



# **Consolidated Financial Interim Report**

**as at 30 June 2022**

Financial Statements prepared in accordance with IAS/IFRS principles\*

- All amounts are in Euro -

**DHH S.p.A.**

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

# INTRODUCTION

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

Established in July 2015, and headquartered in Italy, DHH grew rapidly by completing 16 M&A transactions with local web hosting and cloud computing and connectivity provisioning 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 offer

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

### 3 Proven business model with >95% customer retention rate...

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

### 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

### 2 Among quickest growing industries immune to COVID-19

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

### 4 Exposure to emerging geographies

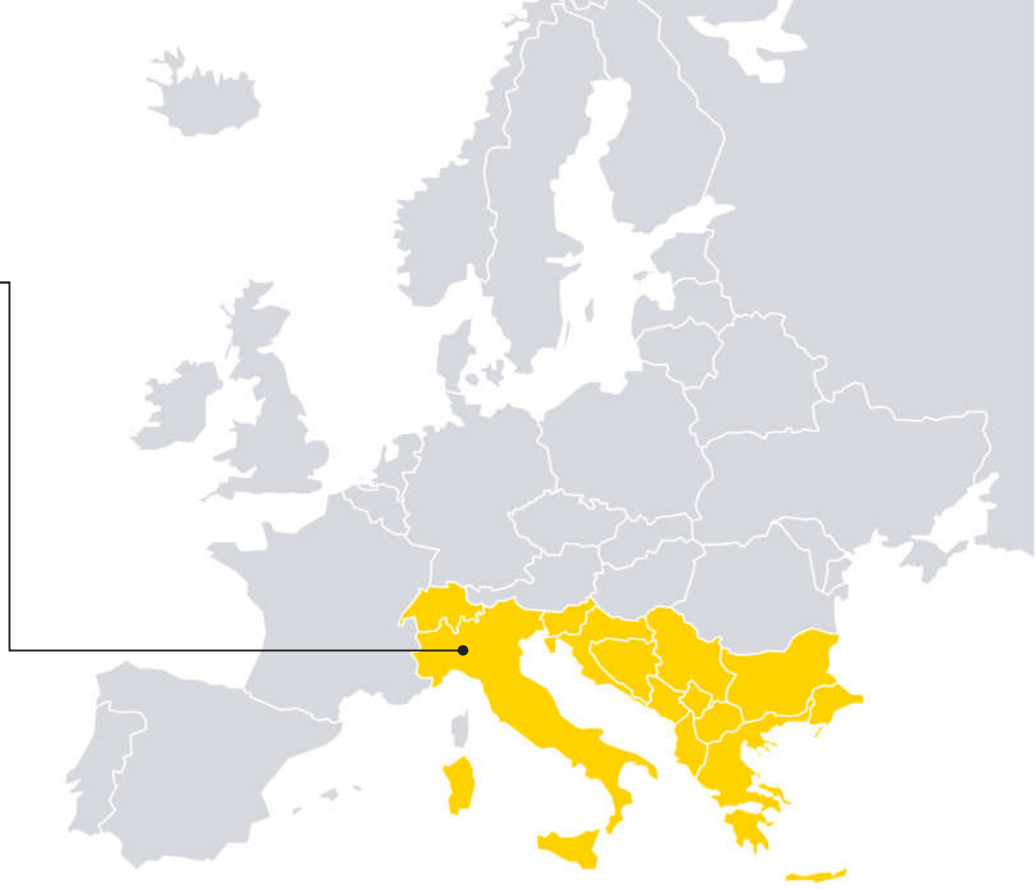
Growing presence in the emerging SEE region with still lower than EU average digitalization level but high willingness to moving online among local businesses

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

36% H1 '16-'22 revenue CAGR, 31% H1 22 Adjusted EBITDA margin(\*) and 73% EBITDA Cash Conversion Rate(\*\*) with moderate CAPEX requirements and a positive availability in cash.

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

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



## GROUP OVERVIEW

Today, DHH is home to 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 services in a subscription model (SaaS/IaaS/PaaS), where customers are either billed in advance with a fixed, typically, annual fee or based on service usage (metered). The group companies are characterized by high customer retention over 95% and, thus, a large share of recurring revenues.

Starting as of 2020, DHH is further enhancing its growth pace by entering a contiguous and synergic business area, that's to say the provisioning of connectivity services (from simple internet connectivity to advanced online streaming technology). Indeed, 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.

As of today, DHH Group boasts a well-balanced portfolio of over 119.000 clients and over 220.000 domains across different segments within the market. The target segments are SMEs and solo entrepreneurs with the share of the largest client of 18%. Each portfolio company has its own product offering with an ARPU<sup>1</sup> for H1 2022 ranging from EUR 3 to EUR 856 across group companies (average EUR 225).

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

<sup>1</sup> ARPU: Average revenue per user on monthly bases.

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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.

# MARKET OVERVIEW

## CLOUD COMPUTING AND WEB-HOSTING SERVICES

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

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

Digitalization of corporates should support a growing demand of cloud computing and web-hosting services. According to a 2021 survey from McKinsey<sup>2</sup>, 89% of the 1.100+ companies participating in the questionnaire believe that their business model needs to change, with digitalization being a “Sine qua non” in order to remain economically viable. This mindset will incrementally contribute to the fast-paced growth of the cloud hosting and cloud computing markets, both being vital for every industry.

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

Some positive trends:

- 1) small & micro caps are usually much less digitalized than medium and large caps; according to the analysis on data coming from the European Commission, while 94% of European big corporates have a company website, only 76% of SMEs have it;
- 2) the current level of digitalization in South European countries is below the European average (with a tech gap standing at c. 10% vs the overall Euro Area) and these geographies should outperform the rest of Europe in terms of GDP growth.

## INTERNET SERVICE PROVISIONING

Market size of the Global Internet Service Providers industry in 2022 is forecasted to stand at \$1,1trn, up +2,5% compared to 2021. More important, this market has grown 3,1% per year on average between 2017 and 2022,<sup>3</sup> driven by increasing demand for high-quality networks. Indeed:

- 1) Internet traffic grew 58% in one year (2019-20);
- 2) a record 21,15 million new fixed broadband connections have been activated in the OECD area from December 2019 to December 2020;
- 3) for the first time in 2020, high-speed fiber subscriptions surpassed copper-wire DSL in the OECD.<sup>4</sup>

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<sup>2</sup> Source: Alantra Italian Equity Research, “DHH Buy and Build” 15 December 2021.

<sup>3</sup> <https://www.ibisworld.com/global/market-size/global-internet-service-providers/>

<sup>4</sup> OECD (2022), “Broadband networks of the future”, OECD Digital Economy Papers, No. 327, OECD Publishing, Paris, <https://doi.org/10.1787/755e2d0c-en>

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As broadband IP is more and more the platform of choice for all emerging technologies, the integration of cloud and edge computing solutions into networks is becoming one of key technological trends driving the evolution of both fixed and mobile networks.

As a consequence, ISPs that were born as simple providers of internet connectivity to retail, professionals and corporate clients are more and more in the position to become major players in the technology market and to target upselling revenue synergies from their subscriber bases by starting to offer Managed Services, SaaS, and IaaS solutions, either by reselling third party solutions, or developing their own products.

## LOCAL LEADERSHIP DESPITE COMPETITION FROM THE BIG TECH

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

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

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

## 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. Indeed, broadband penetration in the markets where DHH is active is lower than 30% (but for Switzerland standing above 40%)<sup>5</sup>, and less than half of businesses are purchasing cloud computing services<sup>6</sup>.

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

Digitalization will be also fostered by a higher-than-average GDP growth of South-Eastern European countries, which are expected to outperform the overall Euro Area with an average 0,4% up-tick between 2021 and 2025.

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<sup>5</sup> International Telecommunication Union (via World Bank)

<sup>6</sup> OECD Broadband statistics, <http://www.oecd.org/sti/broadband/broadband-statistics/>

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Such outperformance is consistent with data coming from the IMF<sup>7</sup>, 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.

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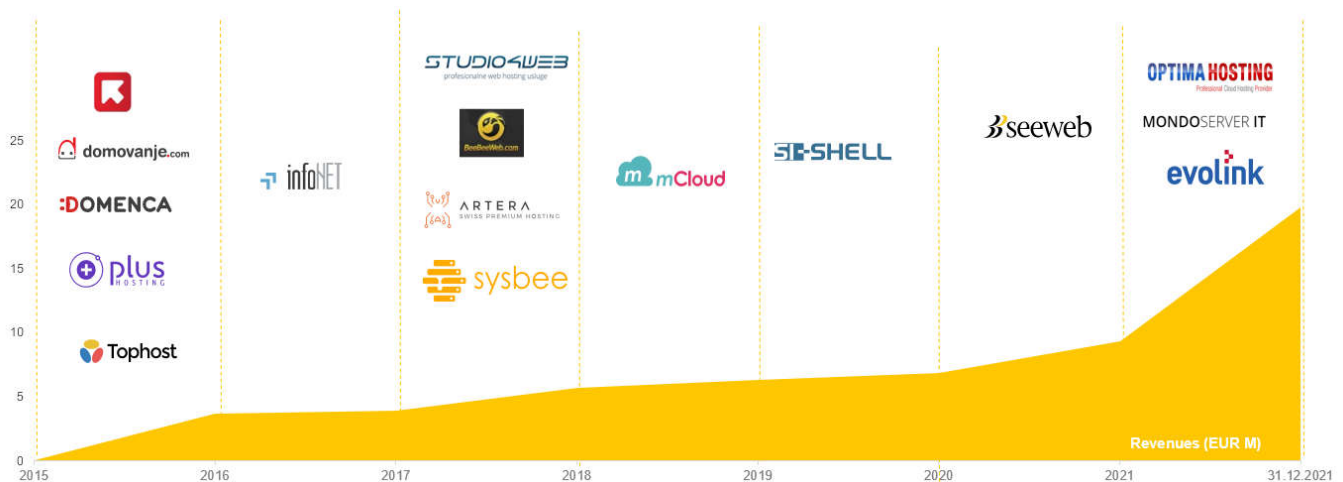
<sup>7</sup> Source: Alontra Italian Equity Research, "DHH Buy and Build" 15 December 2021.

# GROWTH STRATEGY

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

During the last 6 years, DHH has been effectively executing buy & build strategy and completed 16 M&A transactions growing from EUR 1 M to ca. EUR 20 M of sales of which EUR 18 M are M&A driven.

Acquisitions completed by DHH by year



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

## M&A

- 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

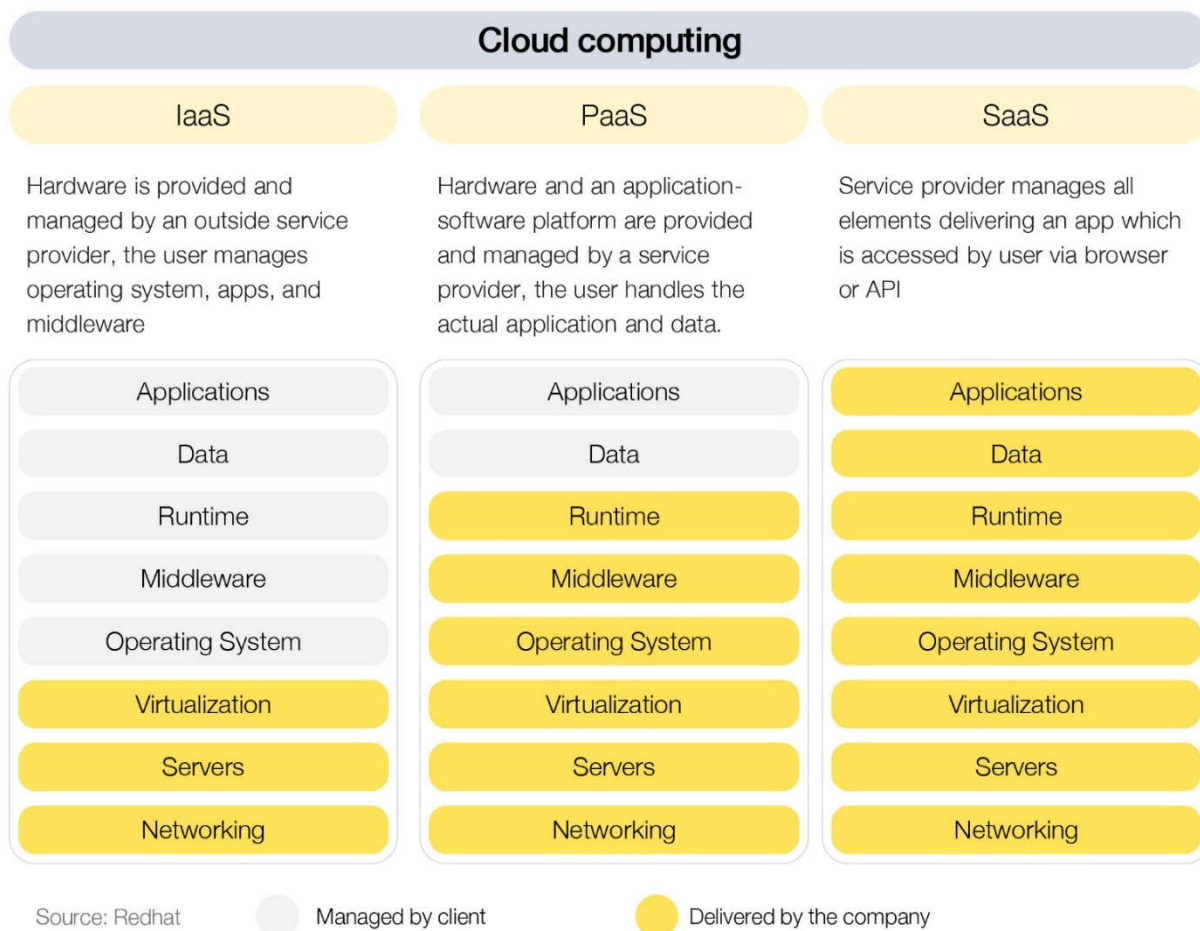
DHH provides comprehensive services for enterprises in the field of online presence and automation of business processes. Cloud computing and cloud hosting & domains are the core services offered by the Group companies and are supplemented by add-on products meant to complement the core offer.



### Cloud computing

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





## Cloud hosting

DHH is a leading player in a local hosting market with its portfolio companies having a solid presence and large customer base in Italy (Tophost and Seeweb), Slovenia (Domenca, Domovanje, and Si.Shell), Serbia (mCloud and Plus Hosting), 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.

## Internet Service Provisioning

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.

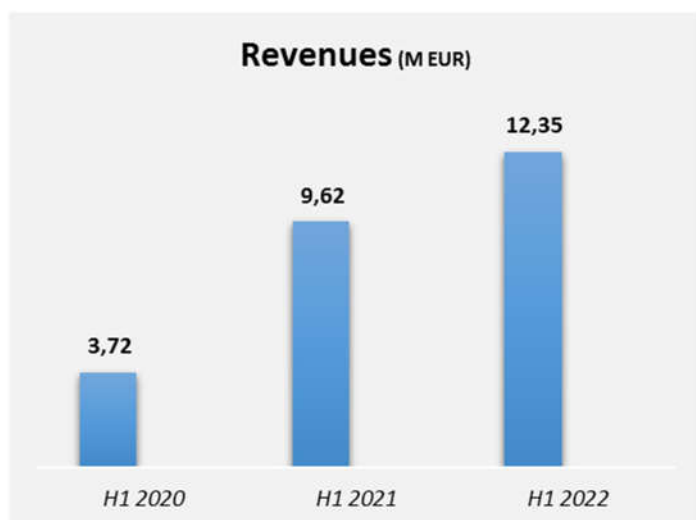
More in particular, DHH has seized a huge potential in the "premium" B2B infrastructure-based Internet Service Providers (ISP) market, as it is becoming an important part of the cloud computing market.

Thanks to 2020 reverse merger with Seeweb, and to 2021-22 acquisitions of Evolink and Connesi 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

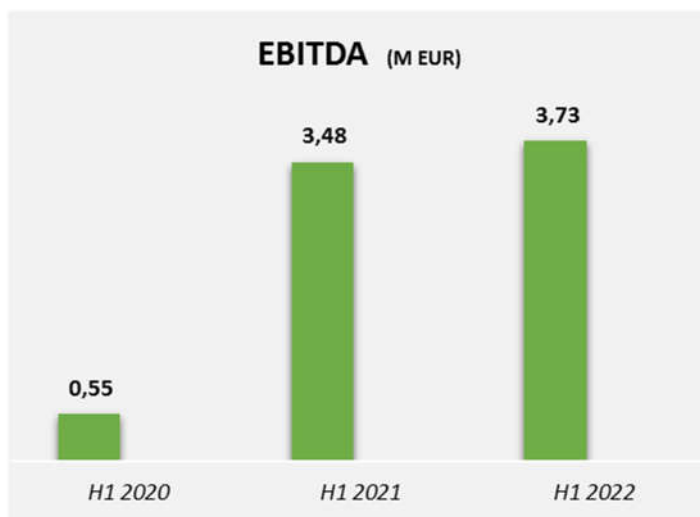
## REVENUES

equal to

**12,35M EUR**

**+28,33%\***

\* +11,49% Organic Growth without Evolink



Consolidated

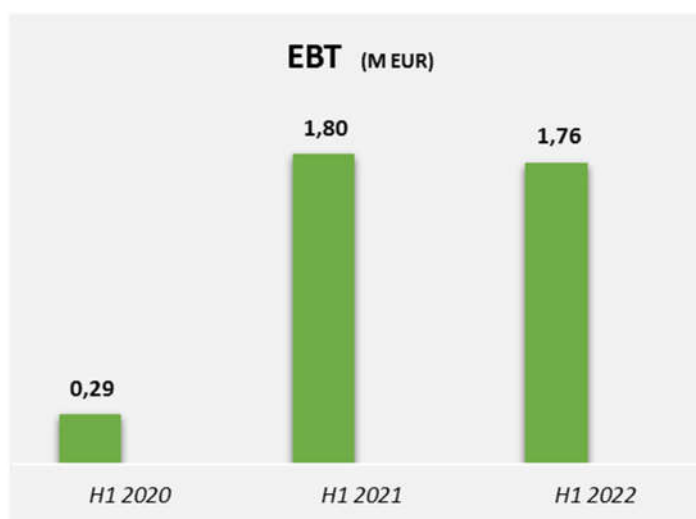
## EBITDA

equals to

**3,7M EUR**

**+7,19%\***

\* +3,46% Organic Growth without Evolink



Consolidated

## EBT

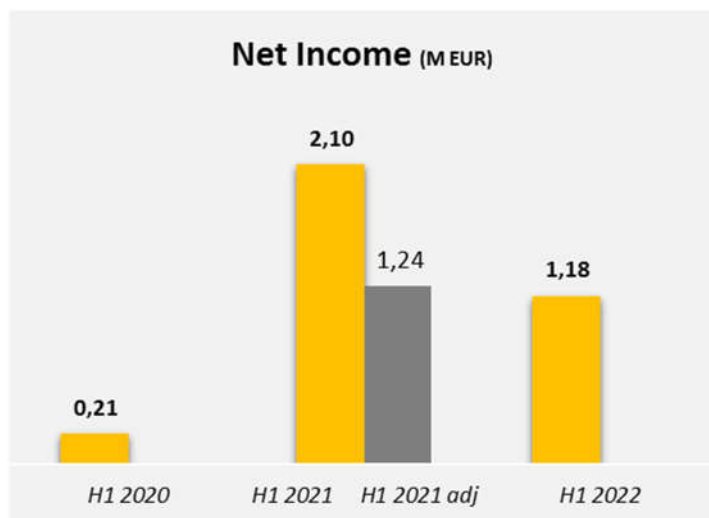
equals to

**1,7M EUR**

**-2,58%\***

\* +2,25% Organic Growth without Evolink

# FINANCIAL HIGHLIGHTS



Consolidated

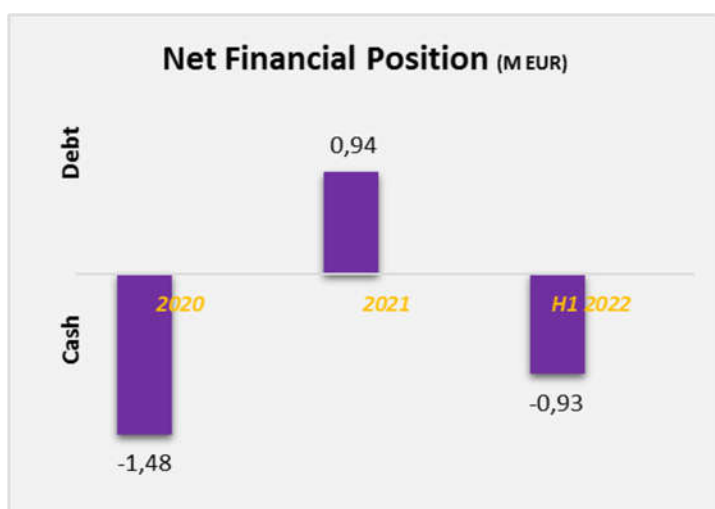
## NET INCOME

equals to

**1,2M EUR**

**-43,86%\***

\*-5,25% on Net Income H1 2021 that is comprehensive of a tax positive impact of 0,84M Eur due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in Italy.



Consolidated

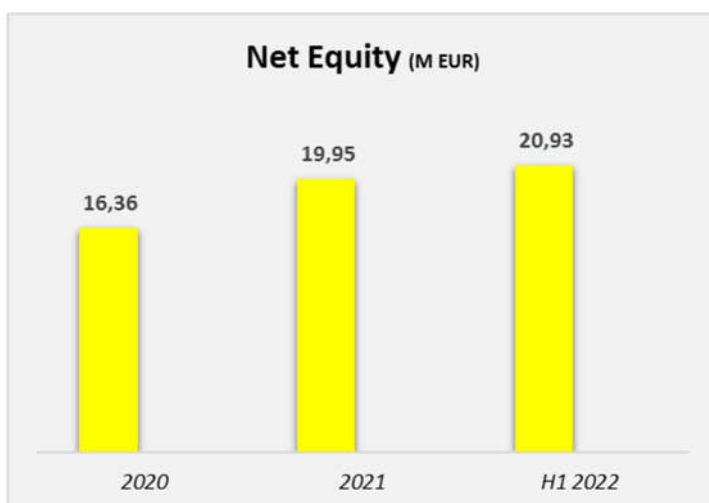
## NET FINANCIAL POSITION

equals to

**0,93M EUR of Cash**

\*Net Financial Position is composed by Liquidity Eur 10,02 M and Financial Debts Eur 9,09 M

**+199%**



Consolidated

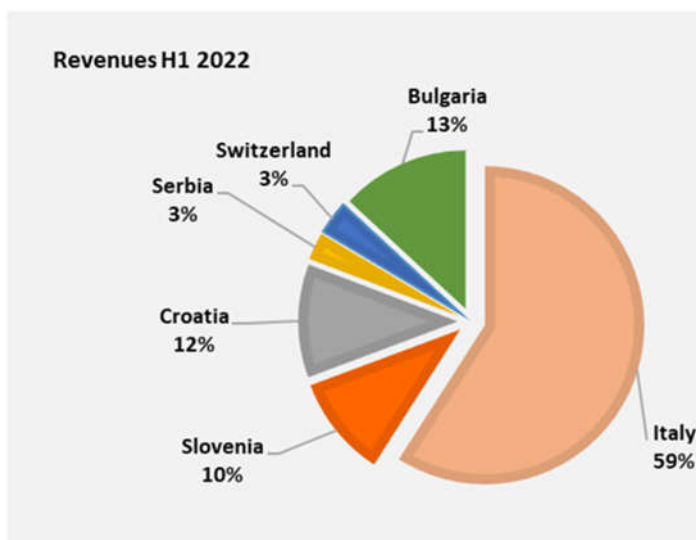
## NET EQUITY

equals to

**20,93M EUR**

**+5%**

# FINANCIAL HIGHLIGHTS



## REVENUES

are approx.:

-  **7,30M EUR** in Italy (Tophost and Seeweb)
-  **1,27M EUR** in Slovenia (Webtasy)
-  **1,41M EUR** in Croatia (Plus H. Grupa, Sys.Bee)
-  **0,34M EUR** in Serbia (mCloud)
-  **0,41M EUR** in Switzerland (DHH SWZ)
-  **1,62M EUR** in Bulgaria (Evolink)

# KEY FINANCIAL DATA

## PROFIT AND LOSS STATEMENT

The reclassified Profit and Loss Statement of the Group as at June 30, 2022 is provided below:

RECLASSIFIED CONSOLIDATED PROFIT and LOSS STATEMENT	30.06.2022	30.06.2021
All amounts are in Euro		
Revenues	12.350.101	9.624.034
Operating costs	(6.264.669)	(4.601.130)
<b>VALUE ADDED</b>	<b>6.085.432</b>	<b>5.022.904</b>
Personnel costs	(2.354.609)	(1.542.190)
<b>GROSS OPERATING MARGIN (EBITDA*)</b>	<b>3.730.823</b>	<b>3.480.714</b>
Depreciation, Amortization and impairment	(1.882.466)	(1.604.503)
<b>EBIT**</b>	<b>1.848.357</b>	<b>1.876.210</b>
Other non-operating income/expense	-	(3.336)
Financial income and expenses	(92.849)	(70.866)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>1.755.509</b>	<b>1.802.008</b>
Income taxes	(578.294)	294.749
<b>NET RESULT</b>	<b>1.177.215</b>	<b>2.096.757</b>
<b>OF WHICH:</b>		
relating to the shareholders of the group	1.213.178	2.093.773
relating to the third-party shareholders	(35.963)	2.984

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

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

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In analyzing DHH's results of operations, it is important to remember that the figures for the first half of 2022 only allow a comparison with the previous year to a limited extent, as Evolink A.d. was not included in DHH's consolidated financial statements until December 1<sup>st</sup>, 2021.

All in all, the Group reported stable business development in the first half of 2022.

During the financial semester ended 30 June 2022 the total **consolidated revenues** of the Group are equal to **12,35M EUR**, with an increase of 2,73M EUR; the increase referred to the variation of the consolidation area is about 1,62M EUR due to Evolink A.d. , the total increase is +28,33% and +11,49% from Organic Growth without Evolink.

The Group is focused on cloud hosting, cloud computing and Datacenter services as core business lines and its revenues are approx. 7,30M EUR in Italy (Tophost and Seeweb), 1,27M EUR in Slovenia (Webtasy with the brands Domenca, Domovanje, Si.Shell), 1,41M EUR in Croatia (Plus Hosting Grupa with the brands Studio4web, Plus Hosting, Infonet, Optima Hosting and System Bee), 341K EUR in Serbia (mCloud with the brands Mcloud, Plus), 413K EUR in Switzerland (DHH SWZ with the brand Artera and Seeweb Swiss) and 1,62M EUR in Bulgaria (Evolink).

Operating costs are the ongoing expenses incurred from the normal running the business and include selling, general and administrative expenses. Nevertheless, in the first six months of 2022, the first few effects of the war in Ukraine were reflected in the interim financial statements, particularly in energy costs.

**EBITDA** came to **3,73M EUR** in the first six months of 2022, slightly higher than the figure of 3,48M reported for the first six months of 2021: with an increase of +7,19% and +3,46% from Organic Growth without Evolink.

**EBT** equals to **1,7M EUR** in the first six months of 2022, with a decrease -2,58% and +2,25% Organic Growth without Evolink.

As of June 30, 2022, the Group employed 152 people (June 30, 2021: 94).

Income taxes of the first six months of 2021 had a positive impact of 837k EUR due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

## MAIN BALANCE SHEET DATA

The reclassified balance sheet of the Group as at June 30, 2022 is provided below:

<b>RECLASSIFIED CONSOLIDATED BALANCE SHEET</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
All amounts are in Euro		
Trade receivables	2.994.384	2.537.570
Trade payables	(1.923.984)	(1.561.157)
<b>OPERATING NET WORKING CAPITAL</b>	<b>1.070.400</b>	<b>976.412</b>
Other current assets	1.525.882	460.593
Prepaid expenses and accrued income	976.524	877.053
Other current liabilities	(615.775)	(584.377)
Accrued liabilities and deferred income	(3.273.639)	(2.952.120)
Taxes payables	(875.588)	(300.352)
<b><u>NET WORKING CAPITAL *</u></b>	<b>(1.192.196)</b>	<b>(1.522.791)</b>
Trademarks	3.087.307	3.087.307
Goodwill	9.638.196	9.666.343
Tangible fixed assets	1.921.834	1.891.963
Right of use assets	4.077.523	5.141.217
Intangible fixed assets	1.730.324	1.858.826
Investments in other companies	767.101	767.101
Non-current financial assets	17.971	17.710
Other non-current assets	273.286	273.286
Deferred tax assets	1.206.272	1.188.426
<b>FIXED ASSETS</b>	<b>22.719.813</b>	<b>23.892.178</b>
Severance Fund	(591.982)	(545.035)
Provisions for risks and future liabilities	-	-
Liabilities for deferred taxes	(931.275)	(928.904)
<b>NET NON-CURRENT LIABILITIES</b>	<b>(1.523.257)</b>	<b>(1.473.939)</b>

RECLASSIFIED CONSOLIDATED BALANCE SHEET	30.06.2022	31.12.2021
All amounts are in Euro		
<b><u>NET INVESTED CAPITAL</u> **</b>	<b>20.004.360</b>	<b>20.895.448</b>
Total net equity of the group	20.359.452	19.344.477
Net equity to the third-party shareholders	571.268	607.085
<b>TOTAL NET EQUITY</b>	<b>20.930.720</b>	<b>19.951.561</b>
Cash and cash equivalents	(9.793.187)	(9.259.765)
Current financial assets	(223.248)	(209.996)
Non-current financial liabilities	4.045.125	4.852.879
Current financial liabilities	5.044.951	5.560.769
<b><u>NET FINANCIAL POSITION</u> ***</b>	<b>(926.360)</b>	<b>943.887</b>
<b>NET EQUITY AND NET FINANCIAL DEBT</b>	<b>20.004.360</b>	<b>20.895.448</b>

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

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

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



## NET FINANCIAL POSITION

The Net Financial Position of the Group as at June 30, 2022 is provided below:

CONSOLIDATED NET FINANCIAL POSITION*	30.06.2022	31.12.2021
All amounts are in Euro		
A. Cash	-	-
B. Cash equivalents	(9.793.187)	(9.259.765)
C. Other current financial assets	(223.248)	(209.995)
<b>D. LIQUIDITY (A)+(B)+(C)</b>	<b>(10.016.435)</b>	<b>(9.469.760)</b>
E. Current financial liabilities	2.570.787	3.049.764
F. Current part of non-current borrowing	2.474.164	2.511.004
<b>G. CURRENT FINANCIAL DEBT (E)+(F)</b>	<b>5.044.951</b>	<b>5.560.768</b>
<b>H. NET CURRENT FINANCIAL DEBT (G)-(D)</b>	<b>(4.971.485)</b>	<b>(3.908.992)</b>
I. Non-current financial liabilities	4.045.125	4.852.880
J. Bonds issued	-	-
K. Trade payables and other non-current liabilities	-	-
<b>L. NON-CURRENT FINANCIAL DEBT (I)+(J)+(K)</b>	<b>4.045.125</b>	<b>4.852.880</b>
<b>M. NET FINANCIAL DEBT (H)+(L)</b>	<b>(926.360)</b>	<b>943.888</b>

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

Net Financial Position is **0,93M of Cash** comprehensive of a 4,1M EUR lease debts related to IFRS 16, while at 31.12.2021 lease debt related to IFRS 16 was 5,2M EUR. It includes Group Liquidity for 10,02M EUR and Financial Debts for 9,09M EUR. Moreover there is the impact of advanced payment cash out of 942 k related to M&A deal.

The Group Liquidity has an increase of 6%. The Group Financial debts has a decrease of 13% mainly due to reduction of Lease Debts.

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

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# TABLE OF CONTENTS

CORPORATE BODIES.....	19
STRUCTURE OF THE GROUP .....	20
BOARD OF DIRECTORS REPORT .....	24
Section A: Significant events during the semester .....	24
Section B: Principal risks.....	26
Section C: Related party transactions.....	29
Section D: Labour & Environment .....	30
Section E: Evolution, performance and position of the Company and Group.....	31
Section F: Significant events between the end of semester and publishing of this report .....	33
Section G: Business Outlook .....	34
Section H: Corporate Governance .....	35
GROUP CONSOLIDATED FINANCIAL STATEMENT AS AT 30 JUNE 2022 .....	39
Consolidated Financial Statements .....	40
Notes to Financial Statements .....	49
Consolidation Principals .....	52
Evaluation Criteria.....	52
Other Information.....	59
Scope of Consolidation.....	60
Notes to the Consolidated Financial Statements .....	61
PARENT COMPANY FINANCIAL STATEMENTS AS AT 30 JUNE 2022 .....	76
Separate Financial Statements.....	77
Evaluation Criteria.....	84
Notes to the Financial Statements.....	84

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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



\* Connesi S.p.A. will be fully consolidated in DHH's financial statements starting from 1st July 2022

## 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 1<sup>st</sup> January 2022 - 30<sup>th</sup> June 2022



Source: Borsa Italiana



## 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 47.000 customers across Italy.



## 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.



## **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.



## **DHH SWITZERLAND S.A. (SWITZERLAND)**

*100% controlled by DHH S.p.A.*

Acquired in May 2017, Artera is a Swiss company providing cloud computing services targeting premium segment Italian Swiss customers. Founded in 2002 as an Internet Service Provider, 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.*

Systembee was established in May 2018 as a spin-off of DHH d.o.o. engaged in the business of web hosting and IT solutions. Systembee is made up of a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to SMEs in Croatia. It currently counts ca. 70 active clients.



## **MICLOUD D.O.O. (SERBIA)**

*100% controlled by DHH S.p.A.*

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



## SEEWEB S.R.L. (ITALY)

*100% controlled by DHH S.p.A.*

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



## EVOLIK AD (BULGARIA)

*60% controlled by DHH S.p.A.*

Established in 2004 and based in Sofia (Bulgaria), with its team of 49 employees is one of the largest “Infrastructure-as-a-Service” (IaaS) providers in Bulgaria. Currently it has two active directly operated data centres, both located in Sofia. The customer portfolio includes large companies and telecom operators.



## CONNESI S.P.A. (ITALY)

*69,15% 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.

The results of Connesi will be fully consolidated in DHH’s financial statements starting from 1st July 2022.

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# BOARD OF DIRECTORS REPORT

## SECTION A: SIGNIFICANT EVENTS DURING THE SEMESTER

15<sup>th</sup> FEBRUARY 2022

During the Board of Directors DHH:

- approves the update of the following Company's compliance procedures, available to the public on the DHH website:

- "Euronext Growth Advisor communication obligations procedure"
- "Internal dealing procedure"
- "Procedure for the processing of privileged information and setting up and keeping of the insider register"
- "Procedure for managing transactions with related parties"

- announces the rebranding process of the Croatian subsidiary DHH d.o.o. which intends to change its name to "Plus hosting grupa d.o.o." (Croatian name) and "Plus hosting group Ltd" (English name).

- announces that on 28 December 2021 the Slovenian subsidiary DHH.si d.o.o. changed its name in "Webtasy d.o.o." (Slovenian name) and "Webtasy, LLC" (English name); from the point of view of visibility on the market there were no changes because the company operates through three brands – Domenca, Domovanje and Si-Shell – that have remained unchanged.

24<sup>th</sup> FEBRUARY 2022

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

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

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

25<sup>th</sup> FEBRUARY 2022

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

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

7<sup>th</sup> MARCH 2022

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

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



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28<sup>th</sup> MARCH 2022

The Board of Directors of DHH S.p.A. examined and approved the draft statutory financial statements as well as the group consolidated financial statements at 31 December 2021, with proposal to distribute an ordinary dividend by assignment of treasury shares equal to no. 1 share per each no. 45 shares held (equivalent to Euro 1.614.635 as per the shares' price at March 25, 2022).

11<sup>th</sup> MAY 2022

DHH S.p.A. announces that the Board of Directors resolved the assignment of proxies, related powers, and remuneration to the Directors for the three-year period 2022-2023-2024.

Tamara Arduini, Antonio Domenico Baldassarra, Matija Jekovec and Giandomenico Sica were appointed Managing Directors of the Company.

In particular, Giandomenico Sica was reappointed Executive Chairman of the Board of Directors and Investor Relator and was given powers in the field of M&A and investor relations. Antonio Domenico Baldassarra was appointed Chief Executive Officer and has been granted powers in the field of corporate management of the group. Tamara Arduini has been appointed Chief Financial Officer and has been granted powers relating to financial reporting, treasury management, administration, finance, and control of the holding company and the group. Matija Jekovec has been appointed Chief Operating Officer and has been granted powers relating to the operational management of the group and its subsidiaries and investee companies and to technical and organizational activities connected with M&A processes.

Andrea Arrigo Panato is appointed on the Board of Directors as an independent, non-executive director.

20<sup>th</sup> MAY 2022

DHH S.p.A. announces its participation in the 5<sup>th</sup> edition of "Euronext Growth Conference 2022", organized in virtual mode by Borsa Italiana.

23<sup>rd</sup> MAY 2022

The Board of Directors of DHH S.p.A. approves the assignment of the options of the "Piano Stock Option DHH 2022 - 2025". The plan provides for the assignment of a maximum of no. 1.100.000 options giving the right to subscribe for up to 506.000 shares if the weighted average share price reaches 25,37 euros or more.

15<sup>th</sup> JUNE 2022

DHH S.p.A. organizes, together with Startup Network Europe, "The India Cloud Conference 2022", a free-to-attend online conference that will take place on Tuesday, June 21<sup>st</sup>.

22<sup>nd</sup> JUNE 2022

DHH S.p.A. announces its participation in the "Mid & Small Virtual Conference 2022", organized by Virgilio IR from 28 to 30 June 2022 in virtual mode.

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## SECTION B: PRINCIPAL RISKS

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

The Group 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 half year there was a gradual slackening of the restrictive measures and a 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.

About DHH Group, while the initial outcome looks favorable, a low level of uncertainty remains, as the economy post Covid is not easily predictable.

#### ***RISK RELATED TO THE GENERAL ECONOMIC SITUATION***

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

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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 to the risks set out in the combined management report for the 2021 fiscal year, the main changes in the first half of 2022 related to the assessment of the overall risk position 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.

#### ***RISKS RELATING TO THE COMPETITION IN THE MAIN MARKET***

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

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

#### ***RISK RELATING TO TECHNOLOGICAL PROGRESS***

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

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

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

#### ***RISK RELATING TO CYBER ATTACK***

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

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## FINANCIAL RISKS

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

### **LIQUIDITY RISK**

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

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

### **CREDIT RISK**

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

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

## MARKET RISKS

### **EXCHANGE RATE RISK**

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

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

## SECTION C: RELATED PARTY TRANSACTIONS

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

The following is a breakdown of relations with related parties as at June 30, 2022 taken from the half year's Financial statements:

DHH Group (EUR)		Receivables	Payables	Costs	Revenues	
1. Antonio Domenico Baldassarra	Director and significant shareholder of DHH – Director of Seeweb	-	7.983	83.487	-	
2. Giandomenico Sica	Executive President and shareholder of DHH	-	16.871	79.251	-	
3. Uros Čimžar	Shareholder of DHH	-	-	25.634	-	
4. Matija Jekovec	Director and shareholder of DHH	-	15.976	59.742	-	
5. Quadrant S.r.l.	Supplier of Seeweb owned by 1) and 6)	1.830	-	349.635	3.000	
6. Enrico Vona	Significant Shareholder of DHH	-	4.206	46.400	-	
7. Tamara Arduini	Director of DHH – Manager of Seeweb	-	13.380	52.759	-	
<b>Total</b>		<b>1.830</b>	<b>58.416</b>	<b>696.907</b>	<b>3.000</b>	
<b>Total</b>		<b>2.994.384</b>	<b>1.923.984</b>	<b>8.619.278</b>	<b>12.350.101</b>	
		<b>%</b>	<b>0,06%</b>	<b>3,04%</b>	<b>8,09%</b>	<b>0,02%</b>

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

Costs and payables related to the Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Jekovec and Ms. Arduini) equals to an annual gross remuneration for the entire Board of Directors of a maximum of € 500.000 to be divided among its members, in accordance with a resolution to be adopted by the Board itself, the total cost is intended excluding expenses and reimbursements.

Costs related to Mr. Čimžar are associated to remuneration for Board of Directors till 30<sup>th</sup> April 2022, and with his position as consultant of DHH S.p.A. with his company Uros Čimžar s.p. At the date of 30<sup>th</sup> June 2022 there are not relationship between the Group and Mr. Čimžar.

Costs and payables related to Mr. Jekovec are associated to remuneration for Board of Directors as described before, and also with his position as consultant of DHH S.p.A. with his company Trimi d.o.o..

Costs and payables related to Mr. Sica are associated to remuneration for Board of Directors as described before, and refers also to the contract signed between Grafoventures and Giandomenico Sica for professional strategic services.

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

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

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## SECTION D: LABOUR & ENVIRONMENT

The Group employed 152 people as of 30.06.2022 compared to 94 at 30.06.2021; the increase is mostly due to the variation of the consolidation area (Evolink) is of 49 people.

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

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

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

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

## SECTION E: EVOLUTION, PERFORMANCE AND POSITION OF THE COMPANY AND GROUP

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

### GROUP FINANCIAL INDICATORS

The main financial numbers for the Group are as follows.

CONSOLIDATED KEY FINANCIALS	30.06.2022	31.12.2021	variation	
All amounts are in Euro				
Total Assets	38.233.038	37.237.154	995.884	3%
Total Equity	20.930.720	19.951.561	979.158	5%
CONSOLIDATED KEY FINANCIALS	30.06.2022	30.06.2021	variation	
All amounts are in Euro				
Net sales	12.061.338	9.574.920	2.486.418	26%
Gross Margin	6.324.911	5.277.482	1.047.428	20%
EBITDA	3.730.823	3.480.714	250.109	7%
EBT	1.755.509	1.802.008	(46.499)	-3%
Net Profit	1.177.215	2.096.757	(919.542)	-44%

The **Net Profit** amounts to **1,2M EUR** and has registered a decrease in the current half year of 0,92M EUR, that is -43,86%, and -5,25% on Net Income H1 2021 without the tax positive impact of 0,84M Eur.

In analyzing DHH's results of operations, it is important to remember that Income taxes of the first six months of 2021 had a positive impact of 837k EUR due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

## GROUP PERFORMANCE INDICATORS

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

CONSOLIDATED KEY INDICATORS	30.06.2022	31.12.2021	
Fixed Assets Ratio	59%	64%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	109%	120%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	45%	46%	Debt percentage ratio
Total equity to total liabilities and equity	55%	54%	Debt percentage ratio
Debt to Equity ratio	24%	27%	The percentage of debt to equity
Working Capital ratio	1,32	1,22	This ratio shows how many times the current assets cover the current liabilities
CONSOLIDATED KEY INDICATORS	30.06.2022	30.06.2021	
Assets return ratio	8%	10%	Net profit after tax as a percentage of the equity
EBITDA margin	31%	36%	EBITDA as a percentage of sales
Net profit margin	10%	22%	Net profit as a percentage of sales



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

11<sup>th</sup> JULY 2022

DHH S.p.A. communicates the updated financial calendar for 2022.

28<sup>th</sup> JULY 2022

DHH S.p.A. announced the acquisition of 69,15% of Connesi S.p.A., independent provider in the field of B2B Internet Access, VOIP and Cloud Computing.

The transaction is configured as a substantial transaction pursuant to art. 12 of the EGM Issuers' Regulation.

On the market since 2004, 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.

In 2021 the company recorded a turnover of 5,5M EUR (vs 5,1M EUR of 2020 and 4,3M EUR of 2019), an EBITDA of 1,1M EUR (vs 1,1M EUR of 2020 and 0,9M EUR of 2019), a net profit of 0,1M EUR (vs 0,3M EUR of 2020 and 0,2M EUR of 2019). The net debt was equal to 2,2M EUR at the end of 2021. The recurring revenue is ca. 85% of the total revenue.

DHH completed the first step of the transaction, namely the purchase of the first stake of 69,15% of the share capital of Connesi, and signed shareholders' agreements through which it acquired the option right to purchase an additional 18,35% of the share capital within 90 days from the approval of the financial statements for the year 2025.

The total value of the operation amounted to 5,51M EUR, including the costs related to the transaction. The purchase price for the acquisition of 69,15% has been paid entirely in cash through a structured finance transaction with Intesa Sanpaolo S.p.A. as arranger and lending bank for a total of 13,86M EUR covered with a pledge on the share capital of Seeweb; the credit line is also available for further acquisitions.

The results of Connesi will be fully consolidated in DHH's financial statements starting from 1<sup>st</sup> July 2022.

22<sup>th</sup> SEPTEMBER 2022

The Board of Directors of DHH S.p.A. became aware of the precautionary renounce from beneficiaries of the assignment of the options of the "Piano Stock Option DHH 2022 – 2025" approved by the BoD on 23<sup>th</sup> May 2022. The waiver implies the unrecord of the Stock Option Plan cost under IFRS 2 in the half year report 2022.

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## SECTION G: BUSINESS OUTLOOK

The Group confirms the plan for 2022 to lead the group activities in two main areas: further geographic expansion and strengthening market position including both web hosting, cloud computing, datacenter services and internet access on one side and, supporting digital innovation and entrepreneurship alongside tech-communities in our current geographies on the other side.

As generally, the Group confirms the growth for second half of the year, due to organic growth and both for expansion of the perimeter due to the entry into the group of the company Connesi S.p.A. from 1<sup>st</sup> July 2022.

The Group is not directly exposed to the Russian market, as described in other paragraphs the group does not have direct relationships with customers and suppliers in these geographical areas, except for general price increase and for increase in energy cost.

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

There are no particular situations of insolvency by parts of the Group's customers, there are no effects on accounting items of a valuation nature due to Covid-19.

## 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 11<sup>th</sup>, 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.

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## **MATIJA JEKOVEC, 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 Arduini 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.

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## **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 28<sup>th</sup> 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 (so, until the approval of financial statements for 2024).

The current Auditors are listed below:

<b>NAME</b>	<b>ROLE</b>
Umberto Lombardi	Chairman
Pierluigi Pipolo	Standing Auditor
Stefano Pizzutelli	Standing Auditor
Simona Secchi	Alternate Auditor
Stefania Giorgi	Alternate Auditor

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## **PROCEDURES**

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

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

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

**PROCEDURE FOR THE PROCESSING OF PRIVILEGED INFORMATION AND SETTING UP AND KEEPING OF THE INSIDER REGISTER:** This procedure governs the management and processing of Privileged Information and the setup and maintenance of the Insider Register by DHH S.p.A. – whose financial instruments are listed on Euronext Growth Milano, a multilateral trading facility organized and managed by Borsa Italiana S.p.A. – and its subsidiaries.

The Procedure set out in this document seeks to ensure compliance with applicable laws and regulations and to guarantee the maximum privacy and confidentiality of Privileged Information in order to prevent the selective, incomplete, improper or inadequate or untimely disclosure of information, documents and data regarding the Group. This Procedure was adopted by DHH in execution of Article 114 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented, in addition to Articles 17 and 18 of Regulation (EU) No 596/2014 on market abuse and the respective enacting regulations, including Commission Implementing Regulation (EU) 2016/347 of 10 March 2016.

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

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



# Group Consolidated Financial Statement

as at 30 June 2022

prepared in accordance with IAS/IFRS principles\*

- All amounts are in Euro -

**DHH S.p.A.**

Via Caldera 21, 20153 Milan, Italy

Tel. +39 02 8736 5100

[www.dhh.international](http://www.dhh.international)

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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	NOTE	30.06.2022	OF WHICH RELATED PARTIES	31.12.2021	OF WHICH RELATED PARTIES
All amounts are in Euro					
Trademarks	1	3.087.307		3.087.307	
Goodwill	2	9.638.196		9.666.343	
Tangible fixed assets	3	1.921.834		1.891.963	
Right of use assets	4	4.077.523		5.141.217	
Intangible assets	5	1.730.324		1.858.826	
Investments in other companies	6	767.101		767.101	
Non-current financial assets	7	17.971		17.710	
Other non-current assets	8	273.286		273.286	
Deferred tax assets	9	1.206.272		1.188.426	
<b>NON-CURRENT ASSETS</b>		<b>22.719.814</b>		<b>23.892.178</b>	
Trade receivables	10	2.994.384	1.830	2.537.570	1.830
Current financial assets	11	223.248		209.996	
Other current assets	12	1.007.198		110.013	
Tax receivables	13	518.684		350.580	
Cash and cash equivalents	14	9.793.187		9.259.765	
Prepaid expenses and accrued income	15	976.524		877.053	
<b>CURRENT ASSETS</b>		<b>15.513.225</b>		<b>13.344.977</b>	
<b>TOTAL ASSETS</b>		<b>38.233.039</b>		<b>37.237.154</b>	



<b>LIABILITIES and NET EQUITY</b>	<b>NOTE</b>	<b>30.06.2022</b>	<b>OF WHICH RELATED PARTIES</b>	<b>31.12.2021</b>	<b>OF WHICH RELATED PARTIES</b>
All amounts are in Euro					
Share Capital		489.277		489.277	
Reserves		15.917.155		14.315.183	
Retained Profit (Loss)		2.739.842		1.348.833	
Year's profit (loss) relating to the shareholders of the Group		1.213.178		3.191.183	
<b>TOTAL NET EQUITY OF THE GROUP</b>		<b>20.359.452</b>		<b>19.344.477</b>	
Capital and Reserves relating to the third-party shareholders		607.231		634.527	
Year's Profit/loss relating to the third-party shareholders		(35.963)		(27.442)	
<b>NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS</b>		<b>571.268</b>		<b>607.085</b>	
<b>TOTAL NET EQUITY</b>	16	<b>20.930.720</b>		<b>19.951.561</b>	
Non-current financial payables	17	4.045.125		4.852.879	
Severance reserves	18	591.982		545.035	
Provisions for risks and future liabilities		-		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	19	931.275		928.904	
<b>NON-CURRENT LIABILITIES</b>		<b>5.568.382</b>		<b>6.326.818</b>	
Trade payables	20	1.923.984	3.680	1.561.157	22.300
Other current liabilities	21	615.775	54.736	584.378	36.574
Current financial liabilities	22	5.044.951		5.560.769	
Tax payables	23	875.588		300.352	
Accrued liabilities and deferred income	24	3.273.639		2.952.120	
<b>CURRENT LIABILITIES</b>		<b>11.733.937</b>		<b>10.958.775</b>	
<b>TOTAL LIABILITIES</b>		<b>17.302.319</b>		<b>17.285.593</b>	
<b>TOTAL LIABILITIES and NET EQUITY</b>		<b>38.233.039</b>		<b>37.237.154</b>	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2022

CONSOLIDATED INCOME STATEMENT	Note	30.06.2022	OF WHICH RELATED PARTIES	30.06.2021	OF WHICH RELATED PARTIES
All amounts are in Euro					
Revenues	25	12.061.338	3.000	9.574.920	3.000
Other Revenues	26	237.033		49.114	640
Internal Projects – R&S	26	51.731		-	
<b>OPERATING REVENUES</b>		<b>12.350.101</b>		<b>9.624.034</b>	
Material costs	27	(602.277)		(505.119)	
Service costs and use of third-party assets	28	(5.422.914)	(246.960)	(3.841.433)	(558.347)
Personnel costs	29	(2.354.609)	(160.312)	(1.542.190)	(61.684)
Other expenses	30	(239.478)		(254.578)	
<b>TOTAL OPERATING COSTS</b>		<b>(8.619.278)</b>		<b>(6.143.320)</b>	
<b>EBITDA *</b>		<b>3.730.823</b>		<b>3.480.714</b>	
Amortization and impairment	31	(1.882.466)	(276.831)	(1.604.503)	
<b>EBIT **</b>		<b>1.848.357</b>		<b>1.876.210</b>	
Financial income (expenses)	32	(92.849)	(12.740)	(70.866)	
Other non-operating income/expense		-		(3.336)	
<b>EARNINGS BEFORE TAXES</b>		<b>1.755.509</b>		<b>1.802.008</b>	
Total current and deferred income taxes	33	(578.294)	(64)	294.749	
<b>NET INCOME (LOSS) FOR THE YEAR</b>		<b>1.177.215</b>		<b>2.096.757</b>	
<b>OF WHICH:</b>					
Relating to the shareholders of the Group		1.213.178		2.093.773	
Relating to the third-party shareholders		(35.963)		2.984	
<b>EARNINGS per SHARE (in EURO)</b>	<b>34</b>	<b>0,257</b>		<b>0,458</b>	
<b>DILUTED EARNINGS per SHARE (in EURO)</b>	<b>34</b>	<b>0,257</b>		<b>0,456</b>	

<b>COMPREHENSIVE CONSOLIDATED INCOME STATEMENT</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
All amounts are in Euro		
<b>PROFIT (LOSS) FOR PERIOD (A)</b>	<b>1.177.215</b>	<b>2.096.757</b>
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	38.137	9.523
<b>TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)</b>	<b>38.137</b>	<b>9.523</b>
<b>TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)</b>	<b>1.215.352</b>	<b>2.106.280</b>

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2022

CHANGES EQUITY	01.01.2021	Result allocation	Other variations	Earnings/losses reported in OCI	Net Result	30.06.2021
Share capital	451.867	-	32.345	-	-	484.212
Share Premium Reserve	11.186.250	-	-	-	-	11.186.250
Legal Reserve	28.400	-	61.973	-	-	90.373
Other Reserves	5.102.922	-	(61.973)	-	-	5.040.949
Negative reserves for own shares	(1.738.397)	-	-	-	-	(1.738.397)
OCI Reserve	7.410	-	-	3.186	-	10.586
Retained earnings (Accum. losses)	733.603	612.651	-	-	-	1.346.254
Group Net Result	612.651	(612.651)	-	-	2.093.773	2.093.773
<b>TOTAL NET EQUITY - GROUP</b>	<b>16.384.706</b>	<b>-</b>	<b>32.345</b>	<b>3.186</b>	<b>2.093.773</b>	<b>18.514.010</b>
Capital and reserves relating to the third-party shareholders	(27.942)	2.358	55.086	(237)	-	29.266
Net Result relating to the third-party shareholders	2.358	(2.358)	-	-	2.984	2.984
<b>NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS</b>	<b>(25.583)</b>	<b>-</b>	<b>55.086</b>	<b>(237)</b>	<b>2.984</b>	<b>32.250</b>
<b>TOTAL NET EQUITY</b>	<b>16.359.123</b>	<b>-</b>	<b>87.431</b>	<b>2.949</b>	<b>2.096.757</b>	<b>18.546.260</b>

CHANGES EQUITY	01.01.2022	Result allocation	Other variations	Earnings/losses reported in OCI	Net Result	30.06.2022
Share capital	489.277	-	-	-	-	489.277
Share Premium Reserve	10.273.324	-	1.084.234	-	-	11.357.558
Legal Reserve	90.373	7.482	-	-	-	97.855
Other reserves	5.102.922	178.057	(72)	-	-	5.280.907
Negative reserve 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
<b>TOTAL NET EQUITY GROUP</b>	<b>19.344.477</b>	<b>-</b>	<b>(200.157)</b>	<b>1.954</b>	<b>1.213.178</b>	<b>20.359.452</b>
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)
<b>NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS</b>	<b>607.085</b>	<b>-</b>	<b>198</b>	<b>(52)</b>	<b>(35.963)</b>	<b>571.268</b>
<b>TOTAL NET EQUITY</b>	<b>19.951.561</b>	<b>-</b>	<b>(199.959)</b>	<b>1.903</b>	<b>1.177.215</b>	<b>20.930.720</b>

The "Other variations" mainly refer to the distribution of an ordinary dividend by assignment of treasury shares equal to no. 1 share per each no. 45 shares, equivalent to Euro 1.614.635 as per the shares' price at March 25, 2022.

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

STATEMENT of RECONCILIATION	NET PROFIT	NET EQUITY	TOTAL
<b>BALANCES OF THE PARENT COMPANY</b>	3.225.330	12.664.957	15.890.286
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(3.637.724)	3.675.852	38.127
Difference between the value of the consolidated investments and their own net equity value	-	2.805.466	2.805.466
Net profit of consolidated companies	1.625.573		1.625.573
Third-party shareholders	(35.963)	607.231	571.268
<b>TOTAL NET EQUITY</b>	<b>1.177.215</b>	<b>19.753.505</b>	<b>20.930.720</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED CASH FLOW STATEMENT	30.06.2022	30.06.2021
All amounts are in Euro		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for period	1.177.215	2.096.757
Income taxes	578.294	(294.749)
Interest payables/(receivables)	92.849	70.866
(Capital gains) / losses from sales of assets	-	-
(Capital gains) / losses from Business Combinations	-	-
<b>1. EARNINGS BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES</b>	<b>1.848.357</b>	<b>1.872.874</b>
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	55.185	17.920
- Amortization and depreciation of assets	1.880.674	1.604.102
- Permanent loss write-down	1.792	401
- Other adjustments on non-monetary items	1.903	2.949
<b>2. Cash Flow before NWC changes</b>	<b>3.787.911</b>	<b>3.498.246</b>
Changes in NWC:	(301.933)	392.985
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	(382.891)	(128.241)
- Increase (decrease) in supplier payables	287.111	187.322
- Decrease (increase) in prepaid expenses and accrued income	255.610	167.497
- Increase (decrease) in accrued expenses and deferred income	(33.563)	(110.964)
- Other changes to the NWC	(428.202)	277.371
<b>3. Cash flow after NWC changes</b>	<b>3.485.977</b>	<b>3.891.232</b>
Other changes:	(677.009)	223.363

## CONSOLIDATED CASH FLOW STATEMENT

30.06.2022 30.06.2021

All amounts are in Euro

- Interests collected/(paid)	(92.849)	(70.866)
- (income taxes paid)	(578.813)	294.229
- Dividends received	-	-
- (Use of reserves)	(5.347)	-

**Cash flow from operating activities [A] 2.808.969 4.114.595**

### B. CASH FLOW FROM INVESTING ACTIVITIES

(Investments) disinvestment in tangible assets	(353.061)	(327.329)
(Investments) disinvestment in right of use assets	(292.242)	(1.391.253)
(Investments) disinvestment in intangible assets	(118.754)	(496.830)
(Investments) disinvestment in financial assets	12.042	(957.255)

**Cash flow from investing activities [B] (752.015) (3.172.667)**

### C. CASH FLOW FROM FINANCING ACTIVITIES [C]

Increase (decrease) current payables to banks	(281.035)	10.334
New loans (Loan repayments)	(1.042.538)	38.039
Paid capital increase	-	32.345
Treasury share sale (purchase)	(199.959)	-
(Dividends paid)	-	-

**Cash flow from financing activities [C] (1.523.532) 80.719**

**Increase (decrease) in liquidity [A]+[B]+[C] 533.422 1.022.647**

Liquid funds at the beginning of the period	9.259.765	8.846.040
Liquid funds at the end of the period	9.793.187	9.868.687



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## 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 30, 2022 are those in force at such date.

#### **FINANCIAL STATEMENTS FORMATS**

The DHH Group consolidated Financial Statements as at June 30, 2022 are approved by the Board of Directors on 28.09.2022.

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

The Consolidated Interim Financial Statement as at June 30, 2022 is prepared in accordance with IAS 34 on interim financial reporting. IAS 34 allows for the preparation of financial statements in form that is based on a minimum level of information significantly lower than that is required by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union.

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

- It is expected it will be collected/paid or will be assigned or utilized in the normal operating cycle or when it is held mainly for negotiation purposes;
- Or it is expected it will be collected/paid within twelve months from the end of the financial year.

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

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

The Financial statements have been drawn up pursuant to the general principle of presenting a reliable and true balance sheet, financial balance sheet, economic result, and financial flow of consolidated companies, in accordance

with the general principles of going concern, accrual principle, materiality, and aggregation, offsetting prohibition and comparative information.

The Group Financial Statements for DHH (the "Group") as at 30 June 2022 have been drawn up on the basis of the financial statements of the holding company and of the companies in which D.H.H. S.p.A. (the "Consolidating Company") holds -directly or indirectly- the majority of votes exercisable in the Ordinary Shareholders' Meeting, with reference to the same date, as detailed below:

<b>CONTROLLED COMPANIES IN THE CONSOLIDATION AREA</b>	<b>OFFICE</b>	<b>SHARE CAPITAL (in EUR)</b>	<b>SHARE</b>
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	13.813	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%

## SUBJECTIVE ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial Statements in accordance with the applicable accounting principles requires the use by the management of estimates, which may have a material effect on the amounts set out in the financial statements. Estimates and the relevant assumptions are based on the historical experience and other factors which are deemed reasonable with reference to the current circumstances and knowledge at the reference date for the Financial Statements. The actual results may differ from estimates. The estimates and relevant assumptions are reviewed on an ongoing basis. The effects of the estimate reviews are recorded in the period in which such estimates have been reviewed. Decisions by management, having significant effects on the balance sheet and estimates and showing a significant risk of material review to the accounting value of assets and liabilities affected in the following financial years are discussed in the comments to the relevant financial statement items.

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

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

1. The consolidated profit or loss statement has been drawn up according to the format with cost allocation by nature, highlighting the intermediate result as to operational result and result before taxes. The operational result is determined as the difference between the net income and operational costs (including non-monetary costs relevant to amortization and devaluation of current and non-current assets, net of any restoration of

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

### **Impairment of assets**

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

### **Business combination**

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

### **Lease**

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

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## CONSOLIDATION PRINCIPALS

### PARTICIPATIONS IN CONTROLLED COMPANIES

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

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

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

### EVALUATION CRITERIA

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

#### INTANGIBLE ASSETS

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

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

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

#### INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - TRADEMARKS

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

Trademarks are accounted for assets with residual indefinite life and are not amortized but annually subject – even in the absence of value-loss indicators or even more frequently if necessary – to checks to identify any value reduction (impairment test), as well as to verify the indefinite duration requirement. Value-losses are immediately recognized in the profit and loss statement and are not subsequently restored. After the initial recording trademarks are evaluated at the cost net of any accumulated losses. For purposes of running the impairment test trademarks are attributed to the cash generating units or CGU or CGU groups which are expected to benefit from the aggregation.

#### INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - GOODWILL

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

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The goodwill is accounted for assets with a residual indefinite life and is not amortized but annually subject – even in the absence of value-loss indicators or even more frequently if necessary- to checks to identify any value reduction (impairment test), as well as to verify the indefinite duration requirement. Value losses are immediately recognized in the profit and loss statement and are not subsequently restored. After the initial recording, the goodwill is evaluated at the cost net of any accumulated losses. In case of transfer of a controlled company the net value of the goodwill attributable to it is included in the determination of capital gain or capital loss arising from the transfer. For purposes of running the impairment test, the goodwill is attributed to the cash-generating units or CGU or CGU groups which are expected to benefit from the aggregation.

#### **INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – DEVELOPMENT COSTS**

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

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

#### **INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – OTHER IMMATERIAL ACTIVITIES**

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

#### **RIGHT OF USE ASSETS – LEASE DEBTS ACCORDING TO IFRS 16**

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

The lessors will also have to remeasure the liability linked to the lease contracts upon the occurrence of certain events (for example: a change in the conditions of the lease, a change in future lease payments resulting from the

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change of an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as a correction of the right to use the asset.

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

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

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

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

- IFRS 16 is generally not applied to intangible assets, short-term contracts (i.e. less than 12 months) and contracts with low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified on specific items in the statement of financial position;
- the lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement, if it is reasonably certain that it will be exercised;
- contracts with similar characteristics are valued using a single discount rate;
- the incremental debt rate is defined as the interest rate that DHH would pay to borrow funds necessary to purchase an asset of a similar value, considered for the right to use other things being equal, for a similar period, with the same level of risk and in a similar economic context;
- the leasing contracts previously valued as finance leases pursuant to IAS 17 maintain the values previously recorded.

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

- Statement of financial position: greater non-current assets for the recognition of the "right to use the leased asset" in counterpart for higher financial liabilities.
- Separate income statement: different nature, qualification and classification of expenses (amortization of the "right of use of the asset" and "financial charges for interest" compared to "Costs for the use of third-party assets - operating lease payments", as by IAS 17).
- Furthermore, the combination of the amortization on a straight-line basis of the "right of use of the asset" and the effective interest rate method applied to the payables for leasing, compared to IAS 17, is based on a different time distribution of the total cost of the contract leasing, with higher charges in the income statement in the first years of the leasing contract and decreasing charges in recent years.
- Cash flow statement: lease installments, for the principal portion of debt repayment, is reclassified from «cash flow from operating activities» to «cash flow from financing activities».

## TANGIBLE ASSETS

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

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

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

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

## **PARTICIPATIONS**

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

## **NON-CURRENT FINANCIAL ASSETS**

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

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

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

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

## **CURRENT ASSETS**

The drafting of the statement of cash flow, the statement of financial position, and the profit or loss statement requires estimates and assumptions having an effect on the value of assets and liabilities and relevant report, as well as on contingent assets and liabilities at the reference date.

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Estimates and relevant assumptions are based on the preceding experiences of the Company and other factors deemed reasonable in the circumstances and have been adopted to determine the accounting value of assets and liabilities the value of which may not be easily discerned from other objective sources. The final results may therefore differ from such estimates. Estimates and assumptions are reviewed periodically and the effects of the relevant variations are reflected in the profit and loss statement.

#### **TRADE RECEIVABLES**

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

#### **CASH AND EQUIVALENT INSTRUMENTS**

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

#### **TRADE PAYABLES**

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

#### **FINANCIAL LIABILITIES**

Financial liabilities, other than derivative financial instruments, are recorded at the settlement date measured at the fair value of liabilities, net of directly related transaction costs according IFRS 9.

#### **EMPLOYEES BENEFITS**

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

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

#### **RECOGNITION OF REVENUES**

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



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upon execution of a service. Revenues are recorded net of discounts, allowances, settlement discounts, and rebates.

As indicated in the Annual Report 2020, from management analysis no differences in the revenues recognition cut-off have been identified from the application of IFRS 15 "Revenues from Contracts with Customers".

## EXPENSES

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

## FINANCIAL INCOME AND EXPENSES

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

## TAXES

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

## ESTIMATES AND VALUATIONS

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

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

## CHANGES IN THE ACCOUNTING PRINCIPLES

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

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

As indicated in the Annual Report 2021, the following accounting standards, amendments and interpretations are applicable from the 1<sup>st</sup> of January 2022:

- Annual improvement to IFRS 2018-2020 cycle: amendments to IFRS 1, IFRS 9, IFRS 16 and to IAS 41.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use - applicable for annual periods beginning on or after 1 January 2022.

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- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract - applicable for annual periods beginning on or after 1 January 2022.
  - Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework - applicable for annual periods beginning on or after 1 January 2022.

The new standards and interpretations to be applied as of January 1, 2022, 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:

- 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.

## OTHER INFORMATION

### *MATERIAL NON-RECURRING EVENTS AND TRANSACTIONS – ATYPICAL AND/OR UNUSUAL TRANSACTIONS*

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

### *COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM*

The overall compensation paid by the Group to the auditor firm is equal to 22.814 EUR for auditing activities and 1.148 EUR for other activities. The compensation for the Board statutory auditors is equal to 17.420 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):

<b>CURRENCY</b>	<b>EXCHANGE RATE AS AT 30.06.2022</b>	<b>AVERAGE EXCHANGE RATE HALF-YEAR 2022</b>
Croatian Kuna (HRK)	7,5307	7,5512
Serbian Dinar (RSD)	116,8255	117,285
Swiss Franc (CHF)	0,9960	1,0246
New Lev Bulgaria (BGN)	1,9558	1,9558

## SCOPE OF CONSOLIDATION

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

### PARENT COMPANY

Name

**DHH S.P.A.**

### REGISTERED OFFICE

**MILANO – VIA CALDERA, 21 - ITALIA**

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

NAME	REGISTERED OFFICE	SHARE CAPITAL (in EUR)	SHARE
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	13.813	100%
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%

### CHANGE IN THE SCOPE OF CONSOLIDATION

With regard to the changes in the scope of consolidation, compared to the consolidated report as at 31.12.2021, 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.

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## 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. It refers to the Reverse Take-Over of Seeweb Holding S.r.l. led by DHH S.p.A., as partial allocation of the goodwill originated by the operation.

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

The war in Ukraine and the inflation trend prompted a marked increase in interest rates during the reporting period. The observed rise in interest rates meant that an *ad hoc* impairment test had to be performed on goodwill and on the other assets with an indefinite useful life in the reporting period.

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

The results as at 30 June 2022 appear to be substantially aligned with those laid out in the budget set forth for the impairment test at the end of the year; however, these trends will be carefully monitored in the upcoming months in order to promptly identify the elements that may compromise the recoverable value.

### **NOTE 2: GOODWILL**

The item "Goodwill" is equal to 9.638.196 EUR, with a net decrease of 28.147 EUR compared to the same value recorded in the consolidated as at 31.12.2021.

The decrease refers to the part of goodwill with a defined useful life by specific evaluations; it's related to the fair value of DHH Switzerland's customer list with an estimated residual life of 2 years.

As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment test and written-off for impairment losses. The DHH Group yearly verifies the recoverability of goodwill and the other assets with an indefinite useful life by specific evaluations (impairment test) on each cash-generating unit (Cash Generating Units or "CGU"). Impairment test has been executed according 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.

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The war in Ukraine and the inflation trend prompted a marked increase in interest rates during the reporting period. The observed rise in interest rates meant that an *ad hoc* impairment test had to be performed on goodwill and on the other assets with an indefinite useful life in the reporting period.

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

The results as at 30 June 2022 appear to be substantially aligned with those laid out in the budget set forth for the impairment test at the end of the year; however, these trends will be carefully monitored in the upcoming months in order to promptly identify the elements that may compromise the recoverable value.

### 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 book-value.

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

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

- Italy: 11,9%
- Slovenia: 11,1%
- Croatia: 12,4%
- Switzerland: 9,8%
- Serbia: 13,2%
- Bulgaria: 11,1%

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

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

### NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 1.921.834 EUR.

The details of the movement of tangible assets during the first six months 2022 are provided below.

TANGIBLE ASSETS	Computers and electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
<b>Value as at 01.01.2022</b>	11.027.573	-	1.979.006	-	13.006.579
Variation area	-	-	-	-	-
Investments	348.467	-	18.683	-	367.149
(Disposals)	-	-	(4.938)	-	(4.938)
Impairments and other movements	129.632	-	-	-	129.632
<b>Cost as at 30.06.2022</b>	11.505.672	-	1.992.751	-	<b>13.498.422</b>
<b>Accumulated depreciation as at 01.01.2022</b>	10.017.775	-	1.096.841	-	11.114.616
Variation area	-	-	-	-	-
Depreciation	383.449	-	8.995	-	392.444
(Disposals)	-	-	9.150	-	9.150
Impairments and other movements	60.378	-	-	-	60.378
<b>Accumulated depreciation as at 30.06.2022</b>	10.461.602	-	1.114.986	-	<b>11.576.588</b>
<b>Net Book Value</b>					
At 01.01.2022	1.009.798	-	882.165	-	<b>1.891.963</b>
At 30.06.2022	1.044.070	-	877.765	-	<b>1.921.834</b>

#### NOTE 4: RIGHT OF USE ASSETS

The following table shows the development of right-of-use assets arising from leases within the meaning of IFRS 16 as of June 30, 2022, compared with December 31, 2021.

RIGHT OF USE ASSETS	Land and Buildings	Data center equipment	Vehicles	Other assets	TOTAL
<b>Value as at 01.01.2022</b>	3.426.244	9.788.402	26.651	-	13.241.297
Variation area	-	-	-	-	-
Investments	33.070	259.172	-	-	292.243
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
<b>Cost as at 30.06.2022</b>	3.459.314	10.047.608	26.651	-	<b>13.533.540</b>
<b>Accumulated depreciation as at 01.01.2022</b>	1.626.007	6.462.603	11.470	-	8.100.080
Variation area	-	-	-	-	-
Depreciation	326.237	960.572	3.256	-	1.290.065
(Disposals)	-	65.872	-	-	65.872
Impairments and other movements	-	-	-	-	-
<b>Accumulated depreciation as at 30.06.2022</b>	1.952.244	7.489.047	14.726	-	<b>9.456.017</b>
<b>Net Book Value</b>					
At 01.01.2022	1.800.238	3.325.798	15.181	-	<b>5.141.217</b>
At 30.06.2022	1.507.071	2.558.527	11.925	-	<b>4.077.523</b>

#### NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 1.730.324 EUR.

The details of the movement of intangible assets during the first six months 2022 are provided below.



INTANGIBLE ASSETS	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
<b>Value as at 01.01.2022</b>	1.512.017	422.915	503.694	1.131.097	8.599	3.578.322
Variation area	-	-	-	-	-	-
Investments	66.377	-	12.606	-	39.771	118.754
Impairments and other movements	(176.396)	-	-	-	-	(176.396)
<b>Cost as at 30.06.2022</b>	1.401.998	422.915	516.300	1.131.097	48.370	<b>3.520.681</b>
<b>Accumulated amortization as at 01.01.2022</b>	842.175	335.107	81.975	460.239	-	1.719.496
Variation area	-	-	-	-	-	-
Amortization	73.950	23.442	44.213	31.044	-	172.650
Impairments and other movements	(101.790)	-	-	-	-	(101.790)
<b>Accumulated amortization as at 30.06.2022</b>	814.336	358.550	126.188	491.283	-	<b>1.790.356</b>
<b>Net Book Value</b>						
At 01.01.2022	669.842	87.808	421.718	670.859	8.599	<b>1.858.826</b>
At 30.06.2022	587.663	64.365	390.112	639.815	48.370	<b>1.730.324</b>

#### NOTE 6: INVESTMENTS IN OTHER COMPANIES

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

## **NOTE 7: NON-CURRENT FINANCIAL ASSETS**

Such item, equal to 17.971 EUR as at 30 June 2022, is referred to guarantee deposits.

## **NOTE 8: OTHER NON-CURRENT ASSETS**

Such item, equal to 273.286 EUR as at 30 June 2022, is referred to an investment property of Evolink.

## **NOTE 9: DEFERRED TAX ASSETS**

Deferred tax assets are equal to 1.206.272 EUR, with an increase due to deferred tax assets on dividends, 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 year end.

The amount of 829k 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: TRADE RECEIVABLES**

Trade receivables are equal to 2.994.384 EUR as at 30.06.2022 with an increase of 456.814 EUR compared to the same item recorded on 31.12.2021.

The distribution of receivables by geographical area is as follows.

<b>TRADE RECEIVABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
Italy	2.331.870	1.973.538	358.332
EU countries	492.356	668.837	(176.481)
Other countries	371.553	95.196	276.358
Total	3.195.779	2.737.571	458.208
Fund for bad debt	(201.396)	(200.001)	(1.394)
<b>TOTAL</b>	<b>2.994.384</b>	<b>2.537.570</b>	<b>456.814</b>
<b>NET TRADE RECEIVABLES</b>			

## **NOTE 11: CURRENT FINANCIAL ASSETS**

Current financial assets are equal to 223.248 EUR referred to as securities.

## **NOTE 12: OTHER CURRENT ASSETS**

Other current assets are equal to 1.007.198 EUR, with an increase of 897.185 EUR compared to 31.12.2021, and include the amount of 942.400 EUR related to the advance payment for a M&A transaction.

## **NOTE 13: TAX RECEIVABLES**

Tax receivables are equal to 518.684 EUR as at 30.06.2022 with an increase of 168.104 EUR compared to 31.12.2021 and are composed as follows.

<b>TAX RECEIVABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
VAT	218.734	207.850	10.884
Income tax	141.962	56.062	85.900
Other income tax	95.198	-	95.198
Other tax receivables	62.791	86.668	(23.878)
<b>Total</b>	<b>518.684</b>	<b>350.580</b>	<b>168.104</b>

## **NOTE 14: CASH AND CASH EQUIVALENTS**

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

The total amount of this item is equal to 9.793.187 EUR, with an increase of 533.422 EUR compared to 31.12.2021.

## **NOTE 15: PREPAID EXPENSES AND ACCRUED INCOME**

Prepaid expenses and accrued income are equal to 976.524 EUR as at June 30, 2022, with an increase of 99.471 EUR compared to 31.12.2021. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

## **NOTE 16: NET EQUITY**

### **SHARE CAPITAL**

On 30 June 2022 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.

<b>RESERVES</b>	<b>31.12.2021</b>	<b>increase</b>	<b>(decrease)</b>	<b>30.06.2022</b>
Share Premium Reserves	10.273.324	1.084.233	-	11.357.557
Legale Reserve	90.373	7.482	-	97.855
Other reserves	5.102.922	178.057	(71)	5.280.908
Negative reserve for own shares	(1.187.620)	530.139	(199.823)	(857.304)
OCI Reserve	36.183	1.954	-	38.137
<b>Total</b>	<b>14.315.183</b>	<b>1.801.865</b>	<b>(199.894)</b>	<b>15.917.155</b>

The General Meeting held on April 28, 2022, resolved for the distribution of an ordinary dividend by assignment of treasury shares equal to no. 1 share per each no. 45 shares, equivalent to Euro 1.614.635 as per the shares' price at March 25, 2022.

#### **NOTE 17: NON-CURRENT FINANCIAL LIABILITIES**

The total amount of 4.045.125 EUR encompasses bank loans and financings for 1.965.126 EUR and non-current lease debt for 2.079.998 EUR.

#### **NOTE 18: SEVERANCE RESERVES**

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

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

The amount is equal to 591.982 EUR with an increase of 46.948 EUR compared to 31.12.2021.

#### **NOTE 19: LIABILITIES FOR DEFERRED TAXES**

This item is equal to 931.275 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes.

The amount of 861.359 EUR is related to the item Trademarks, arising from the Purchase Price Allocation process due to the Reverse Take-Over of Seeweb Holding.

#### **NOTE 20: TRADE PAYABLES**

On 30.06.2022 trade payables are equal to 1.923.984 EUR, with an increase of 362.826 EUR compared to the same item recorded on 31.12.2021. The distribution of payables by geographical area is as follows.

<b>TRADE PAYABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
Italy	1.456.116	1.074.322	381.794
EU countries	348.535	387.886	(39.350)
Other countries	119.333	98.950	20.383
<b>TOTAL PAYABLES</b>	<b>1.923.984</b>	<b>1.561.157</b>	<b>362.826</b>

#### **NOTE 21: OTHER CURRENT LIABILITIES**

Other current liabilities are equal to 615.775 EUR on 30.06.2022, with an increase of 31.398 EUR compared to 31.12.2021.

#### **NOTE 22: CURRENT FINANCIAL LIABILITIES**

Current liabilities to bank and other lenders are equal to 5.044.951 EUR on 30.06.2022, with a decrease of 515.818 EUR compared to 31.12.2021. This item includes for 2.052.511 EUR the current lease liabilities and for 2.992.440 EUR the bank loans of the Group.

#### **NOTE 23: TAX PAYABLES**

Tax payables are equal to 875.588 EUR on 30.06.2022, with an increase of 575.236 EUR compared to 31.12.2021, and its composition is as follows.

<b>TAX PAYABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
VAT	236.521	157.611	78.909
Income tax	553.352	49.776	503.576
Other tax payable	85.715	92.964	(7.249)
<b>Total</b>	<b>875.588</b>	<b>300.352</b>	<b>(575.236)</b>

#### **NOTE 24: ACCRUED LIABILITIES AND DEFERRED INCOME**

Accrued liabilities and deferred income are equal to 3.273.639 EUR as at 30 June 2022, with an increase of 321.519 EUR mainly linked to advanced revenues for hosting.

#### **NOTE 25: REVENUES**

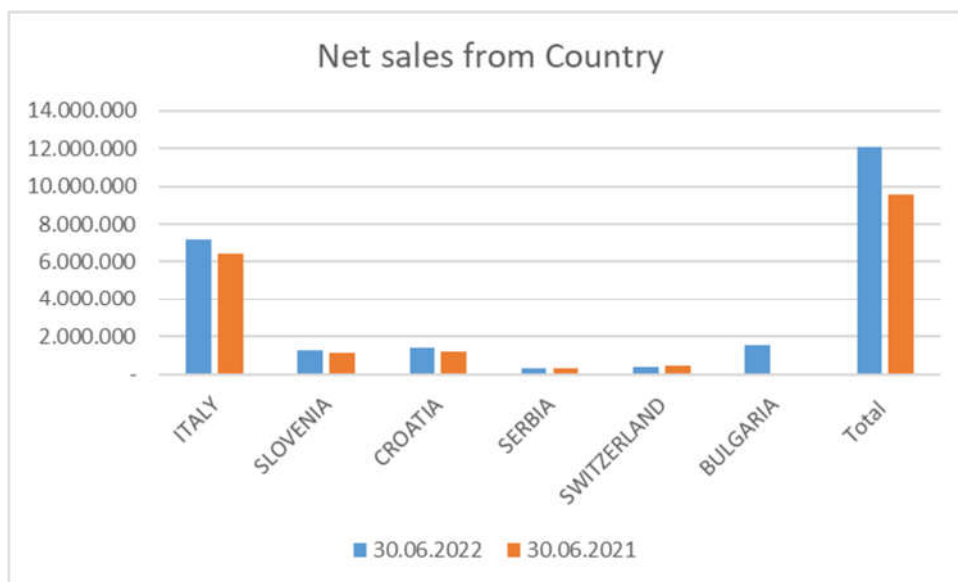
The revenues from sales and services of the Group for the first six months of the year 2022 are equal to 12.061.338 EUR, with an increase of 2.486.418 EUR compared to 30.06.2021.

There were no seasonal or economic influences that had an impact on DHH's business activities in the reporting period.

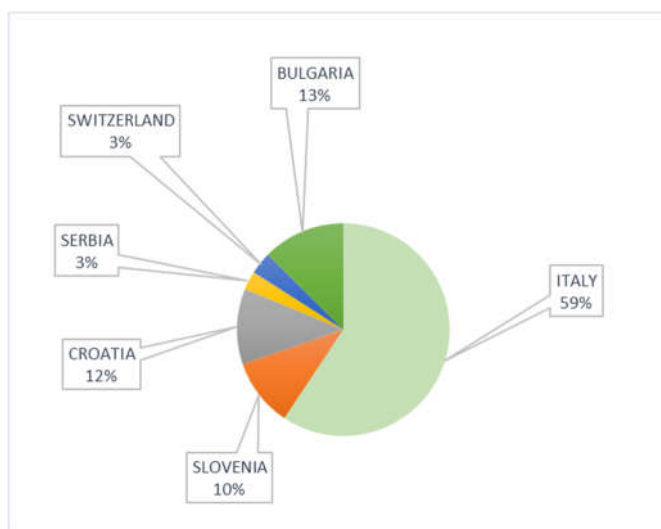
The increase of revenues is +28,33% compared to 30.06.2021, +11,49% Organic Growth without Evolink (which is part of DHH group starting from December 2021).

However, the whole business of the Group companies registered an increase year-on-year due to the acquisition of new customers: Croatia (+14%), Italy (+11%), Slovenia (+10%) and Serbia (+8%).

On 30 June 2022 net sales from country area compared to the interim period 2021 are the following.



Revenues are divided among the geographical area as follows: Italy with 59%, Croatia with 12%, Slovenia with 10%, Serbia with 3%, Switzerland with 3% and Bulgaria with 13%.



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

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

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

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

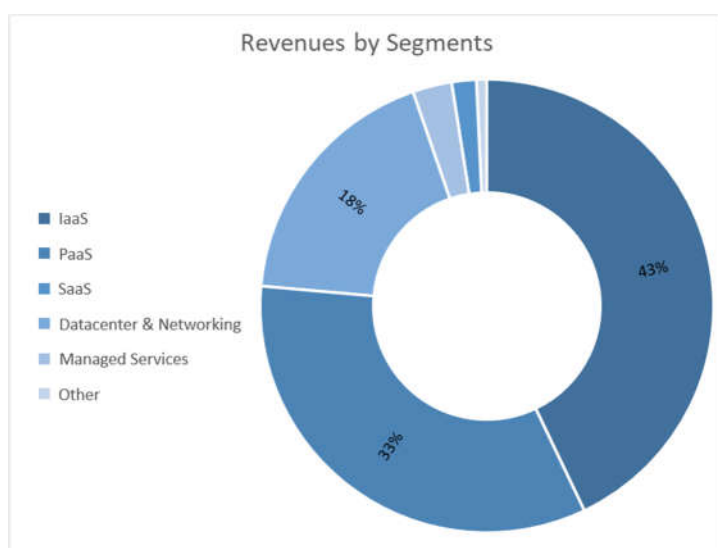
**Datacenter & Networking** (Datacenter Colocation)

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

The total net sales from operations are composed as follow: Seeweb 52%, Evolink 13%, Webtasy 10%, Plus Hosting Grupa 9%, Tophost 8%, the remaining 8% is divided among the other Group Companies.

On 30 June 2022 net sales from operations by segments are the following.

Net Sales from operations	30.06.2022	30.06.2021	DELTA	DELTA %
IaaS	5.175.830	4.567.168	608.662	13%
PaaS	4.039.424	3.530.398	509.026	14%
SaaS	211.757	141.076	70.681	50%
Datacenter & Networking	2.208.452	854.337	1.354.115	158%
Managed Services	336.713	416.432	(79.719)	-19%
Others	89.162	65.509	23.653	36%
<b>Total</b>	<b>12.061.338</b>	<b>9.574.920</b>	<b>2.486.418</b>	<b>26%</b>



On 30 June 2022 the Group weighted Revenues by Segments are here beside. The main segments are IaaS with 43% of revenues, PaaS with 33%, Datacenter & Networking with 18%.

#### **NOTE 26: OTHER REVENUES AND INTERNAL PROJECTS R&S**

Other revenues are equal to 237.033 EUR as at 30.06.2022 with an increase of 187.919 EUR compared to 30.06.2021.

Internal projects R&S are equal to 51.731 EUR as at 30.06.2022, related to Development & Research project of Seeweb.

#### **NOTE 27: MATERIAL COSTS**

Costs for materials and consumables are equal to 602.277 EUR on 30 June 2022, with an increase of 97.158 EUR compared to 30.06.2021, related to software, hardware and other materials. The total amount of the year is referred to Seeweb for 92% and for 8% to the other Group Companies.

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

Service costs are equal to 5.422.914 EUR on 30 June 2022, with an increase of 1.581.481 EUR compared to 30.06.2021. The operating business was stable as expected; however, effects resulting from the war in Ukraine are primarily related to an increase of energy costs as visible in "Datacenter Services".

Service costs and use of third party assets	30.06.2022	30.06.2021	DELTA	DELTA %
Datacenter Services	2.011.134	986.465	1.024.669	104%
Wholesale Costs	1.562.881	1.430.248	132.632	9%
Commercial and marketing expenses	640.085	412.756	227.329	55%
Professional services	1.005.344	901.037	104.307	12%
Other costs for services	203.471	110.927	92.544	83%
<b>Total</b>	<b>5.422.914</b>	<b>3.841.433</b>	<b>1.581.481</b>	<b>41%</b>

The main service costs and use of third – party assets are composed by: Seeweb for 43%, Evolink for 19%, Plus Hosting Grupa for 12%, Webtasy for 10%, DHH S.p.A. for 8%; the remaining 8% is divided among the other Group Companies.

## NOTE 29: PERSONNEL COSTS

Personnel cost is equal to 2.354.609 EUR on 30 June 2022, with an increase of 812.419 EUR compared to the half-year 2021 consolidated and is divided among the Group as follows.

Personnel Costs	30.06.2022	30.06.2021	DELTA	DELTA %
DHH S.p.A.	50.463	20.205	30.258	150%
TOPHOST s.r.l.	33.407	36.298	(2.891)	-8%
WEBTASY d.o.o.	428.580	330.037	98.543	30%
PLUS HOSTING GRUPA d.o.o.	271.683	254.453	17.230	7%
DHH Switzerland SA	172.596	139.224	33.372	24%
SYSTEM BEE d.o.o.	98.146	82.211	15.935	19%
MICLOUD d.o.o.	78.670	101.696	(23.026)	-23%
SEEWEB s.r.l.	788.675	578.067	210.608	36%
EVOLINK a.d.	432.390	-	432.390	n/a
<b>Total</b>	<b>2.354.609</b>	<b>1.542.190</b>	<b>812.419</b>	<b>53%</b>



The average number of employees is as follows:

	Managers 30.06.2022	Employees 30.06.2022	Total	Managers 30.06.2021	Employees 30.06.2021	Total
DHH S.p.A.	-	3		-	1	
TOPHOST s.r.l.	-	1		-	2	
WEBTASY d.o.o.	1	24		1	18	
PLUS HOSTING GRUPA d.o.o.	1	23		1	23	
DHH Switzerland SA	1	6		1	5	
SYSTEM BEE d.o.o.	1	8		1	7	
MICLOUD d.o.o.	1	7		1	7	
SEEWEB s.r.l.	1	25		1	25	
Evolink a.d.	2	47				
<b>Total</b>	<b>8</b>	<b>144</b>	<b>152</b>	<b>6</b>	<b>88</b>	<b>94</b>

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

### **NOTE 30: OTHER EXPENSES**

Other expenses referred to structural costs and are equal to 239.478 EUR on 30 June 2022, with a decrease of 15.100 EUR compared to 30.06.2021. The other expenses are referred to Seeweb for 39%, Tophost 17%, DHH Switzerland 13%, Plus Hosting Grupa 11%; the remaining 20% is related to the other Group Companies.

### **NOTE 31: AMORTIZATIONS AND IMPAIRMENTS**

Amortizations, Depreciations and Impairment are equal to 1.882.466 EUR on 30 June 2022, with an increase of 277.962 EUR compared to 30.06.2021. The total referred to Seeweb is 73%, Evolink 11%, Plus Hosting Grupa 6% and Webtasy 6%; the remaining 4% is divided among the other Group Companies.

The part referred to the amortization of right of use assets amounts to 1.290.065 EUR.

A part of this amortizations relates to the customer list of DHH Switzerland with an estimated residual life of 2 years and of the internal projects accomplished in-house.

The breakdown is provided below.

	30.06.2022	30.06.2021	DELTA	DELTA %
Depreciations	395.700	288.461	107.239	37%
Amortizations	1.484.974	1.315.641	169.333	13%
Impairment	1.792	401	1.391	347%
<b>Total</b>	<b>1.882.466</b>	<b>1.604.503</b>	<b>277.962</b>	<b>17%</b>

### **NOTE 32: FINANCIAL INCOME (EXPENSES)**

On 30 June 2022 net financial expenses are equal to 92.848 EUR, with an increase of 18.647 EUR compared to the previous half-year 2021.

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

<b>FINANCIAL INCOME</b>	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>DELTA</b>
Bank and postal interests/income	476	298	178
Interests on loans	-	64	(64)
Other interests	3.924	4.869	(945)
Positive foreign currency valuation	10.207	7.071	3.136
<b>Total</b>	<b>14.607</b>	<b>12.301</b>	<b>2.305</b>

<b>FINANCIAL EXPENSES</b>	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>DELTA</b>
Bank and postal interests/expenses	27.579	13.379	14.200
Lease interests	54.893	54.844	49
Other financial expenses	1.874	1.584	290
Negative foreign currency valuation	23.107	13.359	9.748
<b>Total</b>	<b>107.455</b>	<b>83.167</b>	<b>24.288</b>

### **NOTE 33: TOTAL CURRENT AND DEFERRED INCOME TAXES**

On 30.06.2022 total current and deferred income taxes of the Group are equal to an amount of 578.294 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. In particular, related to Eur 595.541 for current taxes, to Eur 17.248 for deferred taxes.

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

The prior-year figures are comparable only to a limited extent due to the positive sum of 837k EUR originates from the Deferred tax assets related to the revaluation of trademarks "Tophost" and "Seeweb", occurred in the local balance sheet and permitted under specific legislative indications, which usually set the applicable framework for the related accounting and fiscal treatment, thus generating a temporary difference in the consolidation financial statements of the previous year.

## NOTE 34: EARNINGS PER SHARE

### BASE

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

### DILUTED

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

CATEGORY	30.06.2022	30.06.2021
Consolidated net income attributable to the Group's shareholders	1.213.178	2.093.773
Number of ordinary shares	4.892.772	4.842.121
Average weighted number of outstanding shares	4.722.879	4.572.048
<b>BASE EARNINGS PER SHARE - EPS</b>	<b>0,257</b>	<b>0,458</b>
Average weighted number of outstanding warrants	-	198.961
Average weighted number of outstanding shares plus warrants	4.722.879	4.587.122
<b>DILUTED EPS</b>	<b>0,257</b>	<b>0,456</b>

It should be noted that consolidated net income of the Group as at 30.06.2021, calculated without considering Deferred tax assets related to the revaluation of trademarks "Tophost" and "Seeweb", is of 1.248.018 EUR; so the EPS recalculated for the half-year 2021 is 0,273 and the Diluted EPS is 0,272.



**DHH S.P.A.**

**Parent Company**

**Financial Statements**

**as at 30 June 2022**

prepared in accordance with IAS/IFRS principles

- All amounts are in Euro -

# SEPARATE FINANCIAL STATEMENTS

Here below the Separate Financial Statements of the Parent Company DHH S.p.A. as at 30 June 2022.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	NOTES	30.06.2022	OF WHICH RELATED PARTIES	31.12.2021	OF WHICH RELATED PARTIES
<b>(ALL AMOUNTS ARE IN EURO)</b>					
Goodwill	1	2.174.160		2.174.160	
Investments	2	12.330.133		12.329.385	
Intangible assets	3	48.462		8.937	
Non-current financial assets	4	38.649		38.649	
Deferred tax assets	5	77.298		93.494	
<b>NON-CURRENT ASSETS</b>		<b>14.668.702</b>		<b>14.644.625</b>	
Trade receivables	6	86.799		89.467	
Other current financial assets	7	387.317		12.351	
Other current assets		942.586		49.164	
Tax receivables	8	307.835		304.533	
Cash and cash equivalents	9	2.995.982		1.270.642	
Prepaid expenses and accrued income	10	32.551		18.621	
<b>CURRENT ASSETS</b>		<b>4.753.070</b>		<b>1.744.778</b>	
<b>TOTAL ASSETS</b>		<b>19.421.772</b>		<b>16.389.403</b>	

LIABILITIES AND NET EQUITY	NOTES	30.06.2022	OF WHICH RELATED PARTIES	31.12.2021	OF WHICH RELATED PARTIES
<b>(ALL AMOUNTS ARE IN EURO)</b>					
Share Capital		489.277		489.277	
Reserves		12.175.679		10.116.926	
Profit (loss) of the period		3.225.330		2.258.840	
<b>NET EQUITY</b>	<b>11</b>	<b>15.890.286</b>		<b>12.865.043</b>	
Non-current financial liabilities		-		-	
Severance reserves	12	6.344		2.890	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	13	861.359		861.359	
<b>NON-CURRENT LIABILITIES</b>		<b>867.703</b>		<b>864.249</b>	
Current financial debt	14	2.496.250		2.496.250	
Trade payables	15	73.728	3.680	103.457	25.066
Other current liabilities	16	82.880	34.679	48.024	21.225
Tax payables	17	10.556		12.053	
Accrued liabilities and deferred Income		370		327	
<b>CURRENT LIABILITIES</b>		<b>2.663.783</b>		<b>2.660.111</b>	
<b>TOTAL LIABILITIES</b>		<b>3.531.486</b>		<b>3.524.360</b>	
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>19.421.772</b>		<b>16.389.403</b>	

## STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2022

PROFIT AND LOSS STATEMENT	NOTES	30.06.2022	OF WHICH RELATED PARTIES	30.06.2021	OF WHICH RELATED PARTIES
<b>(ALL AMOUNTS ARE IN EURO)</b>					
Revenues	18	56.025		57.680	
Other revenues		17.919		449	
<b>TOTAL REVENUE</b>		<b>73.944</b>		<b>58.129</b>	
Material costs		(381)		(453)	
Service costs and use of third-party assets	19	(434.442)	(186.960)	(398.569)	(135.335)
Personnel costs		(50.463)		(20.205)	
Other operating costs		(16.728)		(6.148)	
<b>TOTAL OPERATING COSTS</b>		<b>(502.015)</b>		<b>(425.375)</b>	
<b>OPERATING RESULT - EBITDA*</b>		<b>(428.071)</b>		<b>(367.246)</b>	
Amortizations and impairment	20	(246)		(246)	
<b>EBIT**</b>		<b>(428.316)</b>		<b>(367.492)</b>	
Financial income (expenses)	21	3.669.842		2.987.237	
<b>EARNINGS BEFORE TAXES</b>		<b>3.241.526</b>		<b>2.619.746</b>	
Total current and deferred income taxes	22	(16.196)		(11.588)	
<b>NET PROFIT (LOSS)</b>		<b>3.225.330</b>		<b>2.608.158</b>	
OF WHICH:					
attributable to equity holders of the Parent company		3.225.330		2.608.158	
attributable to minority interests		-		-	
<b>EARNINGS (LOSS) PER SHARE</b>	<b>23</b>	<b>0,660</b>		<b>0,570</b>	
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>23</b>	<b>0,660</b>		<b>0,568</b>	
<b>OVERALL PROFIT AND LOSS STATEMENT</b>		<b>30.06.2022</b>		<b>30.06.2021</b>	
<b>(ALL AMOUNTS ARE IN EURO)</b>					
<b>NET PROFIT (LOSS) (A)</b>		<b>3.225.330</b>		<b>2.608.158</b>	
Components that should be classified in the Profit and loss statement		-		-	
Components that should not be classified in the Profit and loss statement		(142)		-	
<b>TOTAL OTHER PROFIT (LOSS) NET TO FISCAL EFFECT (B)</b>		<b>(142)</b>		<b>-</b>	
<b>TOTAL NET OVERALL PROFIT (LOSS) (A+B)</b>		<b>3.225.188</b>		<b>2.608.158</b>	

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

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

## STATEMENT OF CASH FLOW AS AT 30 JUNE 2022

CASH FLOW STATEMENT	30.06.2022	30.06.2021
<b>(ALL AMOUNTS ARE IN EURO)</b>		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for period	3.225.330	2.608.158
Income taxes	16.196	11.588
Interest payables/ (receivables)	(3.669.842)	(2.987.237)
(Capital losses)/gains from sales assets	-	-
<b>1. EARNING BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES</b>	<b>(428.316)</b>	<b>(367.492)</b>
Adjustments for non-cash items that are not accounted		
In net working capital change:	3.700	1.314
- Allocation to provisions	3.454	1.068
- Amortization and depreciation of assets	246	246
- Permanent loss write-downs	-	-
- Other adjustments on non-monetary items	-	-
<b>2. CASH FLOW BEFORE NWC CHANGES</b>	<b>(424.617)</b>	<b>(366.178)</b>
Changes in NWC:	(904.313)	(25.024)
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	2.669	(80.972)
- Increase (decrease) in supplier payables	(29.729)	119.318
- Decrease (increase) in prepaid expenses and accrued income	(13.929)	8.102
- Increase (decrease) in accrued expenses and deferred income	43	27
- Other changes to the NWC	(863.367)	(71.498)



CASH FLOW STATEMENT	30.06.2022	30.06.2021
<b>(ALL AMOUNTS ARE IN EURO)</b>		
<b>3. CASH FLOW AFTER NWC CHANGES</b>	<b>(1.328.930)</b>	<b>(391.201)</b>
Other changes:	3.653.646	2.975.649
- Interest collected/ (paid)	(9.385)	209
- (Income tax paid)	(16.196)	(11.588)
- Dividends received	3.679.227	2.987.028
- (Use of provisions)	-	-
<b>CASH FLOW FROM OPERATING ACTIVITIES [A]</b>	<b>2.324.716</b>	<b>2.584.448</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Investments) in tangible assets	-	-
(Investments) in right of use assets	-	-
(Investments) in intangible assets	(39.771)	-
(Investments) in financial assets	(344.070)	(432.042)
<b>CASH FLOW FROM INVESTING ACTIVITIES [B]</b>	<b>(399.290)</b>	<b>(432.042)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES [C]</b>		
Third-party resources	-	-
Increase (decrease) current payables to bank	-	818
New loans	-	-
Loan repayments	-	-
Own resources	-	-
Paid capital increase	(263)	32.345
Treasury share sale (purchase)	(199.823)	-
(Dividends paid)	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES [C]</b>	<b>(200.086)</b>	<b>33.163</b>
<b>INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]</b>	<b>1.725.340</b>	<b>2.185.569</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.270.642	270.093
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.995.982	2.455.662

## NET FINANCIAL POSITION AS AT 30 JUNE 2022

NET FINANCIAL POSITION*	30.06.2022	31.12.2021
<b>(ALL AMOUNTS ARE IN EURO)</b>		
A. Cash	-	-
B. Cash equivalents	(2.995.982)	(1.270.642)
C. Other current financial assets	(387.317)	(12.351)
<b>D. LIQUIDITY (A)+(B)+(C)</b>	<b>(3.383.299)</b>	<b>(1.282.993)</b>
E. Current financial liabilities	2.496.250	2.496.250
F. Current part of non-current borrowing	-	-
<b>G. CURRENT FINANCIAL DEBT (E)+(F)</b>	<b>2.496.250</b>	<b>2.496.250</b>
<b>H. NET CURRENT FINANCIAL DEBT (G)-(D)</b>	<b>(887.049)</b>	<b>1.213.257</b>
I. Non-current financial liabilities	-	-
J. Bond issued	-	-
K. Trade Payables and other non-current liabilities	-	-
<b>L. NON-CURRENT FINANCIAL DEBT (I+(J)+(K)</b>	<b>-</b>	<b>-</b>
<b>M. NET FINANCIAL DEBT (H)+(L)</b>	<b>(887.049)</b>	<b>1.213.257</b>

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

## STATEMENT OF CHANGES IN NET EQUITY

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

	VALUE AS AT 01.01.2022	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	NET RESULT	VALUE AS AT 30.06.2022
Share Capital	489.277	-	-	-	489.277
Share premium reserves	10.273.324	1.084.233	-	-	11.357.557
Legal reserves	90.373	7.482	-	-	97.855
Other reserves	1.338.608	239.369	(264)	-	1.577.713
OCI reserve	(142)	-	-	-	(142)
Negative reserve for own shares	(1.187.620)	530.139	(199.823)	-	(857.304)
Retained profit/(loss)	(397.619)	397.619	-	-	-
Net profit (loss)	2.258.840	(2.258.840)		3.225.330	3.225.330
<b>TOTAL</b>	<b>12.865.043</b>	<b>-</b>	<b>(200.087)</b>	<b>3.225.330</b>	<b>15.890.286</b>

## EVALUATION CRITERIA

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: GOODWILL

The item "goodwill" is equal to 2.174.160 EUR and refers to the residual goodwill generated by the RTO of Seeweb Holding S.r.l. As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment tests and written-off for impairment losses. The DHH Group yearly verifies the recoverability of goodwill and the other assets with an indefinite useful life by specific evaluations (impairment test) on each Cash-Generating Unit (or "CGU"). Impairment test has been executed according to the latest economic and financial forecasts for future financial years. The recoverability of the assets recorded in each CGU is verified by comparing the net book value attributed to the single CGU with the recoverable value that is determined as usage value (recoverable amount). Such value is represented by the current value of the future cash flows which may result from the continuous use of the CGU.

The war in Ukraine and the inflation trend prompted a marked increase in interest rates during the reporting period. The observed rise in interest rates meant that an *ad hoc* impairment test had to be performed on goodwill and on the other assets with an indefinite useful life in the reporting period. The results as at 30 June 2022 appear to be substantially aligned with those laid out in the budget set forth for the impairment test at the end of the year; however, these trends will be carefully monitored in the upcoming months in order to promptly identify the elements that may compromise the recoverable value.

### NOTE 2: INVESTMENTS

This item amounts to 12.330.133 EUR, with an increase of 748 EUR as compared to the value as at 31.12.2021.

	VALUE AS AT 01.01.2022	INCREASE	DECREASE	VALUE AS AT 30.06.2022
TOPHOST S.r.l.	1.687.178	-	-	1.687.178
WEBTASY d.o.o.	2.776.243	-	-	2.776.243
Plus Hosting Grupa d.o.o.	2.199.957	-	-	2.199.957
DHH Switzerland s.a.	1.354.872	-	-	1.354.872
SYSTEM BEE d.o.o.	441.406	-	-	441.406
M-CLOUD d.o.o.	546.648	-	-	546.648
SEEWEB s.r.l.	85.199	-	-	85.199
EVOLINK a.d.	2.485.278	748	-	2.486.026
Other companies	752.601	-	-	752.601
<b>TOTAL</b>	<b>12.329.385</b>	<b>748</b>	<b>-</b>	<b>12.330.133</b>

The shareholdings in subsidiaries are valued at cost. By applying this method, they are subjected to impairment testing following the IAS 36 rules if, and only if, there is objective evidence of the shareholding's value loss due to one or more events that occurred after its initial subscription that impact the subsidiary's future cash flows and on the dividends that the same subsidiary may distribute.

Such objective evidence exists in the case of a persistent negative performance of the subsidiary. In these cases, the write-down is equal to the difference between the shareholding's carrying value and its recoverable amount, which is normally determined on the basis of the value in use quantified by discounting future cash flows and the fair value net of selling costs, whichever is the higher. The impairment test has been carried out considering the most recent economic-financial forecasts for future financial years, as resulting from the budget data developed by the Group's Management and making projections of such data.

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

The following schedule details the other investments:

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

### NOTE 3: INTANGIBLE FIXED ASSETS

Intangible fixed assets are equal to 48.462 EUR as at 30.06.2022. The following table provides a breakdown of movements regarding intangible fixed assets that occurred in the half-year 2022:

INTANGIBLE ASSETS	
<b>VALUE AS AT 01.01.2022</b>	<b>24.534</b>
Investments	39.770
Impairments and other movements	-
<b>COST AS AT 30.06.2022</b>	<b>64.304</b>
<b>ACCUMULATED AMORTIZATION AS AT 01.01.2022</b>	<b>15.596</b>
Amortization	246
Impairments and other movements	-
<b>ACCUMULATED AMORTIZATION AS AT 30.06.2022</b>	<b>15.842</b>
<b>NET BOOK VALUE</b>	
At January 1, 2022	8.937
At June 30, 2022	48.462

#### **NOTE 4: NON-CURRENT FINANCIAL ASSETS**

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

#### **NOTE 5: DEFERRED-TAX ASSETS**

Deferred-tax assets are equal to 77.298 EUR and they are referred exclusively to deferred taxes calculated with regard to temporary differences between the value of assets and liabilities used for the drafting of the financial statements according to international accounting principles and the respective values relevant for tax purposes. The management has been assessed the recoverability of that amount in the next years according to the business plan of the entity.

#### **NOTE 6: TRADE RECEIVABLES**

Trade receivables are equal to 86.799 EUR as at 30.06.2022, with a decrease of 2.668 EUR compared to 31.12.2021. The table below includes the breakdown by geographic region of trade receivables:

<b>GEOGRAPHY RECEIVABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
Italy	24.972	39.121	(14.149)
EU countries	19.070	17.875	1.195
Non-EU countries	42.757	32.471	10.286
<b>TOTAL TRADE RECEIVABLES</b>	<b>86.799</b>	<b>89.467</b>	<b>(2.668)</b>

#### **NOTE 7: CURRENT FINANCIAL ASSETS**

Current financial assets are equal to 387.317 EUR: the amount includes a credit of 378.726 EUR vs. Webtasy for dividends paid in July 2022 and a loan grant to mCloud d.o.o. for 8.591 EUR.

#### **NOTE 8: TAX RECEIVABLES**

Tax receivables are equal to 307.835 EUR as at 30 June 2022, with an increase of 3.302 EUR as compared to 31.12.2021, and are made up as follows:

<b>CATEGORY</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
VAT	213.370	207.757	5.613
Deductions on active interests	10.830	12.137	(1.307)
Other income tax	83.636	84.639	(1.003)
<b>TOTAL</b>	<b>307.835</b>	<b>304.533</b>	<b>3.302</b>

#### **NOTE 9: CASH AND CASH EQUIVALENTS**

This item is equal to 2.995.982 EUR, with an increase of 1.725.340 EUR as compared to 31.12.2021, and it is made up exclusively of cash equivalents available as at 30.06.2022 on bank deposits in the name of the company.

#### **NOTE 10: PREPAID AND ACCRUED EXPENSES**

Prepaid and accrued expenses are equal to 32.551 EUR as at 30.06.2022 with an increase of 13.930 EUR as compared to 31.12.2021.

## **NOTE 11: NET EQUITY**

On 30 June 2022 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.

	<b>VALUE AS AT 01.01.2022</b>	<b>OTHER VARIATIONS INCREASE</b>	<b>OTHER VARIATIONS DECREASE</b>	<b>VALUE AS AT 30.06.2022</b>
Share premium reserves	10.273.324	1.084.233	-	11.357.557
Legal reserves	90.373	7.482	-	97.855
Other reserves	1.338.608	239.369	(264)	1.577.713
OCI reserve	(142)	-	-	(142)
Negative reserve for own shares	(1.187.620)	530.139	(199.823)	(857.304)
Retained profit/(loss)	(397.619)	397.619	-	-
<b>TOTAL</b>	<b>10.116.926</b>	<b>2.258.840</b>	<b>(200.087)</b>	<b>12.175.679</b>

## **NOTE 12: SEVERANCE RESERVES**

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

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

The amount is equal to 6.344 EUR on 30 June 2022.

## **NOTE 13: LIABILITIES FOR DEFERRED TAXES**

This item is equal to 861.359 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes. In particular, the amount refers to the Trademarks recorded pursuant to the Reverse Take-Over of Seeweb Holding S.r.l.

## **NOTE 14: CURRENT FINANCIAL DEBT**

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

### **NOTE 15: TRADE PAYABLES**

Trade payables are equal to 73.728 EUR as at 30.06.2022, with a decrease of 29.729 EUR as compared to 31.12.2021. The table below includes the breakdown by geographic region of trade payables:

<b>TRADE PAYABLES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>DELTA</b>
Italy	58.008	65.410	(7.402)
EU countries	15.720	31.437	(15.717)
Non-EU countries	-	6.610	(6.610)
<b>TOTAL PAYABLES</b>	<b>73.728</b>	<b>103.457</b>	<b>(29.729)</b>

### **NOTE 16: OTHER CURRENT LIABILITIES**

Other current liabilities are equal to 82.880 EUR as at 30.06.2022, with an increase of 34.856 EUR. This item records the payables towards directors and auditors for the remunerations accrued by them and not cleared during the financial year and other current liabilities as payroll and social security contributions.

### **NOTE 17: TAX PAYABLES**

Tax payables are equal to 10.556 EUR as at 30.06.2022. Such items are recorded payable towards the tax authorities for withholding taxes made.

### **NOTE 18: REVENUES**

Revenues deriving from services and performance are equal to 56.025 EUR as at 30.06.2022, with a decrease of 1.655 EUR compared to the previous half-year. The amount is functional to the recharge of costs for services rendered by the parent company to subsidiaries, according to the DHH Intercompany Service Agreement 2020.

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

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

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

Service costs are equal to 434.442 EUR as at 30 June 2022, with an increase of 35.873 EUR compared to 30.06.2021 and they are made up as follows:



SERVICE COSTS	30.06.2022	30.06.2021	DELTA
Wholesale costs	19.265	18.890	375
Commercial and marketing expenses	31.930	23.990	7.940
Professional services	383.247	355.689	27.558
<b>TOTAL</b>	<b>434.442</b>	<b>398.569</b>	<b>35.873</b>

#### NOTE 20: AMORTIZATIONS AND IMPAIRMENT

Amortizations and impairment are equal to 246 EUR as at 30.06.2022 and records the amortization rate for the period relating to DHH S.p.A. trademark.

#### NOTE 21: FINANCIAL INCOMES (EXPENSES)

On 30 June 2022 net financial incomes are equal to 3.669.842 EUR.

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

The financial incomes (expenses) are specified below:

FINANCIAL INCOMES	30.06.2022	30.06.2021
Bank and postal interest income	-	-
Loans' interest income	689	-
Other financial incomes	979	1.052
Dividends from Tophost s.r.l.	640.021	279.293
Dividends from Seeweb s.r.l.	2.058.811	2.249.987
Dividends from Webtasy d.o.o. (Slovenia)	732.121	308.630
Dividends from Plus Hosting Grupa d.o.o. (Croatia)	248.273	149.118
<b>TOTAL</b>	<b>3.680.894</b>	<b>2.988.080</b>
FINANCIAL EXPENSES	30.06.2022	30.06.2021
Loans interest expenses	11.034	843
Negative foreign currency valuation	5	-
Other financial expenses	13	-
<b>TOTAL</b>	<b>11.052</b>	<b>843</b>

#### NOTE 22: INCOME TAXES

Income taxes are equal to 16.196 EUR and record deferred taxes calculated in connection with the temporary differences arising between the values of the assets and liabilities recorded for the purpose of drawing up the financial statements according to international accounting principles and corresponding tax value reported in the tax returns.

#### NOTE 23: EARNINGS PER SHARE

The number of shares for calculation is the same described in note 34 of Consolidated Financial Statements.

## RECONCILIATION BETWEEN NET EQUITY AND THE RESULTS FOR THE PERIOD

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

	SHARE CAPITAL	RESERVES	YEAR'S RESULTS	TOTAL OF NET EQUITY
<b>NET EQUITY ITALIAN GAAP</b>	<b>489.277</b>	<b>12.457.225</b>	<b>3.188.959</b>	<b>16.135.461</b>
Write off intangible assets		(370.269)	47.982	(322.287)
Advanced taxes IFRS		88.865	(11.611)	77.254
Oci reserve IAS 19R		(142)		(142)
<b>NET EQUITY IFRS</b>	<b>489.277</b>	<b>12.175.679</b>	<b>3.225.330</b>	<b>15.890.286</b>

## COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The compensation paid for the auditor firm is equal to 9.000 EUR for auditing activities and 898 for other services. The compensation for the statutory auditor is equal to 12.740 EUR.

## RELATED PARTIES' TRANSACTIONS

RELATED PARTIES	RECEIVABLES	PAYABLES	COSTS	REVENUES
1 Antonio Domenico Baldassarra	-	1.279	4.333	-
2 Giandomenico Sica	-	16.871	79.251	-
3 Uros Čimžar	-	-	25.634	-
4 Matija Jekovec	-	15.976	59.742	-
5 Tamara Arduini	-	4.233	18.000	-
<b>TOTAL</b>	<b>-</b>	<b>38.359</b>	<b>186.960</b>	<b>-</b>
Total Balance Sheet/Profit & Loss	-	73.728	502.014	-
%	-	52.03%	37,24%	-

Costs and payables related to the Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Jekovec and Ms. Arduini) equals to an annual gross remuneration for the entire Board of Directors of a maximum of € 500.000 to be divided among its members, in accordance with a resolution to be adopted by the Board itself, the total cost is intended excluding expenses and reimbursements.

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

Costs related to Mr. Čimžar are associated to remuneration for Board of Directors till 30<sup>th</sup> April 2022, and with his position as consultant of DHH S.p.A. with his company Uros Čimžar s.p. At the date of 30<sup>th</sup> June 2022 there are not relationship between the Company and Mr. Čimžar.

In 2022 DHH S.p.A. has been confirmed "PMI Innovativa" in the related section of the company register in Milan. With reference to the information required by art. 4 of DL 24 January 2015, no. 3 relating to research, development and innovation costs, it should be noted that during the financial year the company incurred costs for market and competitive analysis for a better positioning of the company, the group and the M&A activities. These costs are higher than 3% of the higher value between cost and total value of production.

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

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

Milan, 28<sup>th</sup> September 2022

The Chairman of the Board of Directors

Giandomenico Sica

