



Consolidated and Separate Report

as at 31 December 2021

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

DHH S.p.A.

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*These consolidated financial statements, making use of the option provided by art.19, Part I, of the EGM Issuers' Regulation, 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

DHH S.p.A. ("DHH") is a technology group and a leading cloud hosting and cloud computing player in Southeast Europe headquartered in Italy.

Established in July 2015, DHH grew rapidly by completing 15 M&A transactions with local web hosting and cloud computing companies and supporting them in operating and developing the business. Since July 2016 DHH is listed on Euronext Growth Milan (EGM) Stock Exchange.

DHH Group is further expanding its expertise within cloud computing and is looking for local champions and innovative young companies focused on IaaS/PaaS/SaaS platforms in Emerging Europe.

DHH AT A GLANCE

1 Cross-border ecosystem of businesses with diversified offer

8 independent businesses with a broad array of products from simple web hosting packages to tailor-made cloud computing solutions

2 Among quickest growing industries immune to COVID-19

Global cloud computing and web hosting industries have been growing double-digit in line with global digitalization trend further accelerated by the COVID-19 pandemic

3 Proven business model with >90% customer retention rate...

...thanks to subscription-based contracts.
Over 119k clients on-board already with customer sourcing process organized inbound and 100% online

4 Exposure to emerging geographies

Growing presence in the emerging SEE region with still lower than EU average digitalization level but high willingness to moving online among local businesses

5 Experienced and motivated Management team

With tens of years of experience in building and scaling tech startups in the region and high motivation to make DHH a global player

6 Solid growth combined with best in-class margins and cash generation

38% '16-'21 revenue CAGR, 37% Adjusted EBITDA margin(*) and 82% EBITDA Cash Conversion Rate(**) in 2021 with moderate CAPEX requirements and low level of debt

(*) EBITDA indicates earnings before interest, taxes, depreciation and amortization of fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortization policy and assessing trade receivables. EBITDA, as defined above, represents the index used by the Group'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 Group. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

EBITDA adjusted indicates EBITDA without considering the impact of non-recurring revenues and costs

(**) EBITDA Cash Conversion Rate indicates the ratio between Operating cash flow and EBITDA. This ratio assesses the efficiency of the Group to turn the EBITDA into cash.



GROUP OVERVIEW

Today, DHH is home to 8 independent and autonomous businesses across seven countries (Bosnia and Herzegovina, Bulgaria, Croatia, Italy, Italian Switzerland, Serbia and Slovenia), each with its own branding, market positioning, and leadership. The Group companies are supported across various functions including strategy, corporate governance, business plan, M&A, compliance, strategic sourcing, and executive search. DHH serves as an environment where businesses share knowledge and build bottom-up synergies.

The Group provides a wide range of cloud computing services in a subscription model (SaaS/IaaS/PaaS), where customers are either billed in advance with a fixed, typically, annual fee or based on service usage (metered). The group companies are characterized by high customer retention over 90% and, thus, a large share of recurring revenues.

DHH Group developed a well-balanced portfolio of over 119.000 clients and over 220.000 domains across different segments within the market. The target segments are SMEs and solo entrepreneurs with the share of the largest client of 14%. Each portfolio company has its own product offering with an ARPU for Y 2021 ranging from EUR 30 to EUR 6.400 across group companies (average EUR 1.300).

The offering spans from domain registration to cloud hosting, from cloud servers, housing, and colocation to ready IoT solutions. The comprehensive and well-balanced product portfolio is supported by extensive proprietary physical and network infrastructures managed by Seeweb.

MARKET OVERVIEW

CLOUD COMPUTING AND WEB-HOSTING SERVICES

In the search of productivity growth, new business opportunities and scalability at an affordable cost, the global economy has been pushed towards digitalization in the last few years.

On top of this, Covid-19 has further accelerated the implementation of new technological advancements, raising awareness on the importance of digitalization, which has become a must-have for corporates.

Digitalization of corporates should support a growing demand of cloud computing and web-hosting services. According to a 2021 survey from McKinsey¹, 89% of the 1.100+ companies participating in the questionnaire believe that their business model needs to change, with digitalization being a “Sine qua non” in order to remain economically viable. This mindset will incrementally contribute to the fast-paced growth of the cloud hosting and cloud computing markets, both being vital for every industry.

According to estimates from Business Wire and Allied Market Research, these two sectors are set to become a trillion-dollar opportunity by 2026, more than doubling their respective size as of 2020. The global market of cloud computing should grow at a 2020-2026 CAGR of 18,8%, while the cloud hosting one should experience a growth of 15,2% between 2020 and 2027.

Some positive trends:

1) small & micro caps are usually much less digitalized than medium and large caps; according to the analysis on data coming from the European Commission, while 94% of European big corporates have a company website, only 76% of SMEs have it;

2) the current level of digitalization in South European countries is below the European average (with a tech gap standing at c. 10% vs the overall Euro Area) and these geographies should outperform the rest of Europe in terms of GDP growth.

LOCAL LEADERSHIP DESPITE COMPETITION FROM THE BIG TECH

The global market of cloud computing is dominated by very well-known tech players: AWS, Microsoft Azure, Alibaba Cloud, IBM Cloud, Google Cloud.

However, despite the presence of the Big Tech, local players have a strong position in regional markets. They offer customized solutions that best serve the needs of local customers, something similar to what happens in other digital value chains.

In an increasingly cloud-based world, data is becoming the new oil. This is, in turn, triggering the need for more cloud computing and web hosting in order to manage data, enable enterprise-wise cloud migration and extrapolate insights. Data coming from Gartner shows that cloud spending is set to accelerate, reaching 14% of global enterprise IT spending by 2024. This being said, SaaS will continue to be the predominant segment inside the global cloud service market (estimated at USD138bn as of 2021), even though PaaS will be the one experiencing the strongest growth (26,6% in 2021).

¹ Source: Alantra Italian Equity Research, “DHH Buy and Build” 15 December 2021.

SOUTHEAST EUROPE (SEE)

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

Current level of digitalization among Southeast European countries is below EU average

Even though the adoption of digital services has been increasingly tilting upwards for SEE (Southeast European) economies in the past 10 years, the digital divide with European averages is yet to be closed.

Considering that the historical economic engines of South-Eastern countries (labor-cost advantages, exports, EU funding and traditional economic sectors) have been gradually fading away in recent years, the chances are that digitalization will be the new force propelling business growth in the years to come. Consequently, a window of opportunity exists for players offering services such as cloud computing and cloud hosting.

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

Digitalization will be also fostered by a higher-than-average GDP growth of South-Eastern European countries, which are expected to outperform the overall Euro Area with an average 0,4% up-tick between 2021 and 2025. Such outperformance is consistent with data coming from the IMF², which shows how these countries tend to outperform in periods of economic growth. Considering a smaller GDP per capita of South-Eastern European countries, a higher GDP growth will help these economies bridging the gap with the overall Euro Area. This will allow such economies to have more available capital to be invested in digitalization. Such process will likely end up creating a virtuous circle, where higher-than-average GDP growth will sustain strong investments in digitalization, in turn boosting GDP growth of the coming years.

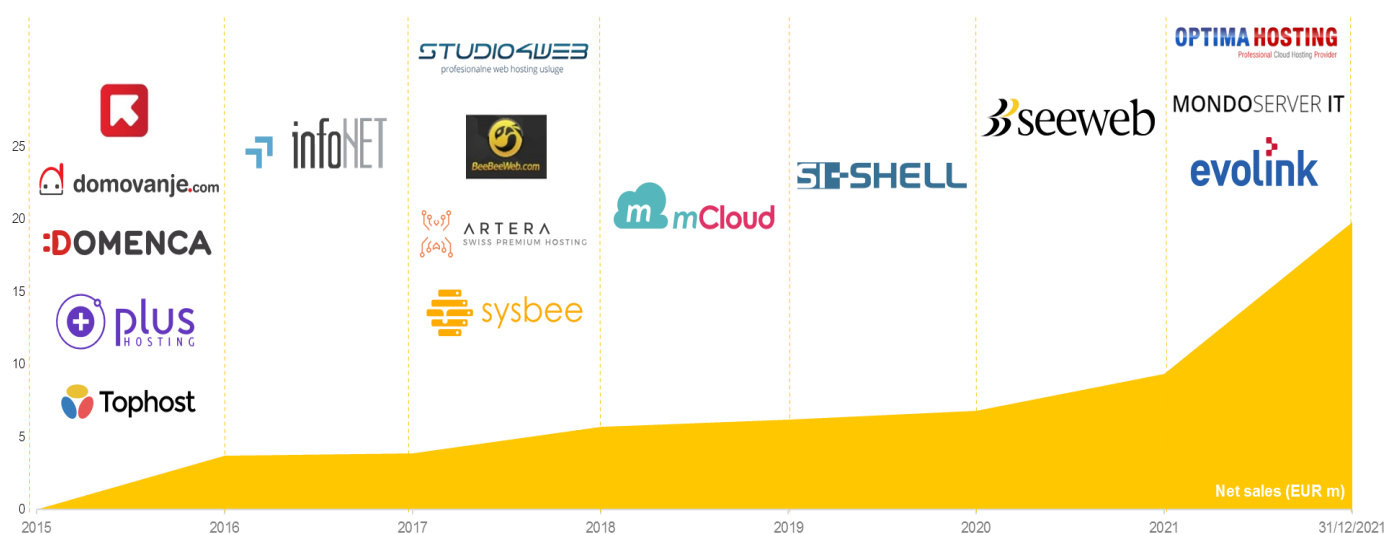
² Source: Alantra Italian Equity Research, "DHH Buy and Build" 15 December 2021.

GROWTH STRATEGY

To effectively capture the opportunities arising on the local markets the Group's strategy encompasses both internal cooperation among companies to foster organic growth as well as a vigorous M&A plan to expand expertise and enter new segments within the cloud computing industry.

During the last 6 years, DHH has been effectively executing buy & build strategy and completed 15 M&A transactions growing from EUR 1m to EUR 19m of sales of which EUR 18m are M&A driven.

Acquisitions completed by DHH by year



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

M&A

- Expanding into new geographies and market segments by acquiring IaaS, PaaS, SaaS providers from emerging markets with a particular focus on Southeastern Europe. DHH looks at cash-generating low-leveraged businesses where founders need support “in bringing the company to the next level”.
- Consolidating existing markets by making add-on acquisitions to grow market share.
- Innovating by investing in early-stage businesses developing unique IaaS, PaaS, SaaS technologies with global potential. DHH provides promising teams with the required capital and shares its expertise and business know-how to help them grow.

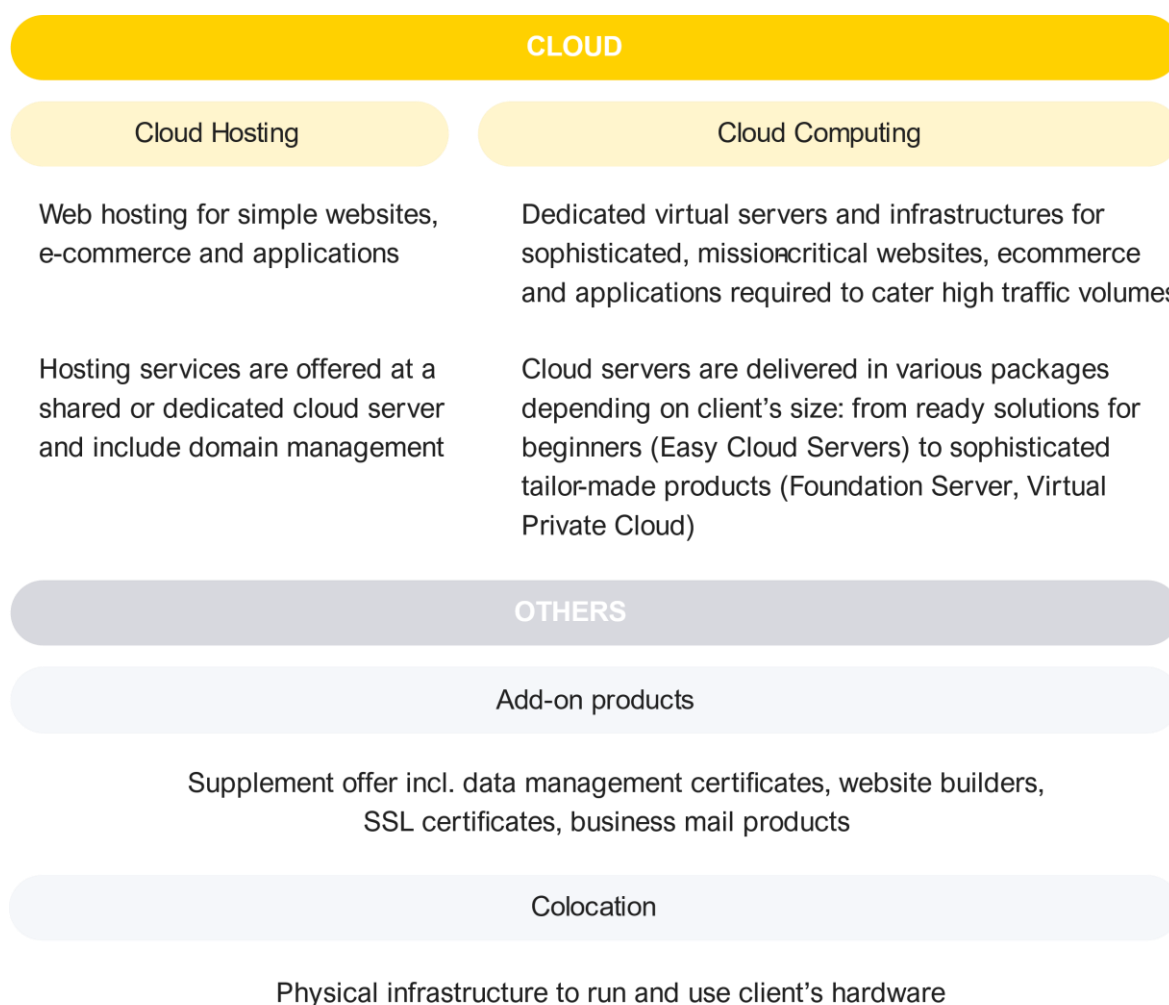
ORGANIC

- Growing within an existing customer base by enhancing the offering and capitalizing on cross-selling opportunities.
- International footprint growth through leveraging DHH brand awareness by the portfolio companies to reach new clients internationally.

- Fostering innovation and developing R&D activities to introduce new internally developed products to the market.

SERVICES PROVIDED

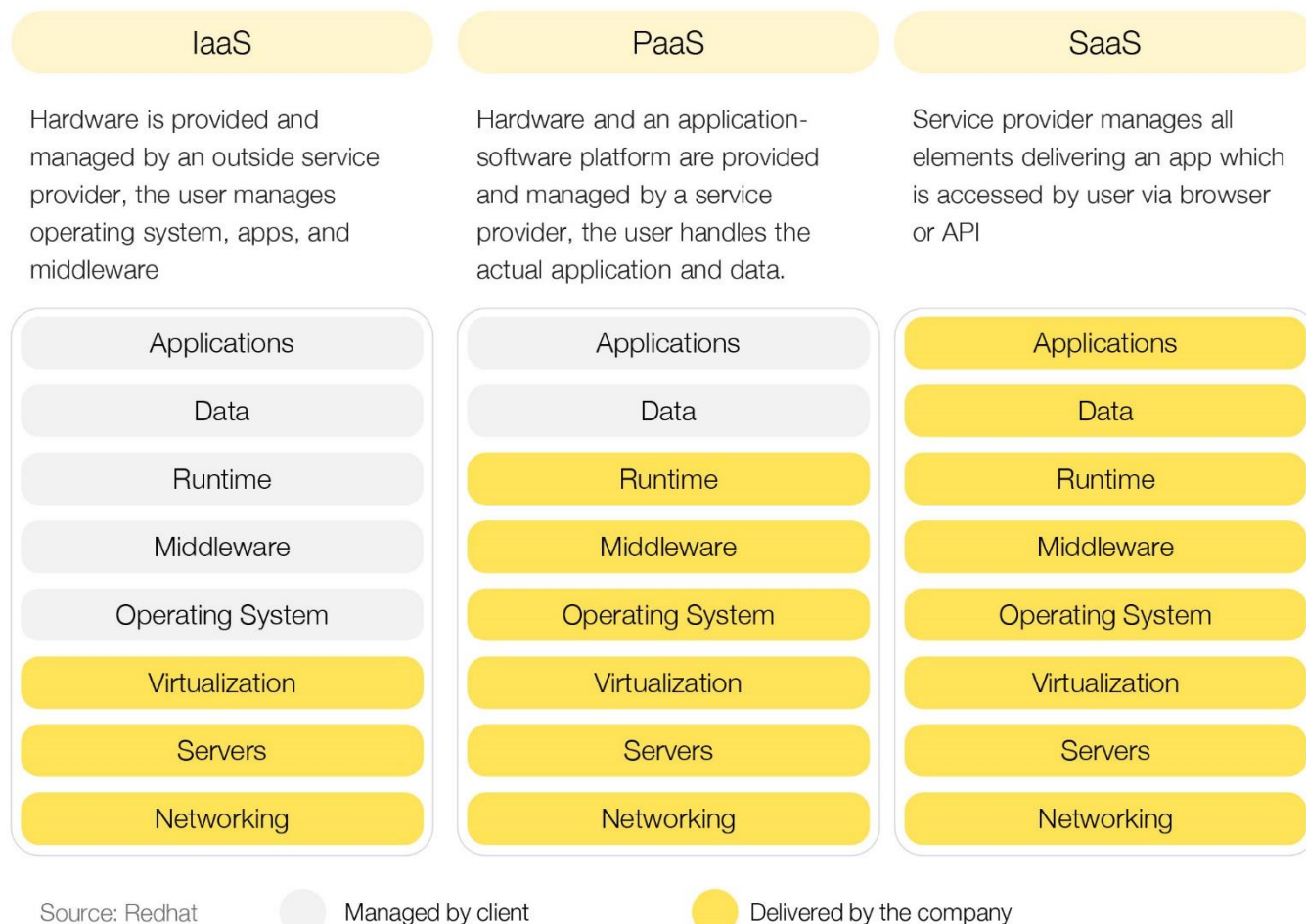
DHH provides comprehensive services for enterprises in the field of online presence and automation of business processes. Cloud computing and cloud hosting & domains are the core services offered by the Group companies and are supplemented by add-on products meant to complement the core offer.



Cloud computing

Following the merger with Seeweb cloud computing became the largest revenue contributor bringing in around half of the annual sales. It includes cloud servers offered in various configurations to match different client profiles and needs. The solutions span from easy pre-configured packages for professionals and small businesses (e.g. Easy Cloud Server by Seeweb, Cloud Server Basic by Artera) to sophisticated custom cloud environments for large websites, eCommerce stores, or applications (Foundation Server, Virtual Private Cloud, Foundation Server Smart). The pricing offer is diversified targeting different client segments. Depending on the configuration selected by the client the cloud services are delivered in the SaaS, PaaS, or IaaS models. Cloud computing is a strategic segment for DHH which it plans to further grow to become a leading provider in the region.

Cloud computing



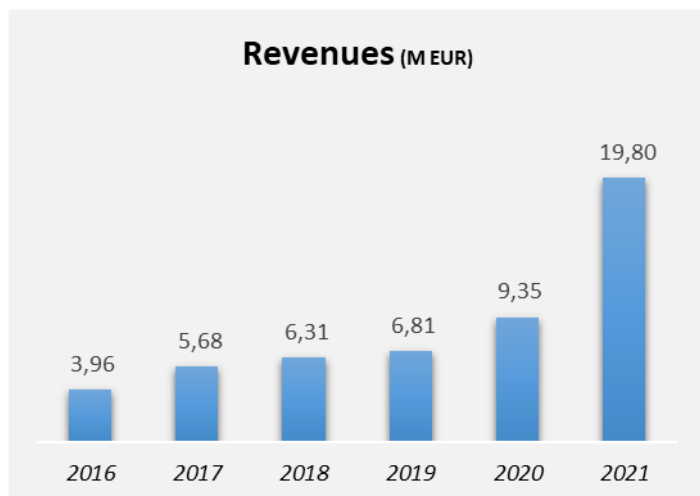
Cloud hosting

DHH is a leading player in a local hosting market with its portfolio companies having a solid presence and large customer base in Italy (Tophost and Seeweb), Slovenia (Domenca, Domovanje, and Si.Shell), Serbia (mCloud and Plus), and Croatia (S4W, Plus hosting, Infonet and Optima Hosting). Prior to the merger with Seeweb, hosting solutions were DHH core products now accounting for c. 42% of sales. The Group companies are focused on low- and mid-priced yet comprehensive solutions for individuals and SMEs. The packages are offered as pre-configured products usually varying by SSD and RAM size. The offer also includes domain management services.

Other

Other solutions include value-added services (VAS) complementing the cloud computing and cloud hosting offer e.g. SSL certificates, data management certificates, website builders, and business mail products. Seeweb apart from cloud services offers housing and colocation solutions at its state-of-the-art proprietary data centers.

FINANCIAL HIGHLIGHTS



Consolidated

REVENUES

equal to

19,8 M EUR

+112%



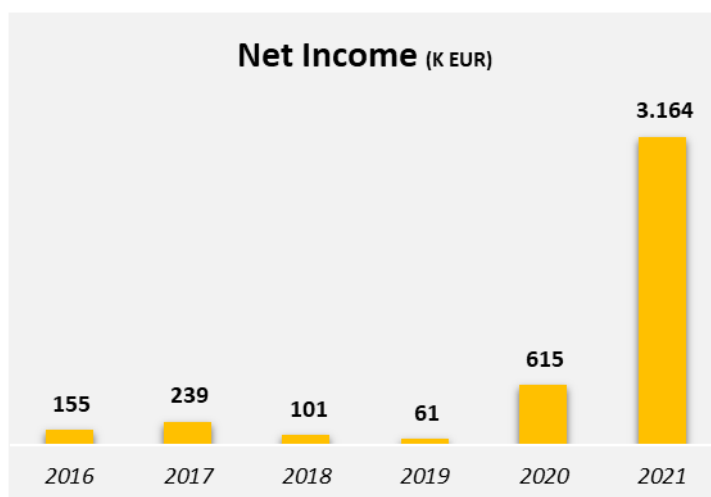
Consolidated

EBITDA ADJUSTED

equals to

7,2 M EUR

+294%



Consolidated

NET INCOME

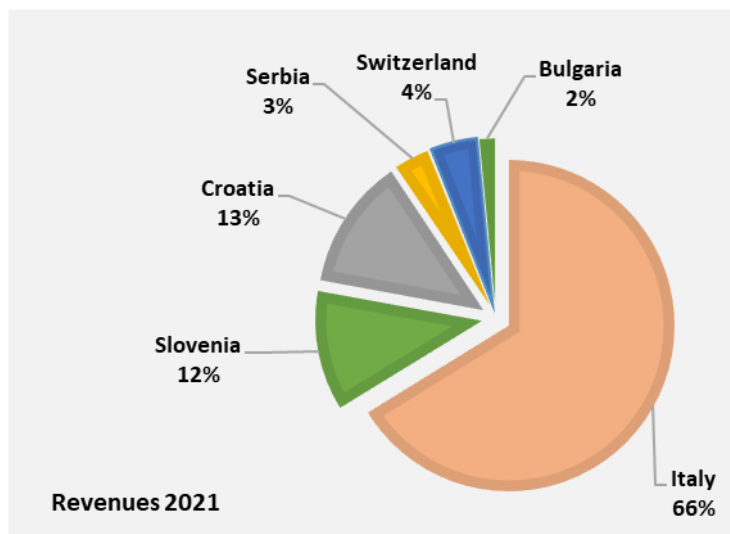
equals to

3,2 M EUR

+414%*

* Net Income 2021 is comprehensive of a positive impact of 0,84M Eur due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

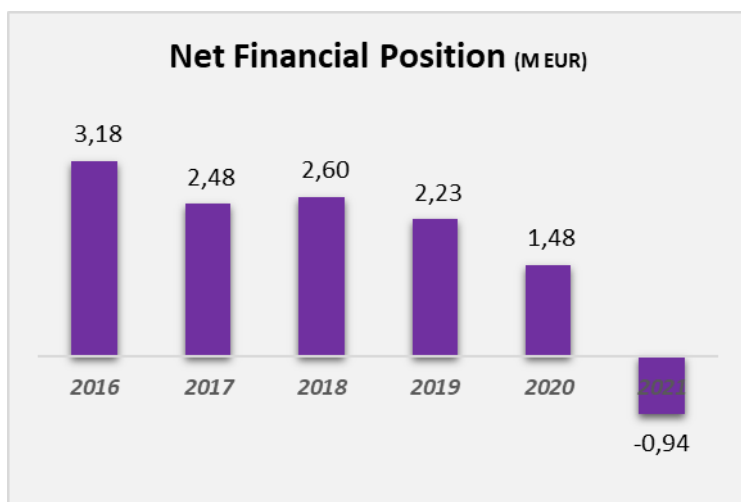
FINANCIAL HIGHLIGHTS



REVENUES

are approx.:

	13,11M EUR in Italy (Tophost and Seeweb)
	2,31M EUR in Slovenia (Webtasy)
	2,53M EUR in Croatia (DHH, System Bee)
	0,66M EUR in Serbia (mCloud)
	0,89M EUR in Switzerland (DHH SWZ)
	0,30M EUR in Bulgaria (Evolink)



Consolidated

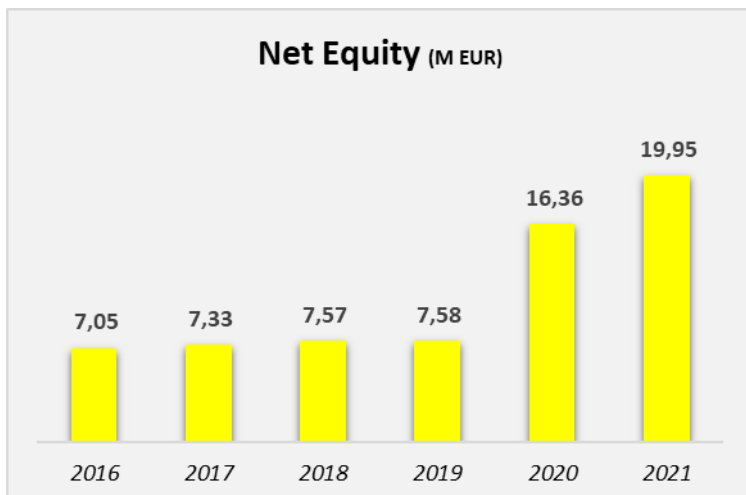
NET FINANCIAL POSITION

equals to

(0,94) M EUR

*Net Financial Position is composed by Liquidity Eur 9.46 M and Financial Debts Eur 10.4 M

-164%



Consolidated

NET EQUITY

equals to

19,95M EUR

+22%

KEY FINANCIAL DATA

PROFIT AND LOSS STATEMENT

The reclassified Profit and Loss Statement of the Group as at December 31st, 2021 is provided below:

RECLASSIFIED CONSOLIDATED PROFIT and LOSS STATEMENT	31.12.2021	31.12.2020
All amounts are in Euro		
Revenues	19.802.049	9.349.167
Operating costs	(9.057.532)	(5.486.183)
VALUE ADDED	10.744.517	3.862.985
Personnel costs	(3.518.406)	(2.028.751)
EBITDA adjusted*	7.226.111	1.834.234
Impact of non-recurring revenues (costs)	(283.661)	-
EBITDA*	6.942.450	1.834.234
Depreciation, Amortization and Impairment	(3.329.647)	(887.775)
EBIT**	3.612.803	946.458
Other non-operating income/expense	(3.336)	-
Financial income and expenses	(173.046)	(77.059)
EARNINGS BEFORE TAXES (EBT)	3.436.421	869.399
Income taxes	(272.680)	(254.390)
NET RESULT	3.163.741	615.009
OF WHICH:		
relating to the shareholders of the group	3.191.183	612.651
relating to the third-party shareholders	(27.442)	2.358

(*) 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 amortization policy and assessing trade receivables. EBITDA, as defined above, represents the index used by the Group's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standards, it should not be considered as an alternative measure to evaluate the results of the Group. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

EBITDA adjusted indicates EBITDA without considering the impact of non-recurring revenues and costs.

(**) 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 Group to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standards, consequently, it should not be considered as an alternative measure to evaluate the results of the Group. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

The Profit and Loss Statement as at December 31st, 2021 reflects the variation of the consolidation area due to the Reverse Take-Over of Seeweb Holding S.r.l. (and Seeweb S.r.l.), starting from 1st November 2020, and the acquisition of 60% of Evolink A.d., starting from 1st December 2021, according to IFRS 10 - *"An entity includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the entity ceases to control the subsidiary"*.

During the financial year ended 31 December 2021 the total consolidated revenues of the Group are equal to **19,8M EUR**, with an increase of 10,5M EUR; the increase referred to the variation of the consolidation area is about 9,5M EUR due to Seeweb S.r.l. (9,2M EUR) and Evolink A.d. (0,30M EUR).

The Group is focused on cloud hosting and cloud computing as core business lines and its revenues are approx. 13,11M EUR in Italy (Tophost and Seeweb), 2,31M EUR in Slovenia (Webtasy with the brands Domenca, Domovanje, Si.Shell), 2,53M EUR in Croatia (DHH with the brands Studio4web, Plus Hosting, Infonet, Optima Hosting and System Bee), 664K EUR in Serbia (mCloud with the brands Mcloud, Plus) and 889K EUR in Switzerland (DHH SWZ with the brand Artera). Thanks to the acquisition of Evolink A.d., DHH entered the cloud computing market in Bulgaria: the company is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria and has two active directly operated data centers, both located in Sofia.

Operating costs are the ongoing expenses incurred from the normal running the business and include selling, general and administrative expenses. Nevertheless, in 2021 the Group reported extraordinary items referred to Personnel costs for 284K EUR.

The consolidated EBITDA adjusted amounts to **7,2M EUR** and has registered an increase of 5,4M EUR, due both to the variation of the consolidation area and to the increase of the business of the other Group's companies. The consolidated EBITDA of the period is comprehensive of an IFRS 16 positive impact of 2,5M EUR.

Income taxes are comprehensive of a positive impact of 837K EUR due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

MAIN BALANCE SHEET DATA

The reclassified balance sheet of the Group as at December 31st, 2021 is provided below:

RECLASSIFIED CONSOLIDATED BALANCE SHEET	31.12.2021	31.12.2020
All amounts are in Euro		
Trade Receivables	2.537.570	2.193.909
Trade payables	(1.561.157)	(1.768.490)
OPERATING NET WORKING CAPITAL	976.412	425.418
Other current receivables	460.593	300.138
Prepaid expenses and accrued income	877.053	494.753
Other current liabilities	(584.378)	(368.368)
Accrued liabilities and deferred income	(2.952.120)	(2.621.458)
Taxes payables	(300.352)	(576.221)
<u>NET WORKING CAPITAL *</u>	(1.522.791)	(2.345.738)
Trademarks	3.087.307	3.087.307
Goodwill	9.666.343	7.956.819
Tangible fixed assets	1.891.963	1.782.841
Right of use assets	5.141.217	4.255.078
Intangible fixed assets	1.858.826	1.013.002
Investments in other companies	767.101	259.601
Non-current financial assets	17.710	18.302
Other non-current assets	273.286	-
Deferred tax assets	1.188.426	303.308
FIXED ASSETS	23.892.178	18.676.257
Employee benefits fund	(545.035)	(573.638)
Provisions for risks and future liabilities	-	-
Liabilities for deferred taxes	(928.904)	(881.621)

NET NON-CURRENT LIABILITIES	(1.473.939)	(1.455.259)
<u>NET INVESTED CAPITAL **</u>	20.895.448	14.875.260
Total net equity of the group	19.344.477	16.384.706
Net equity to the third-party shareholders	607.085	(25.583)
TOTAL NET EQUITY	19.951.561	16.359.123
Cash equivalents	(9.259.765)	(8.846.040)
Current financial assets	(209.996)	(209.932)
Non-current financial liabilities	4.852.879	5.334.532
Current financial liabilities	5.560.769	2.237.577
<u>NET FINANCIAL POSITION ***</u>	943.887	(1.483.863)
NET EQUITY AND NET FINANCIAL DEBT	20.895.448	14.875.260

(*) 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 an 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 an accounting measure within the accounting standard adopted.

(***) Pursuant to ESMA32-382-1138 Guidelines On disclosure requirements under the Prospectus Regulation 04/03/2021, par. 1775.

NET FINANCIAL POSITION

The Net Financial Position of the Group as at December 31st, 2021 is provided below:

CONSOLIDATED NET FINANCIAL POSITION*	31.12.2021	31.12.2020
All amounts are in Euro		
A. Cash	-	-
B. Cash equivalents	(9.259.765)	(8.846.040)
C. Other current financial assets	(209.995)	(209.932)
D. LIQUIDITY (A)+(B)+(C)	(9.469.760)	(9.055.972)
E. Current financial liabilities	3.049.764	75.955
F. Current part of non-current borrowing	2.511.004	2.161.622
G. CURRENT FINANCIAL DEBT (E)+(F)	5.560.768	2.237.576
H. NET CURRENT FINANCIAL DEBT (G)-(D)	(3.908.992)	(6.818.395)
I. Non-current financial liabilities	4.852.880	5.334.532
J. Bonds issued	-	-
K. Trade payables and other non-current liabilities	-	-
L. NON-CURRENT FINANCIAL DEBT (I)+(J)+(K)	4.852.880	5.334.532
M. NET FINANCIAL DEBT (H)+(L)	943.888	(1.483.863)

(*) Pursuant to ESMA32-382-1138 Guidelines On disclosure requirements under the Prospectus Regulation 04/03/2021, par. 1775 In the opinion of the directors, there are no implicit debt components as indicated by the relevant guidelines of disclosure obligations pursuant to the regulation on the prospectus published by Esma. The Group also has no transactions reverse factoring and supply agreements.

Net Financial Position is comprehensive of a 5,1M EUR lease debts related to IFRS 16, while at 31.12.2020 lease debt related to IFRS 16 was 4,3M EUR.

It includes Group Liquidity for Euro 9,46 M and Financial Debts for Eur 10,4 M.

The Group Liquidity has an increase of 5%. The Group Financial debts has an increase of 38% mainly due to Current Bank Loan.

Net financial Position includes the impact of investments for the purchase of infrastructures, as well as non-recurring costs for the M&A activity and for the purchase of treasury shares.

TABLE OF CONTENTS

CORPORATE BODIES	17
STRUCTURE OF THE GROUP	18
BOARD OF DIRECTORS REPORT	21
Section A: Significant events during the year	21
Section B: Principal risks	25
Section C: Related party transactions	28
Section D: Labour & Environment	29
Section E: Evolution, performance and position of the Company and Group	30
Section F: Significant events between the end of year and publishing of this report	32
Section G: Predictions and plans for the year 2022	33
Section H: Corporate Governance	34
Section I: Sustainability Report	38
GROUP CONSOLIDATED ANNUAL REPORT AS AT 31 DECEMBER 2021	43
Consolidated Financial Statements	44
Notes to Financial Statements	53
Consolidation Principals	56
Evaluation Criteria	56
Other Information	63
Scope of Consolidation	64
Notes to the Consolidated Financial Statements	65
PARENT COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021	79
Separate Financial Statements	80
Evaluation Criteria	86
Notes to the Financial Statements	86

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

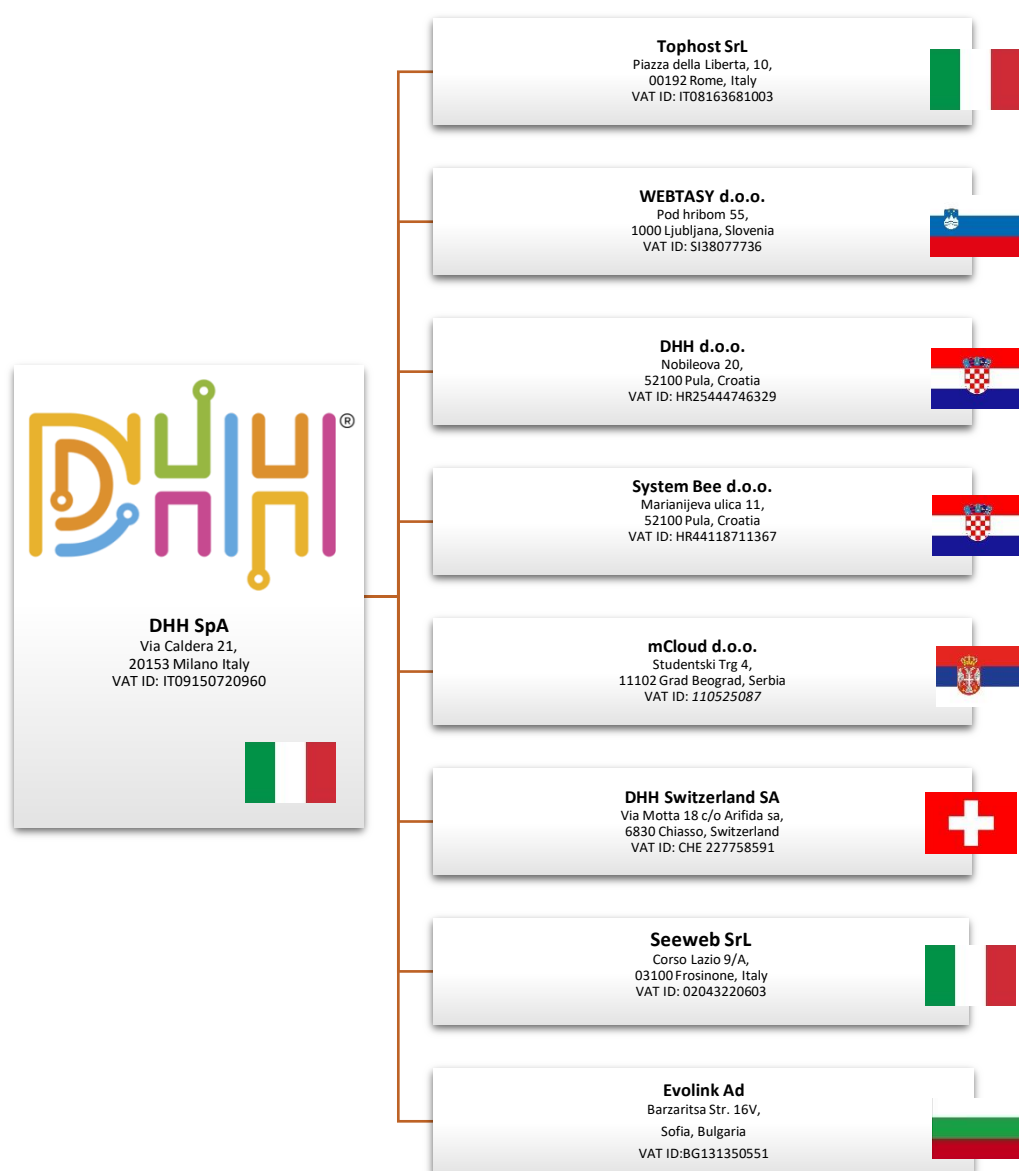
Chairman: UMBERTO LOMBARDI

Statutory Auditors: PIERLUIGI PIPOLO, STEFANO PIZZUTELLI

INDEPENDENT AUDITING FIRM

Auditing firm: BDO ITALIA S.P.A.

STRUCTURE OF THE GROUP



DHH S.P.A. (ITALY)

The holding company acting as a governing entity providing business and administrative support to portfolio companies. DHH S.p.A. is listed on Euronext Growth Milan (EGM) since 2016.



TOPHOST S.R.L. (ITALY)

100% controlled by DHH S.p.A.

Established in 2004 with a goal of becoming a major Italian player in the "mass" web hosting industry. In a short period of time, the company gained a notable position in the market providing entry-level web hosting services. Tophost joined DHH in 2015 and today offers comprehensive and innovative solutions at competitive prices to more than 46.000 customers across Italy.

WEBTASY D.O.O. (SLOVENIA)

100% controlled by DHH S.p.A.

Webtasy d.o.o. (until 28 December 2021 named DHH.si d.o.o) acquired Klaro (owner of Domenca, Domovanje brands) in Oct 2015. Following the acquisition of Si-Shell, a competitor focused on VPS and cloud servers, the Slovenian entity became a leading player on the local market serving >27.000 customers and holding ~31% market share. Domenca is a domain registration provider, while Domovanje and Si-Shell are mostly involved in the cloud computing field. High-end products like WordPress and hybrid hosting were introduced to the market in 2019.



DHH D.O.O. (CROATIA)

100% controlled by DHH S.p.A.

Established in 2001 as IT Plus d.o.o. and later renamed to Plus hosting d.o.o., the company joined DHH in 2015. Following the (1) repositioning of the company on the market, (2) completing acquisitions of local competitors, and (3) spinning off one of the business activities into a separate company, the Croatian entity is today the largest local player recognized for its technical expertise and high-quality customer service.



DHH SWITZERLAND S.A. (SWITZERLAND)

100% controlled by DHH S.p.A.

Acquired in May 2017, Artera is a Swiss company providing cloud computing services targeting premium segment Italian Swiss customers.



SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A.

Systembee was established in May 2018 as a spin-off of DHH d.o.o. engaged in the business of web hosting and IT solutions. Systembee is made up of a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to SMEs in Croatia. It currently counts ca. 50 active clients.



MCLOUD D.O.O. (SERBIA)

100% controlled by DHH S.p.A.

mCloud, a Serbian cloud computing provider founded in March 2018, became part of DHH in October 2018. The company is focused on delivering advanced hosting services.



SEEWEB S.R.L. (ITALY)

100% controlled by DHH S.p.A.

Seeweb is a cloud computing company that offers SaaS, IaaS, and PaaS services, as well as a wide range of additional IT services such as shared hosting, dedicated servers, housing, and colocation, relying on six physical datacenters and a proprietary fiber optic network. The company is part of DHH group since November 2020 following the reverse takeover.



EVOLIK AD (BULGARIA)

60% controlled by DHH S.p.A.

Established in 2004 and based in Sofia (Bulgaria), with its team of 50 employees is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria. Currently it has two active directly operated data centres, both located in Sofia. The customer portfolio includes large companies and telecom operators.

BOARD OF DIRECTORS REPORT

SECTION A: SIGNIFICANT EVENTS DURING THE YEAR

12th JANUARY 2021

Borsa Italiana authorizes DHH to trade its ordinary shares (ISIN IT0005203622) with a minimum lot size equal to 1.

18th JANUARY 2021

Seeweb, DHH fully owned portfolio company – www.seeweb.it, is awarded the Legality Rating with a score ★★ by AGCM, the Italian Competition Authority.

10th MARCH 2021

DHH identifies MIT SIM S.p.A. as the new specialist and enters into an agreement with the same, pursuant to which MIT SIM S.p.A. will take on such office from 14 June 2021.

16th MARCH 2021

DHH communicates the variation of share capital.

As a result of the exercise period no. 1.500 warrants were exercised and consequently issued no. 38 regular new DHH shares with no indication of nominal value, for a total value of Euro 448,40. The share capital of DHH is now equal to Euro 451.866,90, represented by no. 4.518.669 ordinary shares without par value.

29th MARCH 2021

DHH consolidates its presence in the Croatian market and enters the Bosnian market thanks to the acquisition of Optima Hosting.

DHH doo (“DHH Croatia”), one of the two Croatian subsidiaries, consolidates its presence on the Croatian market by signing an agreement with Info Jurman doo acquiring “Optima Hosting”, its business line focused on low-cost cloud hosting.

30th MARCH 2021

DHH announces its participation in the “SMART TECH Investor Day” (2 April), the virtual road-show organized by IR Top Consulting and meets the financial community with the mission to present the economic and financial results for 2020 and the strategic development of the company.

7th APRIL 2021

DHH promotes and sponsors the research entitled “The reachability of data: a legal perspective”, under Creative Commons license.

In this Study the authors, Eugenio Prosperetti and Innocenzo Genna (with the collaboration of Giulio Pascali and Davide Tuzzolino), examine the issue in relation to the role of US operators in the European cloud sector.

8th APRIL 2021

DHH announces its participation in the 16th Edition of the “SmallCap Event” (14-15 April) organized, in virtual mode, by CF&B Communication.

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

14th APRIL 2021

DHH announces its participation in the “MID & SMALL IN LONDON 2021” (20-22 April), by Virgilio IR in virtual mode.

The event offers the opportunity to present the entrepreneurial project, the achieved results, and the future perspectives to domestic and international investors in one-to-one and group meetings.

23rd APRIL 2021

DHH is one of the sponsors of the first ANIX Meeting held in virtual mode on 27 April 2021.

The meeting is powered by Namex (Nautilus Mediterranean Exchange), a neutral, non-profit, member-based Internet Exchange Point located in Rome, Italy. Its mission, for over 25 years, is to provide network interconnection services to members, ranging from physical L1 interconnection to public and private IP peering. As such, Namex works as a crucial node in the overall Internet infrastructure of Italy. Among Namex members are major national and international Network Carriers and Internet Service Providers, aggregated traffic for public peering established through the exchange reaches 12 Gbps.

28th APRIL 2021

Within the context of the Shareholders' Meeting, DHH resolved to distribute a dividend in kind consisting of allocation to the shareholders of a portion of treasury shares, equal to no. 1 share per each no. 25 shares held (with rounding down to the lowest unit number) according to the proposal of the Board of Directors to distribute up to a maximum of no. 180.746 shares, collectively representing up to 4% of DHH's share capital.

29th APRIL 2021

Seeweb, DHH fully owned portfolio company, acquires the assets of MondoServer (www.mondoserver.it), a cloud hosting and cloud computing provider active on the Italian market since 2003. It is the fourteenth M&A deal executed by the DHH group since the foundation in 2015 and makes its positioning in the South of Italy stronger.

12th MAY 2021

DHH announces its participation in the 1st Edition of the "TECH SECTOR DAY" (19 May) organized, in virtual mode, by CF&B Communication thanks also to the support of Intermonte SIM S.p.A., as the main partner.

The event allows selected Tech Companies listed on European markets to meet investors from France, Germany, Denmark, Luxembourg, the Netherlands, Spain, Switzerland, and the UK.

20th MAY 2021

DHH acquires the remaining 38% share of mCloud d.o.o. from Boško Radivojević (30%) and Jelena Opačić (8%) and thanks to this transaction DHH now owns 100% of mCloud d.o.o.

As a consideration for the abovementioned deals, the amount is not relevant and the transaction is not classified as a substantial transaction (ref. "AIM Italia – Rules for companies").

21th MAY 2021

DHH announces its participation in the 4th edition of "AIM Italia Conference 2021 – Virtual Edition" (25-27 May), organized by Borsa Italiana; The event is dedicated to the dynamic and competitive SMEs, which are looking for capital in order to finance their growth.

4th JUNE 2021

DHH communicates the variation of share capital.

As a result of the exercise period no. 1.213.473 warrants were exercised and consequently issued no. 322.051 regular new DHH shares with no indication of nominal value, for a total value of Euro 32.205,10.

The share capital of DHH is now equal to Euro 484.072, represented by no. 4.840.720 ordinary shares without par value. The shareholder Giandomenico Sica communicates to the issuer that he has exceeded the 5% threshold due to the exercise of the warrants and that his shareholding currently consists of 261.797 shares equal to 5,41% of the share capital.

14th JUNE 2021

DHH announces its participation in the “Mid & Small Virtual | SPRING”, organized by Virgilio IR from 15 to 17 June in virtual mode.

The event offers the opportunity to present the entrepreneurial project, the achieved results, and the future perspectives to domestic and international investors in one-to-one and group meetings.

5th JULY 2021

DHH communicates the variation of share capital.

As a result of the exercise period no. 6.066 warrants were exercised and consequently issued no. 1.401 regular new DHH shares with no indication of nominal value, for a total value of Euro 140,10.

The share capital of DHH is now equal to Euro 484.212,10, represented by no. 4.842.121 ordinary shares without par value.

12th JULY 2021

DHH announces the beginning of a share buyback program, previously authorized by the Shareholders' Meeting of April 28th, 2021.

The program will take place through purchases made by an independent financial intermediary, MIT SIM S.p.A., which will take the operating decisions concerning the purchases fully independently, also with regards to the timing of the purchasing operations, following the applicable laws and in line with the above-mentioned decision by the Shareholders' Meeting. The Company owns 174.245 treasury shares, corresponding to 3,60% of the Company's share capital.

20th JULY 2021

DHH announces its participation in the “Mid & Small 2021 | SUMMER”, organized by Virgilio IR from 26 July to 6 August 2021 in virtual mode.

The event offers the opportunity to present the entrepreneurial project, the achieved results, and the future perspectives to domestic and international investors in one-to-one and group meetings.

28th JULY 2021

DHH communicates the variation of share capital.

As a result of the exercise period no. 195.432 warrants were exercised and consequently issued no. 50.651 regular new DHH shares with no indication of nominal value, for a total value of Euro 5.065,10.

The share capital of DHH is now equal to Euro 489.277,20, represented by no. 4.892.772 ordinary shares without par value.

30th JULY 2021

The Board of Directors approves the investment in the innovative start-up Errera Technology Srl (hereinafter also “Errera”). Errera is a start-up that aims to invest in a fast-growing SaaS/cloud software company with the goal of listing it on a Multilateral Trading Facility and growing the business. To finance this project, issued Participatory Financial Instruments up to 3M Euro.

The transaction provides for (i) the subscription by DHH of a share of 500.000 Euro of participating financial instruments convertible into shares issued by Errera and governed by the Regulation of Participatory Financial Instruments called “Convertible Note – Errera 2021” (hereinafter also “SFP Errera”), and (ii) the entry into the share capital of Errera by DHH through subscription – to the nominal – of a quota until a maximum of 10.000 Euro of the capital increase of 15.000 Euro.

The subscription by DHH of the participating financial instruments issued by Errera for a value of 500.000 Euro constitutes a related party transaction qualifying as “of minor importance” pursuant to the OPC Procedure.

The investment will allow DHH to participate in the company's capital not only as an investor, and thus have a potential economic advantage, but also as an industrial partner with the prospect of amplifying this position following the proposed listing of the target company. From an industrial point of view, the operations have the objective of establishing a commercial synergy between the companies of the DHH Group and the target company with which Errera should carry out the investment in case of success of the initiative.

5th AUGUST 2021

DHH announces that Seeweb, its fully owned portfolio company, promotes the launch of the “Consorzio Italia Cloud” founded on August 4, 2021.

“Consorzio Italia Cloud” brings together some of the most important companies in Italy in the area of Cloud Computing (Seeweb, Netalia, Sourcesense, Infordata, Babyloncloud, ETH) with the aim of promoting the Italian cloud industries and skills at any level of the cloud stack (IaaS/PaaS/SaaS).

The main objective of the Consortium is to organize the offer and skills to best support private entities and, as a primary focus, the government sector in the journey towards digitization and cloud adoption within a framework of secure and resilient use of domestic technologies and expertise coming from the industrial and research sectors as envisaged in the PNRR (Piano Nazionale di Ripresa e Resilienza).

10th NOVEMBER 2021

DHH announces its participation in the second edition of “NEXT GEMS” conference (Tuesday 30 November 2021). The event (www.nextgems.it) is dedicated to listed companies with a capitalization that does not exceed € 100 million. The Conference offers a significant opportunity to meet the main Italian and international institutional investors with the opportunity to present the entrepreneurial project, the achieved results, and the future perspectives in one-to-one and group meetings.

18th NOVEMBER 2021

DHH announces its participation in the “TECH Retail Investor Day” (24 November 2021), organized by IR Top Consulting, the first of a series of thematic events included within the educational / training schedule of the Post TOL Summit 2021.

19th NOVEMBER 2021

In less than 4 months from the initial investment, Errera Technology - the startup backed by DHH - completes its business combination with Icona, a scale-up focused on Augmented Reality for Remote Assistance, renames into Icona Technology and successfully goes public with a market capitalization of 28M EUR.

DHH owns 300.000 shares at the listing date (equivalent to 4,35% of the share capital), worth 1,23M EUR, out of an initial investment of 500k EUR (ROI at listing: +145%). DHH has the right to get additional 40.000 shares (ref. bonus shares) if it holds the investment for 3 years after the listing. This project is the first experiment of Corporate Venture Capital within DHH.

23rd NOVEMBER 2021

DHH enters the cloud computing market in Bulgaria by signing a binding agreement for the acquisition of 60% of Evolink AD. The closing is expected to happen within 30th November 2021.

Evolink, established in 2004 and based in Sofia (Bulgaria), with its team of 50 employees is one of the largest “Infrastructure-as-a-Service” (IaaS) providers in Bulgaria. Currently it has two active directly operated data centers, both located in Sofia. The customer portfolio includes large companies and telecom operators.

30th NOVEMBER 2021

DHH announces the closing of the Evolink acquisition.

Evolink shareholders held a General Meeting approving the revised Articles of Association and appointing the founders Bisser Sergiev Tzonev and Svetoslav Georgiev Hristov to the Board of Directors along with Rositsa Angelova Chopeva-Yancheva, a new non-executive director.

14th DECEMBER 2021

During the Board of Directors DHH approves the new Company's procedure "Procedure for obtaining the Euronext Growth Advisor's prior opinion on the proposal for the appointment of an independent director", available to the public on the DHH website.

SECTION B: PRINCIPAL RISKS

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

The company is potentially exposed to the following relevant risks.

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 solid experience and 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, 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 RELATING TO COVID-19

The situation referred to as "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 S.p.A. which could impact negatively 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 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', which is still expected to differ materially from the pre-COVID-19 situation.

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.

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

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 within 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 a crisis might continue in the Eurozone countries. In such a 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 Company 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 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 a 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 a situation could generally have a negative effect on the market position of the Group and its economic, equity, and financial position.

RISK RELATING TO TECHNOLOGICAL PROGRESS

The main sector in which the Company operates is characterized by rapid technological development, high competition as well as 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 in 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 at 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 required 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 the non-fulfillment 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 fulfill 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, New Lev Bulgaria). Therefore, many transactions carried 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 by 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 December 31st, 2021 taken from the year's Financial statements:

DHH Group (EUR)		Receivables	Payables	Costs	Revenues
1. Antonio Domenico Baldassarra	Director and shareholder of DHH	-	14.244	164.691	-
2. Giandomenico Sica	Director and shareholder of DHH	-	15.065	90.000	-
3. Uros Čimžar	Director and shareholder of DHH	-	12.014	78.324	75
4. Matija Jekovec	Director and shareholder of DHH	-	13.082	86.397	17
5. Petra Kotlušek	Wife of 3)	-	-	15.284	95
6. Quadrant S.r.l.	Supplier of Seeweb owned by 1) and 7)	1.830	-	687.717	6.000
7. Enrico Vona	Significant Shareholder of DHH	-	4.469	92.800	-
Total		1.830	58.874	1.215.213	6.187
Total	Balance Sheet/Profit & Loss	2.537.570	1.561.157	16.189.245	19.802.049
	%	0,07%	3,77%	7,51%	0,03%

Additional relationships with associated parties are entertained with subsidiaries of the DHH group.

Costs and payables related to the Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Čimžar and Mr. Jekovec) equal to Euro 500,00 for each Board meeting in which each director will take part in the year 2021.

Cost and payables related to Mr. Čimžar and Mr. Jekovec are associated with their position as consultants of DHH SpA with their companies Uros Čimžar s.p. and Trimi d.o.o.; cost and payables related to Mrs. Kotlušek are associated with her position as an employee of Webtasy doo.

Costs and payables related to Mr. Sica are associated with the contract signed between Grafoventures and Giandomenico Sica for professional strategic services.

Mr. Baldassarra is also director of Seeweb S.r.l. and Mr. Vona acts as consultant for Seeweb S.r.l.

Costs and payables related to counterpart Quadrant S.r.l. relate to the lease and service contracts.

SECTION D: LABOUR & ENVIRONMENT

The Group employed 146 people as of 31.12.2021 compared to 94 at 31.12.2020; the increase due to the variation of the consolidation area (Evolink) is of 50 people.

There were no job fatalities or work 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 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 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 the 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 follows.

CONSOLIDATED KEY FINANCIALS	31.12.2021	31.12.2020	variation	
All amounts are in Euro				
Total Assets	37.237.154	30.721.028	6.516.126	21%
Total Equity	19.951.561	16.359.123	3.592.438	22%
CONSOLIDATED KEY FINANCIALS	31.12.2021	31.12.2020	variation	
All amounts are in Euro				
Net sales	19.555.429	9.193.822	10.361.608	113%
Gross Margin	11.311.400	4.193.824	7.117.576	170%
Adjusted EBITDA	7.226.111	1.834.234	5.391.878	294%
EBITDA	6.942.450	1.834.234	5.108.217	278%
EBT	3.436.421	869.399	2.567.022	295%
Net Profit	3.163.741	615.009	2.548.732	414%

The Net Profit amounts to **3,2M EUR** and has registered an increase in the current year of 2,5M EUR, due to the variation of the consolidation area (Seeweb S.r.l.) and to the increase of the business of the other Group's companies.

GROUP PERFORMANCE INDICATORS

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

CONSOLIDATED KEY INDICATORS	31.12.2021	31.12.2020	
Fixed Assets Ratio	64%	61%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	120%	114%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	46%	47%	Debt percentage ratio
Total equity to total liabilities and equity	54%	53%	Debt percentage ratio
Debt to Equity ratio	27%	20%	The percentage of debt to equity
Working Capital ratio	1,22	1,59	This ratio shows how many times the current assets cover the current liabilities
CONSOLIDATED KEY INDICATORS	31.12.2021	31.12.2020	
All amounts are in Euro			
Assets return ratio	17%	5%	Net profit after tax as a percentage of the equity
Adjusted EBITDA margin	37%	20%	EBITDA as a percentage of sales (without non-recurring items)
EBITDA margin	36%	20%	EBITDA as a percentage of sales
Net profit margin	16%	7%	Net profit as a percentage of sales

SECTION F: SIGNIFICANT EVENTS BETWEEN THE END OF YEAR AND PUBLISHING OF THIS REPORT

15th FEBRUARY 2022

During the Board of Directors DHH:

- approves the update of the following Company's compliance procedures, available to the public on the DHH website:
 - "Euronext Growth Advisor communication obligations procedure"
 - "Internal dealing procedure"
 - "Procedure for the processing of privileged information and setting up and keeping of the insider register"
 - "Procedure for managing transactions with related parties"
- announces the rebranding process of the Croatian subsidiary DHH d.o.o. which intends to change its name to "Plus hosting grupa d.o.o." (Croatian name) and "Plus hosting group Ltd" (English name).
- announces that on 28 December 2021 the Slovenian subsidiary DHH.si d.o.o. changed its name in "Webtasy d.o.o." (Slovenian name) and "Webtasy, LLC" (English name); from the point of view of visibility on the market there were no changes because the company operates through three brands – Domenca, Domovanje and Si-Shell – that have remained unchanged.

24th FEBRUARY 2022

On February 24, 2022, the Russian army invaded Ukraine with a military operation that put several cities and regions under siege. As a result of this operation, the countries of the European Union and NATO have moved at the diplomatic level and a series of measures and sanctions have been launched against Russia. Alongside the humanitarian tragedy, the conflict is having strong economic repercussions, in particular in relation to the prices of energy and raw materials.

At present, the evolution of the conflict is absolutely not foreseeable.

The company will constantly monitor the international situation, adopting all necessary measures to avoid negative economic consequences.

25th FEBRUARY 2022

DHH announces that the share buyback program started on 12 July 2021 ended on 23 February 2022.

As a final result of the purchase of treasury shares, DHH holds directly no. 205.110 treasury shares, equal to 4,19% of the share capital.

7th MARCH 2022

DHH publishes its first Environmental, Social and Governance (ESG) report - sustainability report -, which provides information on how DHH is addressing the ESG matters that the Company and its stakeholders view as the most important to its business.

In this sustainability report, DHH outlines its commitments to alignment with United Nations' Sustainable Development Goals (UN SDGs) and Environmental, Social, and Governance standards. The report integrates sustainability efforts from the eight most represented entities of the Group, as well as examples of sustainability practices across the region.

SECTION G: PREDICTIONS AND PLANS FOR THE YEAR 2022

We can summarize the plan for 2022 to lead the group activities in two main areas: further geographic expansion and strengthening market position including both web hosting and cloud computing industries on one side and, supporting digital innovation and entrepreneurship alongside tech-communities in our current geographies on the other side.

Currently we are facing a resurgence of the pandemic related to Coronavirus, while on the other hand there are increasing tensions among countries related to the Russia/Ukraine crisis. Although we have no negative signals for the moment, the economic effects of these situations can have an important economic repercussion on the operating turnover of the main customers of our companies, which could negatively impact the entity business.

Currently, we are not in the condition to assess this risk in a precise way, since the first data we observe in our companies don't show anything unexpected or different from "business as usual". Nevertheless, we expect that the global economy will be negatively impacted by Coronavirus and the Russia/Ukraine crisis and we believe that our company won't be called out from this situation. That's why, despite the lack of evident signals, we are preparing our group to face possible negative scenarios during 2022.

As generally known, the second half of the 2021 was characterized by two further economic events that are particularly relevant for our business sector and that has followed the existing Covid-19 crisis:

- the sharp increase in electricity prices (the PUN went from 40 € MWh to over 300 € MWh at the end of 2021)
- the crisis in the chip market which is reflected in the lengthening of delivery times for the electronic devices that are involved, in our case servers and storage which are essential for our business.

Cloud computing industry is impacted by these macroeconomics phenomena because at the ground of Cloud computing services there are computer equipment, data centers and heavy energy consumptions.

Our group is exposed mainly by the way of Seeweb and Evolink companies because they operate large data centers and also a huge amount equipment with a peak risk in companies located in Italy which energy mix is strongly shifted on thermoelectric sources gas fueled.

In Seeweb we were free from the relationship to the first element of the crisis thanks to a particular energy provider agreement with regulated price conditions stipulated at the beginning of 2021 precisely in relation to our forecasts about the risk of energy market; this contract will protect us from current market prices until the end of 2022. In Evolink the effect is partially mitigated by the way of government counter measures and the energy mix that is bases on more than 30% of nuclear sources, despite this we expect an increase in electric energy costs during 2022 that will surveillated and partially downstreamed to customers.

In relation to the second aspect of the crisis, the delivery times of the electronic equipment increased from the usual 30-60 days to 180-210 days; the remedy was to delay our usual cycle of technological updating, reserving the new equipment only for the needs of new production capacity. In this way we don't expect relevant negative effects on our industrial services provisioning capacity.

The Group is constantly monitoring the general increase in electricity price started from second half of the 2021, and will take all measures to limit the risk of a possible reduction in marginality.

SECTION H: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE MODEL

The corporate governance structure adopted by DHH 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.

BOARD OF DIRECTORS

The Board of Directors of the Company, re-appointed by the Shareholder's meeting held on April 30th, 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. With Grafoventures he joins - and sometimes he founds - small innovative software companies as a co-entrepreneur, supporting them in developing their long-term strategies, raising capital, going public, recruiting talents, and, last but not least, scaling by M&A. Since 2011 he has been engaged with 5 companies, which all went public on a stock exchange. They became well-known brands in their market now employing 500 people around the world, in Europe and beyond. Besides that, he also likes to invest in healthy tech micro-caps listed worldwide. 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 its focus to hosting and acquired some of its competitors, Matija managed the operations of the group and played 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 a 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 centers.

Antonio is currently the President of the Hosters and Registrars Association, a member of the Technical Committee and 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 harbors 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 business 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 a new business start-up with an 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, the 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, DHH S.p.A. has adopted the following procedures:

EURONEXT GROWTH ADVISOR COMMUNICATION OBLIGATIONS PROCEDURE: This Procedure regulates the process through which the Company provides the Euronext Growth Advisor with any information which may be necessary, opportune or reasonably requested by the latter to fulfill its duties according to the EGM Issuers' Regulations and according to the Euronext Growth Advisor Regulations, as amended and integrated from time to time.

INTERNAL DEALING PROCEDURE: This procedure governs, with binding effect, the disclosure obligations regarding, and the limits on the carrying out of, transactions in financial instruments of DHH S.p.A. – whose financial instruments are listed on Euronext Growth Milan, a multi-lateral trading facility organized and managed by Borsa Italiana S.p.A. –, in any capacity by the Relevant Persons and/or by the Relevant Shareholders and by Strictly Connected Persons in respect of the Company.

PROCEDURE FOR THE PROCESSING OF PRIVILEGED INFORMATION AND SETTING UP AND KEEPING OF THE INSIDER REGISTER: This procedure governs the management and processing of Privileged Information and the setup and maintenance of the Insider Register by DHH S.p.A. – whose financial instruments are listed on Euronext Growth Milano, a multilateral trading facility organized and managed by Borsa Italiana S.p.A. – and its subsidiaries. The Procedure set out in this document seeks to ensure compliance with applicable laws and regulations and to guarantee the maximum privacy and confidentiality of Privileged Information in order to prevent the selective, incomplete, improper or inadequate or untimely disclosure of information, documents and data regarding the Group. This Procedure was adopted by DHH in execution of Article 114 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented, in addition to Articles 17 and 18 of Regulation (EU) No 596/2014 on market abuse and the respective enacting regulations, including Commission Implementing Regulation (EU) 2016/347 of 10 March 2016.

PROCEDURE FOR MANAGING TRANSACTIONS WITH RELATED PARTIES: This related-parties transactions procedure governs the procedure for managing transactions with related parties carried out by DHH S.p.A. – whose financial instruments are listed on Euronext Growth Milan, a multilateral trading facility organized and managed by Borsa Italiana S.p.A. – and its subsidiaries, in order to ensure that such transactions are transparent and accurate from a substantive and procedural point of view. In accordance with Article 13 of the EGM Issuers' Regulation, this Procedure has been drafted in accordance with Article 10 of the regulation concerning transactions with related parties, adopted through CONSOB Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented by the Resolution no. 22144 of 22 December 2021. The related-parties transactions procedure sets out the rules that apply to two types of transactions with related parties: (i) Transactions of Greater Importance with Related Parties; and (ii) Transactions of Lesser Importance with Related Parties, envisaging specific provisions governing the preliminary review and approval of such transactions.

PROCEDURE FOR OBTAINING THE EURONEXT GROWTH ADVISOR'S PRIOR OPINION ON THE PROPOSAL FOR THE APPOINTMENT OF AN INDEPENDENT DIRECTOR: This procedure, adopted by DHH S.p.A. on a voluntary basis, aims to illustrate the process by which Applicant Shareholders who intend to submit a list for the election of the members of the Board of Directors may obtain, before filing the List pursuant to art. 26 of the Bylaws, the prior opinion of the Euronext Growth Advisor referred to in art. 6-bis, Part One, of the EGM Issuers' Regulation in relation to the possession of the Independence Requirements in relation to the candidate/s Director/s Independent/s that the Applicant Shareholders wish to indicate in the List.

SECTION I: SUSTAINABILITY REPORT

At DHH, we believe that a company should not only aim to be profitable but is also tasked with being a positive role model for the community. We have focused on minimizing resource consumption and supporting social and cultural initiatives that reflect our values long before the focus on environmental protection and societal problems became a trend. Nonetheless, we are aware there is much yet to be done towards defining achievable and relevant sustainability objectives as well as sustainable business management of all portfolio companies.

ICT companies have revolutionized the way businesses operate, increasing productivity and boosting global economic output and trade. This is why they are crucial players in fostering a more equitable technology ecosystem. Therefore, DHH's priority has become promoting leadership by way of integration of sustainable business practices at all portfolio companies and on all levels.

DHH Group's alignment with UN SDG goals DHH aligns its business operations to the UN SDGs framework, which addresses critical environmental, political, and economic challenges. SDG framework is a result of an extensive multi-stakeholder engagement process. Its specific targets and detailed indicators make it a comprehensive guideline on which to base sustainability goals and thoroughly understand the everyday sustainability challenges businesses across the industry face. In addition, international companies, such as DHH, can employ SDGs to gain a wholesome perspective and mitigate negative impacts throughout the value chain.

The 17 SDGs clearly demonstrate the interdependence of the environment, society, and businesses. By putting the SDGs at the center of the operational decision-making process, DHH Group takes an active part in leveraging them to overcome difficulties, establish a solid growth strategy, and reach new markets.

SUSTAINABLE DEVELOPMENT GOALS



We are currently actively working on addressing the following goals:

Environmental goals	Sustainable cities and communities, responsible consumption and production (goals 11, 12)
Social goals	Quality education, gender equality, decent work, and economic growth, reduced inequalities (goals 4, 5, 8, 10)
Governance goals	Industry, innovation, and infrastructure (goal 9)

DHH Group's commitment to ESG

Key management of the Group is very committed to corporate sustainability, and this is reflected in constant improvements and optimization of processes and policies. DHH Group's stakeholders expect us to be energy efficient and reduce our GHG (greenhouse gas) emissions as much as possible.

ENVIRONMENTAL GOALS

Environmental protection is an integral value recognized across the Group at all levels of operations. This is specifically well represented, but not limited to office management, server farm management, and business travel management. DHH invests in employee training on environmental topics, distribution and use of reusable glass water bottles, and specific team building activities focused on environmental sustainability such as reforestation. By being some portfolio companies ISO14001 certified, DHH ensures that environmental impact is measured and improved.

Use of resources

There is a strong focus on reducing the use of material resources and energy. DHH aims to operate digitally whenever possible when it comes to business administration, thus reducing the use of paper, printing equipment and reducing carbon emissions. Occasionally, we buy refurbished equipment to extend the lifetime of certain components and reduce the need for the production of new hardware. Where possible, we repurpose equipment that has been amortized for low-cost services which do not require the best performing hardware, thus extending their lifetime.

Energy efficiency

ICT industry consumes a lot of power, and old equipment (servers, cables, routers, etc.) must be recycled to avoid pollution. Production of electricity still majorly depends on non-renewable resources, thus making the impact of the industry considerable. The energy efficiency of the industry is usually unsatisfactory. Servers use a great amount of electricity to run and create byproduct heat which then requires cooling via air-conditioning that also runs on electricity. Furthermore, excess heat is released instead of utilized.

Some of the strategies DHH is using to achieve energy efficiency are regularly repairing and replacing the necessary equipment in data centers to reduce energy consumption, use of low voltage computer equipment, reusing old servers for tasks that require lower capacity, or donating them for educational or humanitarian purposes, and

increasing active cooling with outside air during colder weather. We are also considering modifications to our data centers' cooling systems in order to be able to use the produced heat for heating the office building.

To rationally distribute the spare memory in data centers, all inactive accounts are deleted a maximum of 60 days after they expire, and new servers for users are bought on-demand. In addition, the company's national IP MPLS network is solely based on fiber, which aggregates high bandwidth and eliminates the need for multiple copper cables.

Our data centers were built to reduce carbon emissions, they have low PUE (Total facility energy usage), and they use energy more efficiently. Additionally, we exclusively utilize the electricity that originates from certified renewable sources. We require our data center partners to use energy from renewable sources as well. At DHH, we also care about the environmental impact of our companies' websites. Websites are hosted green.

Commute and travel

Moreover, we insist on doing business remotely, consequently reducing travel for meetings whenever possible. We organize virtual meetings with both investors and shareholders. Our online work policy and virtual meetings policy result in substantial carbon footprint reduction on an annual level.

Waste management

We've put policies in place to manage technological waste and to achieve zero impact. Some portfolio companies have eliminated the use of paper and plastic, while others sort and recycle all waste and use energy as sparingly as possible.

When purchasing hardware, we are considering refurbished technologies first in order to minimize the impact on the environment. When disposing of old equipment, we employ policies to ensure it has been discarded appropriately. Items such as toners are collected and sent to vendors who refurbish them to give them a 2nd or 3rd life. We have a policy for the collection and disposal of used batteries. It applies to both batteries for personal use by employees and those used in UPS systems.

SOCIAL GOALS

We believe in building a long-term relationship of trust both with employees, clients, and the local community. These are based on transparency and free information. We understand the importance of providing good services under fair conditions. We employ practices that are aligned with our own business values.

Sustainable communities

DHH International aims to support the development of the local community by sponsoring relevant projects. For example, during the first wave of Covid-19, we supported local sports associations that needed assistance. In 2021, we supported an initiative for startups in Africa as well as an African foundation working on education.

We participated in the initiative Plastic Caps for Future that encourages charity, solidarity, and recycling for a better future for the youth.

Health and wellbeing

Good health and well-being are at the center of our company culture. Therefore, DHH was a fully remote company from its beginning. All DHH portfolio companies adopted remote and hybrid policies for their employees and collaborators. By granting employees and collaborators the flexibility they needed, we support them in achieving

the work-life balance in the best possible way and according to their own preferences. Not only the work is remote, but the working hours are also flexible so that employees can work at their preferred time of the day.

Decent work and economic growth

Portfolio companies grew in a short period of time, which created a number of opportunities for employment, collaboration, and stakeholder engagement.

DHH portfolio companies offer full-time employment that includes all the benefits and strive to achieve a 50/50 gender balance. DHH is proud to have an above-average ratio of female coworkers. Gender parity in a company is an important objective across the Group as the IT industry is usually male-dominated. At DHH, wages are not gender-based, and we put in place initiatives to assist new mothers that care for their families. We believe in fair pay adjusted to the position and geography of the employee, and we comply with or exceed the requirements set by the local law regarding benefits.

Quality education

DHH profoundly cares about quality education. In 2018, we reserved a specific portion of the annual budget for social and educational purposes. We worked with local entities like schools or non-profit organizations. We've established regular collaborations with L'Ora del Codice, an interuniversity consortium in Italy. In this way, we cooperate with local universities, hold presentations to students to educate them on professional opportunities, and provide student internships. We are also a steady corporate donor to FAI that works on protecting Italy's historical, artistic, and landscape heritage.

One of the portfolio companies, Seeweb, has established a local academy for web developers, thus supporting the education of youth interested in careers in tech.

GOVERNANCE

At DHH Group, we believe in high integrity, fair play, respect towards every individual, and we never sacrifice our values and ethics to achieve business success. By attentively managing data governance processes, we ensure that our clients' collected and stored information is useable, accessible, and secure. Data governance, at its most basic level, leads to greater data quality, lower data management costs, and increased data access for all stakeholders. As a consequence, better decisions are made, and better business outcomes are achieved.

Safety and privacy

The biggest goal of our services is to keep the Internet free and transparent and to promote digital responsibility awareness by supporting programs such as Isoc and The Hour of Code. By pledging to CISPE ("Cloud Infrastructure Services Providers in Europe"), we promise to fully protect our clients' data, exclude any form of data mining, profiling, or direct marketing, and truly respect the GDPR best practices.

We are aware that we are at the beginning of our journey towards corporate sustainability and that there is more work to be done. Therefore, we are committed to revising the policies and sustainability goals annually and continue our work on supporting initiatives that are aligned with the Group's values. We are dedicated to observing the changes in regulations and adjusting sustainability policies regularly.

In order to do so, we must face challenges specific to our industry, such as improving end-of life management policies, increasing energy efficiency, and lowering carbon footprint of operations. We are planning to integrate an

assessment framework for environmental impacts that is mapped according to our companies' specific needs and relevant to our business objectives.

According to Smart 2020, the carbon footprint of the ICT industry represents roughly 2% of the global emissions. It is expected to increase to 1.4 Gtonnes if companies continue doing business as usual. Data centers emit over 10% of total ICT industry emissions. Therefore, we are planning to integrate the EU Code of Conduct for Datacenters released by the EU Commission in 2010 into our data center management policies.

We believe the companies in our supply chain are already ambassadors of our sustainability values. However, our plan is to communicate our sustainability values to our partners and collaborators in order to also align our distribution channel to our sustainability objectives.

We are eager to establish partnerships to achieve these goals. In case your company is interested in collaborating, we would encourage you to reach out.



Group Consolidated Annual Report

as at 31 December 2021

prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

DHH S.p.A.

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*These consolidated financial statements, making use of the option provided by art. 19, Part I, of the EGM Issuers' Regulation, 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 DHH S.p.A. directly or indirectly controls the majority of voting rights in the ordinary shareholders, at the above date.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	NOTE	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
All amounts are in Euro					
Trademarks	1	3.087.307		3.087.307	
Goodwill	2	9.666.343		7.956.819	
Tangible fixed assets	3	1.891.963		1.782.841	
Right of use assets	4	5.141.217		4.255.078	
Intangible assets	5	1.858.826		1.013.002	
Investments in other companies	6	767.101		259.601	
Non-current financial assets	7	17.710		18.302	
Other non-current assets	8	273.286		-	
Deferred tax assets	9	1.188.426		303.308	
NON-CURRENT ASSETS		23.892.178		18.676.257	
Trade receivables	10	2.537.570	1.830	2.193.909	1.830
Current financial assets	11	209.996		209.932	
Other current assets	12	110.013		46.531	
Tax receivables	13	350.580		253.607	
Cash and cash equivalents	14	9.259.765		8.846.040	
Prepaid expenses and accrued income	15	877.053		494.753	
CURRENT ASSETS		13.344.977		12.044.772	
TOTAL ASSETS		37.237.154	1.830	30.721.028	1.830

LIABILITIES and NET EQUITY	NOTE	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
All amounts are in Euro					
Share Capital		489.277		451.867	
Reserves		14.315.183		14.586.586	
Retained Profit (Loss)		1.348.833		733.603	
Year's profit (loss) relating to the shareholders of the Group		3.191.183		612.651	
TOTAL NET EQUITY OF THE GROUP		19.344.477		16.384.706	
Capital and Reserves relating to the third-party shareholders		634.527		(27.941)	
Year's Profit/loss relating to the third-party shareholders		(27.442)		2.358	
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS		607.085		(25.583)	
TOTAL NET EQUITY	16	19.951.561		16.359.123	
Non-current financial payables	17	4.852.879		5.334.532	4.000
Severance reserves	18	545.035		573.638	
Provisions for risks and future liabilities		-		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	19	928.904		881.621	
NON-CURRENT LIABILITIES		6.326.818		6.789.791	
Trade payables	20	1.561.157	22.300	1.768.490	25.447
Other current liabilities	21	584.378	36.574	368.368	23.718
Current financial liabilities	22	5.560.769		2.237.577	
Tax payables	23	300.352		576.221	
Accrued liabilities and deferred income	24	2.952.120		2.621.458	
CURRENT LIABILITIES		10.958.775		7.572.114	
TOTAL LIABILITIES		17.285.593		14.361.905	
TOTAL LIABILITIES and NET EQUITY		37.237.154	58.874	30.721.028	53.165

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2021

CONSOLIDATED INCOME STATEMENT	Note	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
All amounts are in Euro					
Revenues	25	19.555.429	6.091	9.193.822	58.746
Other Revenues	26	246.619	95	155.345	
OPERATING REVENUES		19.802.049		9.349.167	
Material costs	27	(995.094)		(167.032)	
Service costs and use of third-party assets	28	(7.495.555)	(258.453)	(4.988.311)	(1.494.533)
Personnel costs	29	(3.518.406)	(956.761)	(2.028.751)	(74.667)
Other expenses	30	(566.883)		(330.839)	
TOTAL OPERATING COSTS		(12.575.938)		(7.514.934)	
<u>EBITDA Adjusted *</u>		7.226.111		1.834.234	
Impact of non-recurring revenues (costs)		(283.661)		-	
<u>EBITDA *</u>		6.942.450		1.834.234	
Amortization and impairment	31	(3.329.647)		(887.775)	
<u>EBIT **</u>		3.612.803		946.458	
Financial income (expenses)	32	(173.046)		(77.059)	
Other non-operating income/expense		(3.336)		-	
EARNINGS BEFORE TAXES		3.436.421		869.399	
Total current and deferred income taxes	33	(272.680)		(254.390)	
NET INCOME (LOSS) FOR THE YEAR		3.163.741		615.009	
OF WHICH:					
Relating to the shareholders of the Group		3.191.183		612.651	
Relating to the third-party shareholders		(27.442)		2.358	
EARNINGS per SHARE (in EURO)	34	0,675		0,318	
DILUTED EARNINGS per SHARE (in EURO)	34	0,675		0,318	

OVERALL CONSOLIDATED INCOME STATEMENT

31.12.2021

31.12.2020

All amounts are in Euro

PROFIT (LOSS) FOR PERIOD (A)

3.163.741

615.009

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

34.409

7.036

TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)

34.409

7.036

TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)

3.198.150

622.045

(*) 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 amortization policy and assessing trade receivables. EBITDA, as defined above, represents the index used by the Group's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standards, it should not be considered as an alternative measure to evaluate the results of the Group. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

EBITDA adjusted indicates EBITDA without considering the impact of non-recurring revenues and costs.

(**) 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 Group to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standards, consequently, it should not be considered as an alternative measure to evaluate the results of the Group. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

CHANGES EQUITY	01.01.2020	Result allocation	Other variations	Earnings/losses reported in OCI	Net Result of the year	31.12.2020
Share capital	148.855	-	303.012	-		451.867
Share Premium Reserve	6.681.189	-	4.505.061	-		11.186.250
Legal Reserve	28.400	-	-	-		28.400
Other Reserves	-	-	5.102.922	-	-	5.102.922
Negative reserves for own shares	-	-	(1.738.397)	-	-	(1.738.397)
OCI Reserve	3.796	-		3.614		7.410
Retained earnings (Accum. losses)	633.938	99.665	-	-		733.603
Group Net Result	99.665	(99.665)	-	-	612.651	612.651
TOTAL NET EQUITY - GROUP	7.595.843	-	8.172.599	3.614	612.651	16.384.706
Capital and reserves relating to the third-party shareholders	20.250	(38.933)	(8.001)	(1.258)	-	(27.942)
Net Result relating to the third-party shareholders	(38.933)	38.933	-	-	2.358	2.358
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	(18.683)	-	(8.001)	(1.258)	2.358	(25.583)
TOTAL NET EQUITY	7.577.161	-	8.164.597	2.356	615.009	16.359.123

CHANGES EQUITY	01.01.2021	Result allocation	Other variations	Earnings/losses reported in OCI	Net Result of the year	31.12.2021
Share capital	451.867	-	37.410	-	-	489.277
Share Premium Reserve	11.186.250	-	(912.926)	-	-	10.273.324
Legal Reserve	28.400	-	61.973	-	-	90.373
Other reserves	5.102.922	-	-	-	-	5.102.922
Negative reserve for own shares	(1.738.397)	-	550.777	-	-	(1.187.620)
OCI Reserve	7.410	-	-	28.773	-	36.183
Retained earnings (Accum. losses)	733.603	612.651	2.580	-	-	1.348.833
Group Net Result	612.651	(612.651)	-	-	3.191.183	3.191.183
TOTAL NET EQUITY GROUP	16.384.706	-	(260.186)	28.773	3.191.183	19.344.477
Capital and Reserves relating to the third-party shareholders	(27.942)	2.358	660.451	(341)	-	634.527
Net Result relating to the third-party shareholders	2.358	(2.358)	-	-	(27.442)	(27.442)
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	(25.583)	-	660.451	(341)	(27.442)	607.085
TOTAL NET EQUITY	16.359.123	-	400.265	28.432	3.163.741	19.951.561

The "Other variations" mainly refer to:

- the capital increase of 37K EUR, due to the warrants exercised and to the regular new DHH shares (with no indication of nominal value) issued;
- the acquisition of the remaining 38% of mCloud d.o.o. from Mr. Boško Radivojević (30%) and Jelena Opačić (8%) for a total value of 135.000 EUR;
- the acquisition of the 60% of Evolink a.d. for a total value of 2.485.278 EUR.

ANNUAL 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	2.258.840	10.606.346	12.865.185
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(2.956.479)	2.951.184	(5.295)
Difference between the value of the consolidated investments and their own net equity value	(3.336)	2.595.764	2.592.428
Net profit of consolidated companies	3.892.159		3.892.159
Third-party shareholders	(27.442)	634.527	607.085
TOTAL NET EQUITY	3.163.741	16.787.821	19.951.561

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED CASH FLOW STATEMENT		
	31.12.2021	31.12.2020
All amounts are in Euro		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	3.163.741	615.009
Income taxes	272.680	254.390
Interest payables/(receivables)	173.046	77.059
(Capital gains) / losses from sales of assets	-	-
(Capital gains) / losses from Business Combinations	-	-
1. EARNINGS BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	3.609.467	946.458
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	71.783	13.325
- Amortization and depreciation of assets	3.279.373	824.891
- Permanent loss write-down	50.274	62.884
- Other adjustments on non-monetary items	28.209	2.696
2. Cash Flow before NWC changes	7.039.107	1.850.255
Changes in NWC:	(728.889)	594.732
- Decrease (increase) in inventories	6.404	-
- Decrease (increase) in customer receivables	28.104	481.243
- Increase (decrease) in supplier payables	(522.350)	(28.572)
- Decrease (increase) in prepaid expenses and accrued income	282.193	494.575
- Increase (decrease) in accrued expenses and deferred income	(129.376)	(187.602)
- Other changes to the NWC	(393.864)	(164.911)
3. Cash flow after NWC changes	6.310.217	2.444.987

Other changes:	(582.987)	(334.678)
- Interests collected/(paid)	(173.046)	(77.059)
- (income taxes paid)	(273.719)	(257.401)
- Dividends received	-	-
- (Use of reserves)	(136.222)	(218)
Cash flow from operating activities [A]	5.727.230	2.110.309

B. CASH FLOW FROM INVESTING ACTIVITIES

(Investments) disinvestment in tangible assets	(416.021)	(329.115)
(Investments) disinvestment in right of use assets	(2.422.344)	(381.548)
(Investments) disinvestment in intangible assets	(625.690)	(36.663)
(Investments) disinvestment in financial assets	(3.950.014)	(583.334)
Cash flow from investing activities [B]	(7.414.070)	(1.330.660)

C. CASH FLOW FROM FINANCING ACTIVITIES [C]

Increase (decrease) current payables to banks	2.826.893	(1.663.311)
New loans (Loan repayments)	(761.632)	1.775.644
Paid capital increase	(256.711)	23.837
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
Cash flow from financing activities [C]	1.808.550	136.169
Increase (decrease) in liquidity [A]+[B]+[C]	121.710	915.819
Liquid funds at the beginning of the period	8.846.040	2.537.357
Consolidation area variation	292.015	5.392.864
Liquid funds at the end of the period	9.259.765	8.846.040

NOTES TO FINANCIAL STATEMENTS

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 EGM Issuers' Regulation 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 December 31st, 2021 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial Statements as at December 31st, 2021 are approved by the Board of Directors on 28.03.2022.

This annual year report is prepared in order to comply with disclosure requirements pursuant to Article 18, First Part, of the EGM Issuers' Regulation.

The accounting format and the information set out in these financial statements have been drawn up according to accounting principle IAS 1, presentation of Financial Statements, updated and published by IASB in 2007, effective as from 1 January 2009 and subsequent changes and integrations. The financial statements, with Euro units, are made up of mandatory accounting principles (profit and loss account, balance sheet, prospect of variations of net worth, and financial report) 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 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 Group Financial Statements for DHH (the “Group”) as at 31 December 2021 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%
WEBTASY d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%

SUBJECTIVE ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial Statements in accordance with the applicable accounting principles requires 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 from events or transactions, non-recurrent by nature and value materiality are indicated separately.

2. The consolidated aggregated profit or loss statement shows the 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 pro-rata 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 IFRS 16 – Lease standards, 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 year financial statements are set out below.

INTANGIBLE ASSETS

Intangible assets are assets without a physical substance, they are recognized 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 the cash-generating unit, to which the same immaterial asset is attributed.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - TRADEMARKS

Trademarks, item arising from the Reverse Take-Over of Seeweb according to IFRS 3, represents a partial allocation of the positive excess of the acquisition due to the Purchase Price Allocation process.

Trademarks are accounted for assets with residual indefinite life and are 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 recognized in the profit and loss statement and are not subsequently restored. After the initial recording trademarks are evaluated at the cost net of any accumulated losses. For purposes of running the impairment test trademarks are attributed to the cash generating units or CGU or CGU groups which are expected to benefit from the aggregation.

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 a 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 recognized 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 identifiable and there is evidence that 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 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 recognized 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 recognized 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.

RIGHT OF USE ASSETS – LEASE DEBTS ACCORDING TO IFRS 16

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 adopted 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.
- 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).
- 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».

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 the 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 the difference between the sale revenue and the net book value of the asset and recognized 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 to the recoverable value, represented by the higher between (i) fair value less disposal costs and (ii) current value.

PARTICIPATIONS

Participations in controlled companies, in Parent Company's Financial Statements, 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 that 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 the 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 recognized in the profit or loss statement at the time of disposal of the financial transaction leading to such disposal, the 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 are 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 the fair value of liabilities, net of directly related transaction costs according IFRS 9.

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 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 a financial statement under the actuarial method “Projected Unit Credit Method”. Such an actuarial method is based on demographic and financial assumptions to reasonably estimate the amount of benefits that each employee has already accrued as a result of his employee service.

Through actuarial valuation, the current service cost, which represents the amount of rights matured by an employee at the 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 2020, 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 that 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 recognized 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 recognized in the profit or loss statement.

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 2020, the following accounting standards, amendments and interpretations are applicable from the 1st of January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform- Phase 2.
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 - applicable for annual periods beginning on or after 1 April 2021.

These accounting standards, amendments and interpretations are not significant or have not produced effects for the Group.

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:

- Annual improvement to IFRS 2018-2020 cycle: amendments to IFRS 1, IFRS 9, IFRS 16 and to IAS 41.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use - applicable for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract - applicable for annual periods beginning on or after 1 January 2022.
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework - applicable for annual periods beginning on or after 1 January 2022.
- IFRS 17 Insurance Contracts - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU.

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 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 55.945 EUR for auditing activities and 2.580 EUR for other activities. The compensation for the Board statutory auditors is equal to 26.711 EUR.

RELATED PARTIES

The Explanatory Notes provide 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 31.12.2021	AVERAGE EXCHANGE RATE YEAR 2021
Croatian Kuna (HRK)	7,5156	7,5284
Serbian Dinar (RSD)	117,6165	117,5497
Swiss Franc (CHF)	1,0331	1,0811
New Lev Bulgaria (BGN)	1,9558	1,9558

SCOPE OF CONSOLIDATION

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

PARENT COMPANY

Name

DHH 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%
WEBTASY d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%

CHANGE IN THE SCOPE OF CONSOLIDATION

Regarding the changes in the scope of consolidation, compared to the consolidated report as at 31.12.2020, it should be noted the acquisition of the remaining 38% share of mCloud d.o.o. from May 2021 and the acquisition of 60% of Evolink a.d from 1st December 2021.

INTRA-GROUP TRANSACTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: TRADEMARKS

The item "Trademarks" recorded in the Financial Statements reports a total amount of 3.087.307 EUR. They refer to the Reverse Take-Over of Seeweb Holding S.r.l. led by DHH S.p.A., as partial allocation of the goodwill originated by the operation.

As mentioned in the section related to the accounting principles, Trademarks are not amortized, but subject to impairment tests 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 (or "CGU"). Impairment test has been executed according to the 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.

NOTE 2: GOODWILL

The item "Goodwill" is equal to 9.666.343 EUR, with a net increase of 1.709.524 EUR compared to the same value recorded in the consolidated as at 31.12.2020. The increase refers:

- for 190K EUR to the acquisition of the remaining 38% of mCloud d.o.o. from Boško Radivojević (30%) and Jelena Opačić (8%) in May 2021; and
- for 1,58M EUR to the acquisition of 60% of Evolink a.d from 1st December 2021.

The decrease refers to the part of goodwill with a defined useful life by specific evaluations, it's related to the fair value of DHH Switzerland's customer list with an estimated residual life of 3 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 (or "CGU"). Impairment test has been executed according to the 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.

Impairment test assumptions

The main assumptions used to calculate the recoverable value concern:

- the estimate of future operating flows;
- the discount rate (Weighted Average Cost of Capital, WACC);
- the long-term nominal "g" growth rate;
- the terminal value.

The Group has identified the Cash Generating Units (or CGUs) at the subsidiary level, identified therefore as the smallest group of assets generating cash inflows.

For each CGU the recoverable value was verified by comparing the value in use, determined with the valuation model of Unlevered Discounted Cash Flow (UDCF), and his net book-value.

This method was applied to cash flow projections based on the most recent forecasts economic-financial available based on a three-year time (2022-2024) and on the expectations of the Management relating to the performance of the markets in which the subsidiaries operate.

Details of the discount rates by geographic area are shown below:

- Italy: 9,97%
- Slovenia: 8,32%
- Croatia: 10,40%
- Switzerland: 7,34%
- Serbia: 14,06%
- Bulgaria: 8,83%

These discount rates, net of the tax effect, were deemed adequate to reflect the cost of money and risk specific related to operational activity, also considering the country risk.

The present value of the cash flows for the years specified in the various plans was integrated by the Terminal Value, determined according to the perpetual annuity method, at a growth rate "g", which represents the current value, in the last forecast year, of all expected future cash flows. In this case, the Management considered a growth rate "g" equal to zero.

NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 1.891.963 EUR.

The details of the movement of tangible assets during the year 2021 are provided below.

TANGIBLE ASSETS	Computers and electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Value as at 01.01.2021	5.516.893	-	1.985.862	-	7.502.755
Variation area	5.179.731	-	-	-	5.179.731
Investments	493.476	-	2.759	-	496.235
(Disposals)	(162.527)	-	(9.615)	-	(172.143)
Impairments and other movements	-	-	-	-	-
Cost as at 31.12.2021	11.027.573	-	1.979.006	-	13.006.579
Accumulated depreciation as at 01.01.2021	4.632.354	-	1.087.561	-	5.719.914
Variation area	4.935.409	-	-	-	4.935.409

Depreciation	532.325	-	18.896	-	551.221
(Disposals)	(82.313)	-	(9.615)	-	(91.928)
Impairments and other movements	-	-	-	-	-
Accumulated depreciation as at 31.12.2021	10.017.775	-	1.096.841	-	11.114.616

Net Book Value

At 01.01.2021	884.540	-	898.301	-	1.782.841
At 31.12.2021	1.009.798	-	882.165	-	1.891.963

NOTE 4: RIGHT OF USE ASSETS

Right of use assets are equal to 5.141.217 EUR. The effects of the application of IFRS 16 - "Leases", applied from January 1st, 2019, are provided below. For further information please refer to the comments in "Evaluation criteria".

RIGHT OF USE ASSETS	Land and Buildings	Data center equipment	Vehicles	Other assets	TOTAL
Value as at 01.01.2021	2.023.962	7.507.944	26.617	-	9.558.523
Variation area	658.677	601.753	-	-	1.260.430
Investments	743.605	1.678.738	-	-	2.422.344
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
Cost as at 31.12.2021	3.426.244	9.788.402	26.651	-	13.241.297

Accumulated depreciation as at 01.01.2021	749.129	4.549.199	5.117	-	5.303.445
Variation area	296.747	147.996	-	-	444.743
Depreciation	580.131	1.765.408	6.353	-	2.351.892
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-

Accumulated depreciation as at 31.12.2021	1.626.007	6.462.603	11.470	-	8.100.080
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Net Book Value

At 01.01.2021	1.274.833	2.958.745	21.500	-	4.255.078
At 31.12.2021	1.800.238	3.325.798	15.181	-	5.141.217

NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 1.858.826 EUR as at 31 December 2021.

The details of movement in intangible assets during the year 2021 are provided below.

INTANGIBLE ASSETS	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Value as at 01.01.2021	406.347	422.915	58.507	963.717	2.080	1.853.566
Variation area	1.097.048	-	7.801	-	-	1.104.849
Investments	10.905	-	440.886	167.380	8.599	627.770
Impairments and other movements	(2.282)	-	(3.500)	-	(2.080)	(7.862)
Cost as at 31.12.2021	1.512.017	422.915	503.694	1.131.097	8.599	3.578.322

Accumulated amortization as at 01.01.2021	195.268	263.381	19.338	362.577	-	840.564
Variation area	566.147	-	100	-	-	566.248
Amortization	83.042	71.726	66.037	97.662	-	318.467
Impairments and other movements	(2.282)	-	(3.500)	-	-	(5.782)
Accumulated amortization as at 31.12.2021	842.175	335.107	81.975	460.239	-	1.719.496

Net Book Value

At 01.01.2021	211.078	159.534	39.169	601.141	2.080	1.013.002
At 31.12.2021	669.842	87.808	421.718	670.859	8.599	1.858.826

NOTE 6: INVESTMENTS IN OTHER COMPANIES

Company	Legal seat	Share Capital (in EUR)	Share (%)	Investment book value
Sync S.r.l.	Roma	13.289	3,38%	50.102
Baasbox S.r.l.	Roma	13.489	5,21%	99.999
Materialuce S.r.l.	Terni (TR)	10.250	4,76%	100.000
Icona Technology S.p.A.	Cinisello Balsamo (MI)	172.250	4,35%	502.500
Others				14.500
Total				767.101

DHH made a payment of Euro 502.500 in favor of Errera Technology Srl, of which Euro 2.500 as subscription of share capital, and Euro 500.000 as subscription of Equity Financial Instruments.

After four months of the initial investment, Errera Technology completed the merger process with Icona, a scale-up focused on Augmented Reality for Remote Assistance, there was the transformation into a joint stock company, the change of the name to Icona Technology SpA and the successful listing on the Vienna Stock Exchange, Direct Market segment.

Following the conversion of the Participating Financial Instruments, DHH holds a nominal value of Euro 7,500 corresponding to 300.000 shares at the listing date (equal to 4.35% of the share capital), for a value of EUR 1.23M, on an investment initial of Euro 500.000. DHH is entitled to obtain an additional 40.000 shares (ref. Bonus shares) if it holds the holding for 3 years after the listing. This project was the first Corporate Venture Capital experiment within DHH.

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 17.710 EUR as at 31 December 2021, is referred to guarantee deposits.

NOTE 8: OTHER NON-CURRENT ASSETS

Such item, equal to 273.286 EUR as at 31 December 2021, is referred to an investment property.

NOTE 9: DEFERRED TAX ASSETS

Deferred tax assets are equal to 1.188.426 EUR and records only advanced taxes calculated on:

- the temporary differences arising between assets and losses recorded for the purpose of drawing up of this balance sheet according to 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 31.12.2021.

The increase of 885K EUR in mainly referred to Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the local financial statements and the corresponding values recognized for the consolidated financial statements: in the local balance sheets trademarks "Tophost" and "Seeweb" has been revaluated based on the provisions of Law 126/2020 while according to the International Financial Reporting Standards applied for the consolidation revaluation is not permitted.

NOTE 10: TRADE RECEIVABLES

Trade receivables are equal to 2.537.570 EUR as at 31.12.2021 with an increase of 343.661 EUR compared to the same item recorded on 31.12.2020.

The distribution of receivables by geographical area is as follows.

TRADE RECEIVABLES	31.12.2021	31.12.2020	DELTA
Italy	1.973.538	2.012.064	(38.526)
EU countries	668.837	188.455	480.382
Other countries	95.196	106.991	(11.796)
Total	2.737.571	2.307.510	430.061
Fund for bad debt	(200.001)	(113.602)	(86.399)
TOTAL NET TRADE RECEIVABLES	2.537.570	2.193.909	343.661

NOTE 11: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 209.996 EUR referred to as securities.

NOTE 12: OTHER CURRENT ASSETS

Other current assets are equal to 110.013 EUR, with an increase of 63.482 EUR compared to 31.12.2020.

NOTE 13: TAX RECEIVABLES

Tax receivables are equal to 350.580 EUR as at the end of 2021 with an increase of 96.973 EUR compared to 31.12.2020 and are composed as follows.

TAX RECEIVABLES	31.12.2021	31.12.2020	DELTA
VAT	207.850	230.424	(22.574)
Income tax	56.062		56.062
Other tax receivables	86.668	23.183	63.486
Total	350.580	253.607	96.973

NOTE 14: CASH AND CASH EQUIVALENTS

The item includes the credit balance of bank and postal deposits and cash-in-hand.

The total amount of this item is equal to 9.259.765 EUR, with an increase of 413.725 EUR compared to 31.12.2020.

NOTE 15: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 877.053 EUR as at 31 December 2021, with an increase of 382.300 EUR compared to 31.12.2020. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 16: NET EQUITY

SHARE CAPITAL

The amount reflects the increase due to the exercise of the warrants; in particular, pursuant to Article 3 of the warrant DHH S.p.A. 2016 – 2021 Regulation:

- n. 1.213.473 warrants for May 2021 were exercised onto no. 322.051 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 32.205,10;
- n. 6.066 warrants for June 2021 were exercised onto no. 1.401 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 140,10;
- n. 195.432 warrants for July 2021 were exercised onto no. 50.651 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 5.065,10.

Consequently, on 31 December 2021 the share capital of DHH is equal to EUR 489.277,20, represented by no. 4.892.772 ordinary shares without par value.

RESERVES

The following table provides a breakdown of the reserves.

RESERVES	31.12.2020	increase	(decrease)	31.12.2021
Share Premium Reserves	11.186.250	1.187.423	(2.100.349)	10.273.324
Legale Reserve	28.400	61.973	-	90.373
Other reserves	5.102.922	-		5.102.922
Negative reserve for own shares	(1.738.397)	850.952	(300.175)	(1.187.620)
OCI Reserve	7.410	28.773	-	36.183
Total	14.586.586	2.129.121	(2.400.524)	14.315.183

NOTE 17: NON-CURRENT FINANCIAL LIABILITIES

The total amount of 4.852.879 EUR encompasses bank loans and financings for 1.939.385 EUR and non-current lease debt for 2.913.494 EUR.

NOTE 18: SEVERANCE RESERVES

The reserve for severance indemnities is calculated in compliance with Article 2120 of the civil code, considering the applicable legislative provision and based on the existing employment contracts.

Provision for employee termination benefits has been evaluated in accordance with IAS 19R and has been considered as a post-employment-benefit in a defined-benefit plan kind, that is a defined benefit, calculated for accounting purposes with actuarial methodologies.

The amount is equal to 545.035 EUR with a decrease of 28.603 EUR compared to 31.12.2020.

NOTE 19: LIABILITIES FOR DEFERRED TAXES

This item is equal to 928.904 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 to International Accounting Standards and corresponding values relevant for tax purposes. The amount of 861.359 EUR is related to the item Trademarks, arising from the Purchase Price Allocation process due to the Reverse Take-Over of Seeweb Holding.

NOTE 20: TRADE PAYABLES

On 31.12.2021 trade payables are equal to 1.561.157 EUR, with a decrease of 207.333 EUR compared to the same item recorded on 31.12.2020. The distribution of payables by geographical area is as follows.

TRADE PAYABLES	31.12.2021	31.12.2020	DELTA
Italy	1.074.322	1.511.797	(437.475)
EU countries	387.886	133.722	254.164
Other countries	98.950	122.972	(24.022)
TOTAL PAYABLES	1.561.157	1.768.490	(207.333)

NOTE 21: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 584.378 EUR on 31.12.2021, with an increase of 216.010 EUR compared to 31.12.2020.

NOTE 22: CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 5.560.769 EUR on 31.12.2021, with a net increase of 3.323.192 EUR compared to 31.12.2020. This item includes 2.287.294 EUR the current lease liabilities and for 3.273.475 EUR the bank loans of the Group.

NOTE 23: TAX PAYABLES

Tax payables are equal to 300.352 EUR on 31.12.2021, with a decrease of 275.870 EUR compared to 31.12.2020, and its composition is as follows.

TAX PAYABLES	31.12.2021	31.12.2020	DELTA
VAT	157.611	104.651	52.960
Income tax	49.776	384.717	(334.941)
Withholding tax	92.964	86.853	6.112
Total	300.352	576.221	(275.870)

NOTE 24: ACCRUED LIABILITIES AND DEFERRED INCOME

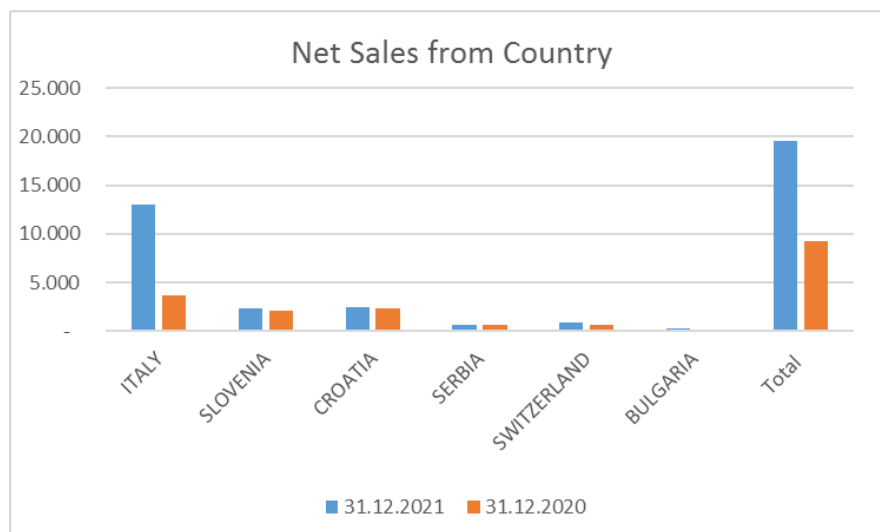
Accrued liabilities and deferred income are equal to 2.952.120 EUR as at 31 December 2021, with an increase of 330.662 EUR mainly linked to advanced revenues for hosting.

NOTE 25: REVENUES

The revenues from sales and services of the Group for the year ended 31 December 2021 are equal to 19.555.429 EUR, with an increase of 10.361.609 EUR compared to 31.12.2020.

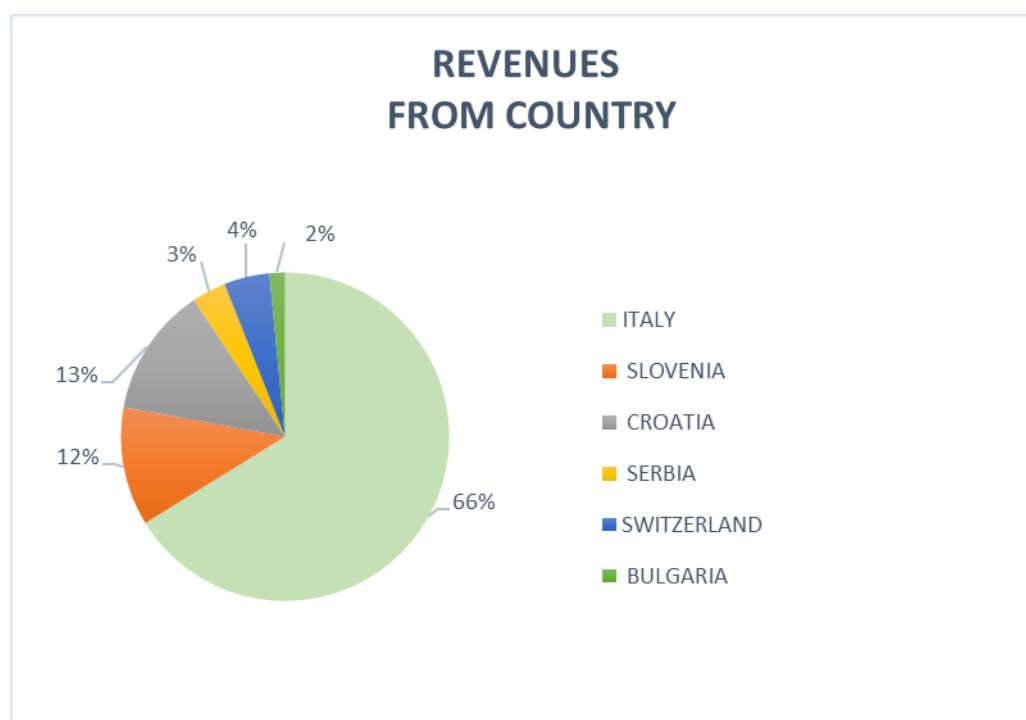
The significant increase of revenues is due to main change of Consolidated Area: Seeweb is part of DHH group from November 2020 and Evolink from December 2021. The whole business of the Group companies registered an increase YoY due to the acquired companies customers and acquisition of new customers: Switzerland (+34%), Slovenia (+13%) Croatia (+10%) Serbia (+3%).

On 31 December 2021 net sales from country area compared to 31 December 2020 are the following



Revenues are divided among the geographical area as follows: Italy with 66%, Croatia with 13%, Slovenia with 12%, Serbia 4%, Switzerland 3% and Bulgaria 2%.

On 31 December 2021 revenues by geographical area, thanks to the organic growth, are the following.



The main Group revenues can be summarized in the following segments:

IaaS (Infrastructure as a Service) sales of server, storage and networks.

PaaS (Platform as a Service) database-related services.

SaaS (Software as a Service) sales of applications and software platforms as a service.

Datacenter & Networking (Datacenter Colocation)

Managed Services (Systems Consultancy) includes all managed services provided to customers.

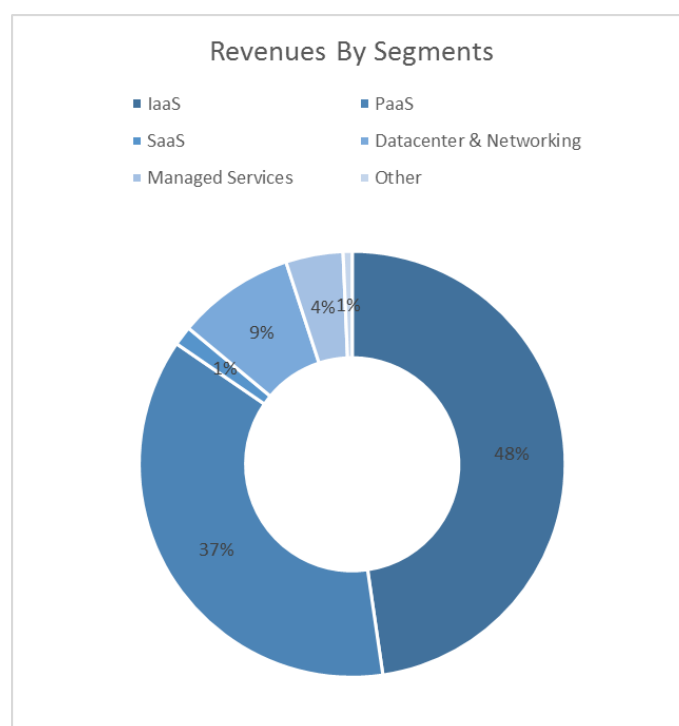
The main increase of IaaS, Paas, Saas and Datacenter & Networking Revenues is mainly due to Seeweb.

The total revenues are composed as follow: Seeweb 57%, Webtasy 12%, Dhh d.o.o. 11%, Tophost 9%, the remaining 11% is divided among the other Group Companies.

On 31 December 2021 revenues by segments are the following.

	31.12.2021	31.12.2020	DELTA	DELTA %
IaaS	9.327.799	2.849.013	6.478.786	227%
PaaS	7.210.342	5.033.825	2.176.517	43%
SaaS	288.127	157.285	130.842	83%
Datacenter & Networking	1.744.864	388.828	1.356.036	349%
Managed Services	850.503	623.242	227.261	36%
Others	133.794	141.628	(7.835)	-6%
Total	19.555.429	9.193.822	10.361.607	113%

On 31 December 2021 the Group weighted revenues by segments are the following. The main segments are IaaS with the 48% of the total revenues, Paas 37%, Datacenter & Networking 9%.



NOTE 26: OTHER REVENUES

Other revenues are equal to 246.619 EUR as at 31.12.2021 with an increase of 91.274 EUR compared to 31.12.2020. The other revenues are composed by 33% Seeweb, 27% DHH Switzerland, 19% Evolink. The remaining 21% is divided among the other Group Companies.

NOTE 27: MATERIAL COSTS

Costs for materials and consumables are equal to 995.094 EUR on 31 December 2021 with an increase of 828.062 EUR compared to 31.12.2020, related to software, hardware and other materials. The total amount of the year is referred to Seeweb for 96%, the other 4% is related to the other Group Companies.

NOTE 28: SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 7.495.555 EUR on 31 December 2021, with an increase of 2.507.244 EUR compared to 31.12.2020, and are composed as follows. The main service costs and use of third – party assets is composed by: Seeweb for 48%, Dhh d.o.o. for 16%, Webtasy for 13, Dhh S.p.A. for 10%. The remaining 14% is divided among the other Group Companies.

The main cost for Datacenter Service come from Seeweb for 81% and Evolink for 7%. The remaining 13% is divided among the other Group Companies.

	31.12.2021	31.12.2020	DELTA	DELTA %
Datacenter Service	1.881.185	992.025	889.160	90%
Wholesale Costs	2.765.948	2.504.365	261.583	1%
Commercial and marketing expenses	789.945	231.944	558.001	241%
Professional services	1.748.409	1.100.854	647.555	59%

Other costs for services	310.067	159.123	150.944	95%
Total	7.495.555	4.988.311	2.507.244	50%

NOTE 29: PERSONNEL COSTS

Personnel cost is equal to 3.802.067 EUR on 31 December 2021, with an increase of 1.773.316 EUR compared to the year 2020 consolidated and is divided among the Group as follows. The personnel costs includes non - recurring costs for Euro 283.661. The increase of the year is related to Seeweb that in 2020 was consolidated just for two months, Evolink that is consolidated from 1st December 2021 and DHH S.p.A. who has personnel from 2021.

	31.12.2021	31.12.2020	DELTA	DELTA %
DHH S.p.A.	59.998	-	59.998	100%
TOPHOST s.r.l.	75.028	64.354	10.674	17%
WEBTASY d.o.o.	723.774	661.001	62.773	9%
DHH d.o.o.	528.822	449.859	78.963	18%
DHH Switzerland SA	324.701	284.781	39.920	14%
SYSTEM BEE d.o.o.	184.332	141.632	42.699	30%
MCLOUD d.o.o.	186.235	215.739	(29.504)	-14%
SEEWEB s.r.l.	1.653.934	211.385	1.442.549	682%
EVOLINK a.d.	65.244	-	65.244	n/a
Total	3.802.067	2.028.751	1.773.316	87%

The average number of employees is as follows:

	Managers 31.12.2021	Employees 31.12.2021	total	Managers 31.12.2020	Employees 31.12.2020	total
DHH S.p.A.	-	3		-	-	
TOPHOST s.r.l.	-	2		-	2	
WEBTASY d.o.o.	1	19		1	17	
DHH d.o.o.	1	22		1	21	
DHH Switzerland SA	1	6		1	5	
SYSTEM BEE d.o.o.	1	7		1	8	
MCLOUD d.o.o.	1	7		2	7	
SEEWEB s.r.l.	1	25		1	27	
Evolink a.d.	2	48		-	-	
Total	8	138	146	7	87	94

The variation in the average number of employees is mainly due to Evolink.

NOTE 30: OTHER EXPENSES

Other expenses are equal to 566.883 EUR on 31 December 2021, with an increase of 236.044 EUR compared to 31.12.2020, and such expenses are structural costs. The other expenses are referred to Seeweb for 54%, Tophost 14%, Dhh Switzerland 12%, the remaining 20% is related to the other Group Companies.

NOTE 31: AMORTIZATIONS AND IMPAIRMENTS

Amortizations, Depreciations and Impairment are equal to 3.329.647 EUR on 31 December 2021, with an increase of 2.441.872 EUR compared to 31.12.2020. The total referred to Seeweb is 83%, Dhh d.o.o. 6% and Webtasy 5%, the remaining 6% is divided among the other Group Companies.

The part referred to the amortization of right of use assets amounts to 2.351.892 EUR. A part of this amortizations relates to the customer list of DHH Switzerland S.a. with an estimated life of 3 years and of the internal projects accomplished in-house.

The increase of the year is mainly related to amortizations of the year of Seeweb, that are the 86% of the total amount, and the Seeweb depreciations are the 67% of the total amount.

The value of amortization and depreciation is provided below.

	31.12.2021	31.12.2020	DELTA	DELTA %
Depreciations	557.574	198.946	358.628	180%
Amortizations	2.721.799	625.945	2.095.854	335%
Impairment	50.274	62.884	(12.610)	-20%
Total	3.329.647	887.775	2.441.872	275%

NOTE 32: FINANCIAL INCOME (EXPENSES)

On 31 December 2021 net financial expenses are equal to (173.046) EUR, with an increase of 95.987 EUR compared to the previous year. The increase is related mainly to lease interests of Seeweb that are 66% of the total.

FINANCIAL INCOME	31.12.2021	31.12.2020	DELTA
Bank and postal interests/income	675	404	271
Interests on loans	-	-	-
Other interests	9.935	3.414	6.521
Positive foreign currency valuation	16.105	21.693	(5.587)
Total	26.715	25.510	1.205

FINANCIAL EXPENSES	31.12.2021	31.12.2020	DELTA
Bank and postal interests/expenses	6.389	5.293	1.096
Lease interests	129.530	28.812	100.718
Other financial expenses	14.354	2.175	12.178

Negative foreign currency valuation	49.489	66.288	(16.799)
Total	199.761	102.569	97.192

NOTE 33: TOTAL CURRENT AND DEFERRED INCOME TAXES

At the end of the year 2021 total current and deferred income taxes of the Group are equal to an amount of 272.680 EUR, based on the applicable provisions of the local current tax legislation and based on temporary differences between accounting and tax treatment of deductible costs and taxable revenues for deferred taxes.

The amount of deferred taxes is recognized only to the extent of probable future taxable profit against which the deductible temporary differences can be utilized.

The positive sum of 837K EUR mainly originates from the Deferred tax assets related to the revaluation of trademarks "Tophost" and "Seeweb", occurred in the local balance sheet and permitted under specific legislative indications, which usually set the applicable framework for the related accounting and fiscal treatment, thus generating a temporary difference in the consolidation financial statements.

NOTE 34: 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	31.12.2021	31.12.2020
Consolidated net income attributable to the Group's shareholders	2.357.307	612.651
Number of ordinary shares	4.892.772	4.518.669
Average weighted number of outstanding shares	4.729.426	1.926.424
BASE EARNINGS PER SHARE - EPS	0,498	0,318
Average weighted number of outstanding warrants	-	1.418.500
Average weighted number of outstanding shares plus warrants	4.729.426	1.926.424
DILUTED EPS	0,498	0,318

It should be noted that consolidated net income is calculated only for ordinary activities, without considering Deferred tax assets related to the revaluation of trademarks "Tophost" and "Seeweb", with which it is 0,675.



DHH S.P.A.

Parent Company

Financial Statements

as at 31 December 2021

prepared in accordance with IAS/IFRS principles

- All amounts are in Euro -

SEPARATE FINANCIAL STATEMENTS

Here below the Separate Financial Statements of the Parent Company DHH S.p.A. as at 31 December 2021.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	NOTES	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
(ALL AMOUNTS ARE IN EURO)					
Goodwill	1	2.174.160		2.174.160	
Investments	2	12.329.385		9.206.606	
Intangible assets	3	8.937		834	
Non-current financial assets	4	38.649		-	
Deferred tax assets	5	93.494		115.039	
NON-CURRENT ASSETS		14.644.625		11.496.639	
Trade receivables	6	89.467		24.309	
Other current financial assets	7	12.351		-	
Other current assets		49.164		-	
Tax receivables	8	304.533		238.686	
Cash and cash equivalents	9	1.270.642		270.093	
Prepaid expenses and accrued income	10	18.621		17.919	
CURRENT ASSETS		1.744.778		551.007	
TOTAL ASSETS		16.389.403		12.047.646	
LIABILITIES AND NET EQUITY	NOTES	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
(ALL AMOUNTS ARE IN EURO)					
Share Capital		489.277		451.867	
Reserves		10.116.926		10.671.788	
Year's result		2.258.840		(254.544)	
NET EQUITY	11	12.865.043		10.869.111	
Non-current financial liabilities		-		64.000	4.000
Severance reserves	12	2.890		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	13	861.359		861.359	
NON-CURRENT LIABILITIES		864.249		925.359	
Current financial debt	14	2.496.250		25	

Trade payables	15	103.457	25.066	192.669	21.787
Other current liabilities	16	48.024	21.225	33.530	9.940
Tax payables	17	12.053		26.812	
Accrued liabilities and deferred Income		327		140	
CURRENT LIABILITIES		2.660.111		253.176	
TOTAL LIABILITIES		3.524.360		1.178.535	
TOTAL LIABILITIES AND NET EQUITY		16.389.403	46.291	12.047.646	35.727

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2021

PROFIT AND LOSS STATEMENT	NOTES	31.12.2021	OF WHICH RELATED PARTIES	31.12.2020	OF WHICH RELATED PARTIES
(ALL AMOUNTS ARE IN EURO)					
Revenues	18	121.636		102.401	
Other revenues		2.225		3	
TOTAL REVENUE		123.862		102.404	
Material costs		(885)		(282)	
Service costs and use of third-party assets	19	(753.722)	(248.338)	(591.598)	(274.033)
Personnel costs		(59.998)		-	
Other operating costs	20	(11.609)		(33.524)	
TOTAL OPERATING COSTS		(425.375)	(248.338)	(625.404)	(274.033)
OPERATING RESULT – EBITDA*		(367.246)		(522.999)	
Amortizations and impairment	21	(496)		(8.559)	
EBIT**		(367.492)	(248.338)	(531.558)	(274.033)
Financial income (expenses)	22	2.983.276		167.492	
EARNINGS BEFORE TAXES		2.280.429	(248.338)	(364.066)	(274.033)
Total current and deferred income taxes	23	(21.589)		109.522	
NET PROFIT (LOSS)		2.258.840	(248.338)	(254.544)	(274.033)
OF WHICH:					
attributable to equity holders of the Parent company		2.258.840		(254.544)	
attributable to minority interests		-		-	
EARNINGS (LOSS) PER SHARE	24	0,478		(0,13)	
DILUTED EARNINGS (LOSS) PER SHARE	24	0,478		(0,13)	

OVERALL PROFIT AND LOSS STATEMENT	31.12.2021	31.12.2020
(ALL AMOUNTS ARE IN EURO)		
NET PROFIT (LOSS) (A)	2.258.840	(254.544)
Components that should be classified in the Profit and loss statement	-	-
Components that 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)	2.258.840	(254.544)

(*) EBITDA indicates earnings before interest, taxes, depreciation and amortization of fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortization policy and assessing trade receivables. EBITDA, 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 standards, 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 standards, 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 31 DECEMBER 2021

CASH FLOW STATEMENT	31.12.2021	31.12.2020
(ALL AMOUNTS ARE IN EURO)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	2.258.840	(254.544)
Income taxes	21.589	(109.522)
Interest payables/ (receivables)	(2.983.276)	(167.492)
(Capital losses)/gains from sales assets	-	-
1. EARNING BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	(702.847)	(531.558)
Adjustments for non-cash items that are not accounted		
In net working capital change:	3.243	8.559
- Allocation to provisions	2.890	-
- Amortization and depreciation of assets	496	8.559
- Permanent loss write-downs	-	-

- Other adjustments on non-monetary items	(142)	-
2. CASH FLOW BEFORE NWC CHANGES	(699.604)	(522.999)
Changes in NWC:	(270.161)	164.500
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	(65.158)	164.190
- Increase (decrease) in supplier payables	(89.213)	81.268
- Decrease (increase) in prepaid expenses and accrued income	(702)	5.867
- Increase (decrease) in accrued expenses and deferred income	186	47
- Other changes to the NWC	(115.274)	(86.873)
3. CASH FLOW AFTER NWC CHANGES	(969.765)	(358.498)
Other changes:	2.961.687	277.014
- Interest collected/ (paid)	(3.752)	3.189
- (Income tax paid)	(21.589)	109.522
- Dividends received	2.987.028	164.303
- (Use of provisions)	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	1.991.922	(81.484)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) in tangible assets	-	-
(Investments) in right of use assets	-	-
(Investments) in intangible assets	(8.599)	-
(Investments) in financial assets	(3.152.234)	(96.641)
CASH FLOW FROM INVESTING ACTIVITIES [B]	(3.160.833)	(96.641)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Third-party resources	-	-
Increase (decrease) current payables to bank	2.432.225	(23)
New loans	-	64.000
Loan repayments	-	-
Own resources	-	-
Paid capital increase	-	8.177
Treasury share sale (purchase)	(262.765)	-
(Dividends paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	2.169.460	72.154
INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]	1.000.549	(105.971)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	270.093	376.064
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.270.642	270.093

NET FINANCIAL POSITION AS AT 31 DECEMBER 2021

NET FINANCIAL POSITION*	31.12.2021	31.12.2020
(ALL AMOUNTS ARE IN EURO)		
A. Cash	-	-
B. Cash equivalents	(1.270.642)	(270.093)
C. Other current financial assets	(12.351)	-
D. LIQUIDITY (A)+(B)+(C)	(1.282.993)	(270.093)
E. Current financial liabilities	2.496.250	-
F. Current part of non-current borrowing	-	-
G. CURRENT FINANCIAL DEBT (E)+(F)+(H)	2.496.250	25
H. NET CURRENT FINANCIAL DEBT (G)-(D)	1.213.257	(270.068)
I. Non-current financial liabilities	-	64.000
J. Bond issued	-	-
K. Trade Payables and other non-current liabilities	-	-
L. NON-CURRENT FINANCIAL DEBT (I+(J)+(K))	-	64.000
M. NET FINANCIAL DEBT (H)+(L)	1.213.257	(206.068)

(*) Pursuant to ESMA32-382-1138 Guidelines On disclosure requirements under the Prospectus Regulation 04/03/2021, par. 1775

STATEMENT OF CHANGES IN NET EQUITY

	VALUE AS AT 01.01.2020	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2020
Share Capital	148.655	303.212	-	-	451.867
Share premium reserves	6.681.189	4.505.061	-	-	11.186.250
Legal reserves	28.400	-	-	-	28.400
Other reserves	-	1.338.608	-	-	1.338.608
Negative reserves for own shares	-	95.056	(1.833.453)	-	(1.738.397)
Retained profit/(loss)	23.488	(166.563)	-	-	(143.075)
Net profit (loss)	(166.563)	166.563	-	(254.544)	(254.544)
TOTAL	6.715.370	6.241.937	(1.833.453)	(254.544)	10.869.111

	VALUE AS AT 01.01.2021	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2021
Share Capital	451.867	37.410	-	-	489.277
Share premium reserves	11.186.250	1.187.423	(2.100.349)	-	10.273.324
Legal reserves	28.400	61.973	-	-	90.373
Other reserves	1.338.608	-	-	-	1.338.608
OCI reserve	-	-	(142)	-	(142)
Negative reserve for own shares	(1.738.397)	850.953	(300.176)	-	(1.187.620)
Retained profit/(loss)	(143.075)	(254.544)	-	-	(397.619)
Net profit (loss)	(254.544)	254.544		2.258.840	2.258.840
TOTAL	10.869.111	2.137.759	(2.400.667)	2.258.840	12.865.043

EVALUATION CRITERIA

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: GOODWILL

The item "goodwill" is equal to 2.174.160 EUR and refers to the residual goodwill generated by the RTO of Seeweb Holding S.r.l.

As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment tests 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 (or "CGU"). Impairment test has been executed according to the 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.

NOTE 2: INVESTMENTS

This item amounts to 12.329.385 EUR, with an increase of 3.122.778 EUR as compared to the value as at 31.12.2020.

During the period there have been these changes in shareholdings values:

- shareholding in mCloud d.o.o. had an increase of 135.000 EUR because of the purchase of company share for the remaining percentage of 38% from Boško Radivojević (30%) and Jelena Opačić (8%);
- acquisition of 60% of Evolink a.d. for 2.485.278 Eur: the company, based in Sofia (Bulgaria), is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria;
- acquisition of 4,35% of Icona Technology S.p.A. for 502.500 EUR.

	VALUE AS AT 01.01.2021	INCREASE	DECREASE	VALUE AS AT 31.12.2021
TOPHOST S.r.l.	1.687.178	-	-	1.687.178
WEBTASY d.o.o.	2.776.243	-	-	2.776.243
DHH d.o.o.	2.199.957	-	-	2.199.957
DHH Switzerland s.a.	1.354.872	-	-	1.354.872
SYSTEM BEE d.o.o.	441.406	-	-	441.406
M-CLOUD d.o.o.	411.648	135.000	-	546.648
SEEWEB s.r.l.	85.199	-	-	85.199
EVOLINK a.d.	-	2.485.278	-	2.485.278
Other companies	250.101	502.500	-	752.601
TOTAL	9.206.606	3.122.778	-	12.329.385

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 objective evidence of the shareholding's value loss due to one or more events that occurred after its initial subscription that impact the subsidiary's future cash flows and on the dividends that the same subsidiary may distribute.

Such objective evidence exists in the 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.

The following schedule details the other investments:

Company	Legal seat	Share Capital (in EUR)	Share	Investment book value
Sync S.r.l.	Roma	13.289	3,38%	50.102
Baasbox S.r.l.	Roma	13.489	5,21%	99.999
Materialuce S.r.l.	Terni (TR)	10.250	4,76%	100.000
Icona Technology S.p.A.	Cinisello Balsamo (MI)	172.250	4,35%	502.500
			Total	752.601

NOTE 3: INTANGIBLE FIXED ASSETS

Intangible fixed assets are equal to 8.937 EUR as at 31.12.2021. The following table provides a breakdown of movements regarding intangible fixed assets that occurred in the year 2021:

INTANGIBLE ASSETS	
VALUE AS AT 01.01.2021	15.935
Investments	8.599
Impairments and other movements	-
COST AS AT 31.12.2021	24.534
ACCUMULATED AMORTIZATION AS AT 01.01.2021	15.101
Amortization	496
Impairments and other movements	-
ACCUMULATED AMORTIZATION AS AT 31.12.2021	15.596
NET BOOK VALUE	
At January 1, 2021	834
At December 31, 2021	8.937

NOTE 4: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are equal to 38.649 EUR and is made up solely of the loan grant to mCloud d.o.o.

NOTE 5: DEFERRED-TAX ASSETS

Deferred-tax assets are equal to 93.494 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 the next years according to the business plan of the entity.

NOTE 6: TRADE RECEIVABLES

Trade receivables are equal to 89.467 EUR as at 31.12.2021, with an increase of 65.158 EUR compared to 31.12.2020. The table below includes the breakdown by geographic region of trade receivables:

GEOGRAPHY RECEIVABLES	31.12.2021	31.12.2020	DELTA
Italy	39.121	-	39.121
EU countries	17.875	-	17.875
Non-EU countries	32.471	24.309	8.162
TOTAL TRADE RECEIVABLES	89.467	24.309	65.158

NOTE 7: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 12.351 EUR and is made up solely of the loan grant to mCloud d.o.o.

NOTE 8: TAX RECEIVABLES

Tax receivables are equal to 304.533 EUR as at December 31st, 2021, with an increase of 65.847 EUR as compared to 31.12.2020, and are made up as follows:

CATEGORY	31.12.2021	31.12.2020	DELTA
VAT	207.757	226.234	(18.477)
Deductions on active interests	12.137	12.452	(315)
Other income tax	84.639	-	84.639
TOTAL	304.533	238.686	65.847

NOTE 9: CASH AND CASH EQUIVALENTS

This item is equal to 1.270.642 EUR, with an increase of 1.000.549 EUR as compared to 31.12.2020, and it is made up exclusively of cash equivalents available as at 31.12.2021 on bank deposits in the name of the company.

NOTE 10: PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses are equal to 18.621 EUR as at 31.12.2021 with an increase of 702 EUR as compared to 31.12.2020.

NOTE 11: NET EQUITY

The Net equity as at December 31st, 2021 is made up as follows.

SHARE CAPITAL

The amount reflects the increase due to the exercise of the warrants; in particular, pursuant to Article 3 of the warrant DHH S.p.A. 2016 – 2021 Regulation:

- n. 1.213.473 warrants for May 2021 were exercised onto no. 322.051 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 32.205,10;
- n. 6.066 warrants for June 2021 were exercised onto no. 1.401 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 140,10;
- n. 195.432 warrants for July 2021 were exercised onto no. 50.651 DHH's new ordinary shares, with no indication of nominal value, for a total value of EUR 5.065,10.

Consequently, on 31 December 2021 the share capital of DHH is equal to EUR 489.277,20, represented by no. 4.892.772 ordinary shares without par value.

RESERVES

The following table provides a breakdown of the reserves.

	VALUE AS AT 01.01.2021	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	VALUE AS AT 31.12.2021
Share premium reserves	11.186.250	1.187.423	(2.100.349)	10.273.324
Legal reserves	28.400	61.973	-	90.373
Other reserves	1.338.608	-	-	1.338.608
OCI reserve	-	-	(142)	(142)
Negative reserve for own shares	(1.738.397)	850.953	(300.176)	(1.187.620)
Retained profit/(loss)	(143.075)	-	(254.544)	(397.619)
TOTAL	10.671.788	2.100.349	(2.655.211)	10.116.926

NOTE 12: SEVERANCE RESERVES

The reserve for severance indemnities is calculated in compliance with Article 2120 of the civil code, considering the applicable legislative provision and based on the existing employment contracts.

Provision for employee termination benefits has been evaluated in accordance with IAS 19R and has been considered as a post-employment-benefit in a defined-benefit plan kind, that is a defined benefit, calculated for accounting purposes with actuarial methodologies.

The amount is equal to 2.890 EUR on 31 December 2021.

NOTE 13: LIABILITIES FOR DEFERRED TAXES

This item is equal to 861.359 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 to International Accounting Standards and corresponding values relevant for tax purposes. In particular, the amount refers to the Trademarks recorded pursuant to the Reverse Take-Over of Seeweb Holding S.r.l.

NOTE 14: CURRENT FINANCIAL DEBT

This item is equal to 2.496.250 EUR and records the loan granted by Banca Intesa on 29 October 2021 that will be repaid in a single installment in 12 months.

NOTE 15: TRADE PAYABLES

Trade payables are equal to 103.457 EUR as at 31.12.2021, with a decrease of 89.211 EUR as compared to 31.12.2020. The table below includes the breakdown by geographic region of trade payables:

TRADE PAYABLES	31.12.2021	31.12.2020	DELTA
Italy	65.410	150.200	(84.790)
EU countries	31.437	35.525	(4.088)
Non-EU countries	6.610	6.943	(333)
TOTAL PAYABLES	103.457	192.669	(89.211)

NOTE 16: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 48.024 EUR as at 31.12.2021, with an increase of 14.494 EUR. This item records the payables towards directors and auditors for the remunerations accrued by them and not cleared during the financial year and other current liabilities as payroll and social security contributions.

NOTE 17: TAX PAYABLES

Tax payables are equal to 12.053 EUR as at 31.12.2021. Such items are recorded payable towards the tax authorities for withholding taxes made.

NOTE 18: REVENUES

Revenues deriving from services and performance are equal to 121.636 EUR as at 31.12.2021, with an increase of 19.235 EUR compared to the previous year. The increase is functional to the recharge of costs for services rendered by the parent company to subsidiaries, according to the DHH Intercompany Service Agreement 2020.

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.

NOTE 19: SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 753.722 EUR as at 31 December 2021, with an increase of 162.124 EUR compared to 31.12.2020 and they are made up as follows:

SERVICE COSTS	31.12.2021	31.12.2020	DELTA
Wholesale costs	37.826	37.362	464
Commercial and marketing expenses	39.990	27.642	12.348
Professional services	675.906	523.562	152.344
Other intercompany services	-	3.032	(3.032)
TOTAL	753.722	591.598	162.124

NOTE 20: OTHER OPERATING COSTS

Other operating costs are equal to 11.609 EUR as at 31 December 2021, with a decrease of 21.915 EUR compared to 31.12.2020.

NOTE 21: AMORTIZATIONS AND IMPAIRMENT

Amortizations and impairment are equal to 496 EUR as at 31 December 2021, with a decrease of 8.063 EUR compared to previous year 2020, and records the amortization rate for the period relating to DHH S.p.A. trademark.

NOTE 22: FINANCIAL INCOMES (EXPENSES)

On 31 December 2021 net financial incomes are equal to 2.983.276 EUR.

Financial income is accrued on the dividends paid by direct companies.

The financial incomes (expenses) are specified below:

FINANCIAL INCOMES	31.12.2021	31.12.2020
Bank and postal interest income	-	-
Loans' interest income	-	3.189
Other financial incomes	1.052	-
Dividends from Tophost s.r.l.	279.293	105.636
Dividends from Seeweb s.r.l.	2.249.987	-
Dividends from Webtasy d.o.o. (Slovenia)	308.630	-
Dividends from DHH d.o.o. (Croatia)	149.118	58.667
TOTAL	2.988.080	167.492
FINANCIAL EXPENSES	31.12.2021	31.12.2020
Loans interest expenses	4.719	-
Negative foreign currency valuation	85	-
Other financial expenses	-	-
TOTAL	4.804	-

NOTE 23: INCOME TAXES

Income taxes are equal to 21.589 EUR and record deferred 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 24: EARNINGS PER SHARE

The number of shares for calculation is the same described in note 34 of Consolidated 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/IFRS principles for the purpose of consolidation is illustrated below:

	SHARE CAPITAL	RESERVES	YEAR'S RESULTS	TOTAL OF NET EQUITY
NET EQUITY ITALIAN GAAP	489.277	10.473.715	2.183.597	13.146.589
Write off intangible assets		(467.029)	96.760	(370.269)
Advanced taxes IAS		112.087	(23.222)	88.865
Oci reserve IAS 19R		(142)		(142)
NET EQUITY IFRS	489.277	10.118.631	2.257.135	12.865.043

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The compensation paid for the auditor firm is equal to 25.200 EUR for auditing activities. The compensation for the statutory auditor is equal to 16.380 EUR.

RELATED PARTIES' TRANSACTIONS

	RELATED PARTIES	RECEIVABLES	PAYABLES	COSTS	REVENUES
1	Antonio Domenico Baldassarra	-	6.160	6.384	-
2	Giandomenico Sica	-	15.065	90.000	-
3	Uros Čimžar	-	11.984	71.940	-
4	Matija Jekovec	-	13.082	80.014	-
	TOTAL	-	46.291	248.338	-
	Total Balance Sheet/Profit & Loss	-	103.457	826.710	-
	%	-	44,74%	30,04%	-

Costs and payables relating Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Čimžar and Mr. Jekovec) are Euro 500,00 per director for each Board meeting in which each director will take part in 2021.

Costs and payables relating to counterparts Mr. Sica, relate to the contract signed with Grafoventures by Giandomenico Sica are related for professional strategic services; and for professional services provided by Trimi d.o.o. owned by Mr. Jekovec and by Uroš Čimžar s.p. owned by Mr. Čimžar.

In 2021 DHH S.p.A. has been confirmed "PMI Innovativa" in the related section of the company register in Milan. With reference to the information required by art. 4 of DL 24 January 2015, no. 3 relating to research, development and innovation costs, it should be noted that during the financial year the company incurred costs for market and competitive analysis for a better positioning of the company, the group and the M&A activities. These costs are higher than 3% of the higher value between cost and total value of production.

It is also specified that the company: as employees, as a percentage of the total workforce equal to or greater than a third total employee, personnel in possession of a master's degree pursuant to Article 3 of the regulation referred to in the decree of the Minister of Education, University and Overall Research 22 October 2004 , no. 270;

The company is the owner of the rights relating to the computer program TMP - TOPHOST MERCHANT PROCESSOR, an original program registered in the special public register for computer programs.

Milan, 28th March 2022

The Chairman of the Board of Directors

Giandomenico Sica
