



Consolidated Condensed Interim Report

as at 30 June 2023

Prepared in accordance with IAS/IFRS principles. All amounts in Euro.

INTRODUCTION

DHH S.p.A. ("DHH") is a leading technology Group focused on the provisioning of integrated B2B cloud & internet services in Italy, Switzerland and Southeast Europe.

Established in July 2015, and headquartered in Italy, DHH grew rapidly by completing 20 M&A transactions with local web hosting, cloud computing and ISP 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 business and geographic footprint looking for local champions and innovative young companies focused on IaaS/PaaS/SaaS platforms and Datacenter & Networking segments in Emerging Europe.

DHH AT A GLANCE

1

CROSS-BORDER ECOSYSTEM OF BUSINESSES WITH DIVERSIFIED

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

2

AMONG FASTEST GROWING INDUSTRIES GLOBALLY

Global cloud computing and web hosting industries have been growing double-digit in recent years. The newly entered market of connectivity services provisioning also boasts dynamic growth profile.

3

PROVEN BUSINESS MODEL WITH >90% CUSTOMER RETENTION RATE

...thanks to subscription-based contracts. Over 120k 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 AND BEST IN-CLASS MARGINS AND CASH

37% H1 '16-'23 revenues CAGR; 33% H1 23 Adj. EBITDA margin and 104% Adj. EBITDA Cash Conversion Rate.



GROUP OVERVIEW

Today, DHH is home to 9 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 and “premium” connectivity 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 customer retention over 90% and, thus, 94% of recurring revenues.

As of today, DHH Group boasts a well-balanced portfolio of around 120.000 clients across different segments within the market. Target clients are corporates ranging from Large and Medium Enterprises to SMEs and solo entrepreneurs. Each portfolio company has its own product offering with an ARPU¹ for H1 2023 ranging from EUR 4 to EUR 705 across Group companies (average EUR 206).

The offering spans from domain registration to cloud hosting, from cloud servers, housing, colocation to ready IoT solutions, and from data connectivity (VOIP, streaming technologies) to basic cybersecurity services (email protection, DDoS protection, web application firewalls). The comprehensive and well-balanced product portfolio is supported by extensive proprietary physical and network infrastructures managed by Seeweb, Evolink and Connesi.

¹ ARPU: Average revenues per user on monthly bases.

MARKET OVERVIEW

REFERENCE MARKETS

In the last few years, the global economy has been pushed towards digitalization in the search for productivity growth, new business opportunities and scalability at an affordable cost. Covid-19 has further accelerated such trends, raising awareness on the importance of digitalization, which has become a must-have for corporates.

Moreover, cloud computing and web-hosting services, that's to say the two macro sectors where DHH is active, are also boosted by easy, flexible, and fast implementation features without the burden of purchasing and maintaining physical and network infrastructure.

As a result, cloud computing and web-hosting services are set to become over \$3,1tn market opportunity by 2030, more than doubling their respective size as of 2022².

Within these macro sectors, the reference market that DHH addresses are IaaS, PaaS, SaaS, Internet Access, Datacenter & Networking and Managed Services.

INFRASTRUCTURE AS A SERVICES (IAAS)

In the IaaS space – expected to be worth around \$150bn globally in 2023 (Gartner)³ – DHH is mostly exposed to Cloud Server and Virtual Private Cloud services provisioning, businesses.

As concerns Virtual Private Cloud, the market has recently grown at 23,3% CAGR (2016 to 2021), resulting in a market size of \$31,6bn in 2021⁴. In the next future it is expected to boast a 12,8% CAGR (2022 to 2032), growing its size up to \$129,6bn in 2032, driven by the rising demand for simple installation and low-cost disaster recovery solutions. Although, in some countries, weak internet infrastructure may limit the demand, the growing IoT market is expected to open up new prospects in this market.

On the other hand, in 2022 the Cloud Server segment accounted for \$94,1bn revenues to the global Data Center market, making it the second-largest segment in terms of size, with Network Infrastructure first and followed by Storage. It is expected to grow at 9,3% CAGR₂₃₋₃₀ leading to \$175,3bn revenues in 2030⁵.

To note that the growing emphasis on ensuring real-time and quick access to data, the continued adoption of the “bring your own device” trend and the increasing concerns over data security are boosting market growth, with overall Data Center market expected to grow at 4,6% CAGR (2023 to 2027)⁶.

PLATFORM AS A SERVICE (PAAS)

In the PaaS space DHH is mostly exposed to Shared Hosting and Object Storage services provisioning.

The whole PaaS market was worth some \$60bn in 2022 and is estimated to grow its size up to ca. \$290bn by 2030, that's to say a 21,2% CAGR (2023 to 2030)⁷.

² Business Wire (<https://www.businesswire.com/news/home/20220307005454/en/Worldwide-Cloud-Computing-Market-2022-2030-Market-is-Expected-to-Reach-USD-1554.94-billion-by-2030-Registering-a-CAGR-of-15.7---ResearchAndMarkets.com>) and Allied Market Research.

³ <https://www.gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023>.

⁴ <https://www.futuremarketinsights.com/reports/virtual-private-cloud-market>.

⁵ <https://www.grandviewresearch.com/industry-analysis/server-market>.

⁶ <https://www.statista.com/outlook/tmo/data-center/worldwide>.

⁷ <https://www.marketresearchfuture.com/reports/platform-as-a-service-market-1900>.

As far as Web Hosting market is concerned, according to Statista 2023⁸ in 2023 it should be worth some \$124,8bn global revenues and may increase to a total of 345,0\$bn in 2028, with a ca. 23% CAGR (2023 to 2028).

On the other hand, the Object Storage market is calculated to be worth some \$15.3bn global revenues by the end of 2023 and to generate a 13,5% CAGR from 2022 to 2030⁹.

Main drivers of the above markets should be the higher and higher necessity to protect from cyber-attack risks coupled with the expanding use of cloud and virtualization technologies in businesses. Market growth, however, could be burdened by high installation costs, limited customization, and complex network management strategies.

SOFTWARE AS A SERVICE (SAAS)

The SaaS space is not the main focus for DHH, as it mainly offers Cloud Backup and Cloud Mail services. In Grand View Research outlook, the worldwide SaaS market size was worth some \$261,2bn revenues in 2022 and is projected to reach \$819,2bn by 2030, rising at a CAGR of 13,7% from 2023 to 2030¹⁰.

Post COVID-19, companies are focusing on advanced technology such as AI, machine learning, IoT, cloud computing, and analytics across industries such as BFSI, healthcare, and IT & telecom to perform contactless operation. These drivers may create additional demand for SaaS-based software or services.

Going more in details, according to Mordor Intelligence, the Cloud Backup market size is expected to grow from \$4,6bn in 2023 to \$13,9 bn by 2028, at a ca. 25% CAGR during the forecast period (2023-2028) boosted by the ever-increasing amount of data generated. Indeed, there is a rising demand for low-cost data backup / storage across companies¹¹.

INTERNET ACCESS

DHH is more and more interested in the “Premium” B2B infrastructure-based Internet Service Provisioning (ISP) business.

Indeed, while the overall market is calculated to stand at ca. \$1,2trn in 2023 and is not expected to grow at fast pace, (in 2023 it should be up +2,1% compared to 2022¹² and the average annual growth between 2018 and 2023 stands at 3,3%), due to increased competition and market commoditization, at the same time there is an increasing market opportunity to revamp ISP players and transform them into full-service IaaS providers for the digital transformation of enterprises, with the goal to generate upselling revenues synergies.

DATACENTER & NETWORKING

As for Datacenter & Networking, DHH acts in the Colocation data center market, whose revenues worldwide in 2021 stands at \$50,6bn with a forecast for 2028 of ~\$136,7bn, thus leading to a CAGR_{21-28E} of 15,3%¹³.

Significant factors that are expected to impact the growth of the global data center industry include the surge in penetration of high-end cloud computing in enterprises and the rise in adoption of multi-cloud and network upgrade to support 5G technology.

MANAGED SERVICES

Through systems consultancy, DHH runs in Managed Services market, which was globally valued \$242,9nm in 2021. It is projected to reach \$354,8bn by 2026, registering a 7,9% CAGR. The main factors that are expected to drive the

⁸ <https://www.statista.com/outlook/tmo/it-services/it-outsourcing/web-hosting/worldwide>.

⁹ <https://www.marketresearchfuture.com/reports/cloud-object-storage-market-4202>.

¹⁰ <https://www.grandviewresearch.com/industry-analysis/saas-market-report>

¹¹ <https://www.mordorintelligence.com/industry-reports/cloud-backup-market>.

¹² <https://www.ibisworld.com/global/market-size/global-internet-service-providers/>.

¹³ <https://www.theinsightpartners.com/reports/data-center-colocation-market>.

growth of the managed services market include: i) lack of skilled IT professionals, ii) rise in demand for secure IT infrastructure, iii) cost and risk reduction, iv) requirements for regulatory compliance and security¹⁴

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.

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 a ca. 3,0% average up-tick between 2022 and 2026. Such outperformance is consistent with data coming from the IMF¹⁵, 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.

¹⁴ <https://www.marketsandmarkets.com/Market-Reports/managed-services-market-1141.html>.

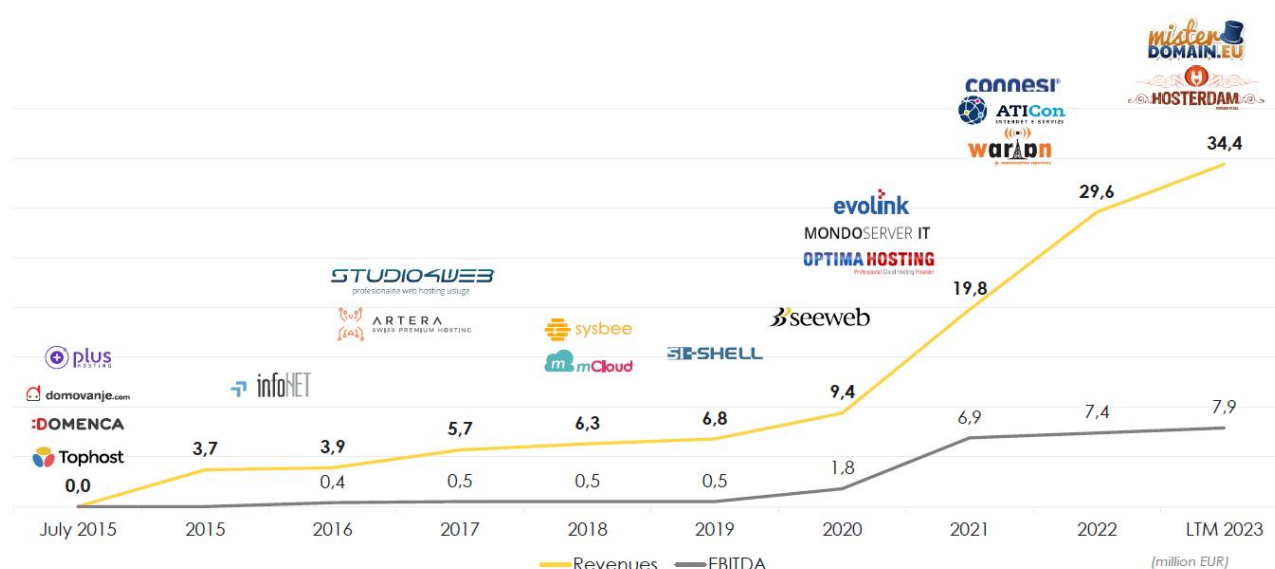
¹⁵ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/ALB/BIH/BGR/HRV/CYP/GRC/MDA/MNE/MKD/ROU/SRB/SVN/TUR.

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 7 years and half, DHH has been effectively executing buy & build strategy and completed 20 M&A transactions growing from EUR 1M to EUR 29,6M annual revenues in Fiscal Year 2022 of which EUR 28M M&A driven.

Acquisitions completed by DHH by year



Please note that: 1) the results of Connesi are fully consolidated in DHH's financial statements starting from 1st July 2022 and there will be the full effect in 2023; 2) the results of Misterdomain are fully consolidated in DHH's financial statements starting from the acquisition date and there will be the full effect in 2023.

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

M&A

- Consolidating existing markets by making add-on acquisitions to grow market share.
- 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".
- Tapping into contiguous market segments such as the "premium" B2B infrastructure-based Internet Service Providers (ISP) one with the goal to leverage on network infrastructure assets to generate upselling revenues synergies.

-
- 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 specializes in delivering comprehensive services focused on integrated cloud and premium B2B internet access solutions. Particularly, DHH is actively engaged in six distinct business lines:

- Infrastructure as a Service (IaaS): Cloud computing products, such as Cloud Server and Virtual Private Cloud, designed to support large-scale web infrastructure and enhance computational performance in areas such as AI, Machine Learning, and Deep Learning;
- Platform as a Service (PaaS): Hosting products like Web Hosting and Object Storage, DHH enables users to publish, store, and archive websites, documents, and media files;
- Software as a Service (SaaS): Cloud-based software and applications, such as Cloud Mail and Cloud Backup, empowering end users to run software applications over the internet;
- Premium Internet Access: Reliable internet connectivity, primarily aimed at business-to-business (B2B) customers, including professionals and corporations, utilizing various technologies such as fiber, fixed wireless access (FWA), and mixed solutions;
- Datacenter & Networking: Physical hosting services for clients' servers within their secure data centers. These services include redundant network connections, protection against Denial of Service (DoS) attacks, and IP address management;
- Managed Services: Full-scale array of managed services to customers, including Systems Consultancy and other related support functions.

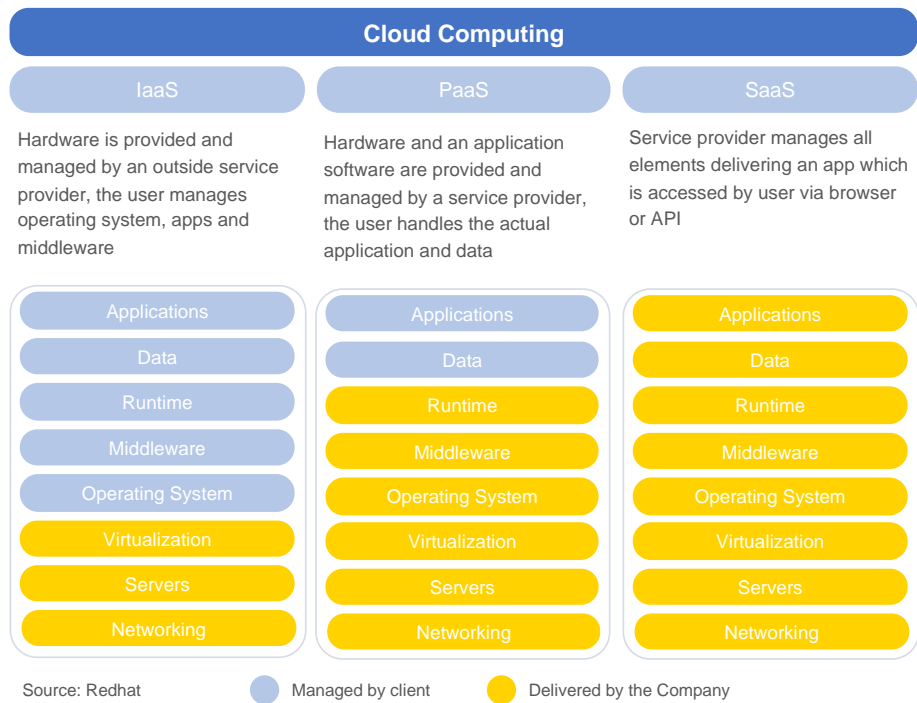
CLOUD COMPUTING

Following the merger with Seeweb cloud computing became the largest revenues 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.

Main types of Cloud Computing services provided by DHH to its clients



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, Si.Shell and Hosterdam), Serbia (mCloud and Plus), and Croatia (S4W, Plus Hosting, Infonet and Optima Hosting). The packages are offered as pre-configured products usually varying by SSD and RAM size. The offer also includes domain management services, enhanced by the acquisition of all assets of Tophost’s competitor, Misterdomain from 2023.

INTERNET SERVICE PROVISIONING

Starting as of 2020, DHH's is further enhancing its growth pace having recently entered a new business area, that's to say the provisioning of Internet connectivity services.

More in particular, DHH has seized a huge potential in the “premium” B2B infrastructure-based Internet Service Providers (ISP) market, as it is becoming an important part of the cloud computing market.

Thanks to 2020 reverse merger with Seeweb, and to 2021-22 acquisitions of Evolink, Connesi and Warian respectively, DHH now offers to its client bases services such as Internet connectivity (shared, dedicated, managed), cloud

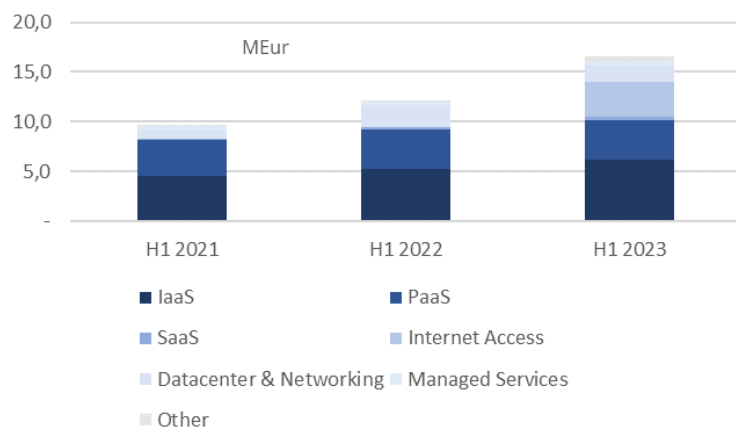
connectivity, advanced online streaming technology, VOIP, Virtual Private Networks (VPN), Wide Area Networks (WAN), and more.

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, business mail products, basic cybersecurity services (email protection, DDoS protection, web application firewalls). Seeweb apart from cloud services offers housing and colocation solutions at its state-of-the-art proprietary data centers.

FINANCIAL HIGHLIGHTS

Consolidated Revenues evolution 2021-2023



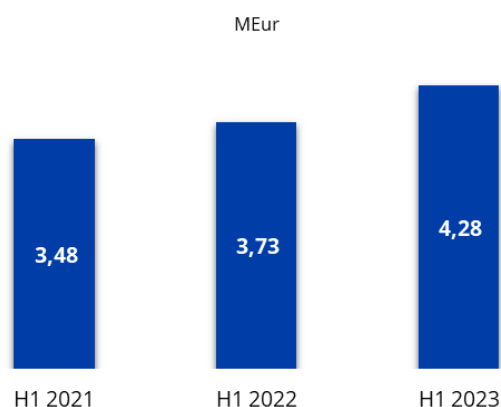
H1 2023 REVENUES

equals to **17,08 M EUR**

Growth YoY vs. H1 2022

+38%

Consolidated EBITDA evolution 2021-2023



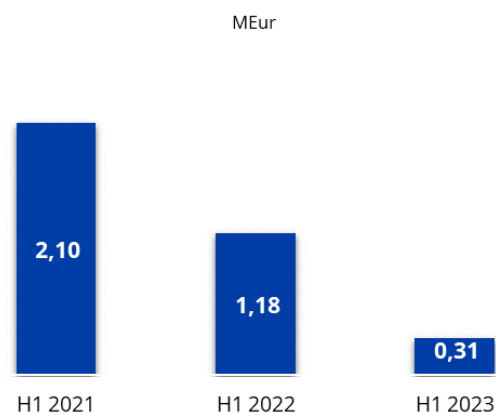
H1 2023 EBITDA

equals to **4,28 M EUR**

Growth YoY vs. H1 2022

+15%

Consolidated Net Profit evolution 2021-2023



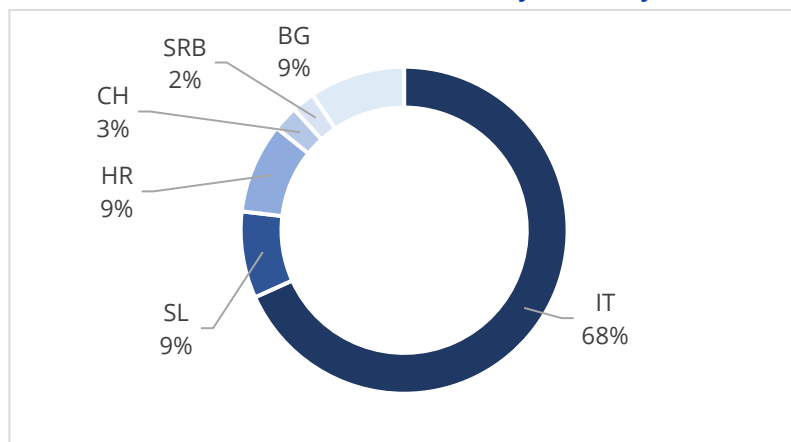
H1 2023 NET INCOME

equals to **0,31 M EUR**

Decrease YoY vs. H1 2022

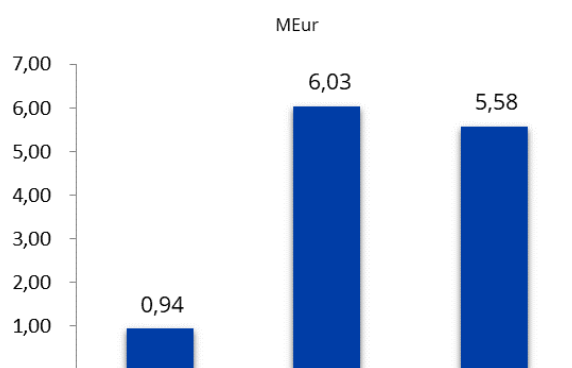
-73%

Consolidated Revenues breakdown by country H1 2023



	11,66 M EUR	in Italy (Tophost, Seeweb, Connesi, Aticon)
	1,46 M EUR	in Slovenia (Webtasy)
	1,52 M EUR	in Croatia (Plus Hosting Grupa., System Bee)
	0,39 M EUR	in Serbia (mCloud)
	0,43 M EUR	in Switzerland (DHH Switzerland)
	1,62 M EUR	in Bulgaria (Evolink)

Consolidated Net Financial Position evolution 2021-2023



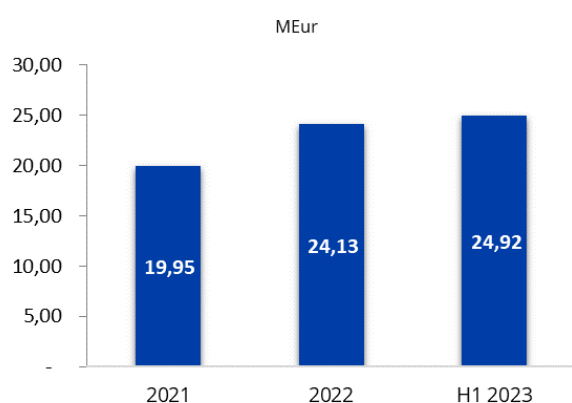
H1 2023 NET FINANCIAL POSITION

equals to **5,58 M EUR OF DEBT**

Decrease YoY vs. 2022

-0,45%

Consolidated Net Equity evolution 2021-2023



H1 2023 NET EQUITY

equals to **24,92 M EUR**

Growth YoY vs. 2022

+3%

KEY FINANCIAL DATA

ALTERNATIVE PERFORMANCE MEASURES

In accordance with the ESMA recommendation on alternative performance measures (ESMA/2015/1415), as implemented by Consob Communication No. 0092543 at December 3, 2015, the Group is used to monitor and report its operating and financial performance, with some or all of the Alternative Performance Measures outlined below.

It should be noted that these Alternative Performance Measures are not identified as accounting measures under international accounting standards, and their calculation is not regulated by the main reference accounting.

As such, the criteria used by the Group may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

VALUE ADDED

VALUE ADDED indicates the difference between revenue and cost of goods sold (COGS).

EBITDA

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 MARGIN

EBITDA Margin measures the Group operating profitability as a percentage of consolidated revenues reported in the year and is defined as the ratio between EBITDA and Net Sales.

EBITDA ADJUSTED

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

ADJUSTED EBITDA MARGIN

Adjusted EBITDA Margin measures the Group operating profitability as a percentage of consolidated revenues reported in the year and is defined as the ratio between Adjusted EBITDA and Net Sales.

EBIT

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 MARGIN

EBITDA Margin measures the earning capacity of Group sales. It is calculated as the ratio between EBIT and Net Sales.

EBIT ADJUSTED

EBIT Adjusted indicates EBIT without considering the impact of non-recurring revenues and costs and of non-operating items such as the amortization of assets recorded only in compliance of civil and fiscal principles.

ADJUSTED EBIT MARGIN

Adjusted EBIT Margin measures the earning capacity of Group sales. It is calculated as the ratio between Adjusted EBIT and Net Sales.

ADJUSTED NET PROFIT (LOSS)

Adjusted Net Profit (Loss) is calculated as the Net Profit (Loss) for the period, without considering the impact of non-recurring revenues and costs and of non-operating items such as the amortization of assets recorded only in compliance of civil and fiscal principles, and the related tax effects on the excluded items.

NET WORKING CAPITAL

Net Working Capital is calculated as the difference between current assets and liabilities without financial assets and liabilities. 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".

NET CAPITAL INVESTED

Net Capital Invested is calculated as the algebraic sum of the Net Working Capital, assets and long-term liabilities.

NET FINANCIAL POSITION

Net Financial Position is a valid measure of the Group financial structure. It is calculated pursuant to ESMA32-382-1138 Guidelines on disclosure requirements under the Prospectus Regulation 04/03/2021, par. 1775.

EBITDA CASH CONVERSION RATE

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.

CONSOLIDATED RICLASSIFIED PROFIT AND LOSS STATEMENT

<i>All amounts are in Euro</i>	30.06.2023	% on REV	30.06.2022	% on REV
Revenues	17.077.227	100%	12.350.101	100%
Operating costs	(9.487.344)	-56%	(6.264.669)	-51%
Value Added	7.589.883	44%	6.085.432	49%
Personnel costs	(3.305.555)	-19%	(2.354.609)	-19%
EBITDA	4.284.328	25%	3.730.823	30%
Depreciation, Amortization and Impairment	(2.806.925)	-16%	(1.882.466)	-15%
EBIT	1.477.402	9%	1.848.357	15%
Other non-operating income/expense	-	0%	-	0%
Financial income and expenses	(355.454)	-2%	(92.849)	-1%
Earnings before taxes (EBT)	1.121.948	7%	1.755.509	14%
Income taxes	(808.436)	-5%	(578.294)	-5%
NET PROFIT	313.512	2%	1.177.215	10%
<i>Of which attributable to:</i>				
the shareholders of the Group	297.542		1.213.178	
third-party shareholders	15.971		(35.963)	
EBITDA Adjusted	5.390.195	32%	3.730.823	30%
EBIT Adjusted	2.583.269	15%	1.848.357	15%
NET PROFIT Adjusted (attributable to the shareholders of the Group)	1.403.409	8%	1.213.178	10%

The Profit and Loss Statement as of June 30th, 2023, reflects the variation of the consolidation area due to the acquisition of the control of Connesi S.p.A. (and its controlled company Aticon S.r.l.) starting from 1st July 2022.

The good performance already recorded by the Group in 2022 continued in the first half of 2023: such performance is far more significant if we compare the adjusted figures, which were restated to make the results of comparison more representative.

The Group reports an important growth in revenues considering the organic growth with 10% and considering the M&A with 38%.

During the financial half-year ended 30 June 2023 the total consolidated revenues of the Group are equal to 17,1M EUR, with an increase of 4,7M EUR; the increase referred to the variation of the consolidation area is about 3,3M EUR due to Connesi S.p.A (and its controlled company Aticon S.r.l.).

The Group is focused on cloud hosting, cloud computing and datacenter services as core business lines and its revenues are approx. 11,7M EUR in Italy (Tophost with also the brand Misterdomain, Seeweb, Connesi and Aticon), 1,5M EUR in Slovenia (Webtasy with the brands Domenca, Domovanje, Si.Shell, Hosterdam), 1,5M EUR in Croatia (Plus Hosting Grupa with the brands Studio4web, Plus Hosting, Infonet, Optima Hosting and System Bee), 0,4M EUR in

Serbia (mCloud with the brands mcloud, Plus hosting), 0,4M in Switzerland (with the brand Artera) and 1,6M EUR in Bulgaria (Evolink).

Operating costs are the ongoing expenses incurred from the normal running the business and include selling, general and administrative expenses. During the period energy costs have not recorded an increase compared to the same period of the last year.

Operating costs are comprehensive of a negative impact of 1,1M EUR due to the IFRS 2 effect of Stock Option Plan 2022 – 2025 approved by the Board of Directors and based on an expert firm evaluation.

The consolidated EBITDA amounts to 4,3M EUR and registered an increase of 0,6M EUR, due both to the variation of the consolidation area and to the increase of the business of the Group's companies.

RECONCILIATION BETWEEN REPORTED AND ADJUSTED P&L FIGURES

<i>All amounts are in Euro</i>	Note	30.06.2023	30.06.2022
EBITDA		4.284.328	3.730.823
Impact of non-recurring Professional services	(i)	1.105.867	-
EBITDA Adjusted		5.390.195	3.730.823

<i>All amounts are in Euro</i>	Note	30.06.2023	30.06.2022
EBIT		1.477.402	1.848.357
Impact of non-recurring Professional services	(i)	1.105.867	-
EBIT Adjusted		2.583.269	1.848.357

<i>All amounts are in Euro</i>	Note	30.06.2023	30.06.2022
NET PROFIT (attributable to the shareholders of the Group)		297.542	1.213.178
Impact of non-recurring Professional services	(i)	1.105.867	-
NET PROFIT Adjusted (attributable to the shareholders of the Group)		1.403.409	1.213.178

(i) This item is referred to the non-monetary cost of IFRS2 effects on Stock Option Plan 2022 -2025 approved by the Board of Directors.

CONSOLIDATED RICLASSIFIED BALANCE SHEET STATEMENT

All amounts are in Euro

	30.06.2023	31.12.2022
Inventories	440.720	400.724
Trade receivables	4.179.559	5.078.027
Trade payables	(4.262.207)	(4.554.269)
Operating Net Working Capital	358.073	924.482
Other current assets	690.698	753.900
Prepaid expenses and accrued income	1.415.456	1.208.079
Other current liabilities	(994.372)	(920.747)
Accrued liabilities and deferred income	(4.231.646)	(3.859.957)
Taxes payables	(1.337.173)	(728.228)
Net Working Capital	(4.098.963)	(2.622.470)
Trademarks	3.087.307	3.087.307
Goodwill	11.132.250	10.461.147
Tangible fixed assets	11.441.589	11.207.617
Right of use assets	5.809.045	4.923.131
Intangible fixed assets	2.019.931	2.042.941
Investments in other companies	1.410.293	1.410.293
Non-current financial assets	576.579	544.598
Other non-current assets	275.028	275.028
Deferred tax assets	1.219.567	1.197.771
Fixed Assets	36.971.590	35.149.832
Severance Fund	(741.706)	(737.789)
Liabilities for deferred taxes	(1.633.765)	(1.635.046)
Net Non-Current Liabilities	(2.375.471)	(2.372.835)
NET INVESTED CAPITAL	30.497.156	30.154.527
Total net equity of the Group	23.421.704	22.045.873
Net equity to the third-party shareholders	1.495.949	2.079.193
Total Net Equity	24.917.654	24.125.066
Cash and cash equivalents	(10.641.460)	(10.643.629)
Current financial assets	(223.235)	(223.628)
Non-current financial liabilities	11.695.012	12.102.648
Current financial liabilities	4.749.185	4.794.071
Net Financial Position	5.579.502	6.029.462
NET EQUITY AND NET FINANCIAL DEBT	30.497.156	30.154.527

CONSOLIDATED NET FINANCIAL POSITION

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022
A. Cash	(10.641.460)	(10.643.629)
B. Cash equivalents	-	-
C. Other current financial assets	(223.235)	(223.628)
D. Liquidity (A)+(B)+(C)	(10.864.695)	(10.867.257)
E. Current financial liabilities	108.186	110.829
F. Current part of non-current borrowing	4.641.000	4.683.242
G. Current Financial Debt (E)+(F)	4.749.185	4.794.071
H. Net Current Financial Debt (G)-(D)	(6.115.510)	(6.073.186)
I. Non-current financial liabilities	11.695.012	12.102.648
J. Bonds issued	-	-
K. Trade payables and other non-current liabilities	-	-
L. Non-Current Financial Debt (I)+(J)+(K)	11.695.012	12.102.648
M. NET FINANCIAL DEBT (H)+(L)	5.579.502	6.029.462

Net Financial Position includes Group Liquidity for 10,9M EUR and Financial Debts for 16,5M EUR.

Group Net Financial Debt is equal to 5,6M EUR and showed a reduction thanks to the strengthening of the Group's cash generation and to repayments of loans.

Net Financial Debt is comprehensive of a 5M EUR lease debts related to IFRS 16, while as at 31.12.2022 lease debt related to IFRS 16 was 4,3M EUR. Mainly due to the impact of investments in infrastructures.

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CORPORATE BODIES

BOARD OF DIRECTORS

Executive Chairman: [Giandomenico Sica](#)

Executive Director: [Matija Jekovec](#)

Executive Director: [Antonio Domenico Baldassarra](#)

Executive Director: [Tamara Arduini](#)

Independent Director: [Andrea Arrigo Panato](#)

BOARD OF AUDITORS

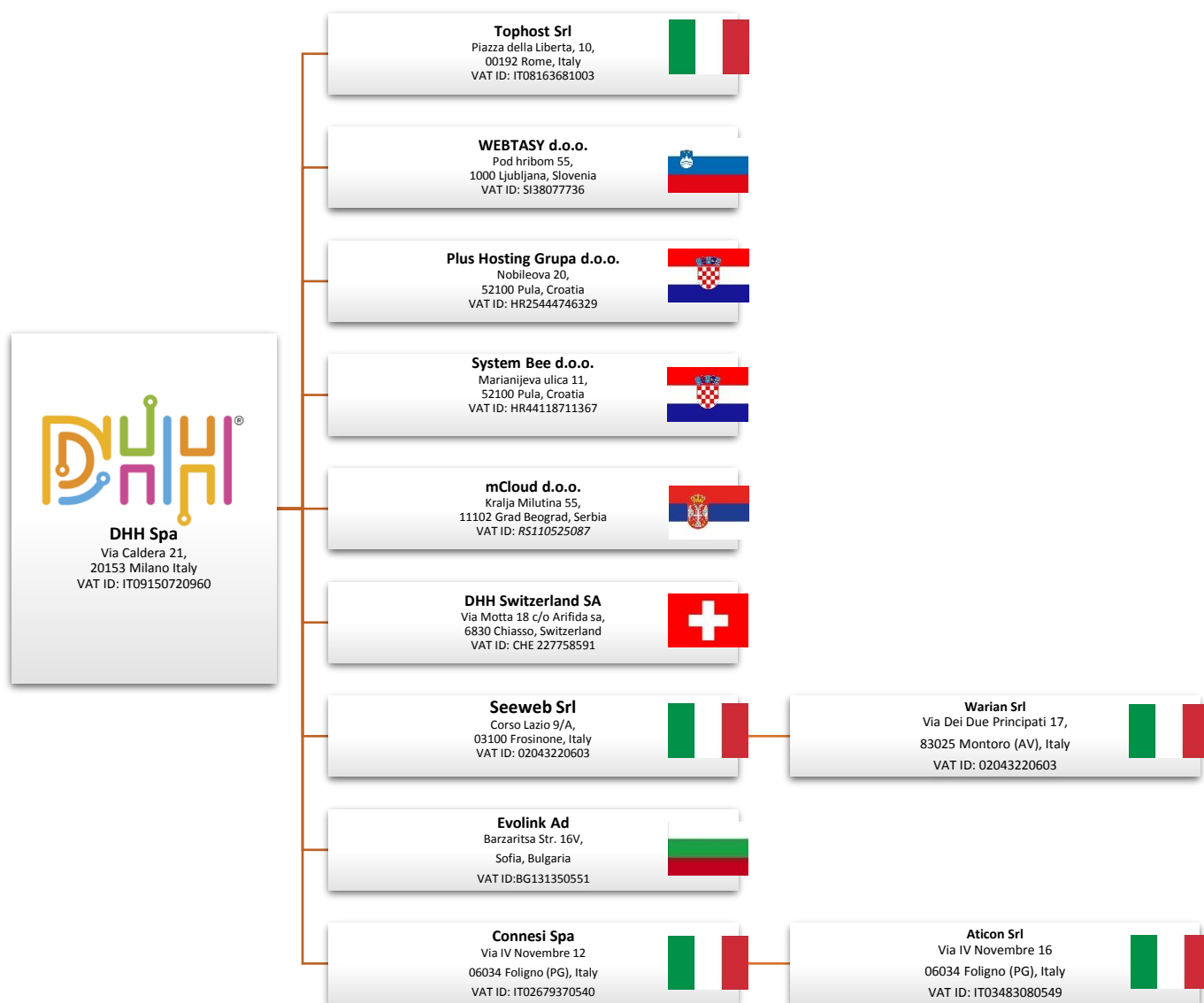
Chairman: [Umberto Lombardi](#)

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.

Stock Price Performance period 1st January 2023- 30 June 2023



Source: Il Sole24ore Borsa



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 51.000 customers across Italy.

In January 2023 Tophost finalized the acquisition of the business line "Misterdomain", well established player of the Italian hosting market, vaunting over 31,000 domains under management.



WEBTASY D.O.O. (SLOVENIA)

100% controlled by DHH S.p.A.

Acquired in October 2015, Webtasy d.o.o (until December 28th, 2021 named DHH.si d.o.o) operates under three brands - Domovanje, Domenca (acquired in 2012) and Si-Shell (acquired in December 2019).

It has been the leading player on the local market in the last 20+ years, serving 30.000+ customers and holding cac. 30% market share with over 72.000 registered domains. Webtasy brands offer domain registration, web hosting and cloud services. Their focus is developing high-performance managed solutions for the SMB market.

In March 2023 Webtasy completed the acquisition of Hosterdam, a business unit of Stork R d.o.o., a Slovenian shared hosting and domain registration provider. Hosterdam has ca. 450 active shared hosting packages and ca. 1.360 registered domains.



PLUS HOSTING GRUPA D.O.O. (CROATIA)

100% controlled by DHH S.p.A.

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



DHH SWITZERLAND S.A. (SWITZERLAND)

100% controlled by DHH S.p.A.

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



SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A.

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



MICLOUD D.O.O. (SERBIA)

100% controlled by DHH S.p.A.

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



SEEWEB S.R.L. (ITALY)

100% controlled by DHH S.p.A.

Italian based cloud computing company providing 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. In April '21 Seeweb acquired MondoServer to strengthen its presence in the South Italy.



EVOLINK AD (BULGARIA)

60% controlled by DHH S.p.A.

Established in 2004 and based in Sofia (Bulgaria), with its team of ca. 40 employees is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria active in Cloud Computing, Cybersecurity, and Data transport services provisioning, managing two data centers, both located in Sofia. The customer portfolio includes large companies and telecom operators.



CONNESI S.P.A. (ITALY)

77,79% controlled by DHH S.p.A.

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

The results of Connesi are fully consolidated in DHH's financial statements starting from 1st July 2022.



ATICON S.R.L. (ITALY)

100% controlled by Connesi S.p.A.

Aticon is a company fully-controlled by Connesi and is focused on the premium B2B market in support of Connesi.

The results of Aticon are fully consolidated in DHH's financial statements starting from 1st July 2022.



WARIAN S.R.L. (ITALY)

45% owned by Seeweb S.r.l.

Owned by Seeweb for 45%, Warian is a B2B Internet Service Provider (ISP) that offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. Established in 2010, it boasts a network with more than 50 wholesale partners. The company reported total revenues of ca. €1,6mn in 2022.

Warian is consolidated in DHH's financial statements with equity method.

Board of Directors Report



SECTION A: SIGNIFICANT EVENTS DURING THE SEMESTER

26TH JANUARY 2023

DHH S.p.A announces that Tophost Srl, its fully owned subsidiary focused on providing professional users with high-quality cloud hosting products at the best market price, acquired the entire business of the competitor Misterdomain (<https://srlldomain.eu/>).

Misterdomain was founded in 2007 and is one of the historical players in the Italian web hosting market, with 31.000 domains under management, and a turnover of ca. 500k EUR.

Misterdomain will be fully integrated into Tophost after the transaction.

The transaction value is 700k EUR, paid entirely in cash at closing.

15TH MARCH 2023

Webtasy d.o.o., fully owned subsidiary of DHH, completed the acquisition of Hosterdam, a business unit of Stork R d.o.o., a Slovenian shared hosting and domain registration provider. Hosterdam has ca. 450 active shared hosting packages and ca. 1.360 registered domains. The price of the acquisition is 25k EUR.

The acquisition is part of the Group strategy aimed at consolidating the presence in the Slovenian market.

21ST MARCH 2023

DHH S.p.A. Board of Directors examined and approved the draft statutory financial statements of the Company as well as the consolidated financial statements relating to the Group headed by DHH at 31 December 2022.

28TH APRIL 2023

The Ordinary Shareholders' Meeting of DHH has:

- Approved the statutory financial statements at 31 December 2022 as proposed by the Board of Directors and acknowledged the consolidated financial statements relating to the Group headed by DHH (the "Group") at 31 December 2022.
- Authorized to purchase and dispose of treasury shares pursuant to article 2357 and followings of the Italian Civil Code, prior to revocation of the authorization granted by the Shareholders' Meeting on 28 April 2022.

25TH MAY 2023

DHH S.p.A. Board of Directors examined and approved the quarterly results as at 31 March 2023.

SECTION B: MAIN 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

During the previous year there was the return to normal operations. Business development plans will be evaluated in the light of the evolution of the situation in Italy and in the other Group country. The Group has adopted the flexible remote working mode, combined with presence.

RISK RELATING 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.

In addition, exists risks due to the war in Ukraine and the resulting consequences, such as the development in commodity prices, rising interest rates and higher inflation.

DHH Group business is not directly affected by the conflict in Ukraine, as there are no direct customers and direct suppliers. Except as described regarding the increase in prices in general and in particular refers to increase in energy cost.

RISK 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. Although the Group companies 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 THE 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, 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.

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-ATTACKS

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. 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. The rapid increase in European Interest Rate became a risk.

The Group is covered for the bank debit agreements risk by a specific IRS (Interest Rate Swap) coverage.

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, 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.

Starting from 1st January 2023 Croatia has adopted the Euro and then there will be no more impacted on this.

INFLATION RISK

The increase in inflation level has a direct impact on price level of supplier that in some case cannot be reflected on customers generating a possible marginality loss.

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 June 30th, 2023 taken from the half-year's Financial statements:

Related Party	Role	Receivables	Payables	Costs	Revenues
Antonio Domenico Baldassarra	Director and shareholder of DHH and Director of Seeweb	0	7.971	80.427	0
Giandomenico Sica	Executive President and shareholder of DHH	0	726	726	0
Matija Jekovec	Director and shareholder of DHH	0	0	0	0
Quadrant S.r.l.	Supplier of Seeweb (owned by Mr.Baldassarra and Mr.Vona)	1.830	0	361.428	3.000
Enrico Vona	Significant Shareholder of DHH	0	0	27.067	0
Tamara Arduini	Director of DHH and Manager of Seeweb	0	5.270	36.543	0
TOTAL		Eur 1.830	13.967	506.191	3.000
Total		Eur 4.179.559	4.262.207	16.051.414	17.077.227
%		0,04%	0,33%	3,15%	0,02%

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

Mr. Baldassarra is also director of Seeweb S.r.l. and BoD member of Connesi S.p.A. until 28th April 2023, Mr. Vona acted as consultant for Seeweb S.r.l. until 14th April 2023 and Ms. Arduini is also manager of Seeweb S.r.l.

Costs and payables related to Mr. Sica are associated with his role as BoD member of Connesi S.p.A. from 28th April 2023.

Costs and payables related to counterpart Quadrant S.r.l. relate to the lease and service contracts, reprocessed according to IFRS 16.

SECTION D: LABOUR & ENVIRONMENT

The Group employed on average n. 180 people as of 30.06.2023, unchanged compared to 31.12.2022.

There were no job fatalities or work accidents for Group employees 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.

CONSOLIDATED KEY FINANCIALS

The main financial numbers for the Group are as follows.

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022	Change	Change %
Total Net Invested Capital	30.497.156	30.154.527	342.629	1%
Total Net Financial Position	5.579.502	6.029.462	(449.959)	-7%
Total Equity	24.917.654	24.125.066	792.588	3%

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %
Net sales	16.520.449	12.061.338	4.459.111	37%
Gross Margin	8.021.035	6.324.911	1.696.124	27%
Adjusted EBITDA	5.390.195	3.730.823	1.659.371	44%
EBITDA	4.284.328	3.730.823	553.504	15%
EBT	1.121.948	1.755.509	(633.561)	-36%
Net Profit	313.512	1.177.215	(863.703)	-73%

The Net Profit amounts to **0,3M EUR** and has registered a decrease in the current year of 0,9M EUR.

The amount is influenced by a negative impact of non-recurring items for 1,1M EUR due to the IFRS 2 impact of Stock Option Plan.

GROUP PERFORMANCE INDICATORS

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

	30.06.2023	31.12.2022	Note
Fixed Assets Ratio	68%	66%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	148%	146%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	54%	55%	Debt percentage ratio
Total equity to total liabilities and equity	46%	45%	Debt percentage ratio
Debt to Equity ratio	49%	57%	The percentage of debt to equity
Working Capital ratio	1,13	1,23	This ratio shows how many times the current assets cover the current liabilities

	30.06.2023	30.06.2022	Note
Assets return ratio	5%	8%	Net profit after tax as a percentage of the equity
Adjusted EBITDA margin	33%	31%	EBITDA as a percentage of sales (without non-recurring items)
EBITDA margin	26%	31%	EBITDA as a percentage of sales
Net profit margin	2%	10%	Net profit as a percentage of sales
NFP/ EQUITY	0,22	-0,04	Net Debts on Equity

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

There were no significant events between the semester and publishing of this Report.

SECTION G: BUSINESS OUTLOOK

The current plan aims to lead the Group activities in two main areas: further geographic expansion and strengthening market position, including both web hosting, cloud computing, data center services and internet access industries on one side and supporting digital innovation and entrepreneurship alongside tech-communities in our current geographies on the other side.

The Group confirms the growth for the full year to come, due to organic growth and both for expansion of the perimeter due to the entry into the Group of Misterdomain and Hosterdam from January 2023.

As for our exposure to the Russian market, we do not have direct relationships with customers and suppliers in these areas, except for general price increases and the rise in energy costs.

Currently, the electricity price has stabilized, but we cannot rule out the possibility of a further sharp increase due to its volatility. Indeed, the PUN went from over 220 € MWh at the beginning of 2023 to ca. 105 € MWh as of now. In addition, the crisis in the chip market impacted our business in the lengthening of delivery times for the electronic devices that are involved, in our case servers and storage which are essential for us. That said, it seems that semiconductor shortage will ease in late 2023/2024.

The cloud computing industry is impacted by these macroeconomic phenomena because computer equipment, data centers, and heavy energy consumption are at the core of cloud computing services.

Our Group is mainly exposed through Seeweb and Evolink companies, as they operate large data centers and a significant amount of equipment, with a higher risk for companies located in Italy.

Actual energy market conditions are better than in the past but is difficult to do a prediction for the near future; The Group's Companies with huge energy needs are working for specific agreements able to control the risk.

As far as the delivery times of electronic equipment still remain around 180-210 days. We addressed this issue by delaying our usual cycle of technological updating, reserving the new equipment only for the needs of new production capacity. Therefore, we do not expect significant negative effects on our industrial services provisioning capacity.

Lastly, there are no situations of insolvency by parts of the Group's customers.

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 May 11th, 2022, 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**
Executive Chairman



**ANTONIO
BALDASSARRA**
Chief Executive Officer



**MATIJA
JEKOVEC**
Chief Operating Officer



**TAMARA
ARDUINI**
Chief Financial Officer



**ANDREA ARRIGO
PANATO**
Independent Director

GIANDOMENICO SICA, EXECUTIVE 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.

ANTONIO BALDASSARRA, CHIEF EXECUTIVE OFFICER

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.

MATIJAJEKOVEC, CHIEF OPERATING OFFICER

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.

TAMARA ARDUINI, CHIEF FINANCIAL OFFICER

Tamara holds more than twenty years of experience in the accounting administration and finance area covering the CFO role in Seeweb, now part of the DHH Group, already director of DHH Spa in the start-up phase of the company back in 2015.

Tamara also has deep knowledge of companies' processes for information security holdings and lead auditor certification.

She has attended the first SDA Bocconi Director's program.

ANDREA ARRIGO PANATO, INDEPENDENT DIRECTOR

He has been working for more than 25 years in tax and corporate consulting and has gained particular experience in ordinary and extraordinary business management, dealing especially with business valuations, extraordinary finance operations, and corporate rehabilitation. He is a lecturer in the Ca' Foscari Challenge School's RIAF Master's program and in the "Scuola di Alta Formazione", a postgraduate school born from the collaboration between L'Università Bocconi and the "Ordine dei Dottori Commercialisti e degli Esperti Contabili" of Milan.

A member of the scientific committee of the ODCEC Study Center of Milan and "Fondazione Centro Studi", he is the author of numerous articles on issues of strategy, finance, and business valuations.

He has supported and supports, both startup and investor side, several realities of the Italian innovation world.

He is a Certified Public Accountant and Auditor.

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 28th April 2022 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 (until the approval of financial statements for 2024). The current Auditors are listed below:

Name	Role
Umberto Lombardi	Chairman
Pierluigi Pipolo	Standing Auditor
Stefano Pizzutelli	Standing Auditor
Simona Secchi	Alternate Auditor
Stefania Giorgi	Alternate Auditor

PROCEDURES

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.



Consolidated Financial Interim Report

as at 30 June 2023

Prepared in accordance with IAS/IFRS principles. All amounts in Euro.

*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.

DHH S.p.A.

Via Caldera 21, 20153 Milan, Italy
www.dhh.international

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS

<i>All amounts are in Euro</i>	Notes	30.06.2023	Of which Related Parties	31.12.2022	Of which Related Parties
Trademarks	1	3.087.307		3.087.307	
Goodwill	2	11.132.250		10.461.147	
Tangible fixed assets	3	11.441.589		11.207.617	
Right of use assets	4	5.809.045		4.923.131	
Intangible assets	5	2.019.931		2.042.941	
Investments in other companies	6	1.410.293		1.410.293	
Non-current financial assets	7	576.579		544.598	
Other non-current assets	8	275.028		275.028	
Deferred tax assets	9	1.219.567		1.197.771	
Total non-current assets		36.971.590		35.149.832	
Inventories	10	440.720		400.724	
Trade receivables	11	4.179.559	1.830	5.078.027	1.830
Current financial assets	12	223.235		223.628	
Other current assets	13	120.090		219.547	
Tax receivables	14	570.608		534.353	
Cash and cash equivalents	15	10.641.460		10.643.629	
Prepaid expenses and accrued income	16	1.415.456		1.208.079	
Total current assets		17.591.129		18.307.987	
TOTAL ASSETS		54.562.719	1.830	53.457.820	1.830

LIABILITIES AND EQUITY

<i>All amounts are in Euro</i>	Notes	30.06.2023	Of which Related Parties	31.12.2022	Of which Related Parties
Share Capital		489.277		489.277	
Reserves		21.721.483		19.921.631	
Retained Profit (Loss)		913.403		891.842	
Profit (Loss) relating to Group shareholders		297.542		743.122	
Total Net Equity of the Group		23.421.704		22.045.873	
Capital and Reserves to third-party shareholders		1.479.979		1.955.084	
Year's Profit (Loss) to third-party shareholders		15.971		124.109	
Net Equity to third-party shareholders		1.495.949		2.079.193	
TOTAL NET EQUITY	17	24.917.654		24.125.066	
Non-current financial payables	18	11.695.012		12.102.648	
Severance reserves	19	741.706		737.789	
Liabilities for deferred taxes	20	1.633.765		1.635.046	
Total non-current liabilities		14.070.483		14.475.483	
Trade payables	21	4.262.207		4.554.269	3.933
Other current liabilities	22	994.372	13.967	920.747	35.346
Current financial liabilities	23	4.749.185		4.794.071	
Tax payables	24	1.337.173		728.228	
Accrued liabilities and deferred income	25	4.231.646		3.859.957	
Total current liabilities		15.574.583		14.857.271	
TOTAL LIABILITIES		29.645.066		29.332.754	
TOTAL LIABILITIES AND NET EQUITY		54.562.719	13.967	53.457.820	39.280

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2023

<i>All amounts are in Euro</i>	Notes	30.06.2023	Of which Related Parties	30.06.2022	Of which Related Parties
Revenues	26	16.520.449	3.000	12.061.338	3.000
Other Revenues	27	556.778	-	288.763	-
Operating Revenues		17.077.227		12.350.101	
Material costs	28	(1.074.663)		(602.277)	
Service costs and use of third-party assets	29	(6.875.662)	(141.154)	(5.422.914)	(246.960)
Personnel costs	30	(3.305.555)	(63.610)	(2.354.609)	(160.312)
Other expenses	31	(431.152)		(239.478)	
Total Operating Costs		(11.687.032)		(8.619.278)	
EBITDA Adjusted		5.390.195		3.730.823	
Impact of non-recurring revenues (costs)		(1.105.867)		-	
EBITDA		4.284.328		3.730.823	
Amortization and impairment	32	(2.806.925)	(293.852)	(1.882.466)	(276.831)
EBIT		1.477.402		1.848.357	
Financial income (expenses)	33	(355.454)	(7.576)	(92.849)	(12.740)
Earnings before taxes (EBT)		1.121.948		1.755.509	
Total current and deferred income taxes	34	(808.436)		(578.294)	
NET PROFIT (LOSS)		313.512		1.177.215	
<i>Of which attributable to:</i>					
the shareholders of the Group		297.542		1.213.178	
third-party shareholders		15.971		(35.963)	
EARNINGS per SHARE (in EURO)	35	0,293		0,257	
DILUTED EARNINGS per SHARE (in EURO)	35	0,293		0,257	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2023

All amounts are in Euro

	30.06.2023	30.06.2022
NET PROFIT (LOSS) FOR PERIOD (A)	313.512	1.177.215
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	112.699	36.312
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	112.699	36.312
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	426.211	1.213.527

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2023

Changes from January 1, 2022 to June 30, 2022

<i>All amounts are in Euro</i>	01.01.2022	Result allocation	Other variations	Earnings/losses (OCI)	Net Result of the year	30.06.2022
Share capital	489.277	-	-	-	-	489.277
Share Premium Reserve	10.273.324	-	1.084.233	-	-	11.357.558
Legal Reserve	90.373	7.482	-	-	-	97.855
Other Reserves	5.102.922	178.057	(72)	-	-	5.280.907
Negative Reserves for Own Shares	(1.187.620)	-	330.316	-	-	(857.304)
OCI Reserve	36.183	-	-	1.954	-	38.137
Retained Earnings (accum. losses)	1.348.833	3.005.644	(1.614.635)	-	-	2.739.842
Group Net Result	3.191.183	(3.191.183)	-	-	1.213.178	1.213.178
Total Net Equity - Group	19.344.477	-	(200.157)	1.954	1.213.178	20.359.452
Capital and reserves relating to the third-party shareholders	634.527	(27.442)	198	(52)	-	607.231
Net Result relating to the third-party shareholders	(27.442)	27.442	-	-	(35.963)	(35.963)
Net Equity to the third-party shareholders	607.085	-	198	(52)	(35.963)	(35.963)
TOTAL NET EQUITY	19.951.561	-	(199.959)	1.903	1.177.215	20.930.720

Changes from January 1, 2023 to June 30, 2023

<i>All amounts are in Euro</i>	01.01.2023	Result allocation	Stock options	Other variations	Earnings/ losses (OCI)	Net Result of the year	30.06.2023
Share capital	489.277	-	-	-	-	-	489.277
Share Premium Reserve	11.357.558	-	-	-	-	-	11.357.558
Legal Reserve	97.855	-	-	-	-	-	97.855
Other Reserves	7.107.879	-	-	-	-	-	7.107.879
Cash Flow Hedge Reserve	431.269	-	-	(1.140)	-	-	430.129
Negative reserves for own shares	(857.304)	-	-	-	-	-	(857.304)
Stock Options reserve	1.690.397	-	1.105.867	-	-	-	2.796.264
OCI Reserve	93.976	-	-	-	6.901	-	100.877
Retained earnings (accum. losses)	891.842	743.122	-	(33.337)	-	-	1.601.627
Group Net Result	743.122	(743.122)	-	-	-	297.542	297.542
Total Net Equity - Group	22.045.873	-	1.105.867	(34.477)	6.901	297.542	23.421.704
Capital and reserves relating to the third-party shareholders	1.955.084	124.109	-	(606.906)	7.692	-	1.479.979
Net Result relating to the third- party shareholders	124.109	(124.109)	-	-	-	15.971	15.971
Net Equity to the third-party shareholders	2.079.193	-	-	(606.906)	7.692	15.971	1.495.949
TOTAL NET EQUITY	24.125.066	-	1.105.867	(641.384)	14.593	313.512	24.917.654

The "Other variations" mainly refer to:

- the effective changes in the fair value of cash flows hedge instruments, for 0,02M EUR;
- the impact of IFRS 2 of Stock Option Plan approved by the Board of Directors for 1,1M EUR, based on an expert firm evaluation;
- the purchase of 12,5% of treasury share made by Connesi S.p.A. at the end of June 2023, for 0,6M EUR: the control share of the Group consequently increased to 77,79% (+8,64%).

CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2023

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	313.512	1.177.215
Income taxes	808.436	578.294
Interest payables/(receivables)	355.454	92.849
1. EARNINGS BEFORE TAXES, INTEREST, DIVIDENDS, CAPITAL GAIN/LOSSES	1.477.402	1.848.357
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	63.644	55.185
- Amortization and depreciation of assets	2.743.981	1.880.674
- Permanent loss write-down	62.945	1.792
- Other adjustments on non-monetary items	1.101.468	1.903
2. Cash Flow before NWC changes	5.449.440	3.787.911
Changes in NWC:	1.377.722	(301.934)
- Decrease (increase) in inventories	(39.996)	-
- Decrease (increase) in customer receivables	835.523	(382.891)
- Increase (decrease) in supplier payables	(292.062)	287.111
- Decrease (increase) in prepaid expenses and accrued income	(207.377)	255.610
- Increase (decrease) in accrued expenses and deferred income	371.689	(33.563)
- Other changes to the NWC	709.946	(428.202)
3. Cash flow after NWC changes	6.827.162	2.808.968
Other changes:	(1.224.898)	(677.009)
- Interests collected/(paid)	(355.454)	(92.849)
- (income taxes paid)	(808.955)	(578.813)
- (Use of reserves)	(60.489)	(5.347)
Cash flow from operating activities [A]	5.602.264	2.734.364

All amounts are in Euro

	30.06.2023	30.06.2022
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) disinvestment in tangible assets	(1.047.369)	(353.061)
(Investments) disinvestment in right of use assets	(2.544.395)	(292.242)
(Investments) disinvestment in intangible assets	(920.197)	(118.754)
(Investments) disinvestment in financial assets	(39.950)	12.042
Cash flow from investing activities [B]	(4.551.911)	(752.015)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Increase (decrease) current payables to banks	16.437	(281.035)
New loans (Loan repayments)	(468.958)	(1.042.538)
Paid capital increase	-	-
Treasury share sale (purchase)	(600.000)	(199.959)
Cash flow from financing activities [C]	(1.052.521)	(1.523.532)
Increase (decrease) in liquidity [A]+[B]+[C]	(2.168)	533.422
Liquid funds at the beginning of the period	10.643.629	9.259.765
Liquid funds at the end of the period	10.641.460	9.793.187

The "Other adjustments on non-monetary items" is comprehensive of 1,1 MEUR related to the impact of the Stock Option Plan.

Treasure share purchase is related to Connesi.

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 June 30th, 2023 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial Statements as at June 30th, 2023 are approved by the Board of Directors on 21.09.2023.

This semi-annual financial 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 34. This principle allows for the preparation of financial statements in form that is based on a minimum level of information significantly lower than that is required for the annual report by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union; consequently, as permitted by this standard, these interim financial statements do not include the information required for annual consolidated financial statements; accordingly, these financial statements should be read together with the 2022 DHH Group Consolidated Financial Statements. The financial statements, with Euro units, are made up of mandatory accounting statements (statement of financial position, income statement, statement of comprehensive income, statements of changes in equity, statement of cash flows) and relevant explanatory notes. The statement of financial position 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 cash flow of consolidated companies, in accordance with the general principles of going concern, accrual principle, materiality, and aggregation, offsetting prohibition and comparative information.

In the first six months of 2023, the Group adopted accounting policies consistent with those of the previous year, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2023. See the Note "Evaluation criteria" for more details.

The Group Financial Statements for DHH (the "Group") as at June 30th, 2023 have been drawn up on the basis of the financial statements of the holding company and of the companies in which DHH S.p.A. (the "Consolidating Company") holds -directly or indirectly- the actual control, with reference to the same date, as detailed below:

Controlled companies in the consolidation area	Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA 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%
CONNESI s.p.a.	Italy	300.000	77,79%
ATICON s.r.l.	Italy	12.000	77,79%

*On Seeweb share capital exists a pledge, a guarantee of the punctual and exact fulfillment of all the obligations deriving from a Holding's bank loan agreement.

The financial statements of Group companies are prepared on the basis of local principals, translated into IAS/IFRS principals for the consolidated financial statements, with the sole exception of Evolink, which applies directly International Accounting Standards for the preparation of its financial statements.

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.

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.

On 26 January 2023 Tophost S.r.l. finalized the acquisition of the business of Misterdomain, well established player of the Italian hosting market, vaunting over 31,000 domains under management. The business involves mainly the provision of services consisting in shared hosting, dedicated hosting, domain registration, commercial contracts with suppliers and business relationship with existing customers, the internet website as well as the customer management software.

The transaction respects the definition of "business" according to IRFS 3 par. 3-B7: "a business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs."

The total consideration for the transactions was 0,7M EUR. The acquisition did not involve financial liabilities and cash equivalents.

The amount paid for the acquisition of the business line “Misterdomain” created an excess value of the purchase price paid over the value of the net identifiable assets acquired for 0,7M EUR, due to the difference between the purchase price and the value of the net assets and liabilities acquired by the Group according to the IAS / IFRS principles, provisionally recognized as Goodwill.

To determine the correct allocation of the excess price to Goodwill the Group is still defining the fair value of the assets and liabilities acquired. The intangible assets to be evaluated and that could represent an allocation of the excess price have been identified in customer relationship. Such determinations may only be provisionally assessable because all the information are not availables as at 30 June 2023, so the total amount of the difference is provisionally recorded as Goodwill.

According to IFRS3 par. 45 the « measurement » period is of one year starting from the moment of the acquisition.

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 PRINCIPLES

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

During the period there were no significant changes in the accounting standards applied by the Group.

For further details refer to the Annual Consolidated Report 2022.

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 2022, the following accounting standards, amendments and interpretations are applicable from the 1st of January 2023.

- IFRS 17 Insurance Contracts - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 17 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 and IFRS 15 - applicable for annual periods beginning on or after 1 January 2023.
- 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.
- 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.
- 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.
- 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.

The new standards and interpretations to be applied as of January 1st, 2023, do not have any material effects on DHH's consolidated financial statements.

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:

-
- Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with covenants (Amendments to IAS 1) - applicable for annual periods beginning on or after 1 January 2024.
 - Lease liability in a sale and leaseback (Amendments to IFRS 16) - applicable for annual periods beginning on or after 1 January 2024.
 - Disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements (Amendment to IAS 7 and IFRS 7) - applicable for annual periods beginning on or after 1 January 2024.

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 BOARD OF DIRECTORS

The overall compensation paid to the Board of Directors of DHH S.p.A. is equal to 264.177 EUR.

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The overall compensation paid by the Group to the auditor firm is equal to 31.915 EUR for auditing activities and 14.130 EUR for other activities.

The compensation for the Board statutory auditors is equal to 35.270 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 30.06.2023	Average Exchange Rate Half-Year 2023
Serbian Dinar (RSD)	117,1796	117,1447
Swiss Franc (CHF)	0,9788	0,9883
New Lev Bulgaria (BGN)	1,9558	1,9558

Starting from 1st January 2023 Croatia has adopted the Euro and then there will be no more impacted on exchange rates.

SCOPE OF CONSOLIDATION

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

Parent Company Name: **DHH S.p.A.**

Parent Company Registered Office: **Via Caldera 21, Milano, Italia**

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

Company	Registered Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MICLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%
CONNESI s.p.a.	Italy	300.000	77,79%
ATICON s.r.l.	Italy	12.000	77,79%

Due to the purchase of 12,5% of treasury share made by Connesi S.p.A. the Group increased the share control to 77,79% (+8,64%).

CHANGE IN THE SCOPE OF CONSOLIDATION

Regarding the changes in the scope of consolidation, compared to the consolidated report as at 31.12.2022, it should be noted there are not changes.

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 “Accounting principles”, Trademarks are not amortized, but subject to impairment tests and written-off for impairment losses. The DHH Group at least 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 11.132.250 EUR, with a net increase of 671.103 EUR compared to the same value recorded in the consolidated as at 31.12.2022.

The variation refers for 0,7M EUR to the acquisition of the business line “Misterdomain”. The amount paid for the acquisition created an excess value of the purchase price paid over the value of the net identifiable assets acquired for 0,7M EUR, due to the difference between the purchase price and the value of the net assets and liabilities acquired by the Group according to the IAS / IFRS principles, provisionally recognized as Goodwill.

To determine the correct allocation of the excess price to Goodwill the Group is still defining the fair value of the assets and liabilities acquired. The intangible assets to be evaluated and that could represent an allocation of the excess price have been identified in customer relationship.

The total amount of the difference is provisionally recorded as Goodwill.

As mentioned in the section “Accounting principles”, goodwill is not amortized, but subject to impairment test and written-off for impairment losses. The DHH Group at least 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 (2023-2025) 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: 9,9%
- Slovenia: 9,4%
- Croatia: 9,9%
- Switzerland: 7,1%
- Serbia: 12,1%
- Bulgaria: 10,6%

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. The Management considered a growth rate "g" equal to the inflation rate determined for each Country by the International Monetary Fund.

NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 11.441.589 EUR.

The details of the movement of tangible assets during the half-year 2023 are provided below.

<i>All amounts are in Euro</i>	Land and Buildings	Plant and machinery	Computers, electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2023	770.363	10.237.832	13.994.520	296.965	2.116.378	329.600	27.745.658
Investments	10.400	497.480	369.607	13.766	19.071	298.541	1.208.865
(Disposals)	-	(61.267)	(2.047)	(39.487)	-	(124.898)	(227.699)
Impairments and other movements	-	-	(58.349)	-	(4.674)	-	(63.023)
Historical cost as at 30.06.2023	780.764	10.674.045	14.303.731	271.244	2.130.775	503.243	28.663.802
Accumulated depreciation as at 01.01.2023	68.476	2.802.874	12.347.657	129.506	1.189.529	-	16.538.042
Depreciation	17.144	324.344	434.256	26.292	13.727	-	815.763
(Disposals)	-	(61.267)	-	(4.936)	-	-	(66.203)
Impairments and other movements	-	-	(69.799)	-	4.410	-	(65.389)
Accumulated depreciation as at 30.06.2023	85.620	3.065.950	12.712.114	150.861	1.207.666	-	17.222.212
NET BOOK VALUE AS AT 01.01.2023	701.887	7.434.959	1.646.863	167.459	926.849	329.600	11.207.617
NET BOOK VALUE AS AT 30.06.2023	695.143	7.608.094	1.591.617	120.382	923.109	503.243	11.441.589

NOTE 4: RIGHT OF USE ASSETS

Right of use assets are equal to 5.809.045 EUR as at 30 June 2023, with an increase of 885.914 EUR.

The details of movement in right of use assets during the half-year 2023 are provided below.

<i>All amounts are in Euro</i>	Land and Buildings	Data center equipments	Network services	Vehicles	TOTAL
Historical cost as at 01.01.2023	3.459.314	10.260.041	4.364.817	26.617	18.110.789
Investments	105.014	2.138.832	311.561	-	2.555.407
(Disposals)	-	(28.935)	(5.888)	-	(34.823)
Impairments and other movements	-	-	-	(509)	(509)
Historical cost as at 30.06.2023	3.564.329	12.369.937	4.670.490	26.108	20.630.864
Accumulated depreciation as at 01.01.2023	2.278.481	8.208.849	2.682.337	17.992	13.187.658
Depreciation	347.256	1.091.578	214.017	3.264	1.656.115
(Disposals)	-	(28.935)	(2.355)	-	(31.291)
Impairments and other movements	-	8.273	1.105	(42)	9.336
Accumulated depreciation as at 30.06.2023	2.625.737	9.279.765	2.895.103	21.214	14.821.818
NET BOOK VALUE AS AT 01.01.2023	1.180.834	2.051.191	1.682.480	8.625	4.923.131
NET BOOK VALUE AS AT 30.06.2023	938.592	3.090.172	1.775.386	4.894	5.809.045

NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 2.019.931 EUR as at 30 June 2023.

The details of movement in intangible assets during the half-year 2023 are provided below.

<i>All amounts are in Euro</i>	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2023	1.971.219	541.890	422.039	1.493.728	65.531	4.494.406
Investments	10.126	45.202	41.056	24.000	124.150	244.534
Impairments and other movements	(90)	(1.124)	(13.320)	(2.961)	(8.847)	(26.341)
Historical cost as at 30.06.2023	1.981.254	585.969	449.775	1.514.767	180.834	4.712.599
Accumulated depreciation as at 01.01.2023	1.202.028	410.695	204.579	634.163	-	2.451.465
Amortization	130.050	15.091	30.764	67.302	-	243.207
Impairments and other movements	(118)	(591)	(298)	(997)	-	(2.004)
Accumulated depreciation as at 30.06.2023	1.331.960	425.196	235.045	700.468	-	2.692.668
NET BOOK VALUE AS AT 01.01.2023	769.191	131.195	217.460	859.565	65.531	2.042.941
NET BOOK VALUE AS AT 30.06.2023	649.295	160.773	214.730	814.299	180.834	2.019.931

NOTE 6: INVESTMENTS IN OTHER COMPANIES

The voice "Investments" is comprehensive of associated companies and other companies.

The details of movement of investments in associated companies are provided below.

Investments in associated companies are valued with the equity method.

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Equity Method Impact	Investment Net Book Value
Warian S.r.l.	Montoro (AV)	50.000	100.657	45,00%	860.000	-	860.000
TOTAL					860.000	-	860.000

* Equity value as at 31 December 2022.

The equity valuation was carried out considering the data from the latest available financial statements, closed on 31 December 2022.

The details of movement of investments in other companies are provided below.

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Allowance for impairment	Investment Net Book Value
Sync S.r.l.	Roma	13.289	328.242	3,21%	50.102	(39.491)	10.611
Baasbox S.r.l.	Roma	13.489	149.591	2,55%	99.999	(99.999)	-
Materialuce S.r.l.	Terni (TR)	10.250	233.345	4,54%	100.000	(89.417)	10.583
Icona Technology S.p.A.	Cinisello Balsamo (MI)	172.250	2.093.563	4,35%	502.500	-	502.500
Others					26.600	-	26.600
TOTAL					779.201	(228.908)	550.293

* Equity value as at 31 December 2022.

Investments are equal to 1.410.293 EUR and includes an allowance for impairment for 228.908 EUR recorded in 2022, as their value at the reporting date was lower than the value at initial recognition calculated based on the cost or equity method.

If the criteria used to support the writing down are no longer applicable, the original value should be restored.

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 576.579 EUR as at 30 June 2023, is referred to derivative financial assets for 473K EUR and to guarantee deposits for the difference.

The amount of 473K EUR is related to DHH S.p.A. for 253K EUR, to Seeweb S.r.l. for 81K EUR and to Connesi S.p.A. for 139K EUR.

Based on the risk assessment performed, the Group has decided to manage its interest rate risks through derivatives financial instrument, that are measured at fair value; changes in fair value are generally accounted for in the Income Statement, except for those changes related to derivatives qualifying as cash flow hedging, recognized in the cash flow hedge reserve.

NOTE 8: OTHER NON-CURRENT ASSETS

Such item, equal to 275.028 EUR as at 30 June 2023, is referred to an investment property of Evolink.

The amount corresponds to the fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13.

NOTE 9: DEFERRED TAX ASSETS

Deferred tax assets are equal to 1.219.567 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 30.06.2023.

The amount of 811K EUR is 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: INVENTORIES

Inventories are equal to 440.720 EUR. The amounts refer mainly to Connesi S.p.A.; the changes occurred in the Inventories accounts are equal to 40K EUR as increase.

NOTE 11: TRADE RECEIVABLES

Trade receivables are equal to 4.179.559 EUR as at 30.06.2023 with a decrease of 898.467 EUR compared to the same item recorded on 31.12.2022. The distribution of receivables by geographical area is as follows.

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022	Change
Italy	3.806.620	4.391.352	(584.732)
EU countries	592.650	713.429	(120.779)
Other countries	205.492	178.541	26.951
Total	4.604.762	5.283.321	(678.560)
Provision for bad debt	(425.202)	(205.295)	(219.907)
TOTAL NET TRADE RECEIVABLES	4.179.559	5.078.027	(898.467)

NOTE 12: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 223.235 EUR referred to as securities, with a decrease of 394 EUR compared to 31.12.2022.

NOTE 13: OTHER CURRENT ASSETS

Other current assets are equal to 120.090 EUR, with a decrease of 99.456 EUR compared to 31.12.2022.

NOTE 14: TAX RECEIVABLES

Tax receivables are equal to 570.608 EUR as at 30 June 2023 with an increase of 36.254 EUR compared to 31.12.2022 and are composed as follows.

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022	Change
VAT	250.583	310.910	(60.327)
Income tax	178.723	204.365	(25.642)
Other tax receivables	141.302	19.078	122.224
TOTAL	570.608	534.353	36.254

NOTE 15: 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 10.641.460 EUR, with a decrease of 2.168 EUR compared to 31.12.2022.

NOTE 16: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 1.415.456 EUR as at 30 June 2023, with an increase of 207.377 EUR compared to 31.12.2022. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 17: NET EQUITY

Share Capital

On 30 June 2023 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.

<i>All amounts are in Euro</i>	31.12.2022	increase	(decrease)	30.06.2023
Share Premium Reserves	11.357.558	-	-	11.357.558
Legal Reserve	97.855	-	-	97.855
Other reserves	7.107.879	-	-	7.107.879
Cash flow hedge reserve	431.269	-	(1.140)	430.129
Negative reserve for own shares	(857.304)	-	-	(857.304)
Stock options reserve	1.690.397	1.105.867	-	2.796.264
OCI Reserve	93.976	6.901	-	100.877
TOTAL RESERVES	19.921.631	1.112.768	(1.140)	21.033.259

The variations mainly refer to:

- the effective changes in the fair value of cash flows hedge instruments, negative for 1.140 EUR;

- the impact of IFRS 2 of the Stock Option Plan 2022 - 2025 approved by the Board of Directors for 1.105.867 EUR, based on an expert firm evaluation.

STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDER'S EQUITY AND THE RESULT OF THE PARENT COMPANY

<i>All amounts are in Euro</i>	Net Profit	Net Equity	TOTAL
BALANCES OF THE PARENT COMPANY	1.115.225	16.276.602	17.391.828
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(2.952.376)	3.021.035	68.659
Difference between the value of the consolidated investments and their own net equity value	(31.109)	3.826.525	3.795.416
Net profit of consolidated companies	2.165.802	-	2.165.802
Third-party shareholders	15.971	1.479.979	1.495.949
TOTAL NET EQUITY	313.512	24.604.141	24.917.654

NOTE 18: NON-CURRENT FINANCIAL LIABILITIES

The total amount of 11.695.012 EUR encompasses bank loans and financings for 8.757.074 EUR and non-current lease debt for 2.937.938 EUR.

It should be noted that financial covenants are provided by the loan granted by Intesa San Paolo Bank to DHH S.p.A. of 5,9M EUR, which were signed in 2022 and which require DHH Group to comply with two Financial ratios - Net Financial Position / EBITDA adjusted and Net Financial Position / Equity - tested half-yearly based on last-twelve-months (LTM) consolidated data.

These covenants, tested on 30.06.2023, were largely complied.

NOTE 19: 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.

In accordance with the international accounting standard IAS 19 actuarial valuations were performed on the basis of the accrued benefit method using the criterion of expected unit credit "Projected Unit Credit Method" (par. 67-69 IAS 19R).

The amount is equal to 741.706 EUR with an increase of 3.917 EUR compared to 31.12.2022.

NOTE 20: LIABILITIES FOR DEFERRED TAXES

This item is equal to 1.633.765 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.

The amount of 698.829 EUR is related to the Tangible Assets, identified in the "fibra-infrastructures", arising from the Purchase Price Allocation process due to the acquisition of Connesi.

NOTE 21: TRADE PAYABLES

On 30.06.2023 trade payables are equal to 4.262.207 EUR, with a decrease of 292.062 EUR compared to the same item recorded on 31.12.2022. The distribution of payables by geographical area is as follows.

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022	Change
Italy	3.634.780	4.012.097	(377.317)
EU countries	441.481	421.890	19.591
Other countries	185.946	120.281	65.665
TOTAL PAYABLES	4.262.207	4.554.269	(292.062)

NOTE 22: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 994.372 EUR on 30.06.2023, with an increase of 73.625 EUR compared to 31.12.2022. The item refers mainly to payables due to employees and payables due to social security and welfare institutions.

NOTE 23: CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 4.749.185 EUR on 30.06.2023, with a net decrease of 44.885 EUR compared to 31.12.2022. This item includes for 2.091.531 EUR the current lease liabilities and for 2.562.349 EUR the current part of non-current bank loans of the Group.

NOTE 24: TAX PAYABLES

Tax payables are equal to 1.337.173 EUR on 30.06.2023, with an increase of 608.945 EUR compared to 31.12.2022, and its composition is as follows.

<i>All amounts are in Euro</i>	30.06.2023	31.12.2022	Change
VAT	231.647	188.426	43.221
Income tax	961.239	338.726	622.513
Other income tax	144.286	201.075	(56.789)
TOTAL TAX PAYABLES	1.337.173	728.228	608.945

NOTE 25: ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 4.231.646 EUR as at 30 June 2023, with an increase of 371.689 EUR mainly linked to advanced revenues for hosting.

NOTE 26: NET SALES

The revenues from sales and services of the Group for the half-year ended 30 June 2023 are equal to 16.520.449 EUR, with an increase of 4.459.111 EUR compared to 30.06.2022.

Revenues from sales and services by country area compared to 30 June 2022 are the following:

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
Italy	11.138.200	7.158.036	3.980.165	55,60%	3.224.302
Slovenia	1.460.204	1.253.898	206.305	16,45%	-
Croatia	1.515.150	1.386.861	128.289	9,25%	-
Serbia	387.789	340.707	47.082	13,82%	-
Switzerland	418.672	408.448	10.224	2,50%	-
Bulgaria	1.600.433	1.513.387	87.046	5,75%	-
TOTAL	16.520.449	12.061.338	4.459.111	36,97%	3.224.302

Revenues from sales are divided among the geographical area as follows: Italy with 67%, Croatia with 9%, Slovenia with 9%, Serbia 2%, Switzerland 3% and Bulgaria 10%.

Revenues from sales and services by company area compared to 30 June 2022 are the following:

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
DHH S.p.A.	-	-	-		-
TOPHOST s.r.l.	999.882	908.122	91.759	10,10%	-
WEBTASY d.o.o.	1.460.204	1.253.898	206.305	16,45%	-
PLUS HOSTING GRUPA d.o.o.	1.218.441	1.130.662	87.779	7,76%	-
DHH Switzerland SA	418.672	408.448	10.224	2,50%	-
SYSTEM BEE d.o.o.	296.709	256.199	40.509	15,81%	-
MCLOUD d.o.o.	387.789	340.707	47.082	13,82%	-
SEEWEB s.r.l.	6.914.017	6.249.913	664.104	10,63%	-
EVOLINK a.d.	1.600.433	1.513.387	87.046	5,75%	-
CONNESI S.p.A.	3.151.927	-	3.151.927		3.151.927
ATICON s.r.l.	72.375	-	72.375		72.375
TOTAL	16.520.449	12.061.338	4.459.111	36,97%	3.224.302

The total revenues from sales and services are composed as follow: Seeweb 42%, Connesi 19%, Evolink 10%, Webtasy 9%, Plus Hosting Grupa d.o.o. 7%, Tophost 6% and the remaining 7% is divided among the other Group Companies.

The main Group revenues from sales and services 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.

Internet access (IP access services (including VPN and L2 provided at customer sites).

Datacenter & Networking (Datacenter Colocation)

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

Revenues by segments are the following. The segment Internet Access was introduced from 31.12.2022, in the previous year it was included in Datacenter & Networking segment.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area	%
IaaS	6.171.570	5.175.830	995.740	19,24%	-	37,36%
PaaS	3.975.784	4.039.424	(63.640)	-1,58%	51.292	24,07%
SaaS	300.859	211.757	89.102	42,08%	30.850	1,82%
Internet Access	3.586.645	-	3.586.645		2.641.441	21,71%
Datacenter & Networking	1.574.914	2.208.452	(633.538)	133,72%	3.809	9,53%
Managed Services	459.814	336.713	123.101	36,56%	139.323	2,78%
Others	450.862	89.162	361.700	405,67%	357.587	2,73%
TOTAL	16.520.449	12.061.338	4.459.111	36,97%	3.224.302	

NOTE 27: OTHER REVENUES

Other revenues are equal to 556.778 EUR as at 30.06.2023 with an increase of 268.014 EUR compared to 30.06.2022. Internal projects - R&D are related only to precompetitive development of new products or new services created internally by the companies while internal costs capitalized are related to internal cost capitalized of Connesi.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	of which variation area
Other revenues	304.088	288.763	15.324	76.037
Internal Projects – R&D	45.726	-	45.726	-
Internal costs capitalized	206.964	-	206.964	206.964
TOTAL	556.778	288.763	268.014	283.001

NOTE 28: MATERIAL COSTS

Costs for materials and consumables are equal to 1.074.663 EUR on 30 June 2023 with an increase of 472.387 EUR compared to 30.06.2022, related to software, hardware and other materials. The total amount of the half-year is referred to Seeweb for 625K EUR and to Connesi for 403K EUR and, the difference is related to the other Group Companies.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
Material costs	1.074.663	602.277	472.387	78%	403.764

NOTE 29: SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 7.981.529 EUR on 30 June 2023, with an increase of 2.558.615 EUR compared to 30.06.2022. The main service costs and use of third – party assets are composed by: Seeweb for 30%, Dhh S.p.A. for 20%, Connesi for 15%, Evolink for 11%, Plus Hosting Grupa for 9%, Webtasy for 8%, The remaining 7% is divided among the other Group Companies.

The main cost for Datacenter Service comes from Seeweb for 74% and Evolink for 11%; The remaining 15% is divided among the other Group Companies. The main cost for Network Services comes from Evolink for 48%, Connesi for 31% and Seeweb for 19%; the remaining 2% is divided among the other Group Companies. In this cost item is included the effects of electricity cost for datacenters.

Professional services include non-monetary effects of IFRS 2 related to Stock Option Plan 2022 – 2025 for 1.105.867 EUR approved by Board of Directors based on an expert firm evaluation and costs of the Board of Director remuneration of 264.177 EUR.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
Datacenter Service	1.503.397	2.011.134	(507.736)	-25%	6.103
Network Services	976.179	-	976.179		307.321
Wholesale Costs	2.192.811	1.562.881	629.930	40%	422.698
Commercial and marketing expenses	552.036	640.085	(88.049)	-14%	139.580
Professional services	2.475.583	1.005.344	1.470.239	146%	236.744
Other costs for services	281.522	203.471	78.051	38%	71.787
TOTAL	7.981.529	5.422.914	2.558.615	47%	1.184.233

Service Costs and use of third-party assets detailed by companies are the following:

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
DHH S.p.A.	1.594.223	419.096	1.175.127	280,40%	-
TOPHOST s.r.l.	136.350	73.399	62.952	85,77%	-
WEBTASY d.o.o.	599.649	524.695	74.953	14,29%	-
PLUS HOSTING GRUPA d.o.o.	695.063	650.257	44.806	6,89%	-
DHH Switzerland SA	126.577	111.227	15.350	13,80%	-
SYSTEM BEE d.o.o.	128.591	116.879	11.712	10,02%	-
MCLOUD d.o.o.	211.213	192.224	18.989	9,88%	-
SEEWEB s.r.l.	2.395.276	2.317.051	78.225	3,38%	-
EVOLINK a.d.	910.353	1.018.085	(107.732)	-10,58%	-
CONNESI S.p.A.	1.176.817	-	1.176.817		1.176.817
ATICON s.r.l.	7.416	-	7.416		7.416
TOTAL	7.981.529	5.422.914	2.558.615	47,18%	1.184.233

NOTE 30: PERSONNEL COSTS

Personnel cost is equal to 3.305.555 EUR on 30 June 2023, with an increase of 950.946 EUR compared to the half-year 2022 consolidated and is divided among the Group as follows.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %
DHH S.p.A.	62.297	50.463	11.834	23%
TOPHOST s.r.l.	38.401	33.407	4.994	15%
WEBTASY d.o.o.	462.660	428.580	34.080	8%
PLUS HOSTING GRUPA d.o.o.	260.285	271.683	(11.398)	-4%
DHH Switzerland SA	189.947	172.596	17.352	10%
SYSTEM BEE d.o.o.	98.959	98.146	813	1%
MCLOUD d.o.o.	75.148	78.670	(3.522)	-4%
SEEWEB s.r.l.	799.000	788.675	10.325	1%
EVOLINK a.d.	434.011	432.390	1.621	0%
CONNESI S.p.A.	884.846	-	884.846	n/a
TOTAL	3.305.555	2.354.609	950.946	40%

The average number of employees is as follows:

	30.06.2023			30.06.2022		
	Managers	Employees	Total	Managers	Employees	Total
DHH S.p.A.		2			3	
TOPHOST s.r.l.		2			1	
WEBTASY d.o.o.	1	22		1	24	
PLUS HOSTING GRUPA d.o.o.	1	22		1	23	
DHH Switzerland SA	1	6		1	6	
SYSTEM BEE d.o.o.	1	7		1	8	
MCLOUD d.o.o.	1	7		1	7	
SEEWEB s.r.l.	1	29		1	25	
EVOLINK a.d.	2	39		2	47	
CONNESI S.p.A.		36				
TOTAL	8	172	180	8	144	152

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

NOTE 31: OTHER EXPENSES

Other expenses are equal to 431.152 EUR on 30 June 2023, with an increase of 191.674 EUR compared to 30.06.2022, and such expenses are structural costs.

NOTE 32: AMORTIZATIONS AND IMPAIRMENTS

Amortizations, depreciations and impairment are equal to 2.806.925 EUR on 30 June 2023, with an increase of 924.460 EUR compared to 30.06.2022.

Depreciations are related for 200K EUR to Seeweb, for 384K EUR to Connesi and for 69K EUR to Evolink.

The part referred to the amortization of right of use assets amounts to 1.656.115 EUR.

The value of amortization and depreciation is provided below.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	Change %	of which variation area
Depreciations	815.763	395.700	420.063	106%	446.934
Amortizations	1.928.218	1.484.974	443.245	30%	238.775
Impairment	62.945	1.792	61.153	3413%	60.907
TOTAL	2.806.925	1.882.466	924.460	49%	746.615

With reference to current assets, based on the provisions of the applicable accounting standards, a write down has been calculated on the trade receivables, following a careful analysis on their recoverability.

NOTE 33: FINANCIAL INCOME (EXPENSES)

On 30 June 2023 Net Financial Expenses are equal to (355.454) EUR, with an increase of 262.606 EUR compared to the previous half-year.

The war in Ukraine and the inflation trend prompted a marked increase in interest rates during the reporting period.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	of which variation area
Bank and postal interests/income	626	476	150	69
Interests on loans	21.285	-	21.285	-
Other interests	53.132	3.924	49.208	18.236
Positive foreign currency valuation	21.092	10.207	10.885	-
TOTAL FINANCIAL INCOME	96.136	14.607	81.529	18.305

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022	Change	of which variation area
Bank and postal interests/expenses	40.993	27.579	13.414	83
Lease interests	78.574	54.893	23.681	24.685
Interest on loans	252.941	-	252.941	70.637
Other financial expenses	40.949	1.874	39.075	1.564
Negative foreign currency valuation	38.133	23.109	15.024	1.404
TOTAL FINANCIAL EXPENSES	451.590	107.455	344.134	98.373

NOTE 34: TOTAL CURRENT AND DEFERRED INCOME TAXES

At the end of the half-year 2023 total current and deferred income taxes of the Group are equal to an amount of 808.436 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.

NOTE 35: 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.

<i>All amounts are in Euro</i>	30.06.2023	30.06.2022
Consolidated adjusted net income attributable to the Group's shareholders	1.403.409	1.213.178
Number of ordinary shares	4.892.772	4.892.772
Average weighted number of outstanding shares	4.791.815	4.722.879
BASE EARNINGS PER SHARE - EPS	0,293	0,257
Average weighted number of outstanding warrants	-	-
Average weighted number of outstanding shares plus warrants	4.791.815	4.722.879
DILUTED EPS	0,293	0,257

Milan, 21st September 2023

The Chairman of the Board of Directors

Giandomenico Sica

