



CONSOLIDATED INTERIM REPORT AS AT 30 JUNE 2020

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

DHH - Dominion Hosting Holding S.p.A.

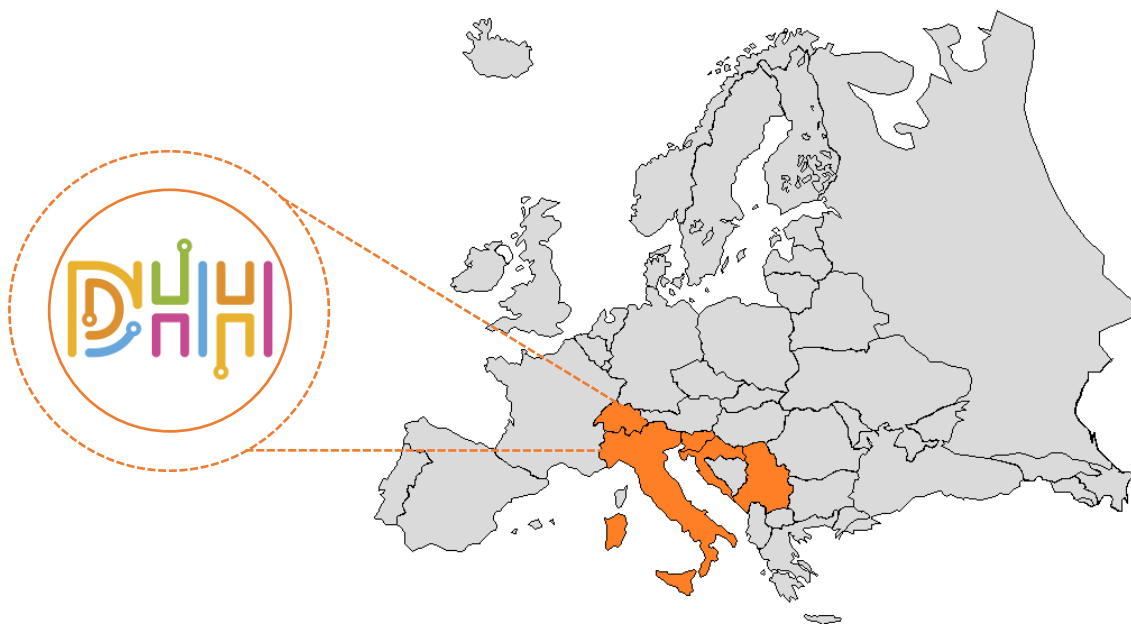
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(*) These consolidated financial statements, making use of the option provided by art.19, Part I, of the Issuers Regulation AIM Italy, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union (OJEU), as specified in notes to the financial statements. Financial statements are the result of consolidation of financial statements of companies detailed in the g rights in the ordinary shareholders, at the date.

INTRODUCTION



Dominion Hosting Holding (“DHH”) is a technology group striving to be the leading investor with the goal of creating the “Internet Platform of the Emerging Digital Economies”.

Established in July 2015, DHH started paving the way in becoming the leading group of tech-entrepreneurs spanning the Web Hosting, SaaS and Cloud Computing industries in markets where the Internet penetration is still in a “beginner” phase, starting from Italy and western Balkans and determined to establish a global footprint.

CORE BUSINESS AND BUSINESS MODEL

Through its subsidiaries currently spanning five countries, DHH is proudly serving over 100 thousand customers offering solutions that mainly fall into following three segments: web hosting, domain name registration and cloud computing (Infrastructure-as-a-service). New “verticals” in basic web services / cloud computing space is expected to be added in the future.

Most of the above-mentioned services are being supplied on a one-to-many, subscription-based business model, generating recurring revenue from contracted customers that are charged in advance for their subscriptions.

MAIN FEATURES

Eleven businesses under management, with more than 100 thousand customers and 200 thousand registered domains in five promising countries: Croatia, Italy, Serbia, Slovenia and Switzerland. In-depth and proven capabilities of turning around and up-scaling acquired assets (11 acquisitions since foudation, 7 acquisitions after the IPO that took place back in July 2016).

Fast growing company (1H20 Net Sales +10% YoY, FY19 +8% YoY) with a well-balanced financial structure, (positive net cash position of € 2,41mn in 1H20) and sound Cash Flow generation (EBITDA to OpFCF conversion ratio in the 100% region).

GROUP STRUCTURE BASED ON INDUSTRIAL CONGLOMERATE APPROACH

Conglomerate business model. A holding company controlling eight “Opcos” and providing advisory to all subsidiaries in terms of both “go to market” strategy (expert support, resources and capabilities enhancement) and planning & control (Business unit control, managerial processes, financial KPIs implementation).

Main benefits of “conglomerate approach”:

- Synergies in SG&A, through optimization of IT, Sales and physical infrastructure and as well as collective technology purchase,
- Synergies from cross-selling programs based on the same business model in order to boost ARPU,
- Synergies in knowledge creation and sharing among different brands.

REFERENCE MARKET FEATURES

We founded DHH on the belief that web hosting and cloud computing industries in the emerging digital economies present one of the most attractive opportunities today. Our target industries and geographies are characterised by robust growth rate expected to continue in the future and availability of talent struggling to attract recognition.

Reference market is rapidly growing and evolving, highlighting:

- The global web hosting services market size will grow by USD 72.79 billion during 2019-2023 at a CAGR of over 13%. (Source: Technavio Research Report, June 2019).
- Over the next five years the Cloud Computing market will register a 30.3% CAGR in terms of revenue, the global market size will reach US\$ 133830 million by 2024, from US\$ 46440 million in 2019. (Market Study Report).
- IDC predicts that the collective sum of the world’s data will grow to a 175ZB by 2025, for a compounded annual growth rate of 61 percent. 49 percent of data will be stored in public cloud environments. (Source: International Data Corporation).
- The number of people around the world using the internet has grown to 4.54 billion, an increase of 7 percent (298 million new users) compared to January 2019, nearly 60 percent of the world’s population is already online. (We Are Social).
- As a segment of IT services, cloud computing annually and is showing very few signs of slowing down. The hosting, storage and computing cloud services market was estimated to be 126 billion U.S. dollars in 2017 and was forecasted to grow to 163 billion U.S. dollars in 2021. (Statista, March 2020).

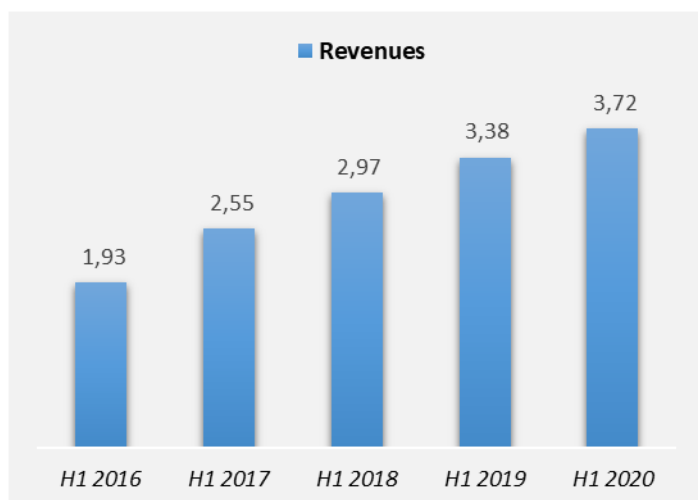
GROWTH STRATEGY

To capitalize on aforementioned market opportunity, we formulated a strategy that allows us to simultaneously gain expansion, achieve consolidation and foster innovation.

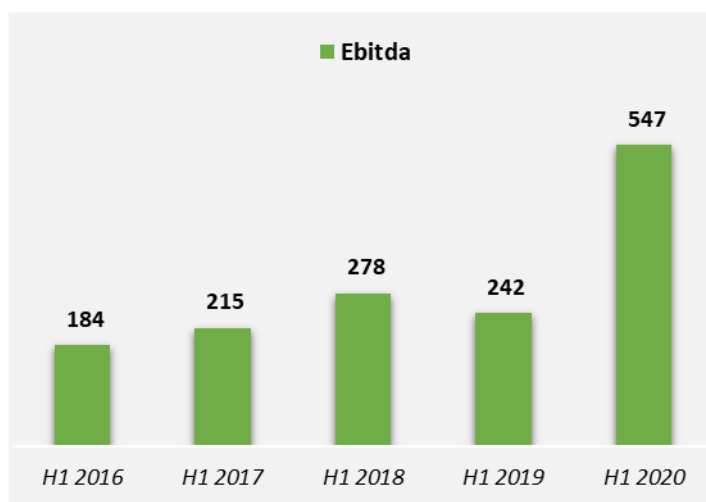
We are aiming to exploit positive net cash position aimed at:

- Expanding to new geographies by acquiring top local web hosting and cloud computing players in its respective markets. Our preference goes to cash generating businesses with predictable growth, significant market share and a dedicated management team.
- Consolidating existing markets where we already have a platform company. We are looking for add-on acquisitions with the objective of increasing platform's market share.
- Innovating by supporting smaller passionate teams with compelling and useful ideas, proven traction, and bold ambition. We prefer minority equity investments in companies with under 500k in turnover and over 50% in annual revenue growth, not strictly but closely related to our existing businesses.
- Building a diversified product portfolio by integrating new "verticals" beyond traditional web hosting field, such as cloud computing and other Value-Added Solutions (VAS).
- Expanding supply chain, trying to meet all customers' needs, mixing high quality products with satisfying experience levels. Improving customers acquisition rates, renewal rates and, as a consequence, Life-Time Value (LTV).
- Implementing managerial capabilities in revamping and optimization of acquired assets from a financial and technological point of view, delivering strategic thinking, technology solutions, marketing know-how and other best practices.

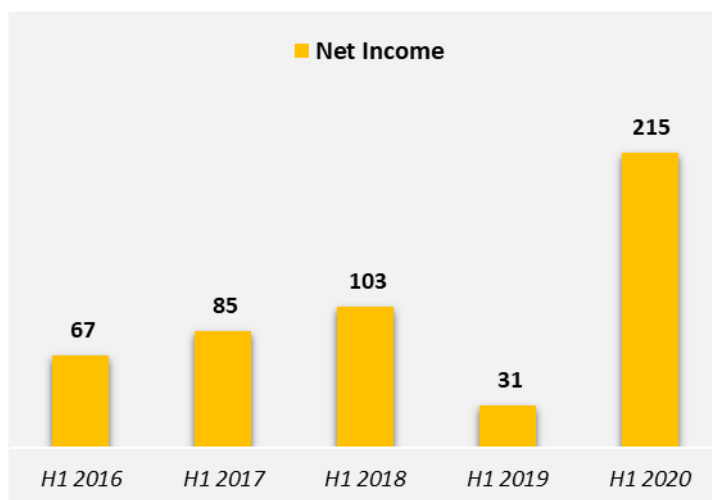
FINANCIAL HIGHLIGHTS



Consolidated
REVENUES
equal to
3,72M EUR
+10%*



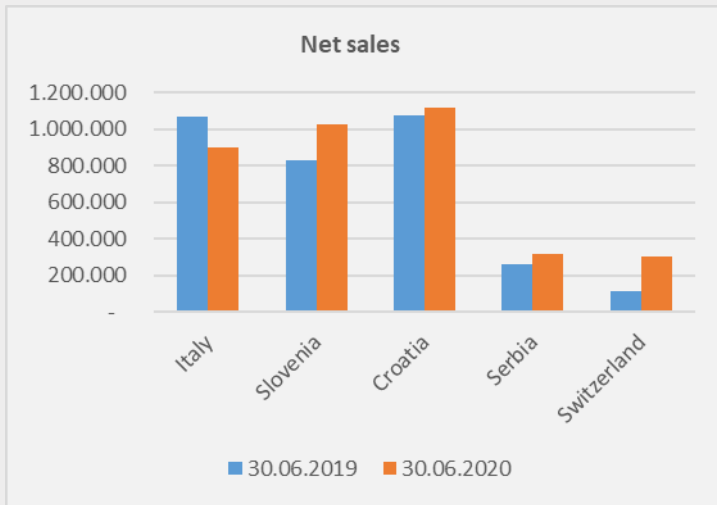
Consolidated
EBITDA
equal to
547k EUR
+126%*



Consolidated
NET INCOME
equal to
215k EUR
+601%*

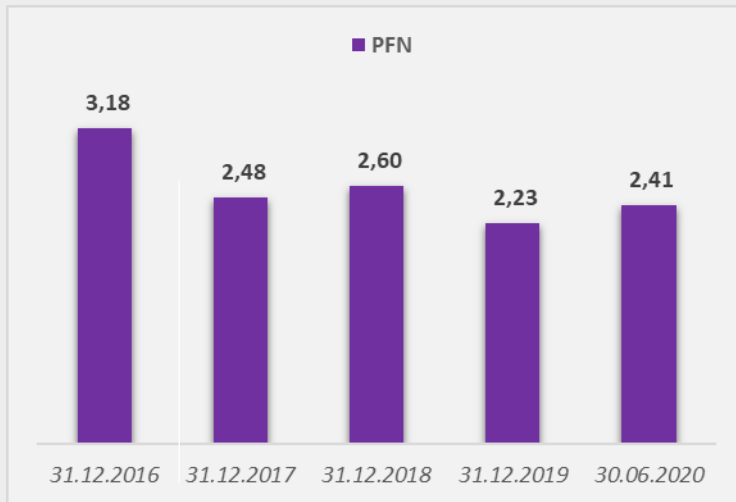
* The change is calculated on the previous semester (H1-2019).

FINANCIAL HIGHLIGHTS



Net sales are approx.:

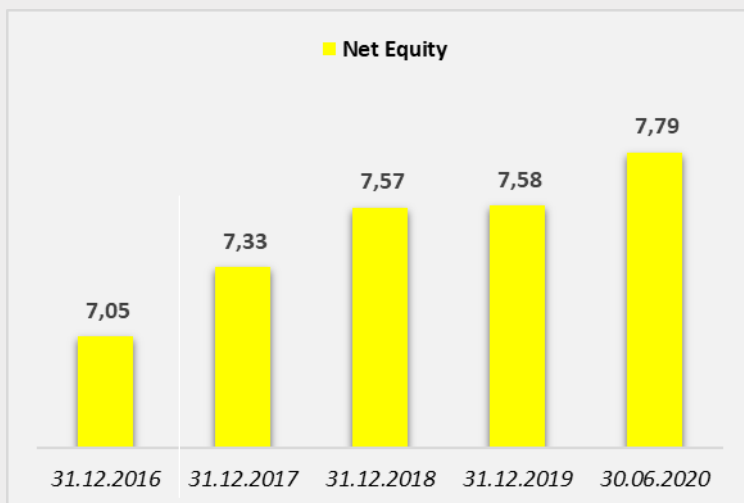
-  903k Eur in Italy (1H20 -16% YoY)
-  1,03M Eur in Slovenia (1H20 +23% YoY)
-  1,12M Eur in Croatia (1H20 +4% YoY)
-  314k Eur in Serbia (1H20 +21% YoY)
-  306k Eur in Switzerland (1H20 +167% YoY)



Consolidated
NET FINANCIAL POSITION

equal to
2,41M EUR

+8%*



Consolidated
NET EQUITY

equal to
7,79M EUR

+3%*

*The change is calculated on the previous period (31.12.2019).

KEY FINANCIAL DATA

PROFIT and LOSS STATEMENT

The reclassified Profit and Loss Statement of the Group as at June 30, 2020 is provided below:

RECLASSIFIED CONSOLIDATED PROFIT and LOSS STATEMENT	30.06.2020	30.06.2019
All amounts are in Euro		
Revenues	3.719.855	3.380.922
Operating costs	(2.317.046)	(2.129.137)
VALUE ADDED	1.402.808	1.251.785
Personnel costs	(855.427)	(1.009.882)
GROSS OPERATING MARGIN (EBITDA)	547.381	241.903
Amortization and impairment	(216.661)	(169.335)
EBIT	330.720	72.568
Other non-operating income/expense	-	(1.272)
Financial income and expenses	(37.721)	(14.299)
EARNINGS BEFORE TAXES (EBT)	292.999	56.998
Income taxes	(78.115)	(26.340)
NET RESULT	214.884	30.657
of WHICH:		
relating to the shareholders of the group	215.594	49.065
relating to the third-party shareholders	(709)	(18.407)

During the financial semester ended 30 June 2020 the total consolidated revenues of the Group are equal to **3,72M EUR**.

The Group is focused on web hosting services as a core business line and its revenues are approx. 903k EUR in Italy (Tophost and DHH Italia), 1,03M EUR in Slovenia (DHH.si), 1,12M EUR in Croatia (DHH and System Bee), 314k EUR in Serbia (mCloud) and 306k EUR in Switzerland (DHH SWZ).

The consolidated EBITDA of the period amounts to **547k EUR**. Comparing consolidated EBITDA as at 30 June 2020 to consolidated EBITDA as at 30 June 2019 there is a positive difference of 305k EUR.

MAIN BALANCE SHEET DATA

The reclassified balance sheet of the Group as at June 30, 2020 is provided below:

RECLASSIFIED CONSOLIDATED BALANCE SHEET	30.06.2020	31.12.2019
All amounts are in Euro		
Trade Receivables	536.644	382.806
Trade payables	(758.311)	(560.853)
OPERATING NET WORKING CAPITAL	(221.667)	(178.047)
Other current receivables	270.152	268.717
Prepaid expenses and accrued income	521.583	481.987
Other current liabilities	(161.910)	(220.188)
Accrued liabilities and deferred income	(2.207.902)	(1.980.692)
Taxes payables	(178.953)	(140.968)
<u>NET WORKING CAPITAL</u> *	(1.978.697)	(1.769.191)
Goodwill	5.620.029	5.648.925
Tangible fixed assets	397.855	256.096
Right of use assets	242.014	304.441
Intangible fixed assets	1.095.552	905.963
Non current financial assets	6.788	6.661
Other non current assets	178	177
Deferred tax assets	29.445	28.531
FIXED ASSETS	7.391.860	7.150.793
Employee benefits fund	(16.162)	(14.932)
Provisions for risks and future liabilities	-	-
Liabilities for deferred taxes	(14.684)	(15.212)
NET NON CURRENT LIABILITIES	(30.846)	(30.144)
<u>NET INVESTED CAPITAL</u> **	5.382.318	5.351.458

TOTAL NET EQUITY OF THE GROUP	7.814.212	7.595.843
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	(20.456)	(18.682)
TOTAL NET EQUITY	7.793.756	7.577.161
Cash equivalents	(2.663.927)	(2.537.357)
Current financial assets	(13.209)	(13.442)
Non current financial liabilities	167.993	205.248
Current financial liabilities	97.705	119.848
<u>NET FINANCIAL POSITION</u> ***	(2.411.438)	(2.225.702)
NET EQUITY AND NET FINANCIAL DEBT	5.382.318	5.351.458

(*) The Net Working Capital is the difference between current assets and liabilities without financial assets and liabilities. The Net Working Capital is not recognized as accounting measure within the accounting standard adopted; it should be noted that such data has been established in accordance with Recommendation CESR 05-054b of 10 February 2005, as modified on 23 March 2011, "Guidelines for the Consistent Implementation of the European Commission's Regulations on Prospectuses".

(**) The Net Capital Invested is the algebraic sum of the Net Working Capital, assets and long-term liabilities. The Net Capital Invested is not recognized as accounting measure within the accounting standard adopted.

(***) Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that the Net Financial Position ("Net Financial Position" or "NFP") is the algebraic sum of cash and cash equivalents, current financial assets and short/long term financial liabilities (current and noncurrent liabilities).

NET FINANCIAL POSITION

The Net Financial Position of the Group as at June 30, 2020 is provided below:

CONSOLIDATED NET FINANCIAL POSITION	30.06.2020	31.12.2019
All amounts are in Euro		
A. Cash	-	-
B. Cash equivalents	(2.663.927)	(2.537.357)
C. Securities held for trading	-	-
D. LIQUIDITY (A)+(B)+(C)	(2.663.927)	(2.537.357)
E. CURRENT FINANCIAL RECEIVABLES	(13.209)	(13.442)
F. Short-term bank liabilities	15.975	12.387
G. Current part of non-current borrowing	-	-
H. Current lease debt	81.730	107.462
I. Other current financial liabilities	-	-
J. CURRENT FINANCIAL DEBT (F)+(G)+(H)+(I)	97.705	119.848
K. NET CURRENT FINANCIAL DEBT (J)-(E)-(D)	(2.579.431)	(2.430.950)
L. Non-current bank liabilities	-	-
M. Bonds issued	-	-
N. Non-current lease debt	167.993	205.248
O. Other non-current liabilities	-	-
P. NON-CURRENT FINANCIAL DEBT (L)+(M)+(N)+(O)	167.993	205.248
Q. NET FINANCIAL DEBT (K)+(P)	(2.411.438)	(2.225.702)

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CORPORATE BODIES

Board of Directors

Executive Chairman: **GIANDOMENICO SICA**

Managing Director: **MATIJA JEKOVEC**

Managing Director: **UROS ČIMŽAR**

Director: **ANTONIO DOMENICO BALDASSARRA**

Independent Director: **GUIDO BUSATO**

Board of Auditors

Chairman: **UMBERTO LOMBARDI**

Statutory Auditors: **PIERLUIGI PIPOLO, STEFANO PIZZUTELLI**

Independent Auditing Firm

Auditing firm: **BDO ITALIA S.P.A**

STRUCTURE OF THE GROUP



DOMINION HOSTING HOLDING S.P.A. (ITALY)

Parent company or consolidation parent - which stands as a point of reference in the field of hosting and software services for SMEs in emerging digital economies of Europe and provides, through the Group companies, domain name registration services, web hosting services and accessory and related services.

TOPHOST S.R.L. (ITALY)

100% controlled by D.H.H. S.p.A. - established in 2004 with the goal of becoming a major Italian player in the "mass" web hosting service industry, in a short period of time, the company has gained an important position in providing entry-level web hosting services, offering comprehensive and innovative solutions at a lower price than competitors.

SLOVENIJA **DHH.SI D.O.O. (SLOVENIA)**

100% controlled by D.H.H. S.p.A. was established as a web development and later web agency company. After focusing on the hosting market and acquiring and merging the biggest competitor in Slovenia, DHH.si d.o.o. became Slovenia's largest hosting provider. Today the company is an important Slovenian provider of web hosting services and its market share is growing steadily.

DHH D.O.O. (CROATIA)

100% controlled by DHH S.p.A. - was established in 2001 as IT Plus d.o.o. and later renamed to Plus hosting d.o.o. Through organic growth and after some successful small acquisitions of competitors, Plus quickly became key player in Croatian hosting area. The company is recognised on the market for its technical expertise and high quality of its customer service. Now it includes Infonet d.o.o. and Hosting IT d.o.o., previously DHH's subsidiaries.



DHH SWITZERLAND S.A. (SWITZERLAND)

80% controlled by DHH S.p.A. acquired in May 2017 – a swiss company engaged in the business of web hosting. Under the brand Artera, DHH Switzerland (previously Bee Bee Web SA) produces premium hosting and cloud services designed to meet the needs of companies and web professionals, major portals and e-commerce projects. Artera's mission is to have the best performance ever.



DHH ITALIA S.R.L. (ITALY)

100% controlled by DHH S.p.A., a new company acquired in May 2017 - engaged in the business of web hosting. DHH Italia is mainly a reseller of DHH Switzerland.

sysbee SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A., a new company established by the spin-off of DHH d.o.o. in May 2018 - engaged in the business of web hosting and IT solutions. Sysbee is a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to small and medium-sized enterprises, with over 15 years of experience in the field of cloud and web services hosting.

MICLOUD D.O.O. (SERBIA)

62% controlled by DHH S.p.A, a cloud computing provider based in Serbia, mCloud started its operation in March 2018 and it doesn't have official historical data. Even if it can be considered as a startup, mCloud has solid traction in place, with a double-digit growth rate on bookings. Now it includes DHH SRB d.o.o., previously DHH's subsidiary.

BOARD OF DIRECTORS REPORT

Section A: Significant events during the semester

As a general remark in the first part of 2020 the Group focused on developing its business strengthening its market position and improving its corporate governance increasing the number of qualified persons.

In accordance with the requirements set forth for the year 2019, DHH S.p.A. has been confirmed “PMI Innovativa” in the related section of the company register in Milan.

More specifically, the following material events took place on the dates indicated below.

CODIV-19 EFFECTS

Significant government action and intervention began to take place on 30 January 2020 when the World Health Organisation declared COVID-19 to be a global health emergency, which generally triggered the recognition of the broad economic effects of the outbreak in financial statements. The exceptional measures adopted by the governments of many countries to limit the spread of COVID-19 generated effects beginning from the end of March.

With regard to the DHH Group organization, local offices have not stopped its activities, strictly complying with safety measures set by local authorities and, wherever possible, with the smart-working policies being recommended for office-based employees, given that the safety and wellbeing of people is a top priority.

No significant events and transactions have occurred since 31 december 2019 relate to the effects of the global pandemic on Group’s interim consolidated financial statements for the six months ended 30 june 2020.

1st SEMESTER 2020

Dominion Hosting Holding S.p.A. (“DHH”) announces that the Monthly Average Price is lower than the strike price, pursuant to Article 3 of the warrant Dominion Hosting Holding S.p.A. 2016 – 2021 Regulation; the Warrants are not exercisable from January 2020 to June 2020.

23rd MARCH 2020

DHH announces that it has not stopped its activities. On 22 March 2020 the Italian government published a new Decree-Law named “Misure urgenti di contenimento del contagio sull’intero territorio nazionale”. This Decree-Law – aimed at limiting the COVID-19 epidemic – has stopped all the activities that are considered “non-essential” by the government until April 3.

As a cloud computing provider, DHH is included in the list of companies that can continue to fully operate. Furthermore, all the employees of the group are working remotely in all countries since the start of the emergency.

1st APRIL 2020

DHH announces its participation in the Mid&Small 2020 Virtual Investor Conference organized by Virgilio IR and sponsored by Mediobanca (31 March, 1-2 April 2020).

Initially planned in London, the conference was totally virtual. It hosted 41 AIM- and MTA- listed companies, representing Italian excellence and a total market cap of 17+ bn Eur, as well as over 160 analysts and institutional and professional investors, combining in 1.150+ virtual meetings.

21st MAY 2020

DHH announces that the respective management bodies of DHH and Seeweb Holding S.r.l. (“Seeweb Holding”) approved the proposal of merger by incorporation of Seeweb Holding into DHH (“Merger”).

The exchange ratio of the Merger was established at 31.828,92 DHH ordinary shares with no par value and the same entitlement and rights as the DHH ordinary shares outstanding at the date of the Merger, for every € 1.000,00 of Seeweb Holding’s share capital.

The Merger is a reverse takeover as per Article 14 of the AIM Italia Issuers Regulation and Article 18 of DHH’s by laws and is therefore subject to DHH shareholders’ approval (which approval is in any case required under Article 2502 of the Italian Civil Code, the reverse takeover consisting of a merger).

27th MAY 2020

DHH announces that the merger plan relating to the incorporation of Seeweb Holding into DHH has been registered by respectively the Companies’ Register of Milan Monza-Brianza Lodi (ref. DHH) and Frosinone (ref. SeeWeb Holding).

18th JUNE 2020

DHH announces that Giandomenico Sica, Executive President of the company, has entered into a voluntary lock-up agreement. In particular, subject to the effectiveness of the merger with Seeweb Holding (ref. press release, 21st May 2020), and for a period of 12 months following the effectiveness of the merger, Giandomenico Sica intends to commit to the DHH not to carry out, directly or indirectly, sales operations or in any case disposals that have for object, directly or indirectly, the shares he owns as of today (ref. 200.000 shares), not to grant options, rights or options for the purchase or exchange of the aforementioned shares.

30th JUNE 2020

DHH announces that the ordinary and extraordinary shareholders' meeting of DHH has approved, in extraordinary sessions, the merger plan for the incorporation of Seeweb Holding into DHH, and, in ordinary section, "reverse take-over" transaction pursuant to Article 14 of the AIM Italia Issuers Regulation and Article 18 of DHH's by laws. Also the quotaholders' meeting of Seeweb Holding has approved the merger plan.

The above resolutions have been passed with the majorities as per Article 49, paragraph 1, g) of the Issuers Regulation approved by CONSOB Resolution No. 11971/99, for the purpose of the 'whitewash waiver' of the obligation (for the shareholders of Seeweb Holding, individually) to launch a public tender offer (OPA) on DHH shares.

In addition to the above, the extraordinary shareholders' meeting of DHH has also approved some amendment to the company's articles of association in order to align them with AIM Italia best practices.

The Merger deed is expected to be signed by the end of the current financial year.

Section B: Principal risks

Disclosure relative to risks and uncertainties pursuant to the article 2428, paragraph 2, no. 6-bis, of the Italian Civil Code.

The company is potentially exposed to the following relevant risks:

RISK RELATING TO COVID-19

The situation referred to “Coronavirus” and its economic effects can have an important economic repercussion on the operating turnover of the main customers of the companies controlled by DHH SpA, which could impact negatively on the entity business.

The coronavirus emergency is still ongoing worldwide, and many countries are going through the peak of the pandemic which is still rising in some areas of the globe. Governments and institutions across the world agree in saying that we are facing one of the most severe economic crises in a century.

The situation in the European Union seems to be improving day by day, with countries progressively exiting from lockdown and reopening state borders. Many countries have begun to put in place cautious and progressive plans for a gradual return to a ‘new normal’, still expected to differ materially from the pre-Covid 19 situation. Restrictions to curb the spread of the coronavirus were eased slightly in Italy from May, with certain other European countries doing likewise shortly thereafter.

However, the overall scenario still appears to be deeply uncertain as regards the possible future development of the pandemic, within a radically changed global environmental context.

With regard to DHH Group, while the initial outcome looks favourable, a high level of uncertainty remains, as the economy may take a very long time to recover to pre-Covid-19 levels.

INTERNAL RISKS

RISK LINKED TO THE COMPANY BEING ONLY RECENTLY INCORPORATED

Although the key persons of the Company have a multi-year professional experience in the IT field and all subsidiaries have recorded a steady and intense development in recent years, there is no guarantee that the future growth goals of the Company can be achieved or that the Company, as a holding company, will be able to record the growth rates which the individual subsidiaries have recorded in previous years, also in the light of the fact that the Company will have to face typical risks and difficulties of companies with recent operational history which might cause adverse effects on its economic, equity and financial situation.

RISK LINKED TO CERTAIN KEY PERSONS

The success of the Group depends on some of its key managers who, thanks to a solid experience and their skills, have played over time a key role in the management of the Group, contributing significantly to the development of the Group’s activities. It should be noted that the key persons of the Group continue to work within the Company.

Although the Group has an operating and managerial structure capable of ensuring continuity in the management of the Group's business, a termination of the professional contribution brought by one or more key persons could have negative effects on the development of the business and the timeframe for the implementation of the Group's growth strategy.

EXTERNAL RISKS

RISK RELATED TO THE GENERAL ECONOMIC SITUATION

The persistent crisis affecting the banking system and the financial markets, as well as the subsequent worsening of the macro-economic conditions, which resulted in a contraction in consumption and industrial world-wide production, have in the last years caused the restriction on access to the credit and a low level of liquidity in the financial markets of countries in the Eurozone. The crisis of the banking system and financial markets led, along with other factors, to a scenario of economic recession in the countries where the Group operates. Considering the business model features that the Group adopted, the Group's business is mainly funded through the re-use of cash resources generated by the business itself. However, the demand for the Group's products is to some extent related to the general economic situation of the Countries where the companies of the Group operate. In this difficult macro-economic situation the Group has successfully grown and achieved positive results. However it cannot be excluded that such crisis might continue in the Eurozone countries. In such case there might be negative effects on the Group's economic, equity and financial position.

RISKS RELATING TO THE COMPETITION IN THE MAIN MARKET

The Group operates in a competitive and dynamic area. The domain registration and hosting market is characterized by high competition which is caused by, among others, the significant growth margins recorded in recent years. In particular, in Italy the market is characterized not only by a high level of competition, but also by the presence of operators holding higher market shares than the Company. Furthermore, legal and natural persons with seat or place of residence in Croatia may record for free a domain name identifying such legal/natural person. Although the Group companies operating in Croatia will continue to provide additional services to domain registration, maintaining an adequate marginality, it cannot be excluded that, due to competition, Group companies will be forced to lower their prices of domain registration.

In addition, there is a risk that the Company will not be able to properly address the strategies and offers of competitors or the entry of new national or international operators on the market losing progressively their customers and/or market shares. Such situation could generally have a negative effect on the market position of the Group and on its economic, equity and financial position.

RISK RELATING TO TECHNOLOGICAL PROGRESS

The main sector in which the Company operates is characterized by a rapid technological development, high competition as well as by a rapid obsolescence of existing products. Therefore, the success of the Company in the future will depend, among others, on the capacity to innovate and strengthen its technologies, in order to respond to the technological and emerging progress in the field in which it operates and to satisfy the clients' needs, through the development of new services and products.

In order to maintain its competitiveness on the market and to respond to the rapid technological changes, the Group will invest in research and development.

Should the Group be unable to innovate its services and, therefore, adjust to the needs of clients, negative effects may affect the company's economic, equity and financial position.

RISK RELATING TO CYBER ATTACK

The Group is exposed to potential risks linked to fraudulent events connected to Cyber attacks. These risks may trigger interruptions of production and sales activities or compromise the confidentiality of personal data managed by the Group. In order to mitigate these risks, DHH has implemented a control system aimed to improving the Group's IT security.

FINANCIAL RISKS

The main financial risks of the Group depend on fund raising in the market (liquidity risk) and customer's capacity to face their obligations (credit risk).

LIQUIDITY RISK

Liquidity risk refers to the potential inability to raise sufficient financial means to support investments expected for the development of the business and the Company's ongoing business and for the development of operational activities.

The Company's objective is to maximize the return on net invested capital maintaining the ability to operate over time and ensuring adequate returns for shareholders and benefits for other stakeholders with a sustainable financial structure.

CREDIT RISK

Credit risk is the exposure to potential losses arising from non-fulfilment of obligations undertaken by trade counterparties.

Most of the services of the Group are available with an annual or multi-year subscription. Therefore, clients (especially companies) may not fulfil their obligations.

MARKET RISKS

EXCHANGE RATE RISK

The Group operates in countries that use currencies other than Euro. In every country they operate, the Group companies offer the price lists of their services in local currencies. However, these price lists are often based on the purchase of services in various currencies and, mainly, on the US dollar from third parties.

The exchange risk is the risk of incurring losses due to adverse changes in foreign exchange rates on profitability. The Group companies, in fact, supply and buy products and services both in Euro and in other currencies (mainly US Dollar, Croatian Kuna, Serbian Dinar and Swiss Franc). Therefore, many of transactions carry out by the Group companies may be subject to foreign exchange risks due to money market fluctuations.

Section C: Related party transactions

The transactions carried out with Group companies and other related parties mainly involve the provision of services, obtaining and using of financial resources; they are part of normal operations and are regulated at market conditions, meaning the conditions that would be applied between two independent parties.

The following is a breakdown of relations with related parties as at June 30th, 2020 taken from the half year Financial statements:

GROUP DHH			Receivables	Payables	Costs	Revenues
1	Seeweb s.r.l.	Supplier of DHH owned by 2)	28.340	216.213	666.734	33.957
2	Antonio Domenico Baldassarra	Director of DHH	0	1.500	1.500	0
3	Giandomenico Sica	Director of DHH	0	9.808	46.500	11
4	Uros Čimžar	Director of DHH	0	8.332	38.721	0
5	Matija Jekovec	Director of DHH	0	7.617	38.577	0
6	Petra Kotlušek	Wife of 4)	0	1.333	14.891	0
Total			28.340	244.802	806.922	33.968

Additional relationships with associated parties are entertained with subsidiaries of the DHH group and Seeweb Srl. Relations with Seeweb Srl mainly refer to trade relations for the purchase of wholesale hosting services with associated registration of domain names and for outsourced accounting and treasury services.

Costs and payables relate Board of Directors (Mr.Sica, Mr.Baldassarra, Mr. Čimžar and Mr. Jekovec) are of Euro 500,00 for each Board meeting in which each director will take part in 2020.

Cost and payables relate to Mr. Čimžar and Mr. Jekovec are associated to their position as consultants of DHH S.p.A.; cost and payables relate to Mrs Kotlušek are associated with her position as employee of DHH.si doo.

Costs and payables relating to counterparts Mr.Sica, relate to the contract signed with Grafoventures by Giandomenico Sica, are related for professional strategic services.

Section D: Labour & Environment

The Group employed 63 people as of 30.06.2020 compared to 74 at 30.06.2019.

There were no on the job fatalities or work-related accidents in the period covered by this report. During the period there were no claims regarding occupational diseases of employees or former employees and causes of mobbing, for which the companies of the Group were declared liable.

The basic principle governing the Group operation is the continuous training and education of its personnel with the goal of providing the best service to the company's' customers and to provide a positive work environment for all employees.

The Group recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards aiming to achieve a balanced economic development in harmonization with the natural environment. Following the above-mentioned principles, the Group carries out its activities in a manner that ensures both the protection of the environment and preservation of the health and safety of its personnel.

During the period of this report there were no environmental issues for which one or more companies were liable, nor there were any penalties awarded by the local authorities.

Section E: Evolution, performance and position of the Company and Group

This section includes a proper and concise representation of the development, performance activity and position of the whole business included in consolidation. This display has been created in such a way as to provide a balanced and comprehensive analysis of the above categories of issues, which corresponds to the size and complexity of these companies' activities. Furthermore, at the end of this display some indicators are being provided which the Board of Directors evaluates as useful.

Group Financial Indicators

The main financial numbers for the Group are as follow:

CONSOLIDATED KEY FINANCIALS	30.06.2020	31.12.2019	variation	
All amounts are in Euro				
Total Assets	11.397.375	10.835.101	562.274	5%
Total Equity	7.793.756	7.577.161	216.595	3%
CONSOLIDATED KEY FINANCIALS	30.06.2020	30.06.2019	variation	
All amounts are in Euro				
Net sales	3.666.621	3.352.465	314.155	9%
Gross Margin	1.507.106	1.387.677	119.430	9%
EBT	292.999	56.998	236.002	414%
Net Profit	214.884	30.657	184.227	601%

Group Performance Indicators

Below several ratios are listed and are related to essential performance, position and economic situation of the Group.

CONSOLIDATED KEY INDICATORS	30.06.2020	31.12.2019	
Fixed Assets Ratio	65%	66%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	95%	94%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	32%	30%	Debt percentage ratio
Total equity to total liabilities and equity	68%	70%	Debt percentage ratio
Debt to Equity ratio	0%	0%	The percentage of debt to equity
Working Capital ratio	1,18	1,22	This ratio shows how many times the current assets cover the current liabilities
CONSOLIDATED KEY INDICATORS	30.06.2020	30.06.2019	
Assets return ratio	4%	1%	Net profit after tax as a percentage of the equity
Ebitda margin	15%	7%	Ebitda as a percentage of sales
Net profit margin	6%	1%	Net profit as a percentage of sales

Section F: Significant events between end of semester and publishing of this report

1st JULY 2020

DHH announces that Giandomenico Sica, co-founder and Executive President of the company, on 2 July 2020 - 14:30/15:30 - was hosted in an online webinar by Banca Sella to tell the story of DHH – a “Corporate Venture Capital” project Made in Italy.

DHH was founded on July 2015 as an “innovative startup”, and in 5 years became a publicly listed company with 16,8M EUR of revenue (PF2019), 100 people and more than 100.000 customers in the cloud computing industry across Southeast Europe. DHH recently announced (ref. PR, 21 May 2020) the merger with Seeweb, its co-founder and seed investor, who originally supported the company in the framework of its Corporate Venture Capital activities.

Giandomenico Sica shared this entrepreneurial story with the public.

7th JULY 2020

DHH announces that Value Track, independent financial analysis boutique led by Marco Greco, published an update report on DHH.

In less than five years, the Group has successfully finalized several acquisitions, reaching the highest point with the incorporation of Seeweb, the Italian pioneer of cloud computing solutions, establishing in such way a new combined entity with 2019 pro-forma turnover at €16.8mn, 33.5% EBITDA Margin and EBITDA cash conversion ratio close to 100%.

Value Track has assessed DHH fair equity value at €18.0 per share, compared to current €8.1 stock market price, calculated as the average of four different methodologies: peers’ analysis, DCF model, user-based valuation and recurring revenue analysis.

10th JULY 2020

DHH announces that the minutes of the Shareholders’ Meetings of DHH S.p.A. and of Seeweb Holding S.r.l. that on 30 June 2020 approved the merger by incorporation of Seeweb Holding S.r.l. in DHH S.p.A., have been registered by respectively the Companies’ Register of Milan Monza-Brianza Lodi on 3 July (ref. DHH) and Frosinone on 10 July (ref. Seeweb Holding).

24th JULY 2020

DHH announces that as a partial modification of what is indicated in the financial calendar for the year 2020 released on 16 December 2019, the Board of Directors meeting reviewing the quarterly results (2Q2020) will take place on 31 July 2020 instead of 11 August 2020.

30th JULY 2020

DHH announces its participation to the Mid & Small Virtual Summer Conference 2020 organized by Virgilio IR thanks also to the support of Alantra, Banca Akros, CDR Communication, EnVent Capital Markets, Intermonte, T.W.I.N and Ubi Banca.

The event dedicated to mid-cap listed companies took place in virtual mode through video conference systems on 4-5-6 August 2020.

17th SEPTEMBER 2020

DHH announces its participation in the 2nd “Amsterdam MidCap Event” organized, in virtual mode, by CF&B Communication thanks also to the support of Intermonte SIM S.p.A., as main partner.

The event will allow selected mid-cap companies listed on European markets to meet investors from Belgium, France, Germany, Luxembourg, the Netherlands, Spain, Switzerland and the UK.

DHH will meet the financial community in one-to-one and group meetings.

Section G: Corporate Governance

Corporate Governance Model

The corporate governance structure adopted by Dominion Hosting Holding S.p.A. is articulated according to the traditional system that features:

- the shareholders' meeting;
- the board of directors entrusted with the management of the Company;
- the board of statutory auditors.

Boad of Directors

The Board of Directors of the Company, re-appointed by the Shareholder's meeting held on April 30, 2019, is entrusted with the management of the Company and is made of four members plus an independent director.

The members of the Board of Directors (with a brief professional profile of each of them) are the following:



**GIANDOMENICO
SICA**

President



**MATIJA
JEKOVEC**

Managing Director



**UROŠ
ČIMŽAR**

Managing Director



**ANTONIO
BALDASSARRA**

Director



**GUIDO
BUSATO**

Independent Director

GIANDOMENICO SICA – CHAIRMAN OF THE BOARD OF DIRECTORS

Giandomenico is a co-founder of DHH. He is also the founder of Grafoventures, his own investment company focused on Small Caps across Southeast Europe. He is co-founder and board member of Creatives Group, Applied AI company in the field of supply chain listed on the Vienna Stock Exchange.

He was investor and executive director of MailUp, marketing technology company listed on the Italian Stock Exchange, which he supported in scaling by M&A from 8M EUR to 27M EUR in 3 years. He was shareholder and partner of Digital Magics, start-up incubator listed on the Italian Stock Exchange, where he originated the investment in Talent Garden (80% IRR).

He is a graduate in Philosophy (cum laude) at the University of Milan.

MATIJA JEKOVEC – MANAGING DIRECTOR

Matija co-founded the Klaro group in 2003 and worked as a developer and later R&D manager. Through his technical career he acquired an intimate knowledge of development, software architecture, implementation of development processes (agile development, test driven development continuous integration) and system administration.

As the company shifted focus to hosting and acquired some of its competitors, Matija managed the operations for the group and had an active role in building the largest hosting group in Slovenia. His background is in Computer Science and he is still actively involved in the developer community in Slovenia.

UROŠ ČIMŽAR – MANAGING DIRECTOR

Uroš Čimžar has over 15 years of experience in the web and hosting industry. While still at university, he co-founded Klaro where he worked as CEO. Klaro was one of the top 10 Slovenian web agencies, but the team also worked on its own internal projects such as Domovanje.com.

Over the years, Uroš has accumulated extensive entrepreneurial experience, mostly in the fields of finance, marketing and business development. He also shares his knowledge with the Slovenian business community as guest speaker at various events. He is particularly passionate about promoting entrepreneurial thinking, especially among young people.

ANTONIO BALDASSARRA – DIRECTOR

With over 25 years of experience in Electronics, Telecommunication and Computer Science, Antonio is the founder and CEO of Seeweb, a leading Italian company in the field of IT services, cloud computing and data centres.

Antonio is currently president of the Hosters and Registrars Association, member of the Technical Committee and of the Board of Directors at Rome Nautilus Mediterranean Exchange (Namex), and was formerly a member of the ccTLD Steering Committee (CIR) of .IT registry at IIT-CNR in Pisa.

Antonio is also committed to business creation and enhancement, and harbours a great passion for the development of start-ups and nascent companies operating in the world of Internet and cloud computing through business angel activities and industrial relationships.

GUIDO BUSATO - INDEPENDENT DIRECTOR

Born in 1963, Mr. Guido Busato is an entrepreneur and managing director with over 25 years of working experience in finance, environmental and energy markets. Specialized in new business start-up with excellent track-record in banking and asset management.

Since 2003 he is the founder, owner and manager of EcoWay S.p.A., the first Italian trading and advisory firm on environmental markets and finance, leader in CO2 trading for Italy and from 2014 active also on power markets with a focus on renewable energy.

From 2015, through the family Holding BREG, he is managing a small Family Office with equity investments in Italian SMEs.

Board of Statutory Auditors

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the By-laws and performs a management oversight function.

Pursuant to Article 40 of By-laws, the Board of Statutory Auditors performs all the functions provided for Italian law. It has been re-appointed by the Shareholders' meeting held on 30th April 2019 and is made of three Standing Auditors and two Alternate Auditors.

The Board of Statutory Auditors will remain in office for three fiscal years from the date of appointment (so, until the approval of financial statements for 2021).

The current Auditors are listed below:

NAME	ROLE
Umberto Lombardi	Chairman
Stefano Pizzutelli	Standing Auditor
Pierluigi Pipolo	Standing Auditor
Umberto Capogna	Alternate Auditor
Cesare Cinelli	Alternate Auditor

Procedures

In order to establish and maintain good standards of corporate governance, Dominion Hosting Holding S.p.A. has adopted the following procedures:

1. **INTERNAL PROCEDURE FOR THE MANAGEMENT AND HANDLING OF CONFIDENTIAL INFORMATION AND FOR THE EXTERNAL COMMUNICATION OF DOCUMENTS AND INFORMATION:** this procedure regulates the management and handling of confidential information about the Company, with a special reference to the inside information (as defined pursuant to article 7 of the M.A.R.), bearing in mind the current laws and regulations concerning the prevention and the repression of any form of market abuse. This procedure has been approved pursuant to articles 17, 24, 25 and 31 of AIM Italia Issuers' regulations – Mercato Alternativo del Capitale, as well as in compliance with all applicable law and regulations such as the Regulations (EU) No. 596 of 2014 on market abuse (“**M.A.R.**”).
2. **INTERNAL DEALING PROCEDURE:** this procedure, deals with the practice of internal dealing, i.e. the transparency of all transactions performed by Relevant Persons and Close Associates of Relevant Persons (both as defined in such procedure) that involves shares, as well as financial instruments linked to shares issued by Dominion Hosting Holding S.p.A.; such procedure aims at regulating all disclosure requirements and conditions to which the Relevant Persons, the Close Associates of Relevant Persons and the Company itself are subject, with the goal to ensure a timely, correct and proportional disclosure to the public.
3. **NOMAD COMMUNICATION OBLIGATIONS PROCEDURE:** this procedure regulates the process through which the Company provides the Nomad with any information which may be necessary, opportune or reasonably requested by the latter to fulfil its duties according to the AIM Italia Issuers' Regulations and according to the AIM Italia – Alternative Capital Market Nominated Advisers Regulations, as amended and integrated from time to time.
4. **TRANSACTIONS WITH RELATED PARTIES PROCEDURE:** this procedure relating to the governance of transactions with related parties is aimed at identifying the rules which govern the approval and execution of transactions with Related Parties (as defined in such procedure) put in place by Dominion Hosting Holding S.p.A. directly or through Subsidiary (as defined in such procedure), in order to ensure the transparency and the substantial and procedural correctness of such transactions following the trading of the Company's shares on AIM Italia – Mercato Alternativo del Capitale (“AIM Italia”), a multi-lateral trading facility organized and managed by Borsa Italiana.
5. **PROCEDURE FOR SETTING UP AND KEEPING A REGISTER OF PERSONS WITH ACCESS TO INSIDE INFORMATION:** this procedure regulates the institution and the keeping of the register of persons with access to inside information which, pursuant to article 7 of the M.A.R., means any information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or one or more of its financial instruments listed on AIM Italia and which, if it were made public, would be likely to have a significant effect on the prices of such financial instruments or on the price of related derivative financial instruments prices.



GROUP CONSOLIDATED INTERIM REPORT AS AT 30.06.2020

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

(*) These consolidated financial statements, making use of the option provided by art. 19, Part I, of the Issuers Regulation AIM Italy, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union (OJEU), as specified in notes to the financial statements. Financial statements are the result of consolidation of financial statements of companies detailed in the chapter "Structure of the group" (the "Group") in which Dominion Hosting Holding S.p.A. directly or indirectly controls the majority of voting rights in the ordinary shareholders, at the above date.

Interim Consolidated Financial Statements

Interim Consolidated Statement of Financial Position as at 30 June 2020

ASSETS	NOTE	30.06.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Goodwill	1	5.620.029		5.648.925	
Tangible fixed assets	2	397.855		256.096	
Right of Use Assets	3	242.014		304.441	
Intangible assets	4	1.095.552		905.963	
Non current financial assets	5	6.788		6.661	
Other non current assets		178		177	
Deferred tax assets	6	29.445		28.531	
NON CURRENT ASSETS		7.391.860		7.150.793	
Trade receivables	7	536.644	28.340	382.806	22.095
Current financial assets	8	13.209		13.442	
Other current assets	9	74.889		121.713	
Tax receivables	10	195.264		147.003	
Cash and cash equivalents	11	2.663.927		2.537.357	
Prepaid expenses and accrued income	12	521.583		481.987	
CURRENT ASSETS		4.005.515		3.684.309	
TOTAL ASSETS		11.397.375	28.340	10.835.101	22.095

LIABILITIES and NET EQUITY	NOTE	30.06.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Share Capital		148.855		148.855	
Reserves		6.716.160		6.713.385	

Retained Profit (Loss)		733.603		633.938	
Year's profit (loss) relating to the shareholders of the Group		215.594		99.665	
TOTAL NET EQUITY OF THE GROUP		7.814.212		7.595.843	
Capital and Reserves relating to the third-party shareholders		(19.746)		20.250	
Year's Profit/loss relating to the third-party shareholders		(709)		(38.933)	
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS		(20.456)		(18.682)	
TOTAL NET EQUITY	13	7.793.756		7.577.161	
Non current financial payables	14	167.993		205.248	
Severance reserves	15	16.162		14.932	
Provisions for risks and future liabilities		-		-	
Other non current liabilities		-		-	
Liabilities for deferred taxes	16	14.684		15.212	
NON CURRENT LIABILITIES		198.839		235.392	
Trade payables	17	758.311	226.021	560.853	191.359
Other current liabilities	18	161.910	18.781	220.188	11.194
Current financial liabilities	19	97.705		119.848	
Tax payables	20	178.953		140.968	
Accrued liabilities and deferred income	21	2.207.902		1.980.692	
CURRENT LIABILITIES		3.404.781		3.022.549	
TOTAL LIABILITIES		3.603.620		3.257.941	
TOTAL LIABILITIES and NET EQUITY		11.397.375	244.802	10.835.102	202.553

Interim Consolidated Statement of Income and Comprehensive Income as at 30 June 2020

CONSOLIDATED INCOME STATEMENT	NOTE	30.06.2020	OF WHICH RELATED PARTIES	30.06.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Revenues	22	3.666.621	33.968	3.352.465	32.164
Other Revenues	23	53.234		28.457	
Internal project		-		-	
OPERATING REVENUES		3.719.855		3.380.922	
Material costs	24	(11.966)		(10.743)	
Service costs and use of third party assets	25	(2.200.782)	(713.234)	(1.982.502)	(663.814)
Personnel costs	26	(855.427)	(93.688)	(1.009.882)	(87.727)
Other expenses	27	(104.298)		(135.892)	
TOTAL OPERATING COSTS		(3.172.474)		(3.139.019)	
OPERATING INCOME - EBITDA		547.381		241.903	
Amortization and impairment	28	(216.661)		(169.335)	
EBIT		330.720		72.568	
Financial income (expenses)	29	(37.721)		(14.299)	
Other non-operating income/expense	30	-		(1.272)	
EARNINGS BEFORE TAXES		292.999		56.998	
Total current and deferred income taxes	31	(78.115)		(26.340)	
NET INCOME (LOSS) FOR THE YEAR		214.884		30.657	
OF WHICH:					
relating to the shareholders of the Group		215.594		49.065	
relating to the third party shareholders		(709)		(18.407)	
EARNINGS per SHARE (in EURO)	32	0,145		0,022	
DILUTED EARNINGS per SHARE (in EURO)	32	0,145		0,015	

OVERALL CONSOLIDATED INCOME STATEMENT	30.06.2020	30.06.2019
All amounts are in Euro		
PROFIT (LOSS) FOR PERIOD (A)	214.884	30.657
Components which should be subsequently classified in the Income Statement	-	-
Components which should not be classified in the Income statement	-	-
Profit/(losses) arising from the translation of the consolidated companies' financial statements in currencies other than Euro	5.730	808
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	5.730	808
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	220.614	31.466

(*) EBITDA indicates earnings before interest, taxes, depreciation and amortization or fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortisation policy and assessing trade receivables. EBITA, as defined above, represents the index used by the Company's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standard, it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

(**) EBIT indicates earnings before interest and taxes. Therefore EBIT represents the year's results before third party and treasury share dividend distribution. EBIT, as defined above, represents the index used by the directors of the Company to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standard, consequently it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

Interim Consolidated Statement of Changes in Equity for the six months ended 30 June 2020

CHANGES EQUITY	31.12.2018	Result allocation	Other variations	Earnings /losses reported in OCI	Net Result of the year	31.12.2019
Share capital	142.000		6.855			148.855
Share Premium Reserve	6.679.644		1.545			6.681.189
Bonus Share Reserve	8.400		(8.400)			-
Legal Reserve	1.738	26.662				28.400
OCI Reserve	7.180			(3.384)		3.796
Retained earnings (Accum. losses)	583.458	76.134	(25.654)	-		633.938
Group Net Result	102.796	(102.796)	-		99.665	99.665
TOTAL NET EQUITY GROUP	7.525.216	-	(25.654)	(3.384)	99.665	7.595.844
Capital and Reserves relating to the third-party shareholders	47.397	(1.408)	(23.953)	(1.786)		20.250
Net Result relating to the third-party shareholders	(1.408)	1.408			(38.933)	(38.933)
NET EQUITY TO THE THIRD PARTY SHAREHOLDERS	45.989	-	(23.953)	(1.786)	(38.933)	(18.683)
TOTAL NET EQUITY	7.571.205	-	(49.607)	(5.170)	60.732	7.577.161

CHANGES EQUITY	31.12.2019	Result Allocation	Other variations	Earnings/ losses reported in OCI	Net Result 30.06.2020	30.06.2020
Share capital	148.855		-			148.855
Share Premium Reserve	6.681.189	-	528			6.681.717
Bonus	-		-			-
Share Reserve						
Legal Reserve	28.400	-				28.400
OCI Reserve	3.796			2.246		6.042
Retained earnings (Accum. losses)	633.938	99.665	-	-		733.603
Group Net Result	99.665	(99.665)	-		215.594	215.594
TOTAL NET EQUITY GROUP	7.595.844	-	528	2.246	215.117	7.814.212
Capital and Reserves relating to the third-party shareholders	20.250	(38.933)	132	(1.196)		(19.747)
Net Result relating to the third-party shareholders	(38.933)	38.933			(709)	(709)
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	(18.683)	-	132	(1.196)	(1.002)	(20.456)
TOTAL NET EQUITY	7.577.161	-	660	1.048	214.115	7.793.756

Interim Statement of Reconciliation between Shareholder's Equity and the Result of the Parent Company

STATEMENT of RECONCILIATION	NET PROFIT	NET EQUITY	TOTAL
BALANCES OF THE PARENT COMPANY	25.407	6.715.371	6.740.777
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(164.979)	164.979	-
Difference between the value of the consolidated investments and their own net equity value	-	718.269	718.269
Net profit of consolidated companies	355.165		355.165
Third party shareholders	(709)	(19.746)	(20.456)
TOTAL NET EQUITY	214.884	7.578.872	7.793.756

Interim Consolidated Statement of Cash Flows for the six months ended 30 June 2020

CONSOLIDATED CASH FLOW STATEMENT		
	30.06.2020	30.06.2019
All amounts are in Euro		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	214.884	30.657
Income taxes	78.115	26.340
Interest payables/(receivables)	37.721	15.570
(Capital losses) /gains from sales of assets	-	-
1. EARNINGS BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	330.720	72.568
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	1.221	1.212
- Amortization and depreciation of assets	216.380	169.164
- Permanent loss write-down	281	171
- Other adjustments on non-monetary items	1.050	(9.042)
2. Cash Flow before NWC changes	549.653	234.073
Changes in NWC:	209.226	405.269
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	(428.078)	169.614
- Increase (decrease) in supplier payables	471.417	192.081
- Decrease (increase) in prepaid expenses and accrued income	(140.431)	(70.977)
- Increase (decrease) in accrued expenses and deferred income	328.045	117.045
- Other changes to the NWC	(21.727)	(2.494)

3. Cash flow after NWC changes	758.878	639.342
Other changes:	(118.327)	(37.676)
- Interests collected/(paid)	(37.721)	(6.680)
- (income taxes paid)	(80.606)	(30.885)
- Dividends received	-	-
- (Use of reserves)	-	(111)
Cash flow from operating activities [A]	640.551	601.666

B. CASH FLOW FROM INVESTING ACTIVITIES

(Investments) disinvestment in tangible assets	(192.376)	(4.158)
(Investments) disinvestment in right of use assets	-	(413.884)
(Investments) disinvestment in intangible assets	(264.028)	(249.457)
(Investments) disinvestment in financial assets	1.162	(12.249)
Cash flow from investing activities [B]	(455.242)	(679.748)

C. CASH FLOW FROM FINANCING ACTIVITIES [C]

Increase (decrease) current payables to banks	3.588	(73.750)
New loans (Loan repayments)	(62.987)	361.610
Paid capital increase	660	-
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
Cash flow from financing activities [C]	(58.738)	287.859
Increase (decrease) in liquidity [A]+[B]+[C]	126.570	209.778
Liquid funds at the beginning of the period	2.537.357	2.699.540
Liquid funds at the end of the period	2.663.927	2.909.319

Notes to Financial Statements

Cost Sharing

The main activities of DHH S.p.A. (Holding) are delivering strategic thinking, technology solutions analysis, financial and marketing know-how to the Group companies with the goal of expansion and optimization of the business. DHH also provides best practice, management control system and expertise on processes, quality of delivery and operations.

Under these assumptions, revenues of DHH are strictly related to this kind of activities and, in great part, related to corresponding costs. Regular costs of DHH are due to governance, compliance and operating of group control system procedures.

Basis of Presentation of Financial Statements

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

DHH S.p.A., availing itself of the option set out under article 19, First Part, of the AIM Regulations for Issuers elected to adopt the international accounting principles (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Gazzetta Ufficiale della Comunità Europea (G.U.C.E.) for the preparation of its own financial statements.

The central body of IFRS encompasses all IFRS, up-to-date accounting principles and the interpretations drawn-up by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as Standing Interpretations Committee ("SIC"). It should be noted that the accounting principles applied for the preparation of the financial statements as at June 30, 2020 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial statements as at June 30, 2020 is approved by the Board of Directors on 28.09.2020.

This half-yearly report is prepared in order to comply with disclosure requirements pursuant to the Article 18, First Part, of the AIM Italia Issuers Rules.

The Consolidated Interim Financial Statement as at June 30, 2020 is prepared in accordance with IAS 34 on interim financial reporting. IAS 34 allows for the preparation of financial statements in form that is based on a minimum level of information significantly lower than that is required by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union.

The Consolidated Interim Financial Statement, with Euro units, is made up of mandatory accounting principles (the statement of financial position, the statement of comprehensive income the statement of changes in equity, the statement of cash flow) and relevant explanatory notes. The prospect of the balance sheet and financial report has been drawn up on the basis of the classification criteria of assets and liabilities "current/not current". An asset/liability is classified as "current" depending on the following criteria:

- It is expected it will be collected/paid or will be assigned or utilized in the normal operating cycle or when it is held mainly for negotiation purposes;

- Or it is expected it will be collected/paid within twelve months from the end of the financial year.

As to the prospect of the overall economic results, the revenues and costs are classified according to their nature. The gross margin is calculated as the difference between net revenues and operating costs, excluding the non-monetary costs relevant to amortizations and devaluations, net of any value-restoration. The operating result is calculated as the difference between net revenues and operational costs including non-monetary costs relevant to amortizations and devaluations of current assets, net of any value-restoration. The criterion adopted for the accounting of assets and liabilities is the historical cost.

The drawing up of the financial statements and explanatory notes required certain estimates and assumptions both in the determination of assets and liabilities and the evaluation of contingent assets and liabilities.

The Interim Financial statements have been drawn-up pursuant to the general principle of presenting a reliable and true balance sheet, financial balance sheet, economic result and financial flow of consolidated companies, in accordance with the general principles of going concern, accrual principle, materiality and aggregation, offsetting prohibition and comparative information.

The Consolidated Interim Financial Statements for DHH (the “Group”) as at 30 June, 2020 have been drawn up on the basis of the financial statements of the holding company and of the companies in which D.H.H. S.p.A. (the “Consolidating Company”) holds -directly or indirectly- the majority of votes exercisable in the Ordinary Shareholders’ Meeting, with reference to the same date, as detailed below:

CONTROLLED COMPANIES IN THE CONSOLIDATION AREA	OFFICE	SHARE CAPITAL (in EUR)	SHARE
TOPHOST s.r.l.	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	80%
DHH ITALIA s.r.l.	Italy	3.000	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	62%

SUBJECTIVE ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial statements in accordance with the applicable accounting principles require the use by the management of estimates, which may have a material effect on the amounts set out in the financial statements. Estimates and the relevant assumptions are based on the historical experience and other factors which are deemed reasonable with reference to the current circumstances and knowledge at the reference date for the Financial Statements. The actual results may differ from estimates. The estimates and relevant assumptions are reviewed on an ongoing basis.

The effects of the estimate reviews are recorded in the period in which such estimates have been reviewed. Decisions by management, having significant effects on the balance sheet and estimates and showing a significant risk of material review to the accounting value of assets and liabilities affected in the following financial years are discussed in the comments to the relevant financial statement items.

The main estimates are utilized to track the provisions for risks on receivables, amortizations, devaluations, lasting reduction of the value of non-financial assets (“impairment”), benefits for employees, recovery of anticipated taxes, taxes and other provisions, fair value determination of financial instruments.

With reference to the financial statement presentation the Group made the following choices:

1. the consolidated profit or loss statement has been drawn up according to the format with cost allocation by nature, highlighting the intermediate result as to operational result and result before taxes. The operational result is determined as the difference between the net income and operational costs (including non-monetary costs relevant to amortization and devaluation of current and non-current assets, net of any restoration of value). In order to allow a better measurement of normal operation management cost and revenue items arising of events or transactions non-recurrent by nature and value materiality are indicated separately.
2. The consolidated aggregated profit or loss statement shows cost and revenue items, net of the fiscal effect which, as requested or allowed by various international accounting principles are directly recorded within money reserves.
3. The consolidated statement of financial position has been drawn up according to the format evidencing the split of assets and liabilities between current and non current. An asset/liability is classified as “current” according to one of the following criteria:
 - It is expected it will be collected/paid or will be assigned or utilized in the normal operating cycle or when it is held mainly for negotiation purposes;
 - Or it is expected it will be collected/paid within twelve months from the end of the financial year.

Impairment of assets

Goodwill and other intangible assets with indefinite useful lives are not amortized; the recoverability of their carrying amount is reviewed at least annually and whenever there is an indication that the asset may be impaired. Goodwill is tested for impairment at the lowest level (cash-generating unit “CGU”) within the entity at which management assesses, directly or indirectly, the return on the investment that includes such goodwill. When the carrying amount of the cash-generating unit, including the attributed goodwill, is higher than its recoverable amount, the difference is an impairment loss that is charged first against the value of goodwill until fully absorbed; any loss not absorbed by goodwill is allocated prorata to the carrying amount of the other assets in the cash-generating unit.

Business combination

The recognition of business combinations involves allocating to the acquired company’s assets and liabilities the difference between the purchase price and the net book value of the net assets acquired. For most of the assets and liabilities, the allocation of this difference is performed by recognizing the assets and liabilities at their fair value. The unallocated portion is recognized as goodwill if positive, and if negative, it is taken to profit or loss. Management uses available information for the purposes of the allocation process and, in the case of the most significant business combinations, external valuations.

Lease

The new standards IFRS 16 – Lease, requires several judgments, assumptions and estimates applied in determining how to measure the lease liability at the commencement date, as well as on reassessment that shall be done every year.

Consolidation Principals

PARTICIPATIONS IN CONTROLLED COMPANIES

Companies, in which the Group has the power to exert, directly or indirectly, the control determining the financial and management choices and obtaining the relevant benefits, are consolidated with the global integration method.

According to such method assets and liabilities, income and expenses of controlled companies are fully assumed in the consolidated financial statements; the accounting value of participations is deleted in exchange for a corresponding fraction of the net worth, grating the relevant assets and liabilities the current value at the time of the control acquisition.

Any difference, if positive, is registered in the assets as “goodwill” if not depending on the increased value of other assets or, if negative, to the profit and loss statement.

Evaluation Criteria

The main criteria for drawing up the interim financial statements are set out below.

INTANGIBLE ASSETS

Intangible assets are assets without a physical substance, they are recognised only if they are identifiable, controllable and they can be predicted to generate future economic benefits and their cost can be determined in an accurate way. Intangible assets with a defined life are evaluated at their purchase or production cost net of amortization and accumulated losses of value.

Amortization is variable, depending on the expected residual life and it starts when the activity is available for use. Useful life is re-examined yearly and any changes are made with prospective application.

Intangible assets with residual undefined life are not amortized but are subject annually or more often, if necessary, to checks to identify any value reduction (impairment test) even in the absence of value-loss indicators. Such check is run at the level of cash generating unit, to which the same immaterial asset is attributed.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - GOODWILL

The goodwill, arising from the acquisition of a controlled company or other merger transactions, represents the positive excess of the acquisition cost compared to the percentage due to the Group of current values, fair value, assets, liabilities and potential liabilities identifiable at the acquisition date.

The goodwill is accounted for assets with residual indefinite life and is not amortized but annually subject – even in the absence of value-loss indicators or even more frequently if necessary- to checks to identify any value reduction (impairment test), as well as to verify the indefinite duration requirement. Value-losses are immediately recognised in the profit and loss statement and are not subsequently restored.

After the initial recording the goodwill is evaluated at the cost net of any accumulated losses. In case of transfer of a controlled company the net value of the goodwill attributable to it is included in the determination of capital gain or capital loss arising from the transfer. For purposes of running the impairment test the goodwill is attributed to the cash generating units or CGU or CGU groups which are expected to benefit from the aggregation.

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – DEVELOPMENT COSTS

Development costs, essentially relevant to the development of new products are capitalized if and to the extent such costs may be determined in an accurate way, the generated activity is clearly identifiable and there is evidence their bearing will give rise to future economic benefits. In particular, for purpose of capitalization what matter is (i) the technical feasibility and (ii) the intention to complete the activity so as to make it sustainable for use or sale, (iii) the existence of adequate technical and financial resources to complete the development and (iv) the sale and reliability of cost evaluation with reference to activity during the development. Upon checking these conditions, costs are recognised within the assets of the balance sheet and amortized, at constant rates, since the beginning of commercial production of the product. Useful life is determined with reference to a prudent estimate of the relevant economic benefits and it is initially estimated at five years, depending on the features of the relevant product.

The development costs for which the above conditions are not met are recognised in the profit or loss statement when they are accrued and may not be capitalized in subsequent years.

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – OTHER IMMATERIAL ACTIVITIES

Other immaterial activities are recorded in the statement of financial position only to the extent it is likely the use of the activity will give rise to future economic benefits and the cost of the activity can be recorded in an accurate way. If such conditions are met immaterial activities are recorded at their purchase cost, corresponding to the price paid increased by side costs and, for goods contributed in kind, the values ascertained in the relevant deeds. Other immaterial activities due to the purchase of going concerns are recorded separately from the goodwill, if their fair value can be determined in a reliable way. The gross accounting value of other intangible activities with defined useful life is regularly spread across the financial years in which they are being used through the provision of constant amortization costs, with reference to the estimated useful life. Amortization starts when the activity is ready for use. For contributed activities amortization is determined on the basis of the useful residual life.

TANGIBLE ASSETS

Tangible assets are registered at their purchase or production or contribution cost, including any additional expenses necessary to make the asset ready for use. In case an extended time is necessary to make the asset ready for use, the purchase or production cost includes the financial cost which theoretically could be avoided without an investment.

No revaluation has been made, including pursuant to specific laws. The above said activities are specifically amortized on the basis of certain economical-technical parameters determined with reference to the theoretical usability of the goods. In case a tangible asset includes more than a significant element with a different useful life amortization is done for each component.

The amortizable value is represented by deducting book value from the net value of its residual life, if significant and if it can be reasonably ascertained. The amortization ratio applied to any unit is reviewed at least at closing of any financial year and, if there are significant changes in the expected consumption of the future economic benefits generated by an asset the ratio is modified to reflect this change as contemplated under IAS 8.

Gains and losses arising from transfers or dismissals of assets are determined as difference between the sale revenue and the net book value of the asset and recognised in the profit and loss statement. The costs relevant to renewals, changes and transformation which extend the useful life of an asset are capitalized. If there are events leading to a presumed reduction of the accounting value of material assets their recovery is controlled by comparing the book value with the recoverable value, represented by the higher between (i) fair value less disposal costs and (ii) current value.

PARTICIPATIONS

Participations in controlled companies are valued with the cost method. By applying such method, they are subject to impairment test with the rules set out under IAS 36 to the extent there is objective evidence of a loss of value of the participation due to one or more events occurred after the initial recognition having an impact on future cash flows of the participated company and dividends which it may distribute. Such objective evidence arises if there is a persistent negative trend. In such cases devaluation is determined as difference between the book value of the participation and its recoverable value, normally determined on the basis of the higher between use value, determined discounting future cash flows and fair value net of sale costs.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are those which are non-derivative financial assets, which are classified as:

- Loans and receivables (L&R);
- Investments held to maturity (HTM)
- Financial assets at fair value recorded in the profit and loss statement and valued using the fair value method (FVTPL).

Fair value generally corresponds to the market value. If there is no active market value fair value is determined utilizing evaluation techniques e.g. the actualized future cash flow method at a market interest rate. Differences arising from such evaluations are recorded in a specific net worth reserve. The suspended evaluation effects of such reserve are recognised in the profit or loss statement at the time of disposal of the financial transaction leading to such disposal, realization of sale thereof. In case the loss of value is durable, such amount is reclassified from equity to profit and loss.

As indicated in the Annual Report 2018, from management analysis and because of the type of financial assets of the Group, no significant impacts have been identified from the application of IFRS 9 “Financial Instruments”.

CURRENT ASSETS

The drafting of the statement of cash flow, the statement of financial position and the profit or loss statement requires estimates and assumptions having an effect on the value of assets and liabilities and relevant report, as well as on contingent assets and liabilities at the reference date. Estimates and relevant assumptions are based on the preceding experiences of the Company and other factors deemed reasonable in the circumstances and have been adopted to determine the accounting value of assets and liabilities the value of which may not be easily discerned from other objective sources. The final results may therefore differ from such estimates. Estimates and assumptions are reviewed periodically and the effects of the relevant variations reflected in the profit and loss statement.

TRADE RECEIVABLES

Trade receivables are recorded at their fair value, corresponding generally to their nominal value, net of value-loss referred to sums which may not be collected, recorded in specific provisions for doubtful receivables. Receivables, with an expiry date that falls within the normal commercial terms, are not actualized. Receivables expressed in a currency other than Euro have been evaluated at the end of period currency registered by the European Central Bank.

CASH AND EQUIVALENT INSTRUMENTS

Cash and equivalent instruments are recorded at their nominal value and include the nominal value, i.e. those values having availability on demand and short term requirements, good outcome and absence of expenses for their collection.

TRADE PAYABLES

Trade payables are recorded at their nominal value which is normally approximated at the amortized cost. Payables expressed in a currency other than Euro have been evaluated at the end of period currency registered by the European Central Bank.

FINANCIAL LIABILITIES

Financial liabilities, other than derivative financial instruments, are recorded at the settlement date measured at fair value of liabilities, net of directly related transaction costs.

As indicated in the Annual Report 2018, from management analysis and because of the type of financial liabilities of the Group, no significant impacts have been identified from the application of IFRS 9 “Financial Instruments”.

EMPLOYEES BENEFITS

Severance Indemnity Reserve (TFR), which is mandatory for Italian companies pursuant to art. 2120 of the Civil Code, is considered as deferred remuneration and is based on the years of service and on the salary earned by the employee during his service period. For benefits subject to actuarial valuation, liabilities relating to TFR must be calculated by projecting on a forward basis the amount already accrued at the time when the relationship between employer and employee is terminated and by subsequently proceeding with its time-discounting on the date of financial statement under the actuarial method “Projected Unit Credit Method”. Such actuarial method is based on demographic and financial assumptions to reasonably estimate of the amount of benefits that each employee has already accrued as result of his employee service.

Through actuarial valuation the current service cost, which represents the amount of rights matured by employee at reporting date, is recorded in the profit or loss statements. Among financial (Gain)/Losses is also recorded the interest cost which represents the figurative expenditure that the company would bear by securing a market loan for an amount corresponding to TFR. The actuarial gain and losses resulting from changes in the actuarial assumptions adopted are directly recorded in the balance sheet.

RECOGNITION OF REVENUES

Revenues are recorded - according to territorial competence principle - when the Group is likely to benefit from future economic benefits and such benefits may be reliably determined. In particular, revenues from sales and services are recorded when the transfer of all the risks and benefits arising from the passage of title takes place or upon execution of a service. Revenues are recorded net of discounts, allowances, settlement discounts and rebates.

As indicated in the Annual Report 2018, from management analysis no differences in the revenues recognition cut-off have been identified from the application of IFRS 15 “Revenues from Contracts with Customers”.

EXPENSES

Expenses are recorded when they are incurred, in accordance with the principle of matching expenses and revenues that directly and jointly derive from the same transactions or events. Expenses which may not be associated with revenues are immediately recorded in the profit or loss statement. Value losses are recorded in the profit or loss statement of the financial year in which such value losses occurred.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are considered on an accrual basis, recorded interest matured on the net value of the relevant financial assets and liabilities using the effective interest rate.

TAXES

Current and deferred taxes are recognised in the profit or loss statement if not related to the transactions directly recorded in the net equity. Income taxes are determined on the basis of taxable income for the period in accordance with laws. The “deferred tax liabilities” and the “receivables for advanced taxes” are calculated – in accordance with IAS 12 – on the temporary differences between the fiscal value of an asset or liability and its balance sheet value, to the extent likely that – in the foreseeable future – such differences will disappear. The amount of the “deferred tax liabilities” as well as the “receivables for deferred tax” is determined on the basis of the tax rate which – according to the tax regulations in force on the accounting entry reference date – will apply at the time when the tax asset will be realized or the tax liabilities will be due. The recognition of deferred tax assets is made when their recovery is probable. Receivables for advanced taxes and deferred tax liabilities are offset whenever such compensation is allowed by law.

ESTIMATES AND VALUATIONS

The preparation of the consolidated financial statements and related notes require estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period. The final results may differ from such estimates.

In particular, estimates are used to make the impairment tests, as well as to record the amortization and depreciation, the impairment of assets, the provisions for risks. Estimates and assumptions are periodically reviewed and the effects of any variation are periodically recognised in the profit or loss statement.

There have been no material revisions to the nature and amounts of estimates of amounts reported in prior periods. However, the effects of COVID-19 have required judgments and estimates to be made, including:

- a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to IFRS 16;
- b) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants;
- c) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of goodwill impairment attributable to the cash generating units; and

- d) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period').

CHANGES IN THE ACCOUNTING PRINCIPLES

The main changes in the relevant accounting principles are described below.

A. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN RATIFIED AND HAVE BEEN ADOPTED BY THE GROUP

As indicated in the Annual Report 2019, the following accounting standards, amendments and interpretations are applicable from the 1st of January 2019:

- IFRS 16 - "Leases".

IFRS 16 defines the principles for the recognition, measurement, presentation and reporting of leases and requires lessees to recognize in the balance sheet all lease contracts, including contracts qualified according to current practice as operational (such as some rentals), on the basis of a single model substantially similar to that used to account for financial leases in accordance with IAS 17. At the start date of the lease, the lessee will recognize a liability for future lease payments (that is, the lease liability) and an asset that represents the right to use the underlying asset for the duration of the contract (that is, the right to use the activity). The lessor will have to separately account for the interest expenses on the lease liability and the amortization of the right to use the asset.

The lessors will also have to remeasure the liability linked to the lease contracts upon the occurrence of certain events (for example: a change in the conditions of the lease, a change in future lease payments resulting from the change of an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as a correction of the right to use the asset.

The principle provides for two exemptions for the survey by lessors:

- leases related to low value assets;
- short-term leases (for example contracts expiring within 12 months or less).

The Group has various contracts for the use of data center equipment owned by third parties. Lease contracts are generally stipulated for a duration of 3 to 5 years but may have extension options. The lease terms are individually negotiated and provided different conditions. The contracts do not include covenants.

With reference to options and exemptions provided by IFRS 16, the Group will adopt the following choices:

- IFRS 16 is generally not applied to intangible assets, short-term contracts (i.e. less than 12 months) and contracts with low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified on specific items in the statement of financial position;
- the lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement, if it is reasonably certain that it will be exercised;
- contracts with similar characteristics are valued using a single discount rate;

- the incremental debt rate is defined as the interest rate that DHH would pay to borrow funds necessary to purchase an asset of a similar value, considered for the right to use other things being equal, for a similar period, with the same level of risk and in a similar economic context;
- the leasing contracts previously valued as finance leases pursuant to IAS 17 maintain the values previously recorded.

The main impacts on the Group's financial statements can be summarized as follows:

- Statement of financial position: greater non-current assets for the recognition of the "right to use the leased asset" in counterpart for higher financial liabilities of approximately 340k Eur.
- Separate income statement: different nature, qualification and classification of expenses (amortization of the "right of use of the asset" and "financial charges for interest" compared to "Costs for the use of third-party assets - operating lease payments", as by IAS 17). On the contract portfolio basis (and the related fees) as at 1st January 2019 the increase in EBITDA for 2019 amounts in 100k Eur.

Furthermore, the combination of the amortization on a straight-line basis of the "right of use of the asset" and the effective interest rate method applied to the payables for leasing, compared to IAS 17, is based on a different time distribution of the total cost of the contract leasing, with higher charges in the income statement in the first years of the leasing contract and decreasing charges in recent years.

- Cash flow statement: lease installments, for the principal portion of debt repayment, is reclassified from «cash flow from operating activities» to «cash flow from financing activities».

On 28 May 2020, the IASB issued amendments to IFRS 16: *COVID-19-Related Rent Concessions*. These amendments introduce a practical expedient available to lessees in accounting for rent concessions (e.g. rent holidays and deferrals of lease payments) that are a direct consequence of the COVID-19 pandemic and that satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021;
- There are no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

These amendments have not produced effects for the Group.

Furthermore, the following accounting standards, amendments and interpretations, applicable from 1st January 2020, are not significant or have not produced effects for the Group:

- Conceptual Framework in IFRS Standards;
- Changes in IFRS 3 – “Business Combinations”;
- Changes in IAS 1 – “Presentation of Financial Statements” and IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”;
- IBOR Reform and its Effects on Financial Reporting – Phase 1.

B. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET IN FORCE

Among the principles issued by the IASB, but not yet in force for the preparation of these financial statements, attention is focused on:

- IBOR Reform and its Effects on Financial Reporting – Phase 2, mandatorily effective from 1st January 2021.
- IAS 16 “Property, Plant and Equipment” – amendment/proceeds before intended use, mandatorily effective from 1st January 2022.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – amendments/onerous contracts/cost of fulfilling a contract, mandatorily effective from 1st January 2022.
- IFRS 3 “Business combinations” – amendments/reference to the conceptual framework, mandatorily effective from 1st January 2022.
- IFRS 17 – “Insurance Contracts”, issued on 18th May 2017 with first application starting from 1st January 2023.

Other Information

Material non-recurring events and transactions – atypical and/or unusual transactions

When material non-recurring events and transactions and atypical and/or unusual transactions occur, the notes to the financial statement disclose the impact of these events on the statement of financial position and on the statement of comprehensive income. Atypical or unusual transactions mean transactions whose significance/relevance, nature of the counterparts, subject matter of the transaction, transfer pricing method and timing of the event (near the end of the financial year) can give rise to doubts as to: correctness/completeness of information recorded, conflicts of interests, protection of the company equity, protection of minority interests.

Compensation of the Statutory Auditor and Auditor Firm

The overall compensation paid by the Group to the auditor firm is equal to 21.602 EUR for auditing activities and 2.290 EUR for other activities. The compensation for the Board statutory auditors is equal to 18.483 EUR.

Related Parties

The Explanatory Notes provide the information on the effect that operations with related parties have on the economic and financial situation.

Translation of foreign companies' financial statements

Exchange rates used to translate in Euros the financial statements prepared in currencies other than Euro are set out below (source National Bank of Italy):

CURRENCY	EXCHANGE RATE AS AT 30.06.2020	AVERAGE EXCHANGE RATE
Croatian Kuna (HRK)	7,5708	7,5460
Serbian Dinar (RSD)	117,2388	117,5046
Swiss Franc (CHF)	1,0651	1,0637

Scope of Consolidation

The subsidiaries included in the scope of consolidation are listed below.

PARENT COMPANY

Name

DOMINION HOSTING HOLDING S.P.A.

REGISTERED OFFICE

MILANO – VIA CALDERA,21 - ITALIA

Direct subsidiaries which are consolidated with the “integral method”:

NAME	REGISTERED OFFICE	SHARE CAPITAL (in EUR)	SHARE
TOPHOST s.r.l.	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	80%
DHH ITALIA s.r.l.	Italy	3.000	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	62%

CHANGE IN THE SCOPE OF CONSOLIDATION

No changes occurred in the scope of consolidation compared to the consolidated interim report as at 31.12.2019.

INTRA-GROUP TRANSACTIONS

All balances and transactions between the companies which were consolidated with integral method as well as any unrealized gains on intercompany transactions have been deleted.

Services Provided

The strategic goal of DHH relies mostly on providing SMEs with simple and flexible digital products, to establish, build and increase their online presence and visibility, and to enhance their business turnover and profitability with small investments. In general terms, and remaining in the SMEs field, solutions offered by players in web services segment such as DHH can be broadly classified in the following categories: products / solutions aimed at getting SMEs online, products / solutions aimed at making SMEs visible online, products / solutions aimed at helping SMEs to grow their online business.

More in details, among potential that a full-range web service solutions provider can offer to SMEs looking for web presence and visibility there are:

PRODUCTS / SOLUTIONS AIMED AT GETTING SMES ONLINE, SUCH AS:

- Web Hosting, which sell a set of products, services resources that share storage, bandwidth and processing power, enabling subscribers to create an initial web presence quickly;
- Domain Registration, Management Resale;
- Website Builders, that enable subscribers to create a customized web presence with varying degrees of technical sophistication; o Security tools, offering malware protection solutions to protect subscribers' websites from virus, malicious code and other threats. In this category are also included Secure Socket Layer (SSL) certificates, which encrypt data collected on a subscriber's websites;
- Site Back-up, allowing subscribers to schedule, maintain, manage and restore backups of their online data.

PRODUCTS / SOLUTIONS AIMED AT MAKING SMES VISIBLE ONLINE THROUGH:

- Search Engine Optimization (SEO) and Search Engine Marketing (SEM), helping subscribers to distribute their business profiles to online directories and manage links and keywords with on-page diagnostic tools;
- Mobile solutions, enabling subscribers to have their websites rendered on mobile devices and target mobile customers among other features and functionality;
- Social media solutions, among which tools and services that enable subscribers to communicate effectively with their target audiences through social networks. These instruments allow subscribers to easily integrate their website content on Facebook, Twitter and of social media, and track the results of their marketing campaigns;
- Analytic tools, providing control panels and dashboards that enable subscribers to assess their website activity and the impact of their digital presence and marketing campaigns.

PRODUCTS / SOLUTIONS AIMED AT HELPING SMES TO GROW THEIR ONLINE BUSINESS SUCH AS:

- Advanced Web Hosting, as for instance Virtual Private Server (VPS) or dedicated hosting solutions which allow customers to scale their growing business and build additional functions into their websites;
- Productivity solutions, which include custom mailboxes that reflect a subscriber's domain name and tools to unify email inbox with other communications streams, such as social media feeds;

- eCommerce enablement, offering secure and encrypted payment tools, shopping carts, payment processing related services, mobile payments and of eCommerce to expand the SMBs online management;
- Professional services, among which dedicated engineering and web design to help customers create their ideal presence complete with some of the more eCommerce, productivity and marketing products.

MOST OF THE ABOVE-MENTIONED ARE NO MORE SUPPLIED THROUGH “HOSTING MODEL”, BUT THROUGH THE SO-CALLED CLOUD COMPUTING. THIS MARKET WHICH CAN BE DIVIDED INTO THREE PRIMARY SERVICE MODELS:

- Software as a service (SaaS), meaning the software is owned, delivered and managed remotely by one or more providers. The provider delivers software with a one-to-many (multi tenancy) model where contracted customers are charged on a pay-for-use basis or on a fixed monthly fee;
- Infrastructure as a service (IaaS), is a standardized, highly automated offering, where more computer resources, complemented by storage and network capabilities are owned and hosted by a service provider and offered to customers on-demand. Customers are able to build this infrastructure, using a web-based graphical user interface that serves as an IT operations management console for the overall environment;
- Platform as a service (PaaS), usually depicted in all-cloud diagrams between the SaaS layer above and the IaaS layer below, is a broad collection of application infrastructure (middleware) services (including application platform, integration, business process management and database services).

CLLOUD SERVICES

This business line includes cloud hosting, cloud servers and cloud data centre solutions for advanced customers. All systems and solutions are designed and implemented so there is no “single point of failure”. Based on their needs, advanced customers can opt for cloud hosting solution if they want to host a site on private VPS cloud servers without limiting the number of sites, databases, email accounts, and other culprits for technical issues, at the price of shared hosting, or Fast SSD virtual servers with Windows or Linux operating system, choosing the appropriate template or pre-installed web scripts: cPanel, WordPress, Joomla, Magento, and others. It comes with guaranteed resources that you can modify at any time as needed. Cloud Data Centre is an ideal solution for even more demanding business users who have the possibility to lease resources and design VM on their own, distributing as they wish CPU, RAM, HDD, backups, network interfaces, and IP addresses.

Notes to the Interim Consolidated Financial Statements

NOTE 1: GOODWILL

The item “goodwill” is equal to 5.620.029 EUR, with a net decrease of 28.897 EUR compared to the same value recorded in the consolidated as at 31.12.2019.

The decrease refers to the part of goodwill with a defined useful life by specific evaluations: in particular it's related to the fair value of DHH Italia srl and DHH Switzerland s.a.'s customer list with an estimated residual life of 6,5 years.

As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment test and written-off for impairment losses. The DHH Group yearly verifies the recoverability of goodwill and the other assets with an indefinite useful life by specific evaluations (impairment test) on each cash generating unit (Cash Generating Units or “CGU”). Impairment test has been executed according with latest economic and financial forecasts for future financial years. The recoverability of the assets recorded in each CGU is verified by comparing the net book value attributed to the single CGU with the recoverable value that is determined as usage value (recoverable amount). Such value is represented by the current value of the future cash flows which may result from the continuous use of the CGU.

As required by IAS 36 paragraph 12, at the date of the interim financial statements, DHH assessed, on the basis of information from external and internal sources, whether there were indications of impairment of assets and decided to perform the impairment test on goodwill and to determinate if the effects of COVID-19 should be reflected in the impairment calculations.

The results as at 30 June 2020 appear to be substantially aligned with those laid out in the budget set forth for the impairment test at the end of the year; however, these trends will be carefully monitored in the upcoming months in order to promptly identify the elements that may compromise the recoverable value.

NOTE 2: TANGIBLE ASSETS

Tangible assets are equal to 397.855 EUR.

The details of movement in tangible assets during the first half-year 2020 are provided below.

TANGIBLE ASSETS	Computers and electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Value at 01.01.2020	840.665	-	114.783	2.008	957.456
Investments	190.261	-	3.037	-	193.298
(Disposals)	-	-	-	(2.008)	(2.008)
Impairments and other movements	-	-	-	-	-
Cost at 30.06.2020	1.030.926	-	117.820	-	1.148.746

Accumulated depreciation at 01.01.2020	635.374	-	65.986	-	701.360
Depreciation	47.191	-	2.340	-	49.531
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
Accumulated depreciation at 30.06.2020	682.565	-	68.326	-	750.891

Net Book Value

At 01.01.2020	205.291	-	48.797	2.008	256.096
At 30.06.2020	348.361	-	49.494	-	397.855

NOTE 3: RIGHT OF USE ASSETS

Right of use assets are equal to 242.014 EUR. The effects of the application of IFRS 16 - "Leases", applied from January 1st, 2019, are provided below. For further information on the application of the new accounting standard, please refer to the comments in "Evaluation criteria".

RIGHT OF USE ASSETS	Data center equipments	Vehicles	Other assets	TOTAL
Value at 01.01.2020	413.884	26.617	-	440.501
Investments	-	-	-	-
Impairments and other movements	-	-	-	-
Cost at 30.06.2020	413.884	26.617	-	440.501
Accumulated amortization at 01.01.2020	135.323	737	-	136.060
Amortization	60.254	2.173	-	62.427
Impairments and other movements	-	-	-	-
Accumulated amortization at 30.06.2020	195.578	2.910	-	198.487
Net Book Value				
At 01.01.2020	278.560	25.881	-	304.441
At 30.06.2020	218.306	23.707	-	242.014

NOTE 4: INTANGIBLE ASSETS

Intangible assets are equal to 1.095.552 EUR as at 30 June 2020. The details of movement in intangible assets during the first half-year 2020 are provided below.

INTANGIBLE ASSETS	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Value at 01.01.2020	88.118	422.915	45.544	604.436	12.509	1.173.522
Investments	13.184	-	4.820	-	259.575	277.580
Impairments and other movements	-	-	-	-	(4.684)	(4.684)
Cost at 30.06.2020	101.303	422.915	50.364	604.436	267.400	1.446.417
Accumulated amortization at 01.01.2020	55.180	191.577	16.496	4.306	-	267.559
Amortization	6.635	35.953	2.023	38.695	-	83.306
Impairments and other movements	-	-	-	-	-	-
Accumulated amortization at 30.06.2020	61.815	227.530	18.519	43.001	-	350.865
Net Book Value						
At 01.01.2020	32.938	231.338	29.047	600.130	12.509	905.963
At 30.06.2020	39.487	195.385	31.845	561.435	267.400	1.095.552

The increase recorded in “Assets under construction & payments on account” which equals to EUR 259.575 refers to the reverse take-over of Seeweb.

NOTE 5: NON-CURRENT FINANCIAL ASSETS

Such item, equals to 6.788 EUR as at 30 June 2020, is referred to guarantee deposits.

NOTE 6: DEFERRED TAX ASSETS

Deferred tax assets are equal to 29.445 EUR and records only advanced taxes calculated based on:

- the temporary differences arising between assets and losses recorded for the purpose of drawing up of this balance sheet according with international accounting standards and corresponding values relevant for tax purposes;
- the deductible temporary differences relating to directors' fees, posted on an accrual basis but not paid at the date of 30.06.2020.

NOTE 7: TRADE RECEIVABLES

Trade receivables are equal to 536.644 EUR as at 30.06.2020 with an increase of 153.838 EUR compared to the same item recorded on 31.12.2019.

The distribution of receivables by geographical area is as follow.

TRADE RECEIVABLES	30.06.2020	31.12.2019	variation
Italy	210.370	176.211	34.159
EU countries	206.145	145.207	60.938
Other countries	120.129	61.388	58.741
Sub-Total	536.644	382.806	153.838
Fund for bad debt	-	-	-
TOTAL NET TRADE RECEIVABLES	536.644	382.806	153.838

NOTE 8: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 13.209 EUR, with a decrease of 233 EUR compared to 31.12.2019. The item is referred to securities.

NOTE 9: OTHER CURRENT ASSETS

Other current assets are equal to 74.889 EUR, with a decrease of 46.825 EUR compared to 31.12.2019.

NOTE 10: TAX RECEIVABLES

Tax receivables are equal to 195.264 EUR as at 30 June 2020 with an increase of 48.260 EUR compared to 31.12.2019 and are composed as follows.

TAX RECEIVABLES	30.06.2020	31.12.2019	variation
VAT	159.547	131.956	27.591
Other tax receivables	35.716	15.047	20.669
Total	195.264	147.003	48.260

NOTE 11: CASH AND CASH EQUIVALENTS

The total amount of this item is equal to 2.663.927 EUR, with an increase of 126.570 EUR compared to 31.12.2019. The balance represents cash equivalents and existence of ready cash and value on closure of the financial period.

NOTE 12: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 521.583 EUR as at 30 June 2020, with an increase of 39.596 EUR compared to 31.12.2019. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 13: NET EQUITY

SHARE CAPITAL

On 30 June 2020 fully paid-up share capital is divided in 1.488.550 ordinary shares without nominal value and with an accounting parity of Euro 0,10 each.

RESERVES

Reserves is equal to 6.716.158 EUR. In particular, the amount is divided into:

- Share Premium Reserves 6.681.717 EUR
- Legal Reserves 28.400 EUR
- OCI Reserves 6.042EUR.

RESERVES	31.12.2019	increase	decrease	30.06.2020
Share Premium Reserves	6.681.189	528	-	6.681.717
Bonus Share	-	-	-	-
Legale Reserve	28.400	-	-	28.400
OCI Reserve	3.796	2.246	-	6.042
Total	6.713.385	2.774	-	6.716.159

NOTE 14 NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities refer to the new item created according to IFRS 16 – “Leases” for the total amount of 167.993 EUR.

NOTE 15 SEVERANCE RESERVES

This item records TFR related to employees of the companies of Group, pursuant to art. 2120 of the Civil Code. On 30 June 2020 the amount of this item is equal to 16.162 EUR and is linked to employee recruited by Italian subsidiary Tophost Srl (9.832 EUR) and Slovenian subsidiary DHH.si (6.330 EUR).

NOTE 16 LIABILITIES FOR DEFERRED TAXES

This item is equal to 14.684 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according with international accounting standards and corresponding values relevant for tax purposes.

NOTE 17 TRADE PAYABLES

On 30.06.2020 trade payables are equal to 758.311 EUR, with an increase of 197.458 EUR compared to the same item recorded on 31.12.2019. The distribution of payables by geographical area is as follow.

TRADE PAYABLES	30.06.2020	31.12.2019	variation
Italy	287.915	259.136	28.779
EU countries	298.460	118.425	180.035
Other countries	171.936	183.292	(11.356)
TOTAL PAYABLES	758.311	560.853	197.458

NOTE 18 OTHER CURRENT LIABILITIES

Other current liabilities are equal to 161.910 EUR on 30.06.2020, with a decrease of 58.278 EUR compared to 31.12.2019.

NOTE 19 CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 97.705 EUR on 30.06.2020, with a net decrease of 22.144 EUR compared to 31.12.2019. This item includes for 82k EUR the current lease liabilities and for 16k EUR the bank accounts overdraft of the Group. The mainly decrease is due to current lease liabilities.

NOTE 20 TAX PAYABLES

Tax payables are equal to 178.953 EUR on 30.06.2020, with an increase of 37.986 EUR compared to 31.12.2019 and its composition is as follows.

TAX PAYABLES	30.06.2020	31.12.2019	variation
VAT	54.961	99.135	(44.174)
Income tax	67.384	8.202	59.182
Withholding tax	56.609	33.631	22.978
Total	178.953	140.968	37.986

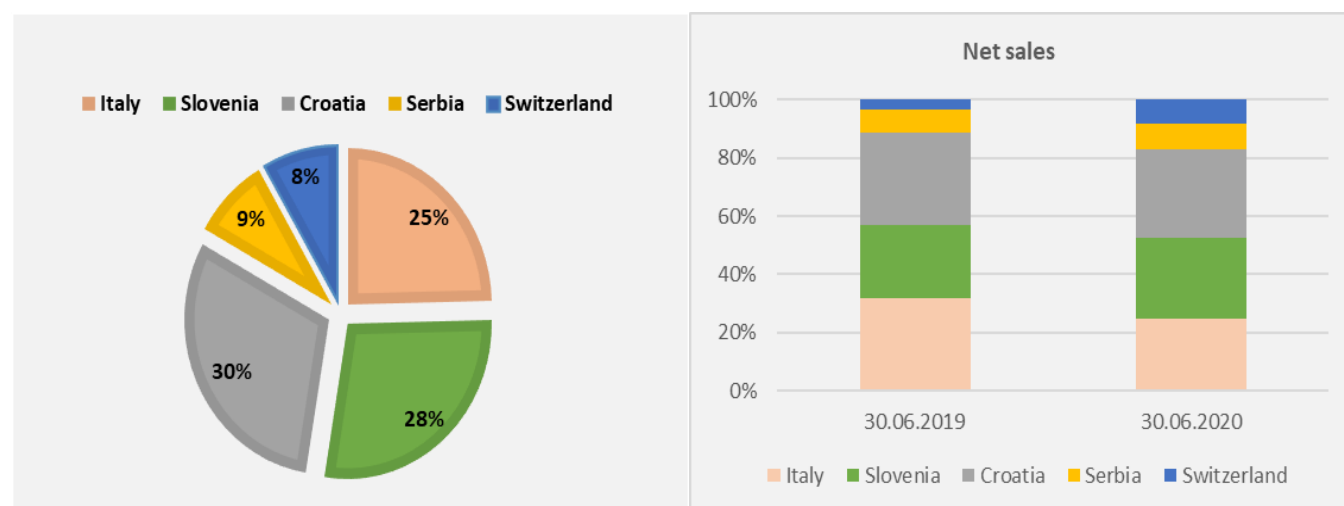
NOTE 21 ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 2.207.902 EUR at 30 June 2020, with an increase of 227.210 EUR mainly linked to advanced revenues for hosting.

NOTE 22 NET SALES

The revenues from sales and services of the Group of the first-half of 2020 are equal to 3.666.621 EUR, with an increase of 314.155 EUR compared to 30.06.2019. This amount increases for a good business performance.

On 30 June 2020 the revenues by geographical area is the following:



NOTE 23 OTHER REVENUES

Other revenues are equal to 53.234 EUR as at 30.06.2020 with an increase of 24.778 EUR compared to 30.06.2019.

NOTE 24 MATERIAL COSTS

Costs for materials and consumables are equal to 11.966 EUR on 30 June 2020 with an increase of 1.223 EUR compared to 30.06.2019 and they are related to hardware and other materials.

NOTE 25 SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 2.200.782 EUR on 30 June 2020, with an increase of 218.280 EUR compared to 30.06.2019 and are composed as follows.

	30.06.2020	30.06.2019	variation
Datacenter Service	338.262	268.037	70.225
Wholesale Costs	1.309.850	1.233.310	76.540
Commercial and marketing expenses	73.775	55.159	18.616
Professional services	472.972	423.318	49.654
Other costs for services	5.924	2.678	3.245
Total	2.200.782	1.982.502	218.280

NOTE 26 PERSONNEL COSTS

Personnel cost is equal to 855.427 EUR on 30 June 2020, with a decrease of 154.455 EUR compared to the first-half of 2019 consolidated and is divided among the Group as follows.

	30.06.2020	30.06.2019	variation
TOPHOST s.r.l.	28.117	49.646	(21.529)
DHH.si d.o.o.	311.022	423.567	(112.545)
DHH d.o.o.	199.034	211.889	(12.856)
DHH SRB d.o.o.	-	13.439	(13.439)
DHH Switzerland SA	142.853	160.733	(17.880)
SYSTEM BEE d.o.o.	63.170	63.185	(15)
MICLOUD d.o.o.	111.231	87.422	23.809
Total	855.427	1.009.882	(154.455)

For the first half year the average number of employees was:

	Managers	Employees	
TOPHOST s.r.l.	-	2	
DHH.si d.o.o.	1	17	
DHH d.o.o.	1	21	
DHH Switzerland SA	1	5	
SYSTEM BEE d.o.o.	1	5	
MICLOUD d.o.o.	2	7	
Total	6	57	63

NOTE 27 OTHER EXPENSES

Other expenses are equal to 104.298 EUR on 30 June 2020, with a decrease of 31.594 EUR compared to 30.06.2019 and such expenses are structural costs.

NOTE 28 AMORTIZATIONS AND IMPAIRMENTS

Amortizations and depreciations are equal to 216.661 EUR on 30 June 2020, with an increase of 47.326 EUR compared to 30.06.2019.

The part referred to the amortization of right of use assets amounts to 62k EUR.

A Part of this amortizations is relating to the customer list of DHH Italia S.r.l. and DHH Switzerland S.a. with an estimated life of 6,5 years and of the internal projects accomplished in-house.

The value of amortizations and depreciations is provided below.

	30.06.2020	30.06.2019	variation
Depreciations	51.858	47.053	4.805
Amortizations	164.521	122.111	42.411
Impairment	281	171	110
Total	216.661	169.335	47.326

NOTE 29 FINANCIAL INCOME (EXPENSES)

On 30 June 2020 net financial expenses are equal to 37.721 EUR, with an increase of 23.423 EUR compared to 30.06.2019.

The part referred to the interests on lease liabilities amounts to 6k EUR.

NOTE 30 OTHER NON-OPERATING INCOME/EXPENSE

No other non-operating income/expense have been incurred as at 30 June 2020.

NOTE 31 TOTAL CURRENT AND DEFERRED INCOME TAXES

As at 30 June 2020 total current and deferred income taxes of the Group are equal to 78.115 EUR, with an increase of 51.775 EUR compared to 30.06.2019.

NOTE 32 EARNINGS PER SHARE

BASE

The earnings/(losses) per share are calculated as the ratio between the Group's profit multiplied by the weighted average number of outstanding shares, net of any own shares.

DILUTED

The diluted earnings/(losses) per share are calculated as the ratio between the Group's profit multiplied by the weighted average number of outstanding shares, net of any own shares. For the purposes of calculating the diluted earnings per share, the weighted average of outstanding shares is adjusted assuming the conversion of all the potential shares having a dilutive effect, particularly warrants.

CATEGORY	30.06.2020	30.06.2019
Consolidated net income attributable to the Group's shareholders	215.594	49.065
Number of ordinary shares	1.488.550	1.420.000
Average weighted number of outstanding shares	1.488.550	1.420.000
BASE EARNINGS PER SHARE - EPS	0,145	0,022
Average weighted number of outstanding warrants	1.420.000	1.420.000
Average weighted number of outstanding shares plus warrants	1.488.550	1.420.000
DILUTED EPS	0,145	0,022



DOMINION HOSTING HOLDING S.P.A.

PARENT COMPANY INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Financial Statements prepared in accordance with IAS/IFRS principles

- All amounts are in Euro -

Interim Financial Statements

Here below the Separate Interim Financial Statements of the Parent Company Dominion Hosting Holding S.p.A. as at 30 June 2020.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

ASSETS (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
Investments	1	5.583.999		5.583.999	
Intangible assets	2	267.384		9.393	
Non-current financial assets	3	225.000		540.000	
Deferred tax assets	4	2.522		5.516	
NON-CURRENT ASSETS		6.078.905		6.138.908	
Trade receivables	5	157.153		188.499	
Other current financial assets	6	1.678		8.181	
Tax receivables	7	178.019		131.908	
Cash and cash equivalents	8	454.764		376.064	
Prepaid expenses and accrued income	9	10.358		23.786	
CURRENT ASSETS		801.972		728.438	
TOTAL ASSETS		6.880.877		6.867.346	

LIABILITIES AND NET EQUITY (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
Share Capital		148.855		148.855	
Reserves		6.566.515		6.733.078	
Year's result		25.407		(166.563)	
NET EQUITY	10	6.740.777		6.715.370	
Non-current financial liabilities		-		-	
Severance reserves		-		-	
Other non current liabilities	11	-		-	

Liabilities for deferred taxes		-		-	
NON-CURRENT LIABILITIES		-		-	
Trade payables	12	116.640	15.845	111.401	15.964
Other current liabilities	13	15.738	27.256	32.499	8.202
Tax payables	14	7.599		7.936	
Accrued liabilities and deferred income		123		93	
CURRENT LIABILITIES		140.100		151.976	
TOTAL LIABILITIES		140.100		151.976	
TOTAL LIABILITIES AND NET EQUITY		6.880.877	43.101	6.867.346	24.166

STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2020

PROFIT AND LOSS STATEMENT (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2020	OF WHICH RELATED PARTIES	30.06.2019	OF WHICH RELATED PARTIES
Revenues	15	143.229		286.203	
Other revenues		-		-	
TOTAL REVENUE		143.229		286.203	
Service costs and use of third-party assets	16	(270.972)	(138.318)	(302.691)	(64.051)
Personnel costs		-		-	-
Other operating costs	17	(9.814)		(1.647)	
TOTAL OPERATING COSTS		(280.786)		(304.338)	
OPERATING RESULT – EBITDA*		(137.557)		(18.135)	
Amortizations and impairment	18	(1.585)		(1.580)	
EBIT**		(139.142)		(19.715)	
Financial income (expenses)	19	167.543		4.068	
EARNINGS BEFORE TAXES		28.401		(15.647)	
Total current and deferred income taxes	20	(2.994)		(1.289)	
NET PROFIT (LOSS)		25.407		(16.936)	
OF WHICH:					
attributable to equity holders of the Parent company		25.407		(16.936)	
Attributable to minority interests		-		-	
EARNINGS PER SHARE	21	0,017		-	
DILUTED EARNINGS PER SHARE	22	0,017		-	

OVERALL PROFIT AND LOSS STATEMENT OF DHH	30.06.2020	30.06.2019
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(ALL AMOUNTS ARE IN EURO)

NET PROFIT (LOSS) (A)	25.407	(16.936)
Components which should be classified in the Profit and loss statement	-	-
Components which should not be classified in the Profit and loss statement	-	-
TOTAL OTHER PROFIT (LOSS) NET TO FISCAL EFFECT (B)	-	-
TOTAL NET OVERALL PROFIT (LOSS) (A+B)	25.407	(16.936)

(*)EBITDA indicates earnings before interest, taxes, depreciation and amortization or fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortisation policy and assessing trade receivables. EBITA, as defined above, represents the index used by the Company's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standard, it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

(**) EBIT indicates earnings before interest and taxes. Therefore EBIT represents the year's results before third party and treasury share dividend distribution. EBIT, as defined above, represents the index used by the directors of the Company to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standard, consequently it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

STATEMENT OF CASH FLOW AS AT 30 JUNE 2020

CASH FLOW STATEMENT (ALL AMOUNTS ARE IN EURO)	30.06.2020	30.06.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	25.407	(16.936)
Income taxes	2.994	1.289
Interest payables/ (receivables)	(167.543)	(4.068)
(Capital losses)/gains from sales assets	-	-
1. EARNING BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	(139.142)	(19.715)
Adjustments for non-cash items that are not accounted		
In net working capital change:	1.585	1.580
- Allocation to provisions	-	-
- Amortization and depreciation of assets	1.585	1.580
- Permanent loss write-downs	-	-
- Other adjustments on non-monetary items	-	-
2. CASH FLOW BEFORE NWC CHANGES	(137.557)	(18.135)
Changes in NWC:	(13.167)	233.622
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	31.346	184.485
- Increase (decrease) in supplier payables	5.239	59.054
- Decrease (increase) in prepaid expenses and accrued income	13.428	(6.196)
- Increase (decrease) in accrued expenses and deferred income	30	16
- Other changes to the NWC	(63.210)	(3.737)
3. CASH FLOW AFTER NWC CHANGES	(150.724)	215.487
Other changes:	164.549	4.068
- Interest collected/ (paid)	3.240	4.068
- (Income tax paid)	(2.994)	
- Dividends received	164.303	-
- (Use of provisions)	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	13.825	219.555
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) in tangible assets	-	-

(Investments) in right of use assets	-	-
(Investments) in intangible assets	(259.575)	-
(Investments) in financial assets	317.994	(245.000)
(Investments) in non-capitalized financial assets	6.503	4.377
CASH FLOW FROM INVESTING ACTIVITIES [B]	64.922	(240.623)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Third party resources	-	-
Increase (decrease) current payables to bank	(48)	-
New loans	-	-
Loan repayments	-	(99.430)
Own resources	-	-
Paid capital increase	-	-
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	(48)	(99.430)
INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]	78.699	(120.497)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	376.064	877.624
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	454.764	757.126

NET FINANCIAL POSITION AS AT 30 JUNE 2020

NET FINANCIAL POSITION OF DHH (ALL AMOUNTS ARE IN EURO)	30.06.2020	31.12.2019
A. Cash	-	-
B. Cash equivalents	(454.764)	(376.064)
C. Securities held for trading	-	-
D. LIQUIDITY (A)+(B)+(C)	(454.764)	(376.064)
E. CURRENT FINANCIAL RECEIVABLES	(1.678)	(8.181)
F. Short-term bank liabilities	-	-
G. Current part of non-current borrowing	-	-
H. Current lease debt	-	-
I. Other current financial liabilities	-	48
J. CURRENT FINANCIAL DEBT (F)+(G)+(H)+(I)	-	48
K. NET CURRENT FINANCIAL DEBT (J)+(E)+(D)	(456.442)	(384.197)
L. Non-current bank liabilities	-	-
M. Bond issued	-	-
N. Non-current lease debt	-	-
O. Other non-current liabilities	-	-
P. NON-CURRENT FINANCIAL DEBT (L)+(M)+(N)+(O)	-	-
Q. NET FINANCIAL DEBT (K)+(P)	(456.442)	(384.197)

INTERIM STATEMENT OF CHANGES IN NET EQUITY

	VALUE AS AT 01.01.2019	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2019
Share Capital	142.000	6.855			148.655
Share premium reserves	6.679.644	1.545			6.681.189
Bonus Share	8.400		(8.400)		-
Legal Reserves	1.738	26.662			28.400
Retained profit / (loss)	8.143	15.345			23.488
Net profit (loss)	42.008	(42.008)		(166.563)	(166.563)
Total	6.881.933	6.855	(8.400)	(166.563)	6.715.370

	VALUE AS AT 01.01.2020	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 30.06.2020
Share Capital	148.655				148.655
Share premium reserves	6.681.189				6.681.189
Bonus Share	-				-
Legal Reserves	28.400				28.400
Retained profit / (loss)	23.488	(166.563)			(143.075)
Net profit (loss)	(166.563)	166.563		25.407	25.407
Total	6.715.370	-	-	25.407	6.740.777

Evaluation Criteria

The main criteria for drawing up the interim financial statements are the same used for the consolidated financial statements.

Notes to the Financial Statements

NOTE 1 INVESTMENTS

This item amounts to 5.583.999 EUR, without changes as compared to the value as at 31.12.2019.

SHAREHOLDINGS IN SUBSIDIARIES	VALUES IN EURO
TOPHOST S.r.l.	1.232.929
DHH. SI d.o.o. (previously KLARO d.o.o.)	1.852.904
DHH SWITZERLAND SA (previously Bee Bee Web SA)	569.338
DHH ITALIA S.r.l.	0
DHH d.o.o. (previously Plus HR d.o.o.)	1.368.476
SYSTEM BEE d.o.o.	307.065
MLOUD d.o.o.	256.286
TOTAL	5.583.999

The shareholdings in subsidiaries are valued at cost. By applying this method, they are subjected to impairment testing following the IAS 36 rules if, and only if, there is an objective evidence of the shareholding's value loss due to one or more events occurred after its initial subscription that impact on the subsidiary's future cash flows and on the dividends that the same subsidiary may distribute. Such objective evidence exists in case of a persistent negative performance of the subsidiary. In these cases, the write-down is equal to the difference between the shareholding's carrying value and its recoverable amount, which is normally determined on the basis of the value in use quantified by discounting future cash flows and the fair value net of selling costs, whichever is the higher. The impairment test has been carried out considering the most recent economic-financial forecasts for future financial years, as resulting from the budget data developed by the Group's Management, and making projections of such data.

The evaluations made revealed no need for a write-down of the carrying amounts of the investments.

NOTE 2 INTANGIBLE FIXED ASSETS

Intangible fixed assets is equal to 267.384 EUR as at 30.06.2020. The following table provides a breakdown of movements regarding intangible fixed assets occurred in the first half of the financial year:

INTANGIBLE ASSETS

VALUE AT 01.01.2020	15.935
Investments	259.575
Disinvestments and other movements	-
COST AT 30.06.2020	275.510
ACCUMULATED AMORTIZATION AT 01.01.2020	6.541
Amortization H1-2020	1.585
Disinvestments and other movements	-
ACCUMULATED AMORTIZATION AT 30.06.2020	8.126
NET BOOK VALUE	
At January 1, 2020	9.393
At June 30, 2020	267.384

The increase recorded in "Intangible assets" which equals to EUR 259.575 refers to the reverse take-over of Seeweb.

NOTE 3 NON-CURRENT FINANCIAL ASSETS

This item is equal to 225.000 EUR as at June 30, 2020 and it is made up as follows:

MEDIUM-LONG TERM LOANS	30.06.2020	31.12.2019	VARIATION
Loan in favour of DHH d.o.o. – Croatia	.	315.000	(315.000)
Loan in favour of DHH Italia - Italy	225.000	225.000	-
TOTAL	225.000	540.000	(315.000)

Compared to the previous period the loan in favour of DHH doo was repaid for the whole amount at the end of April 2020.

NOTE 4 DEFERRED-TAX ASSETS

Deferred-tax assets are equal to 2.522 EUR and they are referred exclusively to deferred taxes calculated with regard to temporary differences between the value of assets and liabilities used for the drafting of the financial statements according to international accounting principles and the respective values relevant for tax purposes. The management has been assessed the recoverability of that amount in next years according with the business plan of the entity.

NOTE 5 TRADE RECEIVABLES

Trade receivables are equal to 157.153 EUR as at 30.06.2020, with a decrease of 31.346 EUR compared to 31.12.2019. The table below includes the breakdown by geographic region of trade receivables:

GEOGRAPHY RECEIVABLES	30.06.2020	31.12.2019	VARIATION
Italy	31.410	69.980	(38.570)
EU countries	86.567	80.438	6.129
Non-EU countries	39.176	38.081	1.095
TOTAL TRADE RECEIVABLES	157.153	188.499	(31.346)

NOTE 6 CURRENT FINANCIAL ASSETS

Current financial assets amount to 1.678 EUR as at 30.06.2020. They are made up solely of the interests accrued during the financial semester over the loan granted in favour of DHH Italia Srl.

NOTE 7 TAX RECEIVABLES

Tax receivables are equal to 178.019 EUR as at June 30, 2020, with an increase of 46.111 EUR as compared to 2019, and are made up as follows:

CATEGORY	30.06.2020	31.12.2019	VARIATION
VAT	165.567	119.403	46.164
Other tax receivables	12.452	12.505	(53)
TOTAL	178.019	131.908	46.111

NOTE 8 CASH AND CASH EQUIVALENTS

This item is equal to 454.764 EUR, with an increase of 78.700 EUR as compared to 2019, and it is made up exclusively of cash equivalents available as at 30.06.2020 on bank deposits in the name of the company.

NOTE 9 PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses are equal to 10.358 EUR as at 30.06.2020 with a decrease of 13.428 EUR as compared to 2019.

NOTE 10 NET EQUITY

The Net equity as at June 30, 2020 is made up as follows:

SHARE CAPITAL

The share capital is fully paid and – as at June 30, 2020 – is made up of 1.488.550 ordinary shares without nominal value, with an accounting par value of Euro 0,10 each.

RESERVES

Reserves is equal to 6.709.589 EUR. In particular, the amount is divided in:

- Share Premium Reserves 6.681.189 EUR
- Legal Reserves 28.400 EUR

In particular, the changes can be summarized as follows:

	VALUE AS AT 01.01.2020	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 30.06.2020
Share Capital	148.655				148.655
Share premium reserves	6.681.189				6.681.189
Legal Reserves	28.400				28.400
Retained profit / (loss)	23.488	(166.563)			(143.075)
Net profit (loss)	(166.563)	166.563		25.407	25.407
Total	6.715.370	-	-	25.407	6.740.777

NOTE 11 OTHER NOT-CURRENT LIABILITIES

There are not other not-current liabilities recorded as at 30 June 2020.

NOTE 12 TRADE PAYABLES

Trade payables are equal to 116.640 EUR as at 30.06.2020, with an increase of 5.239 EUR as compared to 31.12.2019. The table below includes the breakdown by geographic region of trade payables:

GEOGRAPHY PAYABLES	30.06.2020	31.12.2019	VARIATION
Italy	70.578	67.666	2.912
EU countries	43.611	27.311	16.300
Non-EU countries	2.451	16.424	(13.973)
TOTAL TRADE PAYABLES	116.640	111.401	5.239

NOTE 13 OTHER CURRENT LIABILITIES

Other current liabilities are equal to 15.738 EUR as at 30.06.2020, with a decrease of 16.761 EUR. This item records the payables towards directors and auditors for the remunerations accrued by them and not cleared during the financial semester and other current liabilities as payroll and social security contributions.

NOTE 14 TAX PAYABLES

Tax payables are equal to 7.599 EUR as at 30.06.2020. Such item records payable towards the tax authorities for withholding taxes made and corporate income tax.

NOTE 15 REVENUES

Revenues deriving from sell and performance are equal to 143.229 EUR as at 30 June 2020, with a decrease of 142.974 EUR compared to 30 June 2019. Revenues are functional to the recharge of costs for services rendered by the parent company to subsidiaries.

NOTE 16 SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 270.972 EUR as at 30 June 2020, with a decrease of 31.719 EUR compared to 2019 and they are made up as follows:

SERVICE COSTS	30.06.2020	30.06.2019	VARIATION
Wholesale costs	14.950	13.217	1.733
Commercial and marketing expenses	5.877	345	5.532
Professional services	250.145	289.129	(38.984)
TOTAL	270.972	302.691	(31.719)

NOTE 17 OTHER OPERATING COSTS

Other operating costs are equal to 9.814 EUR as at 30 June 2020, with an increase of 8.167 EUR compared to 30 June 2019.

NOTE 18 AMORTIZATIONS AND IMPAIRMENT

Amortizations and impairment are equal to 1.585 EUR as at 30 June 2020 and only records the amortization rate for the period relating to software and DHH SpA trademark.

NOTE 19 FINANCIAL INCOMES (EXPENSES)

The financial incomes (expenses) are specified below:

FINANCIAL INCOMES	30.06.2020	30.06.2019
Bank and postal interest income	-	-
Loans' interest income	3.240	4.098
Dividends from Tophost	105.636	-
Dividends from DHH d.o.o. (Croatia)	58.667	-
TOTAL	167.543	4.098

FINANCIAL EXPENSES	30.06.2020	30.06.2019
Loans interests expenses	-	-
Other financial expenses	-	30
TOTAL	-	30

NOTE 20 INCOME TAXES

Income taxes are equal to 2.994 EUR and records advanced taxes calculated in connection with the temporary differences arising between the values of the assets and liabilities recorded for the purpose of drawing up the financial statements according to international accounting principles and corresponding tax value reported in the tax returns.

NOTE 21 EARNINGS PER SHARE

The number of shares for calculation are the same described in the note 32 of Consolidated Interim Financial Statements.

RECONCILIATION BETWEEN NET EQUITY AND THE RESULTS FOR THE PERIOD

A statement of reconciliation between the individual financial statements drawn up according to national accounting principles and financial statements drawn up according to IAS principles for the purpose of consolidation is illustrated below:

	SHARE CAPITAL	RESERVES	YEAR'S RESULTS	TOTAL OF NET EQUITY
NET EQUITY ITALIAN GAAP	148.855	6.568.884	24.228	6.741.967
Removal of intangible assets		(3.806)	1.893	(1.913)
Advanced taxes IAS		1.437	(714)	723
NET EQUITY IAS	148.855	6.566.515	25.407	6.740.777

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The compensation paid for the auditor firm is equal to 9.000 EUR for auditing activities and 750 EUR for other activities. The compensation for statutory auditor is equal to 15.690 EUR.

RELATED PARTIES' TRANSACTIONS

RELATED PARTIES	RECEIVABLES	PAYABLES	COSTS	REVENUES
1 Seeweb s.r.l.		15.845	13.020	
2 Antonio Domenico Baldassarra		1.500	1.500	
3 Giandomenico Sica		9.808	46.500	
4 Uros Čimžar		8.332	38.721	
5 Matija Jekovec		7.617	38.577	
TOTAL		43.101	138.318	

Costs and payables relating Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Čimžar and Mr. Jekovec) are of Euro 500,00 per director for each Board meeting in which each director will take part in 2020.

Costs and payables relating to counterparts Mr. Sica, relate to the contract signed with Grafoventures by Giandomenico Sica are related for professional strategic services.

Milan, 28 September 2020

The Chairman of the Board of Directors

Giandomenico Sica

