



Consolidated Annual Report

as at 31 December 2023

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

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CORPORATE BODIES

BOARD OF DIRECTORS

Executive Chairman: [Giandomenico Sica](#)

Executive Director: [Matija Jekovec](#)

Executive Director: [Antonio Domenico Baldassarra](#)

Executive Director: [Tamara Arduini](#)

Independent Director: [Andrea Arrigo Panato](#)

BOARD OF AUDITORS

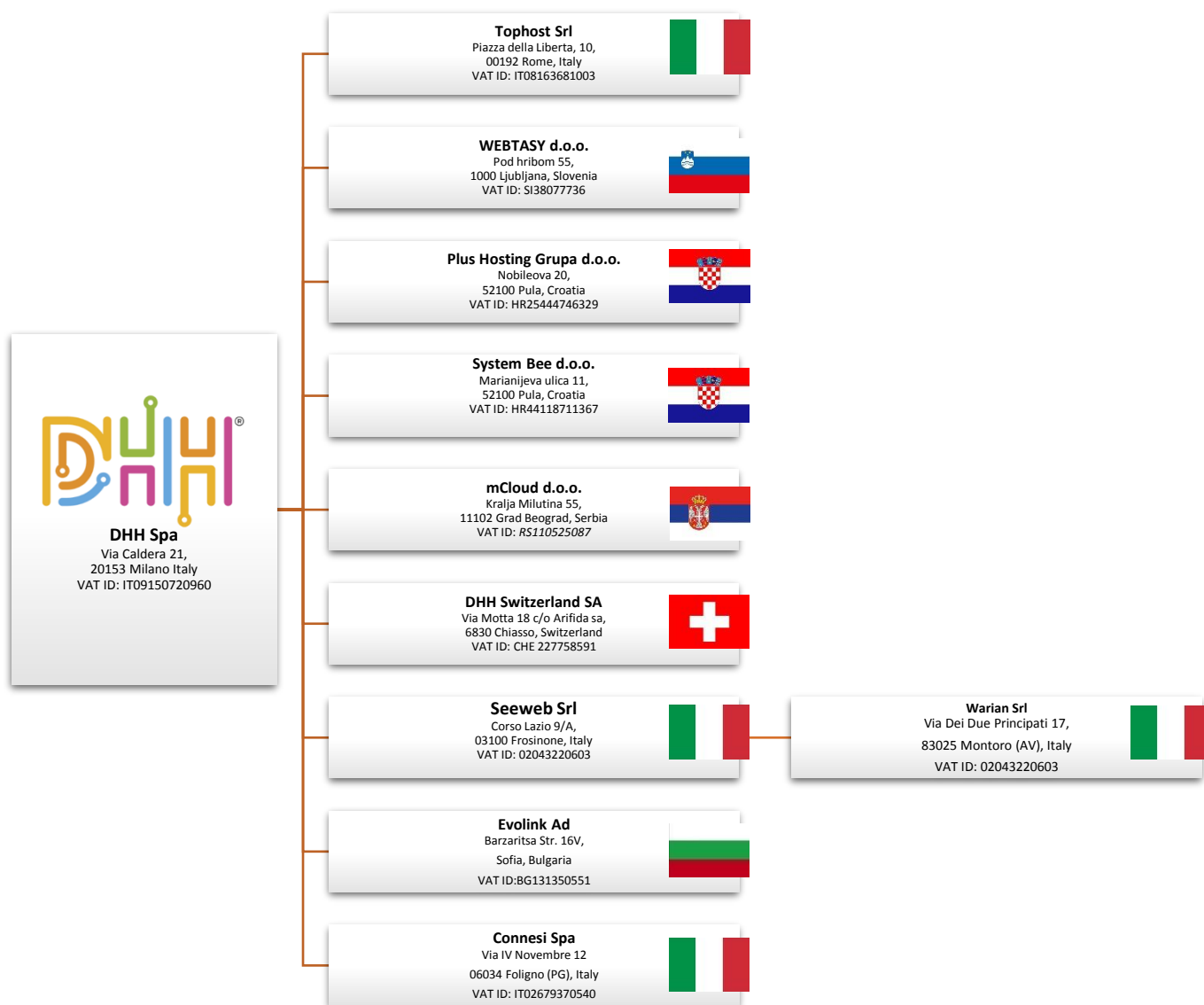
Chairman: [Umberto Lombardi](#)

Statutory Auditors: [Pierluigi Pipolo](#), [Stefano Pizzutelli](#)

INDEPENDENT AUDITING FIRM

Auditing firm: [BDO Italia S.p.A.](#)

STRUCTURE OF THE GROUP



DHH S.P.A. (ITALY)

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

Stock Price Performance period 1st January 2023- 31st December 2023



Source: Il Sole24ore Borsa



TOPHOST S.R.L. (ITALY)

100% controlled by DHH S.p.A.

Established in 2004 with a goal of becoming a major Italian player in the "mass" web hosting industry. In a short period of time, the company gained a notable position in the market providing entry-level web hosting services.

Tophost joined DHH in 2015 and today offers comprehensive and innovative solutions at competitive prices to more than 51.000 customers across Italy.

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



WEBTASY D.O.O. (SLOVENIA)

100% controlled by DHH S.p.A.

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

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

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



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

100% controlled by DHH S.p.A.

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



ARTERA
SWISS PREMIUM HOSTING

DHH SWITZERLAND S.A. (SWITZERLAND)

100% controlled by DHH S.p.A.

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



SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A.

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



MICLOUD D.O.O. (SERBIA)

100% controlled by DHH S.p.A.

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



SEEWEB S.R.L. (ITALY)

100% controlled by DHH S.p.A.

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



EVOLINK AD (BULGARIA)

60% controlled by DHH S.p.A.

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



CONNESI S.P.A. (ITALY)

100% controlled by DHH S.p.A.

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

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

In 2023 Aticon S.r.l., a fully controlled company, were merged in Connesi S.p.A.



WARIAN S.R.L. (ITALY)

45% owned by Seeweb S.r.l.

Owned by Seeweb for 45%, Warian is a B2B Internet Service Provider (ISP) that offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. Established in 2010, it boasts a network with more than 50 wholesale partners. The company reported total revenues of ca. €1,8mn in 2023.

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

Board of Directors Report



INTRODUCTION

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

Established in July 2015, and headquartered in Italy, DHH grew rapidly by completing 18 M&A transactions with local web hosting, cloud computing and b2b ISP companies and supporting them in operating and developing the business. Since July 2016 DHH is listed on Euronext Growth Milan (EGM) Stock Exchange.

DHH Group is further expanding its business and geographic footprint looking for local champions and innovative young companies focused on IaaS/PaaS/SaaS platforms and Datacenter & Networking segments in Emerging Europe.

DHH AT A GLANCE

1

CROSS-BORDER BUSINESSES ECOSYSTEM WITH DIVERSIFIED OFFER

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

2

AMONG FASTEST GROWING INDUSTRIES GLOBALLY

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

3

PROVEN BUSINESS MODEL WITH >90% CUSTOMER RETENTION RATE

...thanks to subscription-based contracts. Over 124k clients on-board already with customer sourcing process organized both inbound and outbound.

4

EXPOSURE TO EMERGING GEOGRAPHIES

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

5

EXPERIENCED AND MOTIVATED MANAGEMENT TEAM

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

6

SOLID GROWTH AND BEST IN-CLASS MARGINS AND CASH

35% '17-'23 revenues CAGR; 33% '23 Adj. EBITDA margin and 79% Adj. EBITDA Cash Conversion Rate.



GROUP OVERVIEW

As of end of December 2023, DHH is home to 13 business units, out of which 9 independent and autonomous businesses and 1 non-controlled (Warian) across seven countries (Bosnia and Herzegovina, Bulgaria, Croatia, Italy, Italian Switzerland, Serbia and Slovenia), each with its own branding, market positioning, and leadership, and 3 minority stakes in start-up and scale-up companies. The Group companies are supported across various functions including strategy, corporate governance, business plan, M&A, compliance, strategic sourcing, and executive search. DHH serves as an environment where businesses share knowledge and build bottom-up synergies.

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

As of today, DHH Group boasts a well-balanced portfolio of over 124.000 clients across different segments within the market. Target clients are corporates ranging from Large and Medium Enterprises to SMEs and solo entrepreneurs.

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 products (email protection, DDoS protection, web application firewalls). The comprehensive and well-balanced product portfolio is supported by extensive proprietary physical and network infrastructures managed by Seeweb, Evolink and Connesi.

MARKET OVERVIEW

REFERENCE MARKETS

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

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

As a result, cloud computing and web-hosting services are set to become over \$3,1tn market opportunity by 2030, more than doubling their respective size as of 2022¹.

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

INFRASTRUCTURE AS A SERVICES (IAAS)

In the IaaS space – expected to be worth around \$150bn globally in 2023 (Gartner)² – DHH is mostly exposed to Cloud Server and Virtual Private Cloud products provisioning, businesses.

As concerns Virtual Private Cloud, the market has recently grown at 23,3% CAGR (2016 to 2021), resulting in a market size of \$31,6bn in 2021³. In the next future it is expected to boast a 12,8% CAGR (2022 to 2032), growing its size up to \$129,6bn in 2032, driven by the rising demand for simple installation and low-cost disaster recovery solutions. Although, in some countries, weak internet infrastructure may limit the demand, the growing IoT market is expected to open up new prospects in this market.

On the other hand, in 2022 the Cloud Server segment accounted for \$94,1bn revenues to the global Data Center market, making it the second-largest segment in terms of size, with Network Infrastructure first and followed by Storage. It is expected to grow at 9,3% CAGR₂₃₋₃₀ leading to \$175,3bn revenues in 2030⁴.

To note that the growing emphasis on ensuring real-time and quick access to data, the continued adoption of the “bring your own device” trend and the increasing concerns over data security are boosting market growth, with overall Data Center market expected to grow at 6,6% CAGR (2024 to 2028)⁵.

Last but definitely not least, it is worthy to mention that GPU-intensive applications related to generative AI are making Cloud GPU providers emerge as primary beneficiaries. Indeed, these players are necessary technological enablers for the data computational needs of a wide variety of use cases, ranging from gen-AI, to deep learning, big data, computer vision and so on, without the necessity for every end user to invest huge amount of money.

¹ Business Wire (<https://www.businesswire.com/news/home/20220307005454/en/Worldwide-Cloud-Computing-Market-2022-2030-Market-is-Expected-to-Reach-USD-1554.94-billion-by-2030-Registering-a-CAGR-of-15.7---ResearchAndMarkets.com>) and Allied Market Research.

² <https://www.gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023>.

³ <https://www.futuremarketinsights.com/reports/virtual-private-cloud-market>.

⁴ <https://www.grandviewresearch.com/industry-analysis/server-market>.

⁵ <https://www.statista.com/outlook/tmo/data-center/worldwide>.

As a result, according to Fortune Business Insight⁶, the global GPU as a Service market size is projected to grow from \$3,16 billion in 2023 to \$25,53 billion by 2030.

PLATFORM AS A SERVICE (PAAS)

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

The whole PaaS market is projected to reach some \$143bn in 2024 and is estimated to grow its size up to ca. \$244bn by 2028, that's to say a 14,2% CAGR (2024 to 2028)⁷.

As far as Web Hosting market is concerned, according to Statista⁸ in 2024 it should be worth some \$157,9bn global revenues and may increase to a total of 345,0\$bn in 2028, with a ca. 21,6% CAGR (2024 to 2028).

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

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

SOFTWARE AS A SERVICE (SAAS)

The SaaS space is not the main focus for DHH, as it mainly offers Cloud Backup and Cloud Mail products. In Fortune Business Insights outlook, the worldwide SaaS market size was worth some \$273,6bn revenues in 2023 and is projected to reach \$1,2tn by 2032, rising at a CAGR of 18,4% from 2024 to 2032¹⁰.

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

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

INTERNET ACCESS

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

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

⁶ <https://www.fortunebusinessinsights.com/gpu-as-a-service-market-107797>

⁷ <https://www.statista.com/outlook/tmo/public-cloud/platform-as-a-service/worldwide>.

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

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

¹⁰ <https://www.fortunebusinessinsights.com/software-as-a-service-saas-market-102222>.

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

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

DATACENTER & NETWORKING

As for Datacenter & Networking, DHH acts in the Colocation data center market, whose revenues worldwide in 2022 stands at \$54,8bn with a forecasted CAGR_{22-30E} of 14,2%¹³.

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

MANAGED SERVICES

Through systems consultancy, DHH runs in Managed Services market, which should have globally had a value of ca. \$275,5nm in 2023. It is projected to reach \$372,6bn by 2028, registering a 6,2% CAGR. The main factors that are expected to drive the growth of the managed services market include: i) lack of skilled IT professionals, ii) rise in demand for secure IT infrastructure, iii) cost and risk reduction, iv) requirements for regulatory compliance and security¹⁴

LOCAL LEADERSHIP DESPITE COMPETITION FROM THE BIG TECH

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

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

SOUTHEAST EUROPE (SEE)

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

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

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

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

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

Digitalization will be also fostered by a higher-than-average GDP growth of South-Eastern European countries, which are expected to keep on outperforming the overall Euro Area. Such outperformance is consistent with data coming

¹³ <https://www.grandviewresearch.com/industry-analysis/data-center-colocation-market>.

¹⁴ <https://www.marketsandmarkets.com/PressReleases/managed-services.asp>

from the IMF¹⁵, which shows how these countries tend to outperform in periods of economic growth. Considering a smaller GDP per capita of South-Eastern European countries, a higher GDP growth will help these economies bridging the gap with the overall Euro Area. This will allow such economies to have more available capital to be invested in digitalization. Such process will likely end up creating a virtuous circle, where higher-than-average GDP growth will sustain strong investments in digitalization, in turn boosting GDP growth of the coming years.

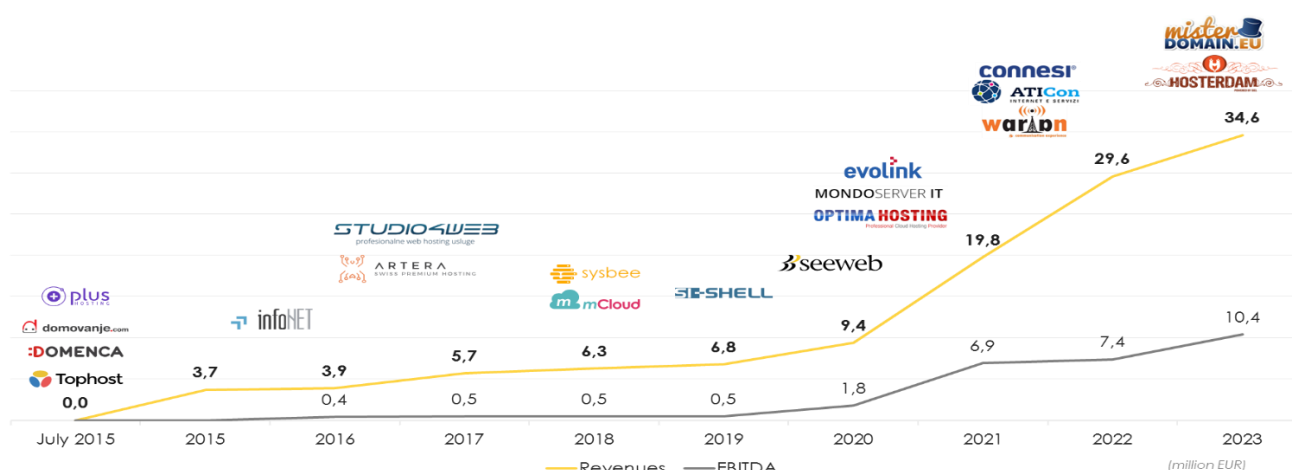
¹⁵ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/ALB/BIH/BGR/HRV/CYP/GRC/MDA/MNE/MKD/ROU/SRB/SVN/TUR.

GROWTH STRATEGY

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

During the last 8 years, DHH has been effectively executing buy & build strategy and completed 18 M&A transactions growing from EUR 1M to EUR 34,6M annual revenues in Fiscal Year 2023.

Acquisitions completed by DHH by year



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

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.

PRODUCTS PROVIDED

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

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

CLOUD COMPUTING

Following the merger with Seeweb cloud computing became the largest revenues contributor bringing in around half of the annual sales. It includes cloud servers offered in various configurations to match different client profiles and needs.

The solutions span from easy pre-configured packages for professionals and small businesses (e.g. Cloud Server Shared 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 products 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.

Lastly, as far as the booming Cloud GPU as a Service business is concerned, it is worthy to note that DHH, though its subsidiary Seeweb, is one of the best positioned players. Indeed, it launched a flexible and ready to use Cloud Server GPU offer already back in mid-June 2021, and can now provide an extremely efficient and flexible service not only to Italian clients but also to international ones at a double-digit price discount vs. competitors.

That's why the online publication *Towards AI*¹⁶ has included Seeweb, among the top 15 Cloud Providers for GPU-Powered LLM fine-tuning and training, alongside giants such as Microsoft Azure, Google Cloud, AWS and more.

While revenues from this product are still pretty small (€291k in 2023 and €46k in 2024 MMR February), the expectation is for a significant take up in the next years.

CLOUD COMPUTING FOR ARTIFICIAL INTELLIGENCE

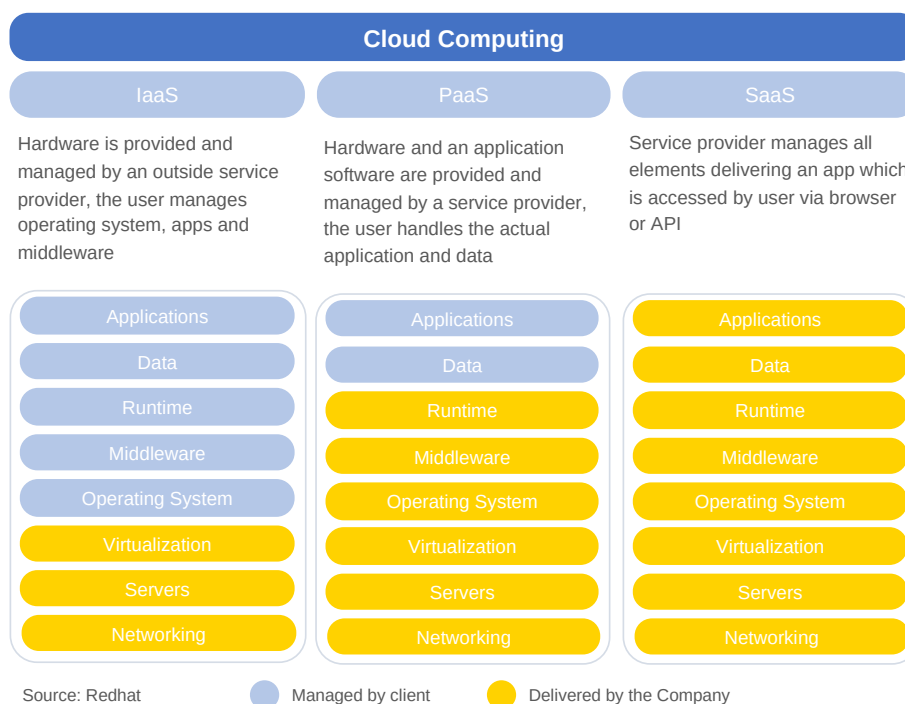
As DHH we are present in the area of "Cloud infrastructure for Artificial Intelligence" through Seeweb company that is first mover in providing specialized IaaS for Artificial Intelligence both for training, fine tuning and inference covering all the stack. We believe that a huge space will raise up in the area of "Private AI" that are fully independent to the global provider of AI services (like OpenAI or Microsoft), these Private AI will have a relevant area of growth in the specific segments in which high security and confidentiality are requested like Pharma industries, Financial entities but also enterprise with relevant data assets not sharable outside the company.

Artificial intelligence in cloud computing is a growing field focused on developing intelligent solutions for myriad industries. AI cloud computing provides machine learning and statistical tools to perform advanced computations that enable enterprises to build dynamic applications. AI cloud computing is focused on building these intelligent applications, helping enterprises to leverage big data, providing algorithms for advanced app functionality, and predicting and predicting future growth.

Group company Seeweb is present on the market with a wide offering of Cloud Servers with many GPUs type, architectures and layout covering all the possible applications area. Moreover our Cloud Infrastructure is available with the IaC (Infrastructure as Code) metaphor for rapid infrastructure developing.

¹⁶ <https://towardsai.net/p/machine-learning/15-leading-cloud-providers-for-gpu-powered-llm-fine-tuning-and-training>

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



CLOUD HOSTING

DHH is a leading player in a local hosting market with its portfolio companies having a solid presence and large customer base in Italy (Tophost and Seeweb), Slovenia (Domenca, Domovanje, Si.Shell and Hosterdam), Serbia (mCloud and Plus), and Croatia (S4W, Plus Hosting, Infonet and Optima Hosting). The packages are offered as pre-configured products usually varying by SSD and RAM size. The offer also includes domain management services, enhanced by the acquisition of all assets of Tophost's competitor, Misterdomain back in 2023.

INTERNET SERVICE PROVISIONING

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

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

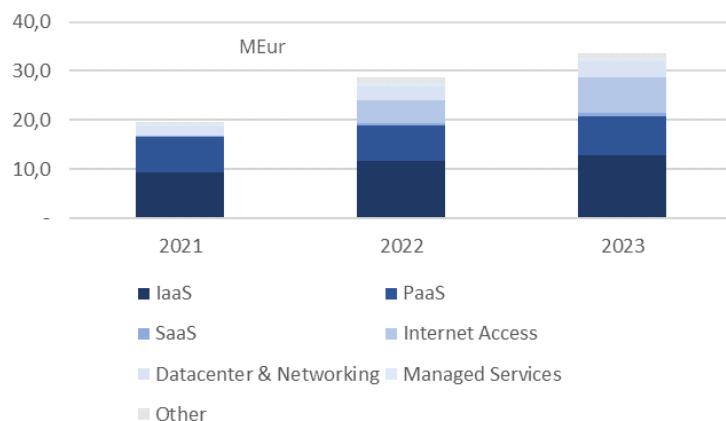
Thanks to 2020 reverse merger with Seeweb, and to 2021-22 acquisitions of Evolink, Connesi and Warian respectively, DHH now offers to its client bases products such as Internet connectivity (shared, dedicated, managed), cloud connectivity, advanced online streaming technology, VOIP, Virtual Private Networks (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 products (email protection, DDoS protection, web application firewalls). Seeweb apart from cloud services offers housing and colocation solutions at its state-of-the-art proprietary data centers.

FINANCIAL HIGHLIGHTS

Consolidated Revenues evolution 2021-2023



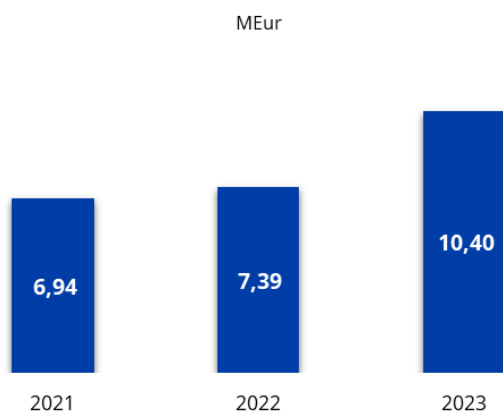
2023 REVENUES

equals to **34,63 M EUR**

Growth YoY vs. 2022

+17%

Consolidated EBITDA evolution 2021-2023



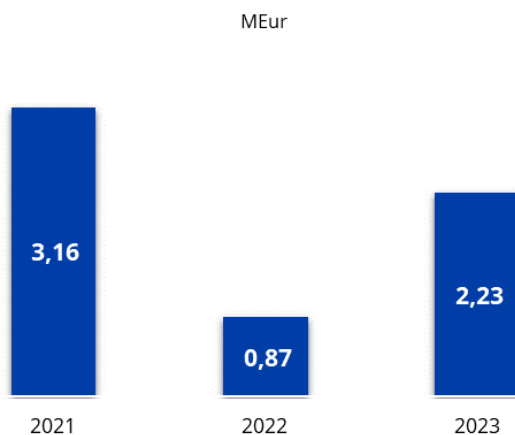
2023 EBITDA

equals to **10,40 M EUR**

Growth YoY vs. 2022

+41%

Consolidated Net Profit evolution 2021-2023



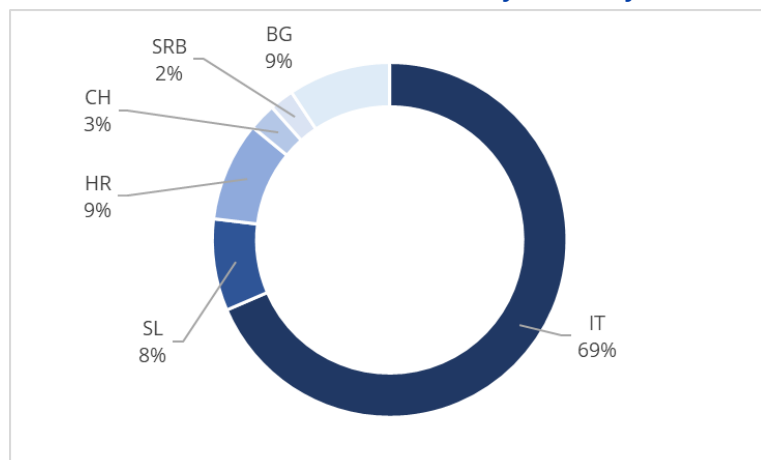
2023 NET INCOME

equals to **2,23 M EUR**

Growth YoY vs. 2022

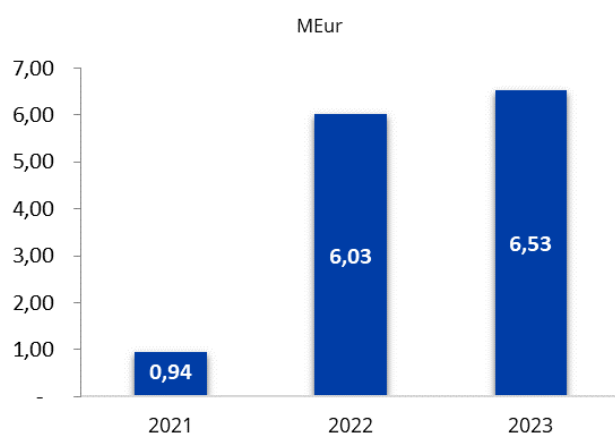
+157%

Consolidated Revenues breakdown by country 2023



	23,72 M EUR in Italy (Tophost, Seeweb, Connesi)
	2,90 M EUR in Slovenia (Webtasy)
	3,14 M EUR in Croatia (Plus Hosting Grupa, System Bee)
	0,77 M EUR in Serbia (mCloud)
	0,86 M EUR in Switzerland (DHH Switzerland)
	3,24 M EUR in Bulgaria (Evolink)

Consolidated Net Financial Position evolution 2021-2023



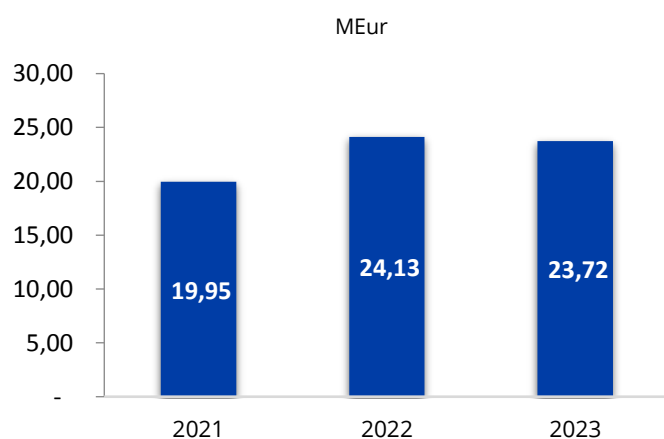
2023 NET FINANCIAL POSITION

equals to **6,53 M EUR OF DEBT**

Increase YoY vs. 2022

+8%

Consolidated Net Equity evolution 2021-2023



2023 NET EQUITY

equals to **23,72 M EUR**

Variation YoY vs. 2022

-2%

KEY FINANCIAL DATA

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

VALUE ADDED

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

EBITDA

EBITDA indicates earnings before interest, taxes, depreciation and amortization or fixed assets and write-down of receivables. Therefore, EBITDA represents the operating margin before choices in amortization policy and assessing trade receivables. EBITDA, as defined above, represents the index used by the Group's directors to monitor and assess business trends.

EBITDA MARGIN

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

EBITDA ADJUSTED

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

ADJUSTED EBITDA MARGIN

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

EBIT

EBIT indicates earnings before interest and taxes. Therefore, EBIT represents the year's results before third party and treasury share dividend distribution. EBIT, as defined above, represents the index used by the directors of the Group to monitor and assess business trends.

EBIT MARGIN

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

EBIT ADJUSTED

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

ADJUSTED EBIT MARGIN

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

ADJUSTED NET PROFIT (LOSS)

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

NET WORKING CAPITAL

Net Working Capital is calculated as the difference between current assets and liabilities without financial assets and liabilities. It should be noted that such data has been established in accordance with Recommendation CESR 05-054b of 10 February 2005, as modified on 23 March 2011, "Guidelines for the Consistent Implementation of the European Commission's Regulations on Prospectuses".

NET CAPITAL INVESTED

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

NET FINANCIAL POSITION

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

EBITDA CASH CONVERSION RATE

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

CONSOLIDATED RICLASSIFIED PROFIT AND LOSS STATEMENT

<i>All amounts are in Euro</i>	31.12.2023	% on REV	31.12.2022	% on REV
Revenues	34.627.305	100%	29.630.596	100%
Operating costs	(17.633.282)	-51%	(16.616.411)	-56%
Value Added	16.994.023	49%	13.014.185	44%
Personnel costs	(6.589.924)	-19%	(5.627.557)	-19%
EBITDA	10.404.099	30%	7.386.627	25%
Depreciation, Amortization and Impairment	(5.524.941)	-16%	(4.632.660)	-16%
EBIT	4.879.158	14%	2.753.967	9%
Other non-operating income/expense	-	0%	-	0%
Financial income and expenses	(797.547)	-2%	(431.330)	-1%
Earnings before taxes (EBT)	4.081.612	12%	2.322.637	8%
Income taxes	(1.853.911)	-5%	(1.455.406)	-5%
NET PROFIT	2.227.701	6%	867.231	3%
<i>Of which attributable to:</i>				
the shareholders of the Group	2.210.961		743.122	
third-party shareholders	16.739		124.109	
EBITDA Adjusted	11.509.966	33%	9.015.797	30%
EBIT Adjusted	5.996.618	17%	4.612.045	16%
NET PROFIT Adjusted (attributable to the shareholders of the Group)	3.328.421	10%	2.601.200	9%

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

During the full financial year ended 31 December 2023 the total consolidated revenues of the Group are equal to 34,6M EUR, with an increase of 5M EUR. The recurring revenue amounts to 94% of the total.

The Profit and Loss Statement as of December 31st, 2023, reflects the full effect of the consolidation of Connesi S.p.A., due to the acquisition of the control starting from 1st July 2022. The Group reports an important increase in revenues considering the organic growth with +2M EUR (+8%) and considering the M&A with +3M EUR.

It is noteworthy that revenue from "Infrastructure as a Service" (IaaS) has grown by 10% to €12,9 million, revenue from "Platform as a Service" (PaaS) has increased by 10% to €7,9 million, revenue from "Software as a Service" (SaaS) has risen by 35% to €0,6 million, thanks to the growth of cloud GPU offering, and revenue from internet access has grown by 58% to €7,3 million. Other - non core - revenue decreased by 8% to €1 million, thus impacting the organic trend.

The Group is focused on cloud hosting, cloud computing and datacenter services as core business lines and its revenues are approx. 23,7M EUR in Italy (Tophost with also the brand Misterdomain, Seeweb and Connesi), 2,9M EUR

in Slovenia (Webtasy with the brands Domenca, Domovanje, Si.Shell, Hosterdam), 3,1M EUR in Croatia (Plus Hosting Grupa with the brands Studio4web, Plus Hosting, Infonet, Optima Hosting and System Bee), 0,8M EUR in Serbia (mCloud with the brands mcloud, Plus hosting), 0,9M in Switzerland (with the brand Artera) and 3,2M EUR in Bulgaria (Evolink). From a geographical perspective, the greatest revenue growth was recorded in Italy (+24%), followed by Slovenia (+16%), Serbia (+9%), and Croatia (+8%). Sales revenues are distributed across the geographic regions in the following manner: Italy accounts for 67%, Croatia for 9%, Slovenia also for 9%, Serbia for 2%, Switzerland for 3%, and Bulgaria for 10%.

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

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

The consolidated EBITDA amounts to 10,4M EUR and registered an increase of 3M EUR, due both to the fully effects of the consolidation of Connesi in 2023 and to the increase of the business of the other Group's companies.

"Impairment" is comprehensive of the write down of the voice "Investment in other companies" for 12K EUR.

Investments are subject to writing down whenever their value at the reporting date is lower than the value at initial recognition calculated based on the cost or equity method.

RECONCILIATION BETWEEN REPORTED AND ADJUSTED P&L FIGURES

<i>All amounts are in Euro</i>	Note	31.12.2023	31.12.2022
EBITDA		10.404.099	7.386.627
Impact of non-recurring Other revenues		-	(61.227)
Impact of non-recurring Professional services	(i)	1.105.867	1.690.397
EBITDA Adjusted		11.509.966	9.015.797

<i>All amounts are in Euro</i>	Note	31.12.2023	31.12.2022
EBIT		4.879.158	2.753.967
Impact of non-recurring Other revenues		-	(61.227)
Impact of non-recurring Professional services	(i)	1.105.867	1.690.397
Impact of non-recurring Impairment	(ii)	11.592	228.908
EBIT Adjusted		5.996.618	4.612.045

<i>All amounts are in Euro</i>	Note	31.12.2023	31.12.2022
NET PROFIT (attributable to the shareholders of the Group)		2.210.961	743.122
Impact of non-recurring Other revenues		-	(61.227)
Impact of non-recurring Professional services	(i)	1.105.867	1.690.397
Impact of non-recurring Impairment	(ii)	11.592	228.908
NET PROFIT Adjusted (attributable to the shareholders of the Group)		3.328.421	2.601.200

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

(ii) This item is referred to the write down of the "Investment in other companies" for 12K EUR (228K EUR in 2022).

CONSOLIDATED RICLASSIFIED BALANCE SHEET STATEMENT

All amounts are in Euro

	31.12.2023	31.12.2022
Inventories	482.393	400.724
Trade receivables	4.696.261	5.078.027
Trade payables	(4.087.986)	(4.554.269)
Operating Net Working Capital	1.090.668	924.482
Other current assets	508.123	753.900
Prepaid expenses and accrued income	1.202.179	1.208.079
Other current liabilities	(972.716)	(920.747)
Accrued liabilities and deferred income	(4.084.270)	(3.859.957)
Taxes payables	(811.454)	(728.228)
Net Working Capital	(3.067.469)	(2.622.470)
Trademarks	3.087.307	3.087.307
Goodwill	10.403.354	10.461.147
Tangible fixed assets	11.681.942	11.207.617
Right of use assets	4.833.450	4.923.131
Intangible fixed assets	2.498.474	2.042.941
Investments in other companies	1.398.701	1.410.293
Non-current financial assets	319.775	544.598
Other non-current assets	280.039	275.028
Deferred tax assets	1.219.464	1.197.771
Fixed Assets	35.722.505	35.149.832
Severance Fund	(824.266)	(737.789)
Liabilities for deferred taxes	(1.581.331)	(1.635.046)
Net Non-Current Liabilities	(2.405.597)	(2.372.835)
NET INVESTED CAPITAL	30.249.438	30.154.527
Total net equity of the Group	23.092.237	22.045.873
Net equity to the third-party shareholders	629.227	2.079.193
Total Net Equity	23.721.464	24.125.066
Cash and cash equivalents	(10.193.810)	(10.643.629)
Current financial assets	(204.353)	(223.628)
Non-current financial liabilities	12.407.329	12.102.648
Current financial liabilities	4.518.809	4.794.071
Net Financial Position	6.527.975	6.029.462
NET EQUITY AND NET FINANCIAL DEBT	30.249.438	30.154.527

CONSOLIDATED NET FINANCIAL POSITION

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022
A. Cash	(10.193.810)	(10.643.629)
B. Cash equivalents	-	-
C. Other current financial assets	(204.353)	(223.628)
D. Liquidity (A)+(B)+(C)	(10.398.163)	(10.867.257)
E. Current financial liabilities	79.492	110.829
F. Current part of non-current borrowing	4.439.317	4.683.242
G. Current Financial Debt (E)+(F)	4.518.809	4.794.071
H. Net Current Financial Debt (G)-(D)	(5.879.354)	(6.073.186)
I. Non-current financial liabilities	12.407.329	12.102.648
J. Bonds issued	-	-
K. Trade payables and other non-current liabilities	-	-
L. Non-Current Financial Debt (I)+(J)+(K)	12.407.329	12.102.648
M. NET FINANCIAL DEBT (H)+(L)	6.527.975	6.029.462

Net Financial Position includes Group Liquidity for 10,4M EUR and Financial Debt for 16,9M EUR.

Group Net Financial Position is equal to 6,5M EUR and showed an increase mainly due to non-current bank loans related to the acquisition of the minority stakes in Connesi S.p.A. of 2,8M and, especially, to the credit line serving acquisitions granted by Intesa Sanpaolo S.p.A.

Net Financial Position is comprehensive of a 4M EUR lease debts related to IFRS 16 (4,3M EUR as at 31.12.2022), mainly due to the impact of investments in infrastructures.

SECTION A: SIGNIFICANT EVENTS DURING THE YEAR

26TH JANUARY 2023

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

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

Misterdomain will be fully integrated into Tophost after the transaction.

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

15TH MARCH 2023

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

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

21ST MARCH 2023

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

28TH APRIL 2023

The Ordinary Shareholders' Meeting of DHH has:

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

25TH MAY 2023

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

21ST SEPTEMBER 2023

The Board of Directors of DHH S.p.A. examined and approved the consolidated financial statements report for the first half of 2023.

28TH SEPTEMBER 2023

DHH S.p.A. announces to have completed the acquisition of the minority stakes in Connesi SpA ("Connesi").

The first step of the transaction was completed with the purchase of the first stake of 69,15% of the share capital of Connesi, as detailed in the press release of 28 July 2022.

The second step of the transaction – the purchase of the remaining stake of 18,35% of the share capital of Connesi from Raffaele Casali, Inarco Ammenti, Manuela Salvi, and Fabbrica Multimediale Srl – was completed in advance of the expected time (90 days from the approval of the financial statements for the year 2025).

Connesi also owns 12,50% of treasury shares.

The purchase price of the minority stakes in Connesi – approximately 2,8M EUR – was paid entirely in cash through the credit line serving acquisitions active with Intesa Sanpaolo S.p.A.

15TH DECEMBER 2023

DHH S.p.A. announces the financial calendar for 2024, which is summarized below.

- 21 March 2024: Board of Directors meeting approving the draft Financial Statements 2023 and the consolidated Financial Statements 2023.
- 29 April 2024: Shareholders' meeting approving, on first call, the Financial Statements 2023.
- 30 April 2024: Shareholders' meeting approving, on second call, the Financial Statements 2023.
- 22 May 2024: Board of Directors meeting reviewing the quarterly results (1Q2024).
- 20 September 2024: Board of Directors meeting approving the six-monthly Financial Statements 2024, subject to limited review by the auditing firm.
- 22 November 2024: Board of Directors meeting reviewing the quarterly results (3Q2024).

SECTION B: MAIN RISKS

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

The company is potentially exposed to the following relevant risks.

INTERNAL RISKS

RISK LINKED TO THE COMPANY BEING ONLY RECENTLY INCORPORATED

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

RISK LINKED TO CERTAIN KEY PERSONS

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

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

EXTERNAL RISKS

RISK RELATING TO THE GENERAL ECONOMIC SITUATION

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

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

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

RISK RELATING TO THE COMPETITION IN THE MAIN MARKET

The Company operates in a competitive and dynamic area. The domain registration and hosting market is characterized by high competition, which is caused by, among others, the significant growth margins recorded in recent years. In Italy the market is characterized not only by a high level of competition, but also by the presence of operators holding higher market shares than the Company. Although the Group companies will continue to provide additional services to domain registration, maintaining an adequate marginality, it cannot be excluded that, due to competition, Group companies will be forced to lower their prices of domain registration.

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

RISK RELATING TO THE TECHNOLOGICAL PROGRESS

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

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

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

RISK RELATING TO CYBER-ATTACKS

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

REGULATORY RISK

Some Group companies are exposed to risks arising from changes in regulations relating to their own core business or in the important changes of the obligations licensors or authorizations indispensable for their activities.

FINANCIAL RISKS

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

LIQUIDITY RISK

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

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

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

CREDIT RISK

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

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

MARKET RISKS

EXCHANGE RATE RISK

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

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

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

INFLATION RISK

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

SECTION C: RELATED PARTY TRANSACTIONS

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

The following is a breakdown of relations with related parties as at December 31st, 2023 taken from the year's Financial statements:

Related Party	Role	Receivables	Payables	Costs	Revenues
Antonio Domenico Baldassarra	Director and shareholder of DHH and Director of Seeweb	0	8.111	159.839	0
Giandomenico Sica	Executive President and shareholder of DHH	0	617	3.375	0
Quadrant S.r.l.	Supplier of Seeweb (owned by Mr.Baldassarra and Mr.Vona)	1.830	57.486	719.821	6.000
Enrico Vona	Significant Shareholder of DHH	0	0	27.067	0
Tamara Arduini	Director of DHH and Manager of Seeweb	0	2.766	74.776	0
TOTAL		Eur 1.830	68.980	984.878	6.000
Total		Eur 4.696.261	4.087.986	24.223.205	34.627.305
%		0,04%	1,69%	4,07%	0,02%

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

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

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

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

SECTION D: LABOUR & ENVIRONMENT

The Group employed on average n. 181 people as of 31.12.2023 (n. 180 as of 31.12.2022).

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

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

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

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

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

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

CONSOLIDATED KEY FINANCIALS

The main financial numbers for the Group are as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
Total Net Invested Capital	30.249.438	30.154.527	94.911	0%
Total Net Financial Position	6.527.975	6.029.462	498.513	8%
Total Equity	23.721.464	24.125.066	(403.602)	-2%

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
Net sales	33.677.297	28.620.855	5.056.443	18%
Gross Margin	17.823.618	13.639.940	4.183.677	31%
Adjusted EBITDA	11.509.966	9.015.797	2.494.169	28%
EBITDA	10.404.099	7.386.627	3.017.472	41%
EBT	4.081.612	2.322.637	1.758.974	76%
Net Profit	2.227.701	867.231	1.360.470	157%

The Net Profit amounts to 2,2M EUR and has registered an increase in the current year of 1,4M EUR.

The amount is influenced by a negative impact of non-recurring items for 1,1M EUR mainly due to the IFRS 2 impact of Stock Option Plan (the impact of non-recurring items was 1,9M EUR as at 31 December 2022).

GROUP PERFORMANCE INDICATORS

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

	31.12.2023	31.12.2022	Note
Fixed Assets Ratio	67%	66%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	151%	146%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	55%	55%	Debt percentage ratio
Total equity to total liabilities and equity	45%	45%	Debt percentage ratio
Debt to Equity ratio	56%	57%	The percentage of debt to equity
Working Capital ratio	1,19	1,23	This ratio shows how many times the current assets cover the current liabilities

	31.12.2023	31.12.2022	Note
Assets return ratio	17%	10%	Net profit after tax as a percentage of the equity
Adjusted EBITDA margin	34%	32%	EBITDA as a percentage of sales (without non-recurring items)
EBITDA margin	31%	26%	EBITDA as a percentage of sales
Net profit margin	7%	3%	Net profit as a percentage of sales
NFP /EBITDA Adjusted	0,57	0,67	Net Debts on EBITDA Adjusted
NFP /EBITDA	0,63	0,82	Net Debts on EBITDA
NFP/ EQUITY	0,28	0,25	Net Debts on Equity

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

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

SECTION G: BUSINESS OUTLOOK

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

The Group confirms the growth for the full year to come, due to both organic growth and possible M&A deals. The Group is dedicated to cultivating a trajectory of growth in the current fiscal year

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

Currently, the electricity price has stabilized, but we cannot rule out the possibility of a further sharp increase due to its volatility. Indeed, the PUN went from over 220 € MWh at the beginning of 2023 to ca. 115 € MWh at the end of December 2023. In addition, the crisis in the chip market impacted our business in the lengthening of delivery times for the electronic devices that are involved, in our case servers and storage which are essential for us. That said, it seems that semiconductor shortage has eased.

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

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

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

As far as the delivery times of electronic equipment (servers, storage and network equipment) come back to usual around 40-90 days while GPU (Nvidia chip based) equipment become unpredictable 40-400, we are working strongly for introduce vendors other than Nvidia.

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

SECTION H: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE MODEL

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

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

BOARD OF DIRECTORS

The Board of Directors of the Company, re-appointed by the Shareholder's meeting held on May 11th, 2022, is entrusted with the management of the Company and is made of four members plus an independent director. The members of the Board of Directors (with a brief professional profile of each of them) are the following:



**GIANDOMENICO
SICA**
Executive Chairman



**ANTONIO
BALDASSARRA**
Chief Executive Officer



**MATIJA
JEKOVEC**
Chief Operating Officer



**TAMARA
ARDUINI**
Chief Financial Officer



**ANDREA ARRIGO
PANATO**
Independent Director

GIANDOMENICO SICA, EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS

Giandomenico is a co-founder of DHH. He is also the founder of Grafoventures, his own investment company focused on Small Caps across Southeast Europe. With Grafoventures he joins - and sometimes he founds - small innovative software companies as a co-entrepreneur, supporting them in developing their long-term strategies, raising capital, going public, recruiting talents, and, last but not least, scaling by M&A. Since 2011 he has been engaged with 5 companies, which all went public on a stock exchange. They became well-known brands in their market now employing 500 people around the world, in Europe and beyond. Besides that, he also likes to invest in healthy tech micro-caps listed worldwide. He is a graduate in Philosophy (cum laude) at the University of Milan.

ANTONIO BALDASSARRA, CHIEF EXECUTIVE OFFICER

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

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

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

MATIJAJEKOVEC, CHIEF OPERATING OFFICER

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

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

TAMARA ARDUINI, CHIEF FINANCIAL OFFICER

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

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

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

ANDREA ARRIGO PANATO, INDEPENDENT DIRECTOR

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

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

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

He is a Certified Public Accountant and Auditor.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the By-laws and performs a management oversight function. Pursuant to Article 40 of By-laws, the Board of Statutory Auditors performs all the functions provided for Italian law. It has been re-appointed by the Shareholders' meeting held on 28th April 2022 and is made of three Standing Auditors and two Alternate Auditors. The Board of Statutory Auditors will remain in office for three fiscal years from the date of appointment (until the approval of financial statements for 2024). The current Auditors are listed below:

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

PROCEDURES

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

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

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

Procedure for the processing of privileged information and setting up and keeping of the insider register: This procedure governs the management and processing of Privileged Information and the setup and maintenance of the Insider Register by DHH S.p.A. – whose financial instruments are listed on Euronext Growth Milan, 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 director¹⁷: 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.

¹⁷In compliance with the amendments made by Notice No. 43747 published on November 17, 2023 by Borsa Italiana S.p.A. to Article 6-bis of the Euronext Growth Milan Issuers' Regulations, this procedure was into force until December 4, 2023.

SECTION I: SUSTAINABILITY REPORT

In 2021, DHH published its first ESG report. This report outlines the Company's continued sustainability effort in 2023, accomplishments and changes compared to the previous year, and areas for improvement. We believe that ESG has a fundamental impact on all of the things we do, including how our teams collaborate and how our Company is branded as an example. We work on enhancing the opportunities and living conditions in the markets and communities where DHH operates. Nevertheless, we are conscious that considerable work has to be done in order to define realistic sustainability goals and operate all of our portfolio firms sustainably.

The Sustainability Report has been prepared for the period 01 January 2023 - 31 December 2023 with reference to the GRI Standards, as they were defined in the Global Reporting Initiative (GRI Standards) published in 2021. The report hasn't been audited. It was based on the questionnaire distributed to DHH by Synesgy available at <http://www.synesgy.com>.

This report is posted on the DHH SpA's website at <https://www.dhh.international>.



Consolidated Annual Report

as at 31 December 2023

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

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

DHH S.p.A.

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

ASSETS

<i>All amounts are in Euro</i>	Notes	31.12.2023	Of which Related Parties	31.12.2022	Of which Related Parties
Trademarks	1	3.087.307		3.087.307	
Goodwill	2	10.403.354		10.461.147	
Tangible fixed assets	3	11.681.942		11.207.617	
Right of use assets	4	4.833.450		4.923.131	
Intangible assets	5	2.498.474		2.042.941	
Investments in other companies	6	1.398.701		1.410.293	
Non-current financial assets	7	319.775		544.598	
Other non-current assets	8	280.039		275.028	
Deferred tax assets	9	1.219.464		1.197.771	
Total non-current assets		35.722.505		35.149.832	
Inventories	10	482.393		400.724	
Trade receivables	11	4.696.261	1.830	5.078.027	1.830
Current financial assets	12	204.353		223.628	
Other current assets	13	83.118	-	219.547	
Tax receivables	14	425.005		534.353	
Cash and cash equivalents	15	10.193.810		10.643.629	
Prepaid expenses and accrued income	16	1.202.179		1.208.079	
Total current assets		17.287.120		18.307.987	
TOTAL ASSETS		53.009.624	1.830	53.457.820	1.830

LIABILITIES AND EQUITY

<i>All amounts are in Euro</i>	Notes	31.12.2023	Of which Related Parties	31.12.2022	Of which Related Parties
Share Capital		489.277		489.277	
Reserves		20.784.121		19.921.631	
Retained Profit (Loss)		(392.122)		891.842	
Profit (Loss) relating to Group shareholders		2.210.961		743.122	
Total Net Equity of the Group		23.092.237		22.045.873	
Capital and Reserves to third-party shareholders		612.488		1.955.084	
Year's Profit (Loss) to third-party shareholders		16.739		124.109	
Net Equity to third-party shareholders		629.227		2.079.193	
TOTAL NET EQUITY	17	23.721.464		24.125.066	
Non-current financial payables	18	12.407.329		12.102.648	
Severance reserves	19	824.266		737.789	
Liabilities for deferred taxes	20	1.581.331		1.635.046	
Total non-current liabilities		14.812.926		14.475.483	
Trade payables	21	4.087.986	58.103	4.554.269	3.933
Other current liabilities	22	972.716	10.877	920.747	35.346
Current financial liabilities	23	4.518.809		4.794.071	
Tax payables	24	811.454		728.228	
Accrued liabilities and deferred income	25	4.084.270		3.859.957	
Total current liabilities		14.475.234		14.857.271	
TOTAL LIABILITIES		29.288.160		29.332.754	
TOTAL LIABILITIES AND NET EQUITY		53.009.624	68.980	53.457.820	39.280

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2023

<i>All amounts are in Euro</i>	Notes	31.12.2023	Of which Related Parties	31.12.2022	Of which Related Parties
Revenues	26	33.677.297	6.000	28.620.855	6.000
Other Revenues	27	950.007	-	948.514	-
Operating Revenues		34.627.305		29.569.369	
Material costs	28	(2.020.407)		(1.840.922)	
Service costs and use of third-party assets	29	(13.677.413)	(283.214)	(12.459.336)	(702.943)
Personnel costs	30	(6.589.924)	(101.843)	(5.627.557)	(166.479)
Other expenses	31	(829.595)		(625.756)	
Total Operating Costs		(23.117.338)		(20.553.572)	
EBITDA Adjusted		11.509.966		9.015.797	
Impact of non-recurring revenues (costs)		(1.105.867)		(1.629.170)	
EBITDA		10.404.099		7.386.627	
Amortization and impairment	32	(5.513.348)	(587.704)	(4.403.752)	(553.662)
EBIT		4.890.751		2.982.875	
Financial income (expenses)	33	(809.139)	(12.117)	(660.238)	(22.779)
Earnings before taxes (EBT)		4.081.612		2.322.637	
Total current and deferred income taxes	34	(1.853.911)		(1.455.406)	
NET PROFIT (LOSS)		2.227.701		867.231	
<i>Of which attributable to:</i>					
the shareholders of the Group		2.210.961		743.122	
third-party shareholders		16.739		124.109	
EARNINGS per SHARE (in EURO)	35	0,695		0,547	
DILUTED EARNINGS per SHARE (in EURO)	35	0,695		0,547	

The Profit and Loss Statement for December 31, 2023, includes the full effect of Connesi, while the Profit and Loss Statement 2022 included Connesi starting from 1st July 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2023

All amounts are in Euro

	31.12.2023	31.12.2022
NET PROFIT (LOSS) FOR PERIOD (A)	2.227.701	867.231
Components which should be subsequently classified in the Income Statement	-	-
Components which should not be classified in the Income statement	(27.010)	60.965
Profit/(losses) arising from the translation of the consolidated companies' financial statements in currencies other than Euro	123.843	37.141
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	96.834	98.106
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	2.324.534	965.337

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Changes from January 1, 2022 to December 31, 2022

<i>All amounts are in Euro</i>	01.01.2022	Result allocation	Stock options	Other variations	Earnings/ losses (OCI)	Net Result of the year	31.12.2022
Share capital	489.277	-	-	-	-	-	489.277
Share Premium Reserve	10.273.324	-	-	1.084.233	-	-	11.357.558
Legal Reserve	90.373	7.482	-	-	-	-	97.855
Other Reserves	5.102.922	2.004.957	-	-	-	-	7.107.879
Cash Flow Hedge Reserve	-	-	-	431.269	-	-	431.269
Negative reserves for own shares	(1.187.620)	-	-	330.316	-	-	(857.304)
Stock Options reserve	-	-	1.690.397	-	-	-	1.690.397
OCI Reserve	36.183	-	-	60.965	(3.172)	-	93.976
Retained earnings (Accum. losses)	1.348.833	1.178.744	-	(1.635.735)	-	-	891.842
Group Net Result	3.191.183	(3.191.183)	-	-	-	743.122	743.122
Total Net Equity - Group	19.344.477	-	1.690.397	271.048	(3.172)	743.122	22.045.873
Capital and reserves relating to the third-party shareholders	634.527	(27.442)	.	1.342.096	5.904	-	1.955.084
Net Result relating to the third- party shareholders	(27.442)	27.442	.	-	-	124.109	124.109
Net Equity to the third-party shareholders	607.085	-	-	1.342.096	5.904	124.109	2.079.193
TOTAL NET EQUITY	19.951.561	-	1.690.397	1.613.144	2.732	867.231	24.125.066

Changes from January 1, 2023 to December 31, 2023

<i>All amounts are in Euro</i>	01.01.2023	Result allocation	Stock options	Other variations	Earnings/ losses (OCI)	Net Result of the year	31.12.2023
Share capital	489.277	-	-	-	-	-	489.277
Share Premium Reserve	11.357.558	-	-	-	-	-	11.357.558
Legal Reserve	97.855	-	-	-	-	-	97.855
Other Reserves	7.107.879	-	-	-	-	-	7.107.879
Cash Flow Hedge Reserve	431.269	-	-	(240.915)	-	-	190.355
Negative reserves for own shares	(857.304)	-	-	-	-	-	(857.304)
Stock Options reserve	1.690.397	-	1.105.867	-	-	-	2.796.264
OCI Reserve	93.976	-	-	-	(2.463)	-	91.514
Retained earnings (accum. losses)	891.842	743.122	-	(2.024.533)	(2.554)-	-	(392.122)
Group Net Result	743.122	(743.122)	-	-	-	2.210.961	2.210.961
Total Net Equity - Group	22.045.873	-	1.105.867	(2.268.002)	(2.463)	2.210.961	23.092.237
Capital and reserves relating to the third-party shareholders	1.955.084	124.109	-	(1.467.895)	1.190	-	612.488
Net Result relating to the third- party shareholders	124.109	(124.109)	-	-	-	16.739	16.739
Net Equity to the third-party shareholders	2.079.193	-	-	(1.467.895)	1.190	16.739	629.227
TOTAL NET EQUITY	24.125.066	-	1.105.867	(3.735.897)	(1.273)	2.227.701	23.721.464

The "Other variations" mainly refer to:

- the effective changes in the fair value of cash flows hedge instruments, for (0,24) M EUR;
- the impact of IFRS 2 of Stock Option Plan approved by the Board of Directors for 1,1M EUR;
- the purchase of 12,5% of treasury share made by Connesi S.p.A. at the end of June 2023, for 0,6M EUR;

-
- the purchase of all the minority stakes of Connesi S.p.A. at the end of September 2023, for 2,8M EUR: the difference between the amount paid for the minority stakes and their carrying amount is of 2M EUR, accounted as a capital transaction according to IFRS 10 par. 23; the subsidiary is now fully controlled by DHH S.p.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	2.227.701	867.231
Income taxes	1.853.911	1.455.406
Interest payables/(receivables)	797.547	431.330
1. EARNINGS BEFORE TAXES, INTEREST, DIVIDENDS, CAPITAL GAIN/LOSSES	4.879.158	2.753.967
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	165.813	44.452
- Amortization and depreciation of assets	5.318.654	4.306.003
- Permanent loss write-down	206.287	329.035
- Other adjustments on non-monetary items	1.099.121	1.758.533
2. Cash Flow before NWC changes	11.669.034	9.191.990
Changes in NWC:		
- Decrease (increase) in inventories	(84.008)	31.674
- Decrease (increase) in customer receivables	123.106	(1.715.497)
- Increase (decrease) in supplier payables	(410.234)	1.173.451
- Decrease (increase) in prepaid expenses and accrued income	3.517	(29.608)
- Increase (decrease) in accrued expenses and deferred income	225.635	455.646
- Other changes to the NWC	298.132	261.438
3. Cash flow after NWC changes	11.825.182	9.369.094
Other changes:		
- Interests collected/(paid)	(797.547)	(431.330)
- (income taxes paid)	(1.889.892)	(1.456.445)
- (Use of reserves)	(79.600)	(84.128)
Cash flow from operating activities [A]	9.058.144	7.397.190

All amounts are in Euro

	31.12.2023	31.12.2022
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) disinvestment in tangible assets	(2.156.621)	(1.644.173)
(Investments) disinvestment in right of use assets	(2.731.482)	(716.417)
(Investments) disinvestment in intangible assets	(1.265.136)	(173.232)
(Investments) disinvestment in financial assets	(3.406.521)	(6.285.390)
Cash flow from investing activities [B]	(9.559.760)	(8.819.212)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Increase (decrease) current payables to banks	168.683	(1.435.336)
New loans (Loan repayments)	(116.885)	2.697.872
Paid capital increase	-	-
Treasury share sale (purchase)	-	(200.084)
Cash flow from financing activities [C]	51.798	1.062.452
Increase (decrease) in liquidity [A]+[B]+[C]	(449.819)	(359.570)
Liquid funds at the beginning of the period	10.643.629	9.259.765
Consolidated variation area	-	1.743.433
Liquid funds at the end of the period	10.193.810	10.643.629

The “Other adjustments on non-monetary items” is comprehensive of 1,1 MEUR related to the impact of the Stock Option Plan (1,6M EUR in 2022).

NOTES TO FINANCIAL STATEMENTS

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

The central body of IFRS encompasses all IFRS, up-to-date accounting principles, and the interpretations drawn-up by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as Standing Interpretations Committee ("SIC"). It should be noted that the accounting principles applied for the preparation of the financial statements as at December 31st, 2023 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial Statements as at December 31st, 2023 are approved by the Board of Directors on 21.03.2024.

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

The accounting format and the information set out in these financial statements have been drawn up according to accounting principle IAS 1. presentation of Financial Statements, updated and published by IASB in 2007, effective as from 1 January 2009 and subsequent changes and integrations. The financial statements, with Euro units, are made up of mandatory accounting principles (profit and loss account, balance sheet, prospect of variations of net worth, and financial report) and relevant explanatory notes. The prospect of the balance sheet and financial report has been drawn up on the basis of the classification criteria of assets and liabilities "current/not current". An asset/liability is classified as "current" depending on the following criteria:

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

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

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

The Financial statements have been drawn up pursuant to the general principle of presenting a reliable and true balance sheet, financial balance sheet, economic result, and cash flow of consolidated companies, in accordance with the general principles of accrual principle, materiality, and aggregation, offsetting prohibition and comparative information. The Group is presumed to be carrying on its business as a going concern.

The Group Financial Statements for DHH (the “Group”) as at December 31st, 2023 have been drawn up on the basis of the financial statements of the holding company and of the companies in which DHH S.p.A. (the “Consolidating Company”) holds -directly or indirectly- the actual control, with reference to the same date, as detailed below:

Controlled companies in the consolidation area	Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.300	80%
MCLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.*	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%
CONNESI s.p.a.	Italy	300.000	100%

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

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

SUBJECTIVE ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Decisions by management, having significant effects on the balance sheet and estimates and showing a significant risk of material review to the accounting value of assets and liabilities affected in the following financial years are discussed in the comments to the relevant financial statement items.

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

Impairment of assets

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

Business combination

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

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

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

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

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

Lease

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

CONSOLIDATION PRINCIPLES

PARTICIPATIONS IN CONTROLLED COMPANIES

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

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

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

EVALUATION CRITERIA

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

INTANGIBLE ASSETS

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

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

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

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - TRADEMARKS

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

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

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - GOODWILL

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

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

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – DEVELOPMENT COSTS

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

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

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – OTHER IMMATERIAL ACTIVITIES

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

RIGHT OF USE ASSETS – LEASE DEBTS ACCORDING TO IFRS 16

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

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

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

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

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

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

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

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

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

TANGIBLE ASSETS

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

No revaluation has been made, including pursuant to specific laws.

The above said activities are specifically amortized on the basis of certain economical-technical parameters determined with reference to the theoretical usability of the goods. In case a tangible asset includes more than a significant element with a different useful life amortization is done for each component.

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

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

PARTICIPATIONS

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

NON-CURRENT FINANCIAL ASSETS

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

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

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

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

CURRENT ASSETS

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

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

INVENTORIES

Inventories of raw materials, semi-finished products and finished goods are recorded at the lower of cost and net realizable value. The measurement of inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies, on the basis of their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

TRADE RECEIVABLES

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

CASH AND EQUIVALENT INSTRUMENTS

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

TRADE PAYABLES

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

FINANCIAL LIABILITIES

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

EMPLOYEES BENEFITS

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

Through actuarial valuation, the current service cost, which represents the amount of rights matured by an employee at the reporting date, is recorded in the profit or loss statements.

Among financial (Gain)/Losses is also recorded the interest cost which represents the figurative expenditure that the company would bear by securing a market loan for an amount corresponding to TFR. The actuarial gain and losses resulting from changes in the actuarial assumptions adopted are directly recorded in the balance sheet.

RECOGNITION OF REVENUES

Revenues are recorded - according to territorial competence principle - when the Group is likely to benefit from future economic benefits and such benefits may be reliably determined.

In particular, revenues from sales and services are recorded when the transfer of all the risks and benefits arising from the passage of title takes place or upon execution of a service. Revenues are recorded net of discounts, allowances, settlement discounts, and rebates.

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

Group revenues are referred to periodic fees relating to system management services and hardware-software provided in PaaS or SaaS mode, and other additional services detected continuously (over time).

Revenues from the sale of products - mainly hardware and software excluding those supplied in SaaS mode - are recognized at point in time.

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.

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

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

- IFRS 17 Insurance Contracts - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 17 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 and IFRS 15 - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates - applicable for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - applicable for annual periods beginning on or after 1 January 2023.

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

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

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

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

OTHER INFORMATION

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

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

COMPENSATION OF THE BOARD OF DIRECTORS

The overall compensation paid to the Board of Directors of DHH Spa is equal to 500.000 EUR.

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The overall compensation paid by the Group to the auditor firm is equal to 65.820 EUR for auditing activities and 8.580 EUR for other activities.

The compensation for the Board statutory auditors is equal to 43.680 EUR.

RELATED PARTIES

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

TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

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

Currency	Exchange Rate as at 31.12.2023	Average Exchange Rate as at 31.12.2023
Serbian Dinar (RSD)	116,9841	117,1121
Swiss Franc (CHF)	0,926	0,9717
New Lev Bulgaria (BGN)	1,9558	1,9558

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

SCOPE OF CONSOLIDATION

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

Parent Company Name: [DHH S.p.A.](#)

Parent Company Registered Office: [Via Caldera 21, Milano, Italia](#)

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

Company	Registered Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.300	80%
MICLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%
CONNESI s.p.a.	Italy	300.000	100%

Due to the purchase of 12,5% of treasury share made by Connesi S.p.A. and due to the purchase of all the minority stakes (18,35%), the Group increased the share control to 100%.

CHANGE IN THE SCOPE OF CONSOLIDATION

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

INTRA-GROUP TRANSACTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: TRADEMARKS

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

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

NOTE 2: GOODWILL

The item “Goodwill” is equal to 10.403.854 EUR, with a net decrease of 57.793 EUR compared to the same value recorded in the consolidated as at 31.12.2022.

The variation 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 a year.

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

Impairment test assumptions

The main assumptions used to calculate the recoverable value concern the estimate of future operating flows, the discount rate (Weighted Average Cost of Capital, WACC), the long-term nominal “g” growth rate, the terminal value.

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

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

This method was applied to cash flow projections based on the most recent forecasts economic-financial available based on a three-year time (2024-2026) 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: 8,9%
- Slovenia: 8,2%
- Croatia: 8,6%
- Switzerland: 6,3%
- Serbia: 11,4%
- Bulgaria: 9,8%

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

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

A sensitivity analysis has been performed on the Enterprise Value (+/- 1% of WACC and +/- 0,5% of growth rate "g") and on the Impairment value.

NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 11.681.942 EUR.

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

<i>All amounts are in Euro</i>	Land and Buildings	Plant and machinery	Computers, electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2023	770.363	10.237.832	13.994.520	296.965	2.116.378	329.600	27.745.658
Investments	96.800	865.711	1.039.067	47.934	23.594	245.124	2.318.230
(Disposals)	-	(61.267)	(31.391)	(46.561)	(1.365)	(124.898)	(265.482)
Impairments and other movements	-	-	(56.968)	-	(6.055)	-	(63.023)
Historical cost as at 31.12.2023	867.164	11.042.276	14.945.227	298.338	2.132.552	449.827	29.735.384
Accumulated depreciation as at 01.01.2023	68.476	2.802.874	12.347.657	129.506	1.189.529	-	16.538.042
Depreciation	38.892	683.449	881.882	52.162	28.278	-	1.684.662
(Disposals)	-	(61.267)	(29.232)	(12.009)	(1.365)	-	(103.873)
Impairments and other movements	-	-	(69.330)	-	3.941	-	(65.389)
Accumulated depreciation as at 31.12.2023	107.368	3.425.055	13.130.977	169.658	1.220.383	-	18.053.442
NET BOOK VALUE AS AT 01.01.2023	701.887	7.434.959	1.646.863	167.459	926.849	329.600	11.207.617
NET BOOK VALUE AS AT 31.12.2023	759.795	7.617.221	1.814.250	128.680	912.169	449.827	11.681.942

NOTE 4: RIGHT OF USE ASSETS

Right of use assets are equal to 4.833.450 EUR as at 31 December 2023, with an increase of 474.325 EUR.

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

<i>All amounts are in Euro</i>	Land and Buildings	Data center equipments	Network services	Vehicles	TOTAL
Historical cost as at 01.01.2023	3.459.314	10.260.041	4.364.817	26.617	18.110.789
Investments	142.582	2.344.891	434.062	-	2.921.536
(Disposals)	-	(28.935)	(5.888)	-	(34.823)
Impairments and other movements	-	-	-	(509)	(509)
Historical cost as at 31.12.2023	3.601.896	12.575.997	4.792.991	26.108	20.996.992
Accumulated depreciation as at 01.01.2023	2.278.481	8.208.849	2.682.337	17.992	13.187.658
Depreciation	697.311	1.875.592	419.134	5.802	2.997.838
(Disposals)	-	(28.935)	(2.355)	-	(31.291)
Impairments and other movements	-	8.273	1.105	(42)	9.336
Accumulated depreciation as at 31.12.2023	2.975.791	10.063.778	3.100.220	23.752	16.163.542
NET BOOK VALUE AS AT 01.01.2023	1.180.834	2.051.191	1.682.480	8.625	4.923.131
NET BOOK VALUE AS AT 31.12.2023	626.105	2.512.218	1.692.771	2.356	4.833.450

The details of the right of use liabilities are provided below.

<i>All amounts are in Euro</i>	Land and Buildings	Data center equipments	Network services	Vehicles	TOTAL
Current lease liabilities	428.246	1.112.100	188.914	2.047	1.731.306
Non current lease liabilities	203.945	1.357.901	721.191	-	2.283.036
TOTAL LEASE LIABILITES	632.190	2.470.001	910.105	2.047	4.014.342

NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 2.498.474 EUR as at 31 December 2023.

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

<i>All amounts are in Euro</i>	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2023	1.971.219	541.890	422.039	1.493.728	65.531	4.494.406
Investments	19.924	100.391	134.136	733.943	141.164	1.129.558
Impairments and other movements	14.983	(588)	(25.658)	(23.329)	(37.401)	(71.994)
Historical cost as at 31.12.2023	2.006.125	641.693	530.516	2.204.341	169.295	5.551.970
Accumulated depreciation as at 01.01.2023	1.202.028	410.695	204.579	634.163	-	2.451.465
Amortization	259.050	50.261	75.897	250.946	-	636.154
Impairments and other movements	16.368	(133)	7.237	(57.594)	-	(34.122)
Accumulated depreciation as at 31.12.2023	1.477.446	460.823	287.712	827.515	-	3.053.496
NET BOOK VALUE AS AT 01.01.2023	769.191	131.195	217.460	859.565	65.531	2.042.941
NET BOOK VALUE AS AT 31.12.2023	528.679	180.869	242.804	1.376.827	169.295	2.498.474

The variation of "Customer List" refers for 0,7M EUR to the acquisition of the business line "Misterdomain". The amount paid for the acquisition created an excess value of the purchase price paid over the value of the net identifiable assets acquired for 0,7M EUR, due to the difference between the purchase price and the value of the net assets and liabilities acquired by the Group according to the IAS / IFRS principles, recognized as customer relationship with an estimated residual life of ten years.

According to the Purchase Price Allocation process there is no residual Goodwill to be allocated.

It has been noted that this amount was provisionally recorded as Goodwill in the Consolidated Interim Report as at 30 June 2023.

NOTE 6: INVESTMENTS IN OTHER COMPANIES

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

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

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Equity Method Impact	Investment Net Book Value
Warian S.r.l.	Montoro (AV)	50.000	104.919	45,00%	860.000	-	860.000
TOTAL					860.000	-	860.000

* Equity value as at 31 December 2023.

Investments in associated companies are valued with the equity method.

The equity valuation was carried out considering the data from the latest available financial statements, closed on 31 December 2023, not yet approved by Shareholders' meeting. The impact due to the equity method application is not relevant, thus no effect to Profit&Loss Statements has been recorded.

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

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Allowance for impairment	Investment Net Book Value
Sync S.r.l.	Roma	13.289	328.242	3,21%	50.102	(50.102)	-
Baasbox S.r.l.	Roma	13.489	149.591	2,55%	99.999	(99.999)	-
Materialuce S.r.l.	Terni (TR)	10.250	233.345	4,54%	100.000	(90.399)	9.601
Icona Technology S.p.A.	Cinisello Balsamo (MI)	172.250	2.093.563	4,35%	502.500	-	502.500
Others					26.600	-	26.600
TOTAL					779.201	(240.500)	538.701

* Equity value as at 31 December 2022.

Investments are equal to 1.398.701 EUR and includes an allowance for impairment for 240.500 EUR, as their value at the reporting date was lower than the value at initial recognition calculated based on the cost or equity method.

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

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 319.775 EUR as at 31 December 2023, is referred to derivative financial assets for 190K EUR and to guarantee deposits for the difference.

The amount of 190K EUR is related to DHH S.p.A. for 55K EUR, to Seeweb S.r.l. for 46K EUR and to Connesi S.p.A. for 89K EUR.

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

NOTE 8: OTHER NON-CURRENT ASSETS

Such item, equal to 280.039 EUR as at 31 December 2023, is referred to an investment property of Evolink.

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

NOTE 9: DEFERRED TAX ASSETS

Deferred tax assets are equal to 1.219.464 EUR and records only advanced taxes calculated on:

- the temporary differences arising between assets and losses recorded for the purpose of drawing up of this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes;
- the deductible temporary differences relating to directors' fees, posted on an accrual basis but not paid at the date of 31.12.2023.

The amount of 803K EUR is referred to Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the local financial statements and the corresponding values recognized for the consolidated financial statements: in the local balance sheets trademarks "Tophost" and "Seeweb" has been revaluated based on the provisions of Law 126/2020 while according to the International Financial Reporting Standards applied for the consolidation revaluation is not permitted.

NOTE 10: INVENTORIES

Inventories are equal to 482.393 EUR. The amounts refer mainly to Connesi S.p.A.; the changes occurred in the Inventories accounts are equal to 82K EUR as increase.

NOTE 11: TRADE RECEIVABLES

Trade receivables are equal to 4.696.261 EUR as at 31.12.2023 with a decrease of 381.766 EUR compared to the same item recorded on 31.12.2022. The distribution of receivables by geographical area is as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Italy	4.441.099	4.391.352	49.747
EU countries	533.463	713.429	(179.966)
Other countries	166.097	178.541	(12.444)
Total	5.140.659	5.283.321	(142.663)
Provision for bad debt	(444.398)	(205.295)	(239.103)
TOTAL NET TRADE RECEIVABLES	4.696.261	5.078.027	(381.766)

NOTE 12: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 204.353 EUR referred to securities, with a decrease of 19.275 EUR compared to 31.12.2022.

NOTE 13: OTHER CURRENT ASSETS

Other current assets are equal to 83.118 EUR, with a decrease of 136.429 EUR compared to 31.12.2022. The item mainly refers to short-term advances and overpayments.

NOTE 14: TAX RECEIVABLES

Tax receivables are equal to 425.005 EUR as at 31 December 2023 with a decrease of 109.348 EUR compared to 31.12.2022 and are composed as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
VAT	297.567	310.910	(13.344)
Income tax	119.208	204.365	(85.157)
Other tax receivables	8.231	19.078	(10.847)
TOTAL	425.005	534.353	(109.348)

NOTE 15: CASH AND CASH EQUIVALENTS

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

The total amount of this item is equal to 10.193.810 EUR, with a decrease of 449.819 EUR compared to 31.12.2022.

NOTE 16: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 1.202.179 EUR as at 31 December 2023, with a decrease of 5.900 EUR compared to 31.12.2022. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 17: NET EQUITY

Share Capital

On 31 December 2023 the share capital of DHH is equal to EUR 489.277,20 represented by no. 4.892.772 ordinary shares without par value.

Reserves

The following table provides a breakdown of the reserves.

<i>All amounts are in Euro</i>	31.12.2022	increase	(decrease)	31.12.2023
Share Premium Reserves	11.357.558	-	-	11.357.558
Legal Reserve	97.855	-	-	97.855
Other reserves	7.107.879	-	-	7.107.879
Cash flow hedge reserve	431.269	-	(240.915)	190.355
Negative reserve for own shares	(857.304)	-	-	(857.304)
Stock options reserve	1.690.397	1.105.867	-	2.796.264
OCI Reserve	93.976	-	(2.463)	91.514
TOTAL RESERVES	19.921.631	1.105.867	(243.378)	20.784.120

The variations mainly refer to:

- the effective changes in the fair value of cash flows hedge instruments, negative for 241K EUR;
- the impact of IFRS 2 of the Stock Option Plan 2022 - 2025 approved by the Board of Directors for 1.105.867 EUR.

The variations of the Retained Earnings mainly refer to the purchase of all the minority stakes of Connesi S.p.A. at the end of September 2023, for 2,8M EUR: the difference between the amount paid for the minority stakes and their carrying amount is of 2M EUR, accounted as a capital transaction according to IFRS 10 par. 23.

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

<i>All amounts are in Euro</i>	Net Profit	Net Equity	TOTAL
BALANCES OF THE PARENT COMPANY	305.221	16.077.077	16.382.299
Adjustment for Consolidation	(2.955.024)	3.021.035	66.011
Difference between the value of the consolidated investments and their own net equity value	(90.297)	1.783.153	1.692.866
Net profit of consolidated companies	4.951.061		4.951.061
Third-party shareholders	16.739	612.488	629.227
TOTAL NET EQUITY	2.227.701	21.493.763	23.721.464

NOTE 18-23: FINANCIAL LIABILITIES

The total amount of 16.926.138 EUR encompasses bank loans and lease debt.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Non-current bank loans	10.124.293	9.938.855	185.438
Current part of non-current bank loans	2.708.011	2.530.389	177.622
Other short-term bank liabilities	79.492	110.829	(31.337)
Total financial debts	12.911.795	12.580.073	331.722
Non-current lease debt	2.283.036	2.163.793	119.244
Current lease debt	1.731.306	2.152.853	(421.547)
Total lease debts	4.014.342	4.316.646	(302.304)
TOTAL	16.926.138	16.896.719	29.419

It should be noted that financial covenants are provided by the loan granted by Intesa San Paolo Bank to DHH S.p.A., which were signed in 2022 and which require DHH Group to comply with two Financial ratios - Net Financial Position

/ EBITDA adjusted and Net Financial Position / Equity - tested half-yearly based on last-twelve-months (LTM) consolidated data. These covenants, tested on 31.12.2023, were largely complied.

Based on the risk assessment performed, the Group has decided to manage its interest rate risks through derivatives financial instruments, measured at fair value; changes related to derivatives qualifying as cash flow hedging are recognized in the cash flow hedge reserve.

The following table details the derivatives held at 31 year-end and their fair value measurement.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
DHH SPA	54.518	251.206	(196.688)
SEEWEB SRL	46.158	93.881	(47.723)
CONNESI SPA	89.679	150.388	(60.709)
	190.355	495.475	(305.120)

NOTE 19: SEVERANCE RESERVES

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

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

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

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
DHH SPA	6.640	8.618	(1.978)
TOPHOST SRL	22.150	16.003	6.147
WEBTASY DOO	9.561	8.713	848
SEEWEB SRL	537.913	474.700	63.213
EVOLINK AD	36.908	29.568	7.340
CONNESI SPA	211.095	200.187	10.907
	824.266	737.789	86.477

The increases relate to allocations for the year to the provision for employee severance indemnities, net of utilizations due to resignations during the period, in addition to the changes recognised in accordance with accounting standard IAS 19 mentioned in the following paragraphs.

Demographic hypotheses

As regards the demographic hypotheses, the ISTAT 2011 mortality tables were used as well as INPS disability/invalidity tables.

As regards the probability of leaving work for reasons other than death, the turnover values noted in the Group assessed over a time frame of observation deemed to be representative, were used; more specifically, annual frequencies of 10,5% were considered.

Economic-financial hypotheses

These regard the theoretical lines of remuneration, the technical interest rate, the inflation rate and the value adjustment rates of salaries and TFR.

The technical assessments were carried out on the basis of the hypotheses described below:

	31.12.2023
Annual technical discounting rate	3,20%
Annual inflation rate	2,50%
Annual TFR increase rate	3,38%
Annual salary increase rate	3,50%

NOTE 20: LIABILITIES FOR DEFERRED TAXES

This item is equal to 1.581.331 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes.

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

The amount of 646.417 EUR is related to the Tangible Assets, identified in the "fibra-infrastructures", arising from the Purchase Price Allocation process due to the acquisition of Connesi.

NOTE 21: TRADE PAYABLES

On 31.12.2023 trade payables are equal to 4.087.986 EUR, with a decrease of 466.283 EUR compared to the same item recorded on 31.12.2022. The distribution of payables by geographical area is as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Italy	3.590.441	4.012.097	(421.656)
EU countries	363.555	421.890	(58.336)
Other countries	133.990	120.281	13.708
TOTAL PAYABLES	4.087.986	4.554.269	(466.283)

NOTE 22: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 972.716 EUR on 31.12.2023, with an increase of 51.969 EUR compared to 31.12.2022. The item refers mainly to payables due to employees and payables due to social security and welfare institutions.

NOTE 24: TAX PAYABLES

Tax payables are equal to 811.454 EUR on 31.12.2023, with an increase of 83.227 EUR compared to 31.12.2022, and its composition is as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
VAT	123.608	188.426	(64.819)
Income tax	591.135	338.726	252.409
Other income tax	96.711	201.075	(104.364)
TOTAL TAX PAYABLES	811.454	728.228	83.227

NOTE 25: ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 4.084.270 EUR as at 31 December 2023, with an increase of 224.312 EUR mainly linked to advanced revenues for hosting.

DISCLOSURE ON THE BOOK VALUE OF FINANCIAL INSTRUMENTS

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.

The “fair value hierarchy” has three levels:

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured on the basis of valuation techniques based on parameters observable on the market, other than the prices of the financial instrument;
- level 3: if the fair value is calculated on the basis of valuation techniques based on parameters not observable on the market.

The table below shows the value of financial instruments at the end of FY 2023.

<i>All amounts are in Euro</i>	Book value	Fair Value	Fair value hierarchy
Cash equivalents	10.193.810	10.193.810	Level 3
Other current financial assets	206.353	206.353	Level 3
	10.398.163	10.398.163	

NOTE 26: NET SALES

The revenues from sales and services of the Group for the year 2023 are equal to 33.677.297 EUR, with an increase of 5.056.443 EUR compared to 31.12.2022.

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

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
Italy	22.863.317	18.496.011	4.367.306	23,61%
Slovenia	2.882.095	2.490.177	391.918	15,74%
Croatia	3.095.016	2.861.091	233.925	8,18%
Serbia	764.446	697.817	66.628	9,55%
Switzerland	857.230	843.582	13.647	1,62%
Bulgaria	3.215.195	3.232.176	(16.981)	-0,53%
TOTAL	33.677.297	28.620.855	5.056.443	17,67%

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

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

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
DHH S.p.A.	-	-	-	
TOPHOST s.r.l.	2.112.409	1.827.138	285.272	15,61%
WEBTASY d.o.o.	2.882.095	2.490.177	391.918	15,74%
PLUS HOSTING GRUPA d.o.o.	2.489.496	2.298.111	191.385	8,33%
DHH Switzerland SA	857.230	843.582	13.647	1,62%
SYSTEM BEE d.o.o.	605.520	562.980	42.540	7,56%

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
MCLOUD d.o.o.	764.446	697.817	66.628	9,55%
SEEWEB s.r.l.	14.151.740	12.765.987	1.385.753	10,86%
EVOLINK a.d.	3.215.195	3.232.176	(16.981)	-0,53%
CONNESI S.p.A.	6.599.168	3.830.875	2.768.293	69,08%
ATICON s.r.l.	-	72.011	(72.011)	
TOTAL	33.677.297	28.620.855	5.056.443	17,67%

The total revenues from sales and services are composed as follow: Seeweb 42%, Connesi 20%, Evolink 10%, Webtasy 9%, Plus Hosting Grupa 7%, Tophost 6% and the remaining 6% is divided among the other Group Companies.

The main Group revenues from sales and services can be summarized in the following segments:

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

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

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

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

Datacenter & Networking (Datacenter Colocation)

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

Revenues by segments are the following.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %	%
IaaS	12.908.129	11.734.196	1.173.933	10,00%	38,33%
PaaS	7.890.245	7.203.533	686.713	9,53%	23,43%
SaaS	635.041	471.448	163.593	34,70%	1,89%
Internet Access	7.280.761	4.615.471	2.665.290	57,75%	21,62%
Datacenter & Networking	3.182.606	2.832.678	349.928	12,35%	9,45%
Managed Services	789.821	689.052	100.768	14,62%	2,35%
Other	990.694	1.074.477	(83.783)	-7,80%	2,94%
TOTAL	33.677.297	28.620.855	5.056.443	17,67%	100,00%

NOTE 27: OTHER REVENUES

Other revenues are equal to 950.008 EUR as at 31.12.2023 with a decrease of 59.734 EUR compared to 31.12.2022. Internal projects - R&D are related only to precompetitive development of new products or new services created internally by the companies while internal costs capitalized are related to internal cost capitalized of Connesi.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Other revenues	498.107	784.348	(286.242)
Internal Projects – R&D	102.513	113.356	(10.843)
Internal costs capitalized	349.388	112.037	237.351
TOTAL	950.008	1.009.741	(59.734)

NOTE 28: MATERIAL COSTS

Costs for materials and consumables are equal to 2.020.407 EUR for the year 2023 with an increase of 179.485 EUR compared to 31.12.2022, related to software, hardware and other materials. The total amount of the year is referred to Seeweb for 1,2M EUR and to Connesi for 0,7M EUR and, the difference is related to the other Group Companies.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
DHH S.p.A.	3.076	1.102	1.974	179,14%
TOPHOST s.r.l.	17.210	10.381	6.829	65,78%
WEBTASY d.o.o.	9.054	8.813	241	2,73%
PLUS HOSTING GRUPA d.o.o.	6.250	2.422	3.828	158,05%
DHH Switzerland SA	-	12	-12	-100,00%
SYSTEM BEE d.o.o.	867	2.784	-1.917	-68,85%
MCLOUD d.o.o.	768	512	256	50,08%
SEEWEB s.r.l.	1.225.739	1.118.326	107.413	9,60%
EVOLINK a.d.	43.929	78.518	-34.589	-44,05%
CONNESI S.p.A.	713.514	606.977	106.537	15,45%
ATICON s.r.l.	-	11.076	-11.076	
TOTAL	2.020.407	1.840.922	179.485	9,75%

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

Service costs are equal to 14.783.280 EUR as at 31 December 2023, with an increase of 633.546 EUR compared to 31.12.2022.

The main service costs and use of third – party assets are composed by: Seeweb for 32%, Dhh S.p.A. for 14%, Connesi for 16%, Evolink for 12%, Plus Hosting Grupa for 9%, Webtasy for 8%, The remaining 9% is divided among the other Group Companies.

The main cost for Datacenter Service comes from Seeweb for 74% and Evolink for 12%; the remaining 14% is divided among the other Group Companies. The main cost for Network Services comes from Evolink for 49%, Connesi for 31% and Seeweb for 19%; the remaining 1% is divided among the other Group Companies. In this cost item is included the effects of electricity cost for datacenters.

Professional services include costs of the Board of Director remuneration of 500.000 EUR and non-monetary effects of IFRS 2 related to Stock Option Plan 2022 – 2025 for 1.105.867 EUR (1.690.397 EUR in 2022) approved by Board of Directors in May 2022 and based on an expert firm evaluation: 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.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
Datacenter Service	2.916.161	3.094.136	(177.975)	-5,75%
Network Services	1.893.081	1.695.665	197.416	11,64%
Wholesale Costs	4.354.571	3.521.664	832.907	23,65%
Commercial and marketing expenses	1.062.275	1.145.644	(83.368)	-7,28%
Professional services	3.956.874	4.250.835	(293.961)	-6,92%
Other costs for services	600.316	441.789	158.527	35,88%
TOTAL	14.783.280	14.149.733	633.546	4,48%

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

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
DHH S.p.A.	2.088.925	2.600.315	(511.390)	-19,67%
TOPHOST s.r.l.	298.418	116.775	181.643	155,55%
WEBTASY d.o.o.	1.165.567	1.019.467	146.101	14,33%
PLUS HOSTING GRUPA d.o.o.	1.361.256	1.336.259	24.997	1,87%
DHH Switzerland SA	272.016	236.412	35.604	15,06%
SYSTEM BEE d.o.o.	270.660	260.482	10.178	3,91%
MCLOUD d.o.o.	424.449	391.526	32.923	8,41%
SEEWEB s.r.l.	4.697.246	4.755.748	(58.502)	-1,23%
EVOLINK a.d.	1.793.827	2.171.962	(378.135)	-17,41%
CONNESI S.p.A.	2.410.916	1.233.592	1.177.324	91,22%
ATICON s.r.l.	-	27.196	(27.196)	
TOTAL	14.783.280	14.149.733	633.546	4,48%

NOTE 30: PERSONNEL COSTS

Personnel cost is equal to 6.589.924 EUR for the year 2023, with an increase of 962.366 EUR compared to the year 2022 consolidated and is divided among the Group as follows.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
DHH S.p.A.	99.418	112.101	(12.683)	-11,31%
TOPHOST s.r.l.	78.666	69.848	8.818	12,62%
WEBTASY d.o.o.	905.302	867.669	37.633	4,34%
PLUS HOSTING GRUPA d.o.o.	590.211	545.468	44.742	8,20%
DHH Switzerland SA	385.905	368.252	17.654	4,79%
SYSTEM BEE d.o.o.	202.695	200.492	2.203	1,10%
MCLOUD d.o.o.	152.607	155.862	(3.255)	-2,09%
SEEWEB s.r.l.	1.583.200	1.619.823	(36.622)	-2,26%
EVOLINK a.d.	837.934	860.749	(22.816)	-2,65%
CONNESI S.p.A.	1.753.986	827.293	926.693	112,02%
TOTAL	6.589.924	5.627.557	962.366	17,10%

The average number of employees is as follows:

	31.12.2023			31.12.2022		
	Managers	Employees	Total	Managers	Employees	Total
DHH S.p.A.		2			3	
TOPHOST s.r.l.		2			2	
WEBTASY d.o.o.	1	22		1	22	
PLUS HOSTING GRUPA d.o.o.	1	24		1	22	
DHH Switzerland SA	1	6		1	6	
SYSTEM BEE d.o.o.	1	7		1	8	
MCLOUD d.o.o.		8			8	
SEEWEB s.r.l.	1	29		2	24	
EVOLINK a.d.	2	38		2	43	
CONNESI S.p.A.		36			34	
TOTAL	7	174	181	8	172	180

NOTE 31: OTHER EXPENSES

Other expenses are equal to 829.595 EUR as at 31 December 2023, with an increase of 203.839 EUR compared to 31.12.2022, and such expenses are structural costs.

NOTE 32: AMORTIZATIONS AND IMPAIRMENTS

Amortizations, depreciations and impairment are equal to 5.524.941 EUR for the year 2023, with an increase of 892.281 EUR compared to 31.12.2022.

Depreciations are related for 392K EUR to Seeweb, for 824K EUR to Connesi and for 135K EUR to Evolink.

The part referred to the amortization of right of use assets amounts to 2.997.838 EUR.

The value of amortization and depreciation is provided below.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change	Change %
Depreciations	1.684.662	1.171.358	513.304	44%
Amortizations	3.633.992	3.132.267	501.725	16%
Impairment	206.287	329.035	(122.749)	-37%
TOTAL	5.524.941	4.632.660	892.281	19%

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

NOTE 33: FINANCIAL INCOME (EXPENSES)

On 31 December 2023 Net Financial Expenses are equal to (797.546) EUR, with an increase of 366.218 EUR compared to the previous year.

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

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Bank and postal interests/income	5.826	1.009	4.817
Interests on loans	-	5.786	(5.786)
Other interests	186.970	10.861	176.109
Positive foreign currency valuation	38.094	35.740	2.354
TOTAL FINANCIAL INCOME	230.890	53.396	177.494

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022	Change
Bank and postal interests/expenses	79.438	37.772	13.414
Lease interests	142.313	123.431	23.681
Interest on loans	589.454	194.825	252.941
Other financial expenses	106.440	16.551	89.889
Negative foreign currency valuation	110.793	112.147	(1.354)
TOTAL FINANCIAL EXPENSES	1.028.438	484.726	543.712

NOTE 34: TOTAL CURRENT AND DEFERRED INCOME TAXES

At the end of the year 2023 total current and deferred income taxes of the Group are equal to an amount of 1.853.911 EUR, based on the applicable provisions of the local current tax legislation and based on temporary differences between accounting and tax treatment of deductible costs and taxable revenues for deferred taxes.

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

NOTE 35: EARNINGS PER SHARE

Base

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

Diluted

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

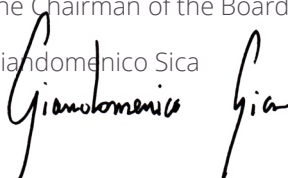
earnings per share, the weighted average of outstanding shares is adjusted assuming the conversion of all the potential shares having a dilutive effect, particularly warrants.

<i>All amounts are in Euro</i>	31.12.2023	31.12.2022
Consolidated adjusted net income attributable to the Group's shareholders	3.328.421	2.601.200
Number of ordinary shares	4.892.772	4.892.772
Average weighted number of outstanding shares	4.791.815	4.757.630
BASE EARNINGS PER SHARE - EPS	0,695	0,547
Average weighted number of outstanding warrants	-	-
Average weighted number of outstanding shares plus warrants	4.791.815	4.757.630
DILUTED EPS	0,695	0,547

Milan, 21st March 2024

The Chairman of the Board of Directors

Gian Domenico Sica



DOMINION HOSTING HOLDING S.P.A.

Independent auditors' report
in accordance with article 14 of legislative decree
n. 39 of January 27, 2010

Consolidated financial statements as of December 31, 2023

Independent auditors' report

in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the Shareholders of
Dominion Hosting Holding S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Dominion Hosting Holding Group (the "DHH Group" or "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, of the result of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of this report. We are independent of the Group in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors of Dominion Hosting Holding S.p.A. are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the holding company Dominion Hosting Holding S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Dominion Hosting Holding S.p.A. are responsible for the preparation of the board of directors' report of DHH Group as of December 31, 2023, including its consistency with the consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the board of directors' report with the consolidated financial statements of DHH Group as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the board of directors' report is consistent with the consolidated financial statements of DHH Group as of December 31, 2023 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 12, 2024

BDO Italia S.p.A.

Giuseppe Santambrogio
Partner