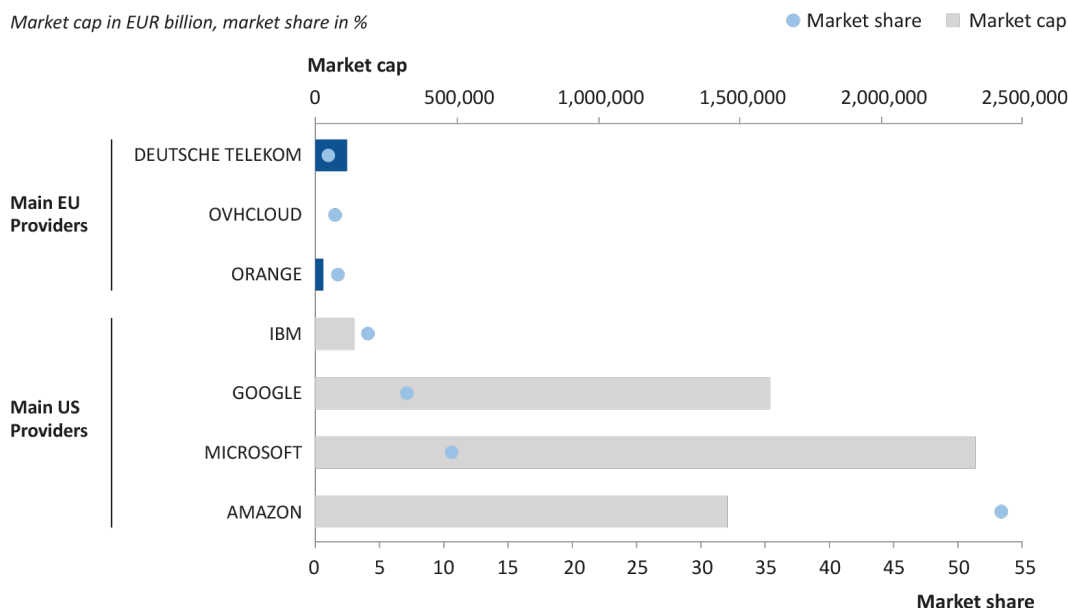
European Cloud Market Size (Eu bn)



Source: Statista Technology Market Insights, 2024

## European Cloud Market - Market cap and share of main cloud providers

Market cap in EUR billion, market share in %



Source: IDC, 2024

### HPC could boost EU leadership

More positively, the EU has secured a strong international position in high-performance computing (HPC) – a unique advantage to exploit in areas such as AI and to stimulate private investment. The global HPC market was valued at USD48.5bn in 2022 and is estimated to grow at a 7.5% CAGR between 2023 and 2030.

### AI: opportunities and threats

AI developments are an opportunity for EU industrial players to boost their competitiveness but also a threat to their leadership and profitability if AI is not rapidly integrated into their offerings. Currently, AI is adopted by only 11% of EU companies (the target for 2030 is 75%), and 73% of foundational models developed since 2017 are from the US, with a further 15% from China. Europe is at risk of becoming entirely dependent on AI models designed and developed abroad, both for general-purpose AI and, increasingly, for vertical uses dedicated to crucial EU sectors, including the automotive, banking, telecoms, health, mobility and retail industries. As AI is heavily dependent on upfront R&D investment, the lower level of private investments in the EU again represent a burden on the competitive position. The strong position of the US is mostly due to the size of cloud hyperscalers (internally or through tight partnerships, like the one between Microsoft and OpenAI) and the availability of venture capital. In 2023, an estimated US\$8bn in venture capital investment was made in AI in the EU, compared to US\$68bn in the US and US\$15bn in China. The EU market is smaller, and highly-skilled professionals are often 'poached' by the generous salaries offered overseas.

### Key Segments

Company's internet infrastructure technologies, including cloud computing, cloud hosting, business connectivity, datacenter and networking, and AI infrastructure, target high-potential markets with significant growth prospects

#### Key segments

##### Cloud Computing

The global cloud computing market is expected to reach **\$1,25 trillion by 2028, growing at a CAGR of 17.9%**, driven by digital transformation and increased demand for scalable IT solutions (Grand View Research). Key sectors include healthcare, finance, and retail, rapidly adopting cloud services for scalability and cost efficiency.

##### Cloud Hosting

The cloud hosting market is projected to grow from **\$76,8 billion in 2020 to \$169,4 billion by 2025, at a CAGR of 17.5% (Markets and Markets)**. Growth is fueled by SMEs and startups seeking scalable hosting solutions, with high demand from e-commerce, media, and gaming sectors needing to manage high traffic and large-scale content.

##### Business Connectivity

The enterprise network equipment market, part of the broader business connectivity segment, is set to reach **\$115 billion by 2027 (Research and Markets)**. Growth is driven by the increasing reliance on cloud services and remote work, with strong demand in urban areas and emerging markets seeking to enhance digital connectivity.

##### Datacenter & Networking

The datacenter market is projected to reach **\$288,3 billion by 2027, growing at a CAGR of 4.5%**, driven by the surge in data generation and the need for secure data management solutions (Allied Market Research). Industries like technology, finance, and healthcare are key drivers, with growing needs for third-party datacenter services to improve security and operational efficiency.

#### AI Infrastructure

The AI infrastructure market, including GPUs and NPUs, is expected to grow from **\$23,6 billion in 2020 to \$84,8 billion by 2026, at a CAGR of 23,7% (Markets and Markets)**. The growth is fueled by the adoption of AI across industries such as healthcare, automotive, and finance, which require advanced hardware for AI applications and data analytics.

Source: Intermonte SIM on Company presentation

## Increasing focus on AI-as-a-Service

In July DHH, through its subsidiary Seeweb, announced the launch of its AI Accelerator product. This new solution is designed to optimise AI inference workloads by leveraging Tenstorrent cards, offering substantial computational power and efficiency for AI applications. The AI Accelerator complements Seeweb's existing Cloud Server GPU product, introduced in mid-June 2021, which positioned the company among the top 15 Cloud Server Providers for GPU-powered LLM fine-tuning and training, alongside industry leaders like Microsoft Azure, Google Cloud, and AWS.

### About the AI Accelerator

The AI Accelerator product leverages advanced Tenstorrent technology, specifically neural processing units (NPUs), to deliver high-performance computing tailored for AI inference. This solution targets organisations requiring robust and scalable AI processing capabilities to handle complex data-driven tasks.

### Key Features

The AI Accelerator can leverage three distinctive features:

- **High Performance:** the AI Accelerator uses Tenstorrent cards with NPUs to deliver exceptional computational speed and efficiency, optimising AI inference processes.
- **Scalability:** designed to scale according to user needs, providing flexible and adaptive performance.
- **Cost Efficiency:** offers a cost-effective solution by maximising the use of computational resources without the need for extensive physical infrastructure.

### Neural Processing Units (NPUs)

Neural processing units (NPUs) are specialised hardware designed to accelerate machine learning tasks, particularly in AI inference. Simplifying the difference between GPUs and NPUs, GPUs are more “general purpose” and used in various stages of AI development, while servers with NPUs are more suitable for “light machine learning” and small models, especially in inference. Additionally, GPUs incur high costs, including for energy consumption, whereas NPUs offer a more economical and energy-efficient solution. The distinctive characteristics of NPUs compared to GPUs include:

- Specificity to inference phases, although they can also be used for training.
- Suitability for the development of SLM.
- Greater sustainability, with lower energy consumption.
- Cost-effectiveness.

### How it works

The AI Accelerator integrates seamlessly into existing systems, allowing users to enhance their AI capabilities with minimal disruption. By using state-of-the-art Tenstorrent cards, the product ensures high performance and reliability, supporting a wide range of AI applications from natural language processing to computer vision.

### About Tenstorrent

Tenstorrent, with headquarters in Toronto, Canada, is a VC-backed leading developer of next-generation computing hardware, specialising in the design and manufacture of neural processing units (NPUs) that accelerate AI workloads.

### Market Impact

This new product is part of DHH’s comprehensive efforts to develop the next-generation internet infrastructure, natively designed to support AI applications, ensuring seamless integration, scalability, and performance.

*(see commercial flyer on the next page)*



# CLOUD SERVER GPU SEEWEB

Your powerful, managed and on demand GPU Computing infrastructure

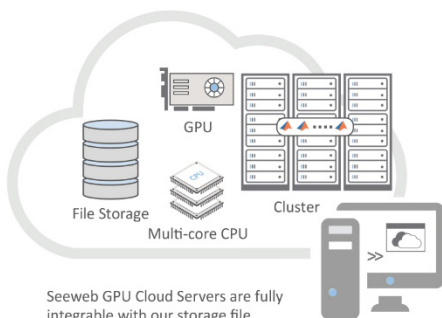
## Cloud Server GPU: what is it?

It is the flexible and ready-to-use GPU Computing service provided by Seeweb.

Based on open source technology, it enables you to manage parallel massive tasks and all the activities that need an intensive use of resources with maximum speed. Our servers' performances are possible thanks to the use of NVIDIA powerful graphic processors.

## Main use cases

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



**seeweb**  
THINK CLOUD



## Seeweb GPU Computing proposal

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

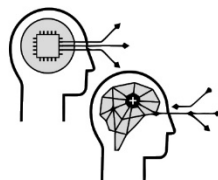
With Seeweb GPU Cloud Server you obtain a cloud, **high performance environment**, designed for the maximum integrability with other public cloud services. Take advantage of:

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

## HPC workloads managed in our Data Centers sustainably and safely

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

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



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

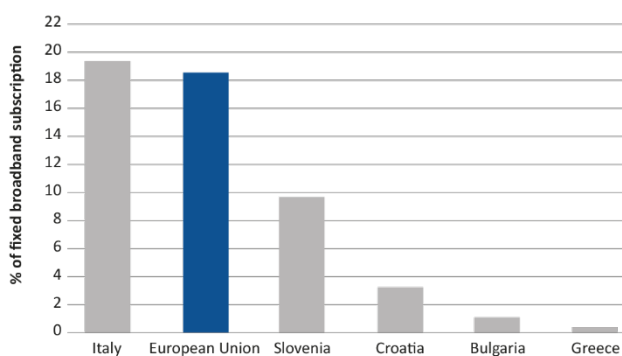
## Focus on Southeast Europe

While large corporations have adopted technological advancements at a faster pace, small companies continue to lag behind in digitalisation. Web hosting providers stand to benefit significantly from closing this gap in the coming years. This opportunity is particularly pronounced in Europe, where 24 million SMEs—representing 99% of all EU businesses—employ around 100 million people and contribute more than 50% of the EU's GDP. According to data from the European Commission, while 94% of large corporations have a company website, only 76% of SMEs do, creating a vast opportunity for cloud hosting and cloud computing providers.

### Digitalisation levels below EU average

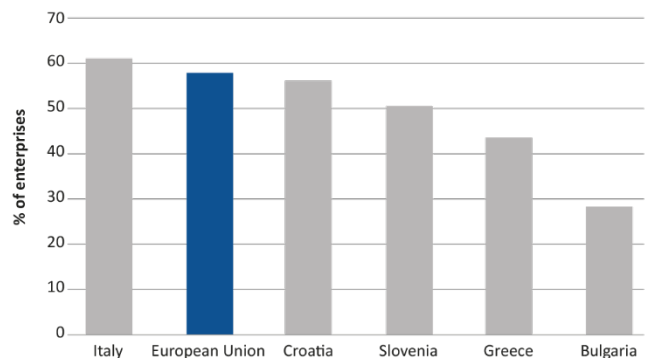
Although the adoption of digital services has been steadily increasing in Southeast European (SEE) economies over the past decade, a significant digital divide remains compared to European averages. As traditional economic drivers in these countries—such as labour-cost advantages, exports, EU funding, and legacy industries—have gradually diminished in recent years, **digitalisation is likely to become the new driver of business growth in the coming years**. This creates a window of opportunity for providers offering services such as cloud computing and cloud hosting.

Southeast Europe: Share of fixed broadband subscriptions >1Gbps



Source: European commission, DESI Index 2024

Southeast Europe: SMEs with at least a basic level of digital intensity

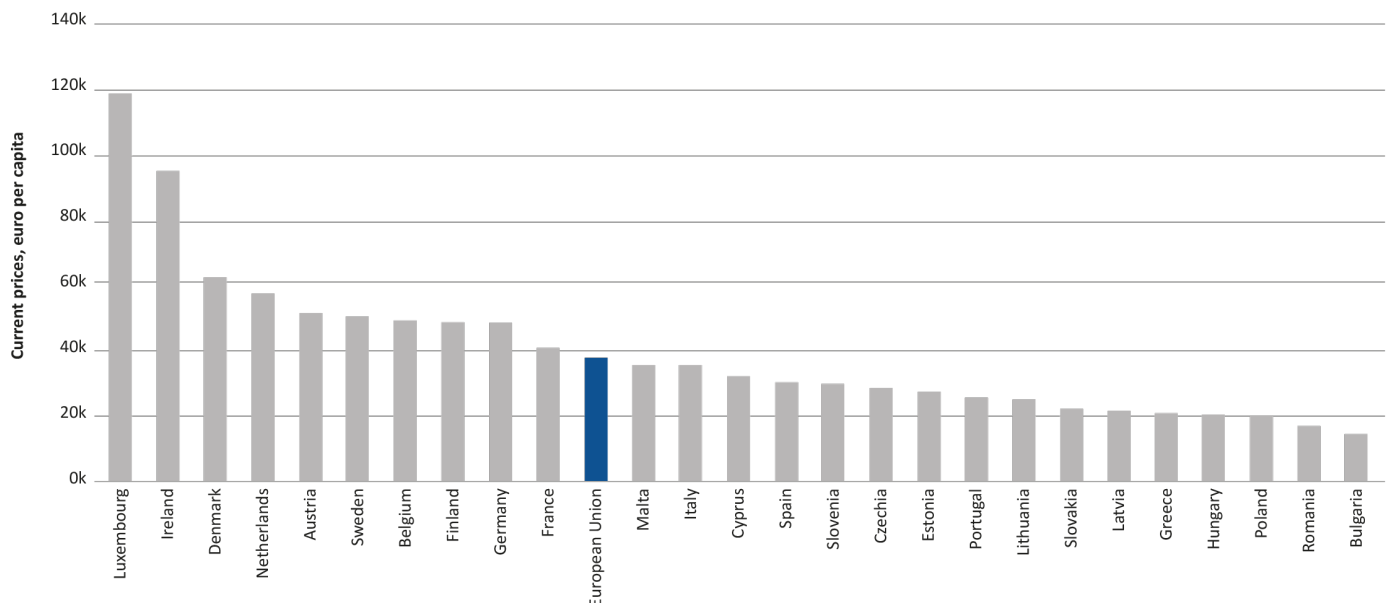


Source: European commission, DESI Index 2024

### Genuine scope to outperform average EU GDP growth

Digitalisation in Southeast European countries will also be driven by higher-than-average GDP growth, as these economies are expected to continue outperforming Europe as a whole. This trend aligns with IMF data, which show that these countries tend to outperform during periods of economic growth. **Given their lower GDP per capita, higher GDP growth will help close the gap with the overall EU average, providing these economies with more capital to invest in digitalisation.** This process is likely to create a virtuous cycle, where sustained GDP growth fuels strong investments in digitalisation, which in turn accelerates future economic growth.

European Union - Gross Domestic Product per capita



Source: European commission, DESI Index 2024

## Competitive environment and listed peers

As stated previously, the distinctive characteristic of DHH's business is the development and sale of technology using a subscription-based model (i.e., recurring revenues).

### DHH: Competitive landscape in the cloud computing and hosting business

#### Competitors

#### COMPETITIVE LANDSCAPE IN THE CLOUD COMPUTING AND HOSTING BUSINESS:

- Globally, the market of cloud computing products is dominated by very well-know Tech Giants such as AWS, Microsoft Azure, Alibaba Cloud, IBM Cloud, Google Cloud, GoDaddy and more
- On contrary, the makrket of B2B internet services provider is dominated by berionwide Top tier players such as Telecom Italia, Vodafone, Fastweb
- At the same time, in both fields regional players have a strong competitive positioning in their own local markets. They offer customized solutions that best serve needs of local customers, something similar to what happens in the other digital value chains

#### GLOBAL CLOUD COMPUTING PLAYERS



#### ITALIAN CLOUD COMPUTING / CLOUD HOSTING PLAYERS



Source: Intermonte SIM on Company presentation

As a regional player in the Mediterranean area, DHH competes against global and local firms in cloud computing, cloud hosting, business connectivity, datacenter & networking, and AI infrastructure. Here's how DHH differentiates itself in each segment.

### DHH: Competition by segment

| Cloud Computing                                                                                                                                                                                                                                                                                                                     | Cloud Hosting                                                                                                                                                                                                                                                                                                                                                              | Business Connectivity                                                                                                                                                                                                                                                                                                                          | Datacenter & Networking                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Against global providers like AWS and Microsoft Azure, we leverage our local market knowledge to offer personalized cloud solutions tailored to regional needs. We emphasize flexibility, local customer support, and compliance with European data regulations, providing a customized service that global competitors often lack. | In the cloud hosting market, competing with giants like Aruba and OVHcloud, we focus on offering scalable, costeffective solutions with strong local support. Our hosting services cater specifically to SMEs, providing reliable performance, local data centers for lower latency, and compliance with regional regulations, which helps us build trusted relationships. | Competing with major telecom operators like Telecom Italia and A1 Telekom Austria, we differentiate by delivering high-speed, secure connectivity with a personal touch. Our flexibility allows us to offer tailored connectivity solutions, quick installations, and responsive customer service that larger providers may struggle to match. | In the datacenter and networking sector, we stand out by focusing on proximity and personalized service. We offer secure, scalable datacenter solutions tailored to the specific compliance needs of regional businesses, with lower latency and a strong emphasis on European data privacy standards. |

#### AI Infrastructure

AI infrastructure is still an emerging market without clear market leaders.

By offering flexible access to specialized AI hardware like GPUs and NPUs, plus Inference as a Service we enable businesses to adopt advanced AI technologies cost-effectively, focusing on energy efficiency and sustainability.

Source: Intermonte SIM on Company presentation

## Listed Peers

Through its regional presence, local expertise, and personalized approach, DHH offer tailored solutions that meet the unique needs of businesses in its markets, positioning them as a trusted partner in the digital landscape.

There are comparable operators to DHH on the European market.

### iOmart, WIIT, Cyberfolks

Among listed firms, we mention **iOmart**, based in the UK and active in cloud, hosting and infrastructure services (£127mn in revenues, 91% recurring); Italy's **WIIT**, mainly active in private cloud in Italy, Germany and Switzerland; Poland's **Cyberfolks** (known previously as R22, Eu106mn of FY23 revenues). Cyberfolks, based in Poland, is the most similar to DHH: it began as a hosting provider in Poland, grew in Croatia, added connectivity for businesses, and then, as a third string to its bow, entered the application sphere with online marketing services in Lithuania through the acquisition of MailerLite.

Mention can also be made of Spain's **Gigas**, set up in 2011 to provide advanced cloud infrastructure services to companies, with the premise of delivering personalised and client-focused service to SMEs, helping them grow and compete through their IT. Gigas is mainly active in Portugal and Spain but most of its revenues (Eu67mn in FY23) currently come from telecom services.

WIIT was initially quite different to DHH but is less so today. WIIT has conducted M&A campaigns, entering cloud provider services in Germany and Switzerland. As a result, the overlap between the two companies is more industrial than geographic, with Italy and Switzerland being the key areas of geographic overlap.

### IONOS

**IONOS**, which listed on the Frankfurt exchange in February 2023, is similar to Seeweb, albeit on a much bigger scale. Nevertheless, Ionos' business is still highly focused on hosting (ca. 70% of revenues); for DHH, hosting is the cash cow.

### OVHcloud

**OVHcloud** provides 1.6 million customers – mostly SME, large companies and tech enterprises, as well as the public sector – with a comprehensive suite of solutions in private, public and web clouds. OVHcloud operates a vertically integrated model, giving the company full control over the value chain and enabling it to combine market-leading performance, price predictability, full flexibility and scalability. OVH's development has not been straightforward and it has been less efficient than Ionos in its development strategy.

### Unidata

Through the acquisition of Evolink and above all Connesi, DHH has entered the connectivity business, despite remaining at a distance from the telecom business. In this segment, **Unidata** is perhaps the most similar operator, but even in this case, DHH is quite different: Unidata has a side that is aimed at the private market which DHH does not; Unidata focuses greatly on important infrastructure investments (cf Unifiber), something that is alien to DHH's industrial approach, which aims for an offering that is as integrated as possible (ranging from advanced connectivity to the cloud).

### GoDaddy, Digital Oceans

Looking at the USA, but here we are at even larger and less comparable dimensions, we have added **GoDaddy** and **Digital Oceans** to the peer group, two companies in fields similar to DHH. Founded in 1997 as Jomax Technologies, GoDaddy was listed in 2015. Based in Scottsdale, Ariz., GoDaddy helps people and businesses set up Internet domains. It also offers website building, hosting and security and other services. Last year, it generated earnings of \$1.37billion on revenue of \$4.25billion. Digital Oceans offers a cloud platform purpose built for developers and growing technology companies. It offers essential items to help developers and growing technology companies scale such as managed kubernetes, managed databases, marketplace, app platform, functions, managed hosting and AI/ML offerings.

### E2E Networks

In India, **E2E Networks** is very similar to DHH in that it is betting big on cloud infrastructure with AI. E2E Networks is an Indian-Listed AI-focused hyperscale cloud platform, offering advanced cloud GPUs and a comprehensive ecosystem of cloud technologies designed for the development and deployment of AI/ML/GenAI workloads on largescale compute clusters. E2E Cloud continues to enjoy first mover advantage as the first Indian public cloud platform to launch H100s from November 2023 onwards. E2E Cloud entered the cloud GPU market in India from September 2018 when it deployed its first V100 GPU. The company's mission is to provide scalable, accessible and affordable AI/ML and cloud platform needed by developers and data scientist.

## DHH – Peers' Valuation Multiples

| Company               | Currency | Price   | Mkt. Cap<br>(Eu mn) | Abs. Perf. (%) |      |      |      | EV/Sales (x) |      |      | EV/EBITDA (x) |      |      | EV/EBIT (x) |      |      | Adj. P/E (x) |      |      | EV/OpFCF (x) |      |      |
|-----------------------|----------|---------|---------------------|----------------|------|------|------|--------------|------|------|---------------|------|------|-------------|------|------|--------------|------|------|--------------|------|------|
|                       |          |         |                     | 1m             | 3m   | 6m   | Ytd  | '24E         | '25E | '26E | '24E          | '25E | '26E | '24E        | '25E | '26E | '24E         | '25E | '26E | '24E         | '25E | '26E |
| DHH S.p.A             | EUR      | 25.2    | 123                 | -2%            | -7%  | 74%  | 63%  | 3.4          | 3.0  | 2.6  | 10.2          | 8.9  | 7.6  | 18.5        | 15.3 | 12.3 | 32.1         | 27.2 | 22.4 | 17.0         | 14.7 | 12.1 |
| WIIT SpA              | EUR      | 22.4    | 628                 | 6%             | -1%  | 24%  | 15%  | 5.1          | 4.5  | 4.1  | 14.7          | 12.4 | 10.9 | 28.3        | 22.0 | 18.5 | 38.7         | 28.3 | 23.7 | 27.3         | 20.8 | 17.3 |
| Unidata S.P.A.        | EUR      | 3.59    | 111                 | 2%             | -3%  | -3%  | -9%  | 1.4          | 1.2  | 1.1  | 5.5           | 4.5  | 3.7  | 8.9         | 7.0  | 5.5  | 11.7         | 7.9  | 6.2  | 10.4         | 8.8  | 5.7  |
| iomart Group plc      | GBP      | 1.05    | 141                 | -16%           | -18% | -28% | -31% | 1.4          | 1.2  | 1.2  | 5.3           | 4.8  | 5.2  | 11.4        | 9.5  | 10.0 | 14.0         | 12.6 | 12.1 | 8.4          | 7.3  | 7.9  |
| IONOS Group SE        | EUR      | 22.00   | 3,080               | -15%           | -14% | 3%   | 26%  | 2.6          | 2.3  | 1.9  | 9.0           | 7.5  | 6.3  | 12.1        | 9.9  | 8.1  | 16.4         | 13.0 | 10.9 | 11.6         | 9.6  | 7.9  |
| OVH Groupe SAS        | EUR      | 6.79    | 1,293               | 10%            | 14%  | -30% | -21% | 2.1          | 1.9  | 1.7  | 5.6           | 4.9  | 4.3  | 85.5        | 47.6 | 32.0 | n.m.         | 99.7 | 42.5 | n.m.         | 175  | 31   |
| cyber_Folks SA        | PLN      | 132.50  | 438                 | 4%             | 5%   | 19%  | 52%  | 3.4          | 2.8  | 2.2  | 11.3          | 8.9  | 6.9  | 14.2        | 11.0 | 8.4  | n.m.         | n.m. | n.m. | 13.1         | 10.3 | 7.9  |
| E2E Networks Ltd.     | INR      | 3046.35 | 475                 | 24%            | 85%  | 233% | 363% | n.m.         | n.m. | n.m. | n.m.          | n.m. | n.m. | n.m.        | n.m. | n.m. | n.m.         | n.m. | n.m. | n.m.         | n.m. | n.m. |
| DigitalOcean          | USD      | 38.63   | 3,211               | 3%             | 11%  | 1%   | 5%   | 5.9          | 5.1  | 4.4  | 15.3          | 13.3 | 10.9 | 23.8        | 20.7 | 16.7 | 20.8         | 18.8 | 16.0 | 33.2         | 27.1 | 19.3 |
| GoDaddy, Inc. Class A | USD      | 153.16  | 19,493              | -9%            | 8%   | 26%  | 44%  | 5.5          | 4.9  | 4.3  | 18.7          | 15.6 | 12.9 | 29.5        | 22.3 | 16.9 | 22.9         | 21.8 | 18.1 | 19.0         | 15.8 | 13.2 |
| Cloud Peers - Median  |          |         |                     |                |      |      |      | 3.0          | 2.5  | 2.1  | 10.2          | 8.2  | 6.6  | 19.0        | 15.9 | 13.3 | 18.6         | 18.8 | 16.0 | 13.1         | 13.1 | 10.5 |

|                          |               |              |              |              |              |
|--------------------------|---------------|--------------|--------------|--------------|--------------|
| FTSE Italia Mid Cap      | 46,630        | -2.5%        | -0.9%        | -3.2%        | 4.7%         |
| <b>FTSE Italia Star</b>  | <b>46,137</b> | <b>-2.7%</b> | <b>-3.0%</b> | <b>-4.8%</b> | <b>-3.5%</b> |
| FTSE MIB                 | 33,771        | -1.8%        | 0.2%         | -2.8%        | 11.3%        |
| FTSE Italia Growth Index | 8,027         | -0.3%        | -1.1%        | -1.0%        | -3.4%        |
| FTSE Italia All-Share    | 35,923        | -1.8%        | 0.1%         | -2.8%        | 10.6%        |

Source: Intermonte SIM (DHH), FactSet Consensus

## Unlisted peers

### ReeVo

In Italy, one unlisted peer is **ReeVo**. Founded in 2003, ReeVo is an Italian cloud provider of infrastructure, cybersecurity, and multi-cloud services. ReeVo operates through its brand (no-white label approach) using an indirect commercial model (B2B or B2B2B) that provides flexibility and scalability: >250 resellers (IT business partners) and 3 distributors (Techdata, Attiva, Esprinet) link ReeVo to target end-customers. Services are delivered through a proprietary platform located in 4 carrier-neutral Tier-IV datacentres. ReeVo shares were listed on Euronext Growth Milan in April 2021 (IPO price €7.74) and delisted in August 2023 via an offer launched by private equity White Bridge at Eu17.6 per share.

### Aruba

**ARUBA** has taken a different path. It was the main Italian hosting provider, pursued a strategy of differentiation and then expanded its services to individuals such as certified email (PEC) and digital bureaucracy, services that have little to do with DHH's business. The strategic vision is different.

Founded in 1994, Aruba S.p.A. is one of Europe's primary providers of cloud services, data centres, web hosting, email services, domain registration services and PEC certified email. The company has 16 million users and manages a vast infrastructure distributed across 7 data centres which host over 2.7 million registered domains, 9.8 million email accounts, 9 million PEC certified mail accounts and thousands of customer IT infrastructures. For over 10 years, Aruba Enterprise has been offering cloud, data center and trust service solutions to businesses and public authorities, designing, implementing and managing highly customised IT solutions.

### Team.blue

**Team.blue** was established in 2019 from the merger of three hosting groups: Combell Group, TransIP Group, and Register Group. Since then, many new businesses have joined team.blue thanks to acquisitions across Europe. This has expanded Team.blue's operations to 22 European countries and across multiple new online solutions. Team.blue is a leading digital enabler for businesses and entrepreneurs across Europe (Belgium, Bulgaria, Cyprus, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Portugal, Serbia, Slovakia, Spain, Sweden, Switzerland, Türkiye and United Kingdom). The company comprises 60+ successful brands serving 3.3 million customers. Team.blue is a one-stop partner for web hosting, domains, e-commerce, online compliance, lead generation and application solutions, supported by more than 2,500 experts. Team.Blue has seen significant growth since 2019, with revenues and EBITDA expected to more than double by 2024, reaching €655 million in revenue and €250 million in EBITDA. The company was recently valued at €4.8 billion, reflecting a 19x 2024E EBITDA multiple: in July 2024, Canada Pension Plan Investments committed approximately €550 million to acquire a ~20% interest in team.blue, valuing its whole business at around €4.8bn. A few weeks later, Sofina, a Belgian family-run, global investment company listed on Euronext, bought a 4% stake at the same valuation. Hg, a leading investor in European and transatlantic software and services businesses and investor in team.blue since 2019, remains the largest single investor in the business. Chairmen of team.blue Jonas Dhaenens and Ali Niknam also remain cornerstone investors alongside the wider management team led by CEO Claudio Corbetta.

**group.one**

**group.one** is a leading pan-European one-stop shop for online presence solutions including domains, web hosting, cloud hosting, business software and digital marketing services for small and medium-sized enterprises (“SMEs”) and small-office home-offices (“SOHOs”). Established in 2002, it is headquartered in Malmö, Sweden. Today, group.one is a leading European provider of online presence, cloud hosting and digital marketing services. Over 2 million customers trust the firm for their online success. Thanks to the support of partners Cinven and Ontario Teachers' Pension Plan, it is steadily expanding the service portfolio and geographical footprint.

**Miss Group**

Founded in 2014, **Miss Group** is an international web hosting group that offers a range of hosting related services at competitive prices including web hosting, domain registration, VPS, dedicated servers, website builder, SSL certificates, SEO tools, web security and domain management. Miss Group is also an ICANN-accredited Domain Name registrar via Name ISP. Miss Group is a well-established operator in its core markets, with a customer service-oriented model driving industry-leading performance metrics for its approximately 200,000 customers. The majority of Miss Group is owned by Perwyn, an international private equity and growth equity investor.

**WebPros**

**WebPros** is the leading web enablement ecosystem, dedicated to serving the digital transformation needs of businesses worldwide. Through its solutions and partners, WebPros serves over 33 million users, and managing over 85 million domains including 25 million WordPress websites. WebPros’ software ecosystem encompasses the industry-leading web automation management platforms cPanel and Plesk, web billing software WHMCS as well an extensive range of web applications like monitoring tools 360 Monitoring and koality, website builder Sitejet, WordPress management platform WP Squared, WordPress security solution WP Guardian, SEO suite XOVl, and now the addition of SocialBee. WebPros continues to drive the digital capabilities of businesses of all sizes, supporting a vast network of hosting providers and web professionals with a strong emphasis on innovation and customer success.

**Your.Online**

Finally, another privately owned peer is **Your.Online**, a company headquartered in Amsterdam with revenues exceeding €300mn. Your.Online was formed by the merger of Gandi and Total Webhosting Solutions in early 2023.

## The role of private equity funds in the industry

Team.blue, group.one, Miss Group, IONOS, WebPros are all controlled by private equity funds.

In the last few years, PE have poured billions into European web hosting aggregators. A typical platform life cycle looks something like this:

- **Step one:** an entrepreneur or mid-cap PE firm assembles a “starter set” of assets. EBITDA multiples they pay tend to be in the single digits, reflecting the small size of targets.
- **Step two:** the business is bought by a larger platform backed by a Tier 1 PE investor. They are known to pay double-digit multiples, 13-15x for strategic assets.
- **Step three:** after 4-5 years, the PE investor exits the whole platform to a competitor, often retaining a minority stake. These investors are comfortable paying high teens multiples as they have a lower cost of capital than PE, e.g., **CPP paid 19x EBITDA for a minority stake in team.blue.**

For target companies, PE implement the following business strategies:

- **Disciplined M&A**, in which the focus is on acquiring two types of businesses: smaller regional providers with a strong local market presence ("local champions") and companies offering complementary products or services that can be upsold. This approach enables rapid growth through acquisitions.
- **Focus on Profitability and Cash Generation:** Companies like team.blue, group.one, and Miss Group maintain high operating margins (40-50%) and generate significant cash flow. They benefit from negative working capital due to upfront subscription payments and have low capital expenditure requirements.
- **Aggressive but Manageable Capital Structure:** These businesses operate with high levels of debt, supported by strong cash flows and investor confidence. The aforementioned case of team.blue is a good example of this strategy.

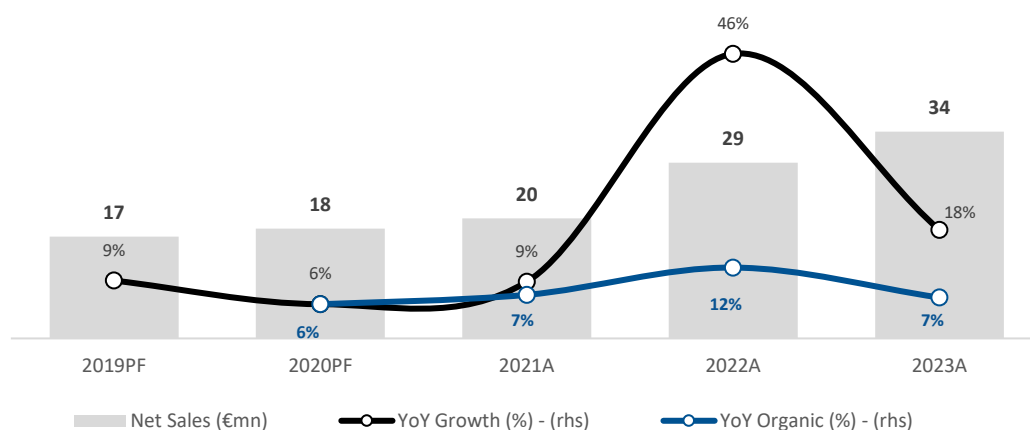
**We consider PE interest in the sector with valuations at least 15x EV/EBITDA an important indicator of the long-term prospects of the business operated by DHH.**

## Historical Financials

### FY20-23 Results

In the 8 years since its listing on the Italian Stock Exchange, DHH has expanded c.9x, growing its revenue from €4mn to c.€35mn, with its customer base now reaching approximately 125,000 across Southern Europe. Following its integration with Seeweb, DHH achieved a remarkable 27% CAGR in net sales between 2019 and 2023, driven by impressive high single-digit organic growth, which reflects the strong visibility of its business, supported by a highly scalable offering based on recurring fees.

DHH: Topline Evolution 2019-23 (Eu mn, YoY %)

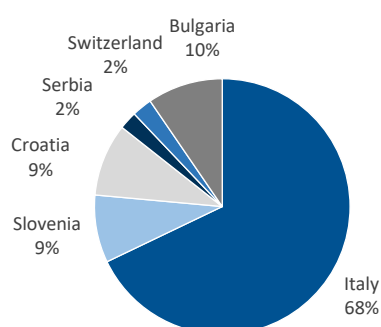


Source: Company data

### Revenues

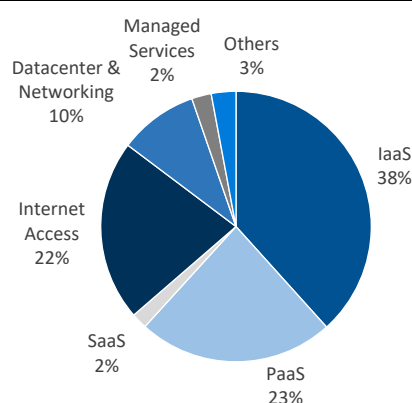
In 2023, net sales grew 18% YoY (+8% organically) to €33.7mn, with 94% of this revenue being recurring. Notably, Cloud Computing grew organically by 10%, PaaS (Platform as a Service) by 10%, SaaS (Software as a Service) by 35%, and the Business Connectivity by 58%, partly thanks to the consolidation of Connesi. Growth was particularly strong in Italy (24% YoY, encompassing Seeweb, Connesi, Tophost and the Misterdomain brand), contributing 68% of total sales, followed by Slovenia (15% YoY), Serbia (9% YoY) and Croatia (8% YoY).

DHH: Revenue Breakdown by Geography (FY23)



Source: Company data

DHH: Revenue Breakdown by Technology (FY23)

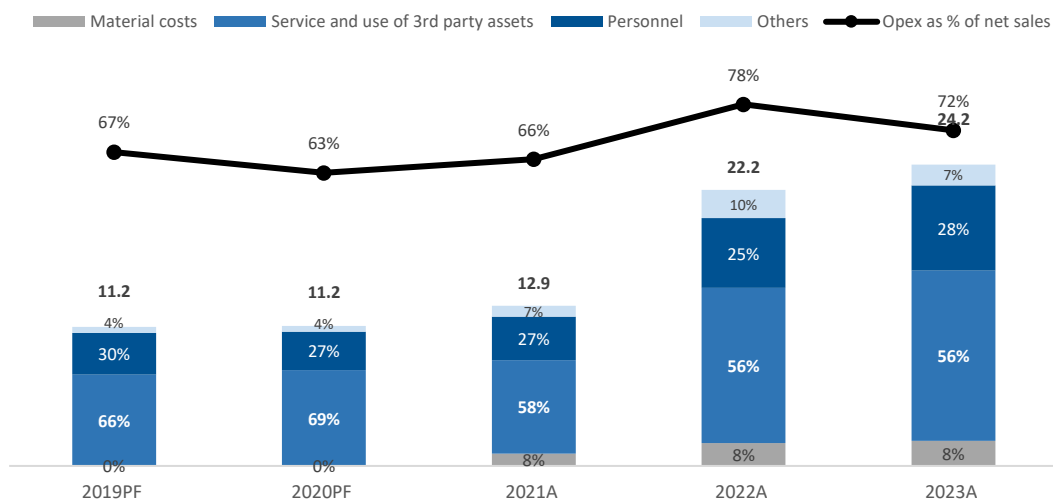


Source: Company data

### OpEx

OpEx comes to c.70% of net sales and is primarily made up of costs for services and the use of third-party assets (56% of total OpEx), while labour costs represent less than one-third of the overall cost base. The peak recorded in 2022 was mainly due to higher energy costs, which then normalised during 2023. In FY22 and FY23, in accordance with IFRS 2, reported EBITDA was negatively affected by the stock option plan, (€1.1mn in FY23 and €1.7mn in FY22), which does not affect DHH's available cash.

### DHH: Opex Split Evolution 2019-23 (Eu mn)

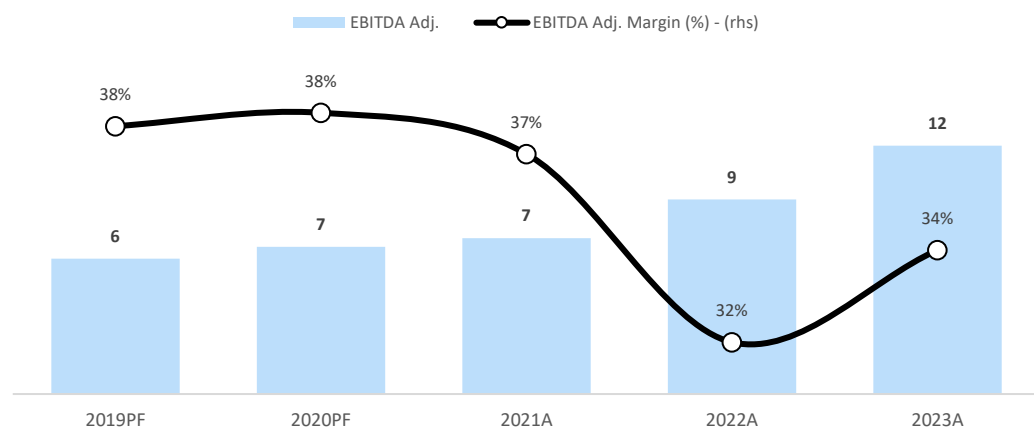


Source: Intermonte SIM

### EBITDA and profitability

EBITDA doubled between 2019 and 2023, confirming outstanding percentage margins in the mid-30s. FY23 adj. EBITDA amounted to €10.4mn, up €3mn, due both to the full effect of the consolidation of Connesi in 2023 and increases at other Group companies.

### DHH: Adj. EBITDA Evolution 2019-2023



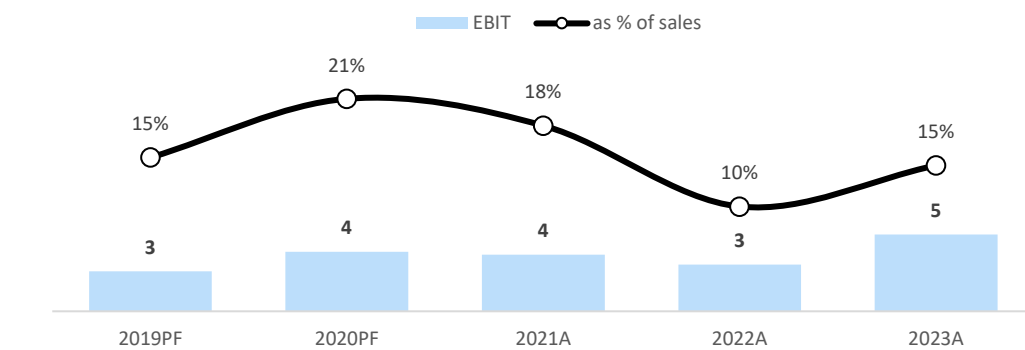
Source: Company data

The disproportionate rise in EBITDA (doubling between 2019 and 2023), was primarily due to a cost structure—particularly personnel costs—that does not scale up in line with revenue growth. This effect has been amplified further by M&A activities, including small market-consolidation deals (such as customer portfolio acquisitions) and larger transactions that drive new growth for the group. Recent efforts in innovation, such as AI product development, are expected to unlock additional upside potential. While these innovations currently do not contribute significant volumes, they are growing steadily and could accelerate the group's growth trajectory in the future.

### D&A

D&A represents c.16-17% of net sales. In FY23 D&A charges were around €5.5mn (up €0.8mn YoY). Depreciation expenses included €0.4mn related to Seeweb, €0.8mn to Connesi and €0.14mn to Evolink, while amortisation amounted to approximately €3.0mn, primarily associated with the amortisation of right-of-use assets.

### DHH: Adj. EBIT Evolution 2019-2023

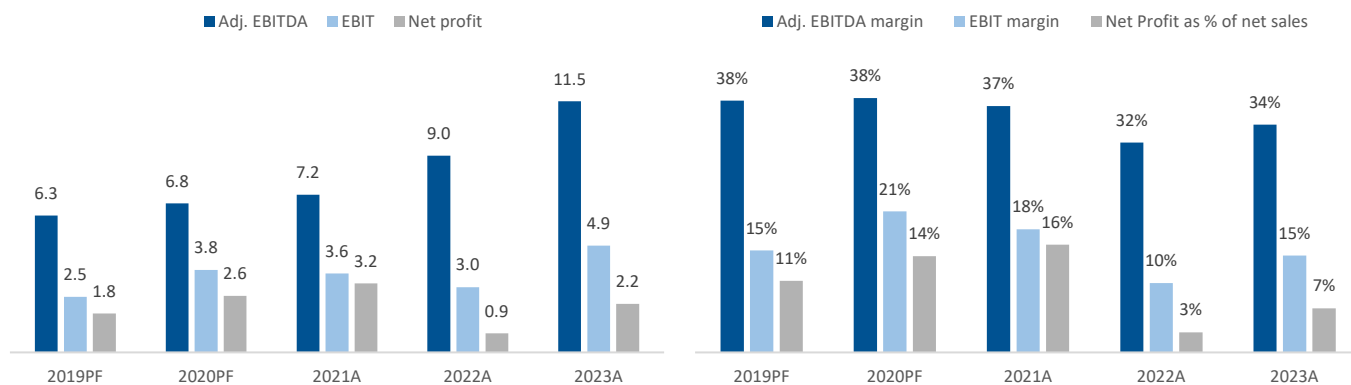


Source: Company data

### Interest rates and bottom line

Net financial charges have a negligible impact on the bottom line. In FY23 they amounted to €0.8mn, almost doubling YoY, but this increase was primarily driven by the significant rise in interest rates during the reporting period, influenced by the war in Ukraine and ongoing inflationary pressures.

### DHH: Adj. EBITDA, EBIT and Net Profit evolution 2019-23

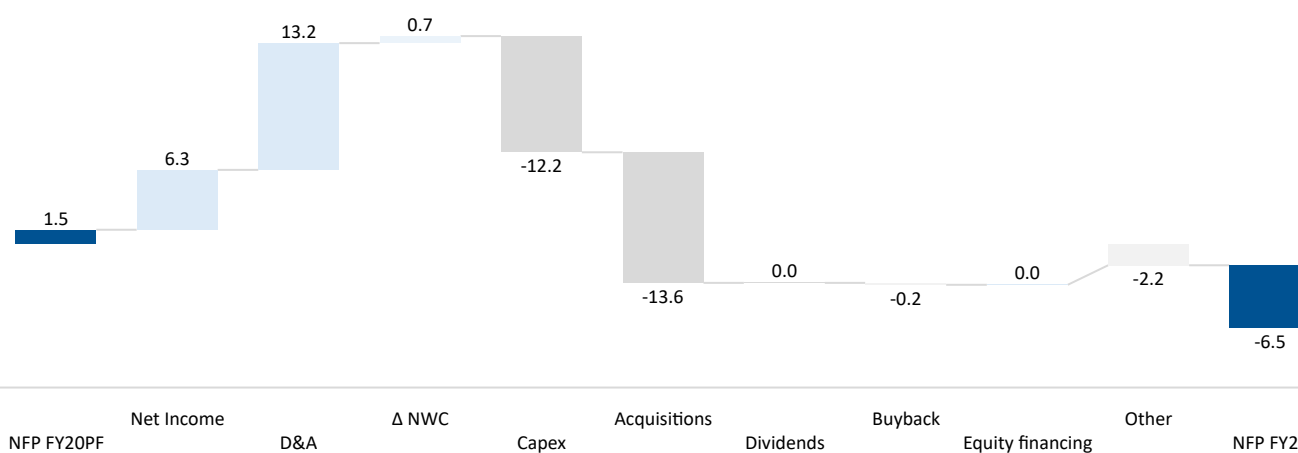


Source: Company data

### Net financial position

The company had net debt of €6.5bn at YE23 (0.6x leverage), as a result of a significant investment cycle (over €12mn in cumulative CapEx) and a substantial M&A campaign (€13.6mn cash-out) since 2020.

### DHH: Net financial position path between 2020 and 2023



Source: Company data

## 1H24 Results

On 20 September, DHH posted a solid set of results in 1H24. In particular, 1H Net sales kept growing in a challenging environment (€18mn, +9% YoY), marking the 18th straight semester of growth in revenue, all of which was achieved organically; while Adj. EBITDA grew even more than proportionally (€6m, +11% YoY).

### 9% topline growth

Looking at business segments, topline growth was driven by:

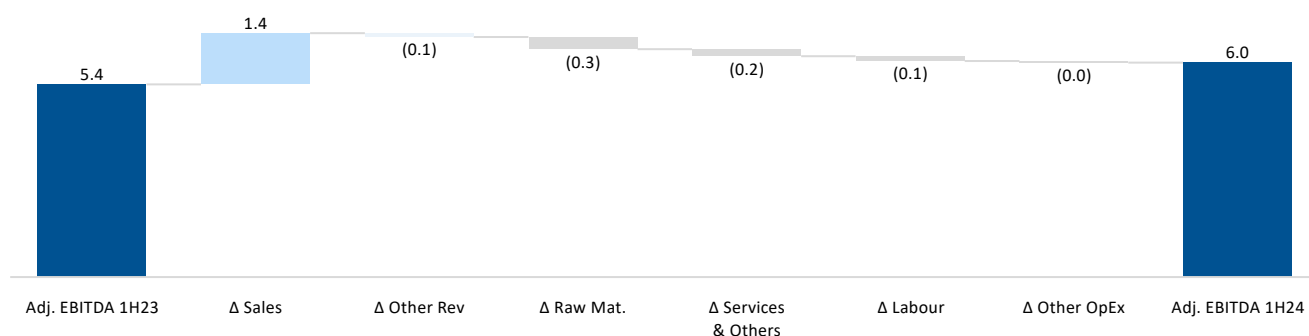
- Cloud Computing: +9% YoY contributing €7mn to total revenue (38% of total turnover), supported by the new products' double/triple digit growth (ref. Cloud Server GPU/NPU, video streaming for municipalities).
- Cloud Hosting: +7% YoY accounting for €4.6mn (25% of total turnover).
- Business Connectivity: +9% YoY contributing for €3.9mn (21% of total turnover).

Looking at geographical performance, revenue growth came across several markets, with increases of 11% in Croatia and Switzerland, 10% in Italy, 8% in Slovenia, and 4% in Serbia, while performance in Bulgaria remained steady.

### Adj. EBITDA up 11%

Adj. EBITDA rose to €6mn in 1H24 (+11% YoY) reaching 33.4% margin (+0.8pp YoY). This improvement reflects the scalability of DHH's business model, characterized by revenue quality, high client retention, and a focus on cost management and stable operating costs. On a reported basis, EBITDA grew 40% given the absence of non-recurring professional services expenses that affected the previous year's results (€1.1mn impact for stock options plan in 1H23).

#### DHH: Adj. EBITDA evolution from 1H23 to 1H24



Source: Intermonte SIM on Company data

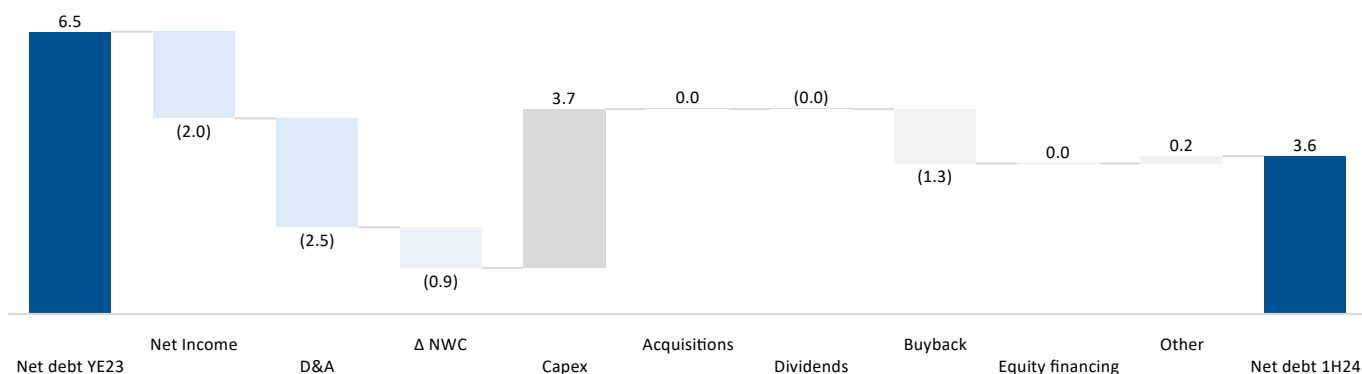
### Adj. EBIT up +41%

Excluding the cost of stock options plan for 2023, Adj. EBIT rose by 35% from €2.6mn in 1H23 to €3.5mn in 1H24, reflecting the EBITDA boost and reduced D&A, while Adj. Net profit grew 41% to €2.0mn despite a small increase in financial expenses and taxes.

### Operating Cash Flow and Liquidity

Operating cash flow remained strong, with a cash conversion rate that continues to support debt reduction efforts. The Group's net financial position improved significantly, with net debt decreasing from €6.5mn at the end of 2023 to €3.6mn at the end of 1H24, underscoring effective liquidity management and the group's ability to generate cash.

#### DHH: Net Debt evolution in 1H24



Source: Intermonte SIM on Company data

## Confident Tone from 1H conference call

*DHH's business model demonstrated strong scalability in 1H24, with growth in EBITDA outpacing revenue. The VMware acquisition by Broadcom had a limited direct impact on DHH due to low exposure, but drove a +40% price increase, influencing broader industry trends. While 2H momentum remains solid, it may soften slightly compared to 1H due to weakness among some automotive clients. DHH is pursuing M&A in Western and Southern Europe, particularly Spain and France, to bolster its regional leadership. AI demand in Italy is still low, but DHH's shift to private AI solutions is strategically focused and non-dilutive, avoiding increases in personnel or consultancy costs.*

### 1. Financial Performance and Business Scalability

- **Proven scalability:** DHH's business model has demonstrated scalability, as reflected in 1H24 results, where EBITDA growth outpaced revenue growth. This is a positive indicator that DHH's operations are becoming more efficient and profitable as they grow.
- **41% adj. net profit growth:** strong growth in net profit shows improving financial health.
- **EBITDA to operating cash flow:** for 1H24, €6mn of EBITDA translated into €4.5mn of operating cash flow, indicating efficient cash conversion.
- **Treasury share sale:** the company sold €1.2mn of treasury shares, improving its cash position.

### 2. Strategic Developments and M&A Outlook

- **European expansion:** DHH is positioning itself as a "European Champion" in the internet services industry. M&A targets include France and Spain, as part of a broader European expansion strategy.
- **Consolidation opportunities:** As a Managed Services Provider, DHH sees further opportunities through industry consolidation, which could drive growth in new markets.

### 3. Impact of VM Ware Acquisition by Broadcom

- **VM Ware acquisition by Broadcom:** limited direct impact on its operations, as the overall group only uses VM Ware technology for 10% of the total. However, the acquisition led to significant changes in Broadcom's pricing and go-to-market strategy (with a +40% increase), which could have a broader impact on industry trends.

### 4. Business Outlook and Growth Initiatives

- **AI infrastructure:** DHH is focusing on building infrastructure for AI. The company is seeing customer numbers rise every week, although demand is not as high in Italy. The customer base is notably international, reflecting the company's growing European focus.
- **Serverless GPU offering:** DHH recently launched a serverless GPU service, receiving positive customer feedback. It has already gathered about 100 beta-testers for a new service that will be fully launched in the next two months. This suggests DHH is innovating in cloud infrastructure and AI-related technologies.
- **Project REGOLO:** this is a key initiative integrating Nvidia GPUs and another unnamed provider (providing NPUs), into the Kubernetes ecosystem. The goal is to simplify the use of GPU technology for AI, creating an intermediate layer to bridge the gap between raw technology and practical use cases. The software provides services for training, refining, and inference tasks, specifically focused on private AI applications.
- **Private AI focus:** unlike general AI solutions like Microsoft's Co-Pilot, DHH is developing vertical, specialist business applications for AI, tailored to specific industries and customer needs.

### 5. Market Dynamics and Pricing Strategy

- **Flat pricing, cross-selling, and up-selling:** DHH's revenue growth has been driven by cross-selling and up-selling initiatives rather than price increases. Prices have remained largely flat, and the company has been mindful of customer churn, which has increased slightly due to economic pressures in sectors like automotive, where clients are rationalising costs.
- **Churn and customer growth:** despite the increase in churn, overall customer growth continues, contributing to the company's revenue expansion.
- **Competition:** DHH competes across different service segments and offers a bundle of services, which helps avoid price wars. Price competition affects only 10% of total revenues, with the company preferring to focus on high-margin recurring services.

### 6. Cash Flow and Working Capital Trends

- **Cash flow affected by NWC:** the company experienced +12% growth in cash flow before changes in net working capital (NWC), but this was offset by negative NWC trends. Specifically, there were changed dynamics in payables (mainly related to Seeweb, +€0.4mn) and an increase in customer receivables (+€0.5mn). This increase was particularly related to Connesi, which operates on a monthly billing cycle, affecting cash flow timing.

### 7. Business Model and Service Offering

- **No consultancy revenues:** DHH focuses exclusively on subscription-based services that offer high margins and recurring revenues. It avoids consultancy, preferring instead to generate scalable and recurring revenue streams from its core offerings.

## Financial Estimates

Our FY24-26 estimates are based on c.9% revenue CAGR, entirely organic and consistent with historical trends, before potential upside from M&A. The EBITDA margin is expected in excess of 30%, supported by business scalability and efficient absorption of fixed costs. With limited CapEx, this should lead to high FCF conversion (up to 5% yield in 2026), turning net debt into positive cash from next year onwards, thereby creating additional capacity for future M&A.

Below are the main assumptions on which our FY24-26 projections are based.

### DHH – Our assumptions for FY24-26

| Item                          | Assumptions                                                                                                                                                                 |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue Growth</b>         | 9% CAGR (100% organic) in line with historical growth rate. Excluding upside from future M&A                                                                                |
| <b>OpEx</b>                   | Labour costs under control in the €7-8mn area (reducing from 19% to 18% of net sales)<br>Cost for services stable at c. 40% of sales<br>Raw mat at stable at c. 6% of sales |
| <b>Adj. EBITDA margin</b>     | Improving towards mid 30s                                                                                                                                                   |
| <b>D&amp;A</b>                | stable at c. €5-6mn area, excluding future M&A                                                                                                                              |
| <b>Net Financial Expenses</b> | reducing <€1mn assuming the return to positive net cash in FY25. Cost of debt improving from 6% to 5.5-5% over time                                                         |
| <b>NWC</b>                    | stable at c.8% of net sales                                                                                                                                                 |
| <b>Capex</b>                  | stable at c. €5-6mn area (including c. €2.5mn investments in RoU), excluding future M&A                                                                                     |
| <b>Dividend</b>               | No dividend paid                                                                                                                                                            |

Source: Intermonte SIM

### DHH: Profit & Loss (FY20PF -FY26E)

| (Eu mn)                 | Historical  |             |             |             | Estimates   |             |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | FY20 PF     | FY21A       | FY22A       | FY23A       | FY24E       | FY25E       | FY26E       |
| <b>Net Sales</b>        | <b>17.9</b> | <b>19.6</b> | <b>28.6</b> | <b>33.7</b> | <b>36.4</b> | <b>39.6</b> | <b>43.3</b> |
| Total Revenues          | 18.1        | 19.8        | 29.6        | 34.6        | 37.4        | 40.7        | 44.5        |
| Raw materials           | -           | (1.0)       | (1.8)       | (2.0)       | (2.2)       | (2.3)       | (2.5)       |
| Services                | (7.7)       | (7.5)       | (12.5)      | (13.7)      | (14.1)      | (15.6)      | (17.0)      |
| Labour                  | (3.1)       | (3.5)       | (5.6)       | (6.9)       | (7.1)       | (7.4)       | (7.8)       |
| Other OpEx              | (0.5)       | (0.9)       | (2.3)       | (1.7)       | (1.8)       | (2.0)       | (2.1)       |
| <b>EBITDA</b>           | <b>6.8</b>  | <b>6.9</b>  | <b>7.4</b>  | <b>10.4</b> | <b>12.2</b> | <b>13.4</b> | <b>14.9</b> |
| D&A & Write-Downs       | (3.0)       | (3.3)       | (4.4)       | (5.5)       | (5.5)       | (5.6)       | (5.7)       |
| <b>EBIT</b>             | <b>3.8</b>  | <b>3.6</b>  | <b>3.0</b>  | <b>4.9</b>  | <b>6.7</b>  | <b>7.8</b>  | <b>9.2</b>  |
| Net Financial Charges   | (0.2)       | (0.2)       | (0.7)       | (0.8)       | (0.8)       | (0.8)       | (0.7)       |
| <b>PBT</b>              | <b>3.6</b>  | <b>3.4</b>  | <b>2.3</b>  | <b>4.1</b>  | <b>5.9</b>  | <b>7.0</b>  | <b>8.5</b>  |
| Tax                     | (1.0)       | (0.3)       | (1.5)       | (1.9)       | (2.1)       | (2.4)       | (3.0)       |
| Minorities              | -           | 0.0         | (0.1)       | (0.0)       | -           | -           | -           |
| <b>Group Net Income</b> | <b>2.6</b>  | <b>3.2</b>  | <b>0.7</b>  | <b>2.2</b>  | <b>3.8</b>  | <b>4.5</b>  | <b>5.5</b>  |
| <b>EBITDA Adjusted</b>  | <b>6.8</b>  | <b>7.2</b>  | <b>9.0</b>  | <b>11.5</b> | <b>12.2</b> | <b>13.4</b> | <b>14.9</b> |
| <b>EBIT Adjusted</b>    | <b>3.8</b>  | <b>3.9</b>  | <b>4.6</b>  | <b>6.0</b>  | <b>6.7</b>  | <b>7.8</b>  | <b>9.2</b>  |
| <b>Adj. Net Income</b>  | <b>2.6</b>  | <b>2.6</b>  | <b>2.4</b>  | <b>3.3</b>  | <b>3.8</b>  | <b>4.5</b>  | <b>5.5</b>  |

Source: Company data (A), Intermonte SIM (E)

### DHH: Balance Sheet (FY20PF-FY26E)

| (Eu mn)                     | Historical  |             |             |             | Estimates   |             |             |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                             | FY20 PF     | FY21A       | FY22A       | FY23A       | FY24E       | FY25E       | FY26E       |
| Non-Current Assets          | 17.2        | 22.4        | 32.8        | 33.3        | 32.7        | 32.4        | 32.3        |
| Trade net working capital   | 0.4         | 1.0         | 0.9         | 1.1         | 1.5         | 1.6         | 1.7         |
| Other current asset/(liab)  | (2.8)       | (2.5)       | (3.5)       | (4.2)       | (4.3)       | (4.8)       | (5.3)       |
| Net working capital         | (2.3)       | (1.5)       | (2.6)       | (3.1)       | (2.8)       | (3.2)       | (3.6)       |
| <b>Net capital employed</b> | <b>14.9</b> | <b>20.9</b> | <b>30.2</b> | <b>30.2</b> | <b>30.0</b> | <b>29.2</b> | <b>28.7</b> |
| Net debt/(cash)             | (1.5)       | 0.9         | 6.0         | 6.5         | 0.9         | (4.4)       | (10.4)      |
| Equity                      | 16.4        | 20.0        | 24.1        | 23.7        | 29.1        | 33.6        | 39.1        |

Source: Company data (A), Intermonte SIM (E)

**DHH: Cash Flows (FY20PF-FY26E)**

| <b>(Eu mn)</b>       | <b>Historical</b> |              |              |              |              | <b>Estimates</b> |              |
|----------------------|-------------------|--------------|--------------|--------------|--------------|------------------|--------------|
|                      | <b>FY20 PF</b>    | <b>FY21A</b> | <b>FY22A</b> | <b>FY23A</b> | <b>FY24E</b> | <b>FY25E</b>     | <b>FY26E</b> |
| <b>NFP BoP</b>       | <b>(2.2)</b>      | <b>1.5</b>   | <b>(0.9)</b> | <b>(6.0)</b> | <b>(6.5)</b> | <b>(0.9)</b>     | <b>4.4</b>   |
| Net Income           | 2.6               | 3.2          | 0.9          | 2.2          | 3.8          | 4.5              | 5.5          |
| D&A                  | 3.0               | 3.3          | 4.4          | 5.5          | 5.5          | 5.6              | 5.7          |
| Δ NWC                | (0.3)             | (0.8)        | 1.1          | 0.4          | (0.3)        | 0.5              | 0.4          |
| <b>Op. Cash Flow</b> | <b>5.3</b>        | <b>5.7</b>   | <b>6.4</b>   | <b>8.2</b>   | <b>9.0</b>   | <b>10.6</b>      | <b>11.6</b>  |
| CapEx                | (1.4)             | (3.5)        | (2.5)        | (6.2)        | (4.9)        | (5.3)            | (5.6)        |
| <b>FCF</b>           | <b>3.9</b>        | <b>2.2</b>   | <b>3.8</b>   | <b>2.0</b>   | <b>4.1</b>   | <b>5.3</b>       | <b>6.0</b>   |
| Acquisitions         | (0.2)             | (4.0)        | (6.3)        | (3.4)        | -            | -                | -            |
| Dividends            | -                 | -            | -            | -            | -            | -                | -            |
| Buyback              | -                 | -            | (0.2)        | -            | 1.5          | -                | -            |
| Equity financing     | -                 | -            | -            | -            | -            | -                | -            |
| Other                | (0.0)             | (0.7)        | (2.4)        | 0.9          | 0.0          | -                | -            |
| <b>Change in NFP</b> | <b>3.7</b>        | <b>(2.4)</b> | <b>(5.1)</b> | <b>(0.5)</b> | <b>5.6</b>   | <b>5.3</b>       | <b>6.0</b>   |
| <b>NFP EoP</b>       | <b>1.5</b>        | <b>(0.9)</b> | <b>(6.0)</b> | <b>(6.5)</b> | <b>(0.9)</b> | <b>4.4</b>       | <b>10.4</b>  |

Source: Company data (A), Intermonte SIM (E)

## Valuation

For our valuation we used a DCF model to better reflect the recurring business model and visible long-term cash flow generation. We calculated a fair value of Eu32/share, assuming a 8.5% WACC, 2.5% terminal growth and 5,122,772 ordinary shares (following completion of the 2022-25 stock option plan, expected by March 2025).

The company enjoys good financial flexibility to continue its M&A strategy by signing new deals that should provide additional upside to our valuation. At the same time, we have also analysed multiples at our target price in order to run a comparison with a selection of listed peers by way of a sanity check. For example, compared to WIIT, a company that could represent a key point of reference for DHH, at target DHH would trade at 13.5x/12x EV/EBITDA in 2024/25E, while WIIT would trade at 16x/14x on the same metrics. The lower implied multiple for DHH seems fair to reflect the different operating size, stock liquidity and a more balanced international exposure.

### DHH - Valuation

| Terminal Value          |              |
|-------------------------|--------------|
| g                       | 2.5%         |
| WACC                    | 8.5%         |
|                         |              |
| DCF Valuation           |              |
| SUM PV(FCF'25-34E)      | 58.8         |
| TV                      | 225.4        |
| PV of TV                | 99.6         |
| <b>EV</b>               | <b>158.4</b> |
| NFP FY24E               | (0.9)        |
| deduct lease liability  | 4.8          |
| Minorities              | 0.0          |
| Treasury shares         | 0.6          |
| <b>Equity Value</b>     | <b>163</b>   |
| Shs. (mn)               | 5.1          |
| <b>Equity value p/s</b> | <b>32</b>    |
| Current Price           | 25.2         |
| Upside                  | 27%          |

| WACC | Perpetuity Growth Rate (%) |      |      |      |      |      |
|------|----------------------------|------|------|------|------|------|
|      | 2.0%                       | 2.5% | 3.0% | 3.5% | 4.0% |      |
|      | 7.6%                       | 36.0 | 38.4 | 41.4 | 45.1 | 49.9 |
|      | 8.1%                       | 32.8 | 34.8 | 37.1 | 40.0 | 43.6 |
|      | 8.6%                       | 30.2 | 31.8 | 33.6 | 35.9 | 38.7 |
|      | 9.1%                       | 27.9 | 29.2 | 30.7 | 32.5 | 34.7 |
|      | 9.6%                       | 25.9 | 27.0 | 28.3 | 29.7 | 31.5 |

| Implied Market Multiples | 2024E        | 2025E        | 2026E        |
|--------------------------|--------------|--------------|--------------|
| Sales                    | 36.4         | 39.6         | 43.3         |
| Adj. EBITDA              | 12.2         | 13.4         | 14.9         |
| Adj. EBIT                | 6.7          | 7.8          | 9.2          |
| Net Income Adj.          | 3.8          | 4.5          | 5.5          |
| Net Financial Position   | -0.9         | 4.4          | 10.4         |
| Other adjustments        | 0.0          | 0.0          | 0.0          |
| EV/Sales                 | 4.5x         | 4.0x         | 3.5x         |
| <b>EV/EBITDA</b>         | <b>13.5x</b> | <b>11.9x</b> | <b>10.3x</b> |
| EV/EBIT                  | 24.5x        | 20.5x        | 16.6x        |
| <b>P/E Adj.</b>          | <b>41.7x</b> | <b>36.1x</b> | <b>29.7x</b> |

Source: Intermonte SIM

| DETAILS ON STOCKS RECOMMENDATION |            |                       |    |
|----------------------------------|------------|-----------------------|----|
| Stock NAME                       | DHH        |                       |    |
| Current Recomm:                  | BUY        | Previous Recomm:      | -- |
| Current Target (Eu):             | 32.00      | Previous Target (Eu): | -- |
| Current Price (Eu):              | 25.20      | Previous Price (Eu):  | -- |
| Date of report:                  | 02/10/2024 | Date of last report:  | -- |

**DISCLAIMER** (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

**GUIDE TO FUNDAMENTAL RESEARCH**

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 September 2024 Intermonte's Research Department covered 112 companies. Intermonte's distribution of stock ratings is as follows:

|              |         |
|--------------|---------|
| BUY:         | 24.39 % |
| OUTPERFORM:  | 50.41 % |
| NEUTRAL:     | 25.20 % |
| UNDERPERFORM | 00.00 % |
| SELL:        | 00.00 % |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (47 in total) is as follows:

|              |         |
|--------------|---------|
| BUY:         | 38.78 % |
| OUTPERFORM:  | 51.02 % |
| NEUTRAL:     | 10.20 % |
| UNDERPERFORM | 00.00 % |
| SELL:        | 00.00 % |

**CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

**Intermonte is acting as financial advisor to Rete S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.**

**Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.**

**Intermonte SIM** has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Aquafil, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

**Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.**

**Intermonte SIM** is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cybero, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharamanutra, Relatech, Reply, Revo Insurance, Reway, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Sy5-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

**Intermonte SIM** has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

**Intermonte SIM** performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

**Intermonte SIM**, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Bifire S.p.A., B&C Speakers, Casta Diva Group, Cleanbnb, Coffe, Crowdfundme, Cube Labs, Cy4gate, Cybero, DHH, Digital Bros, Digital Magics, Digitouch, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Masi Agricola, Matica Fintec, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevice, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

**© Copyright 2024 by Intermonte SIM - All rights reserved**

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available