



CONSOLIDATED AND SEPARATE REPORT AS AT 31 DECEMBER 2020

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

DHH S.p.A.

Via Caldera 21, 20153 Milan, Italy

Tel. +39 02 8736 5100

www.dhh.international

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

INTRODUCTION

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

Established in July 2015, DHH grew rapidly by completing 13 M&A transactions with local web hosting and cloud computing companies and supporting them in operating and developing the business. Since July 2016 DHH is listed on the Italian AIM stock market.

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

DHH AT A GLANCE

1

Cross-border ecosystem of businesses with diversified offer

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

2

Among quickest growing industries immune to COVID-19

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

3

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

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

4

Exposure to emerging geographies

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

5

Experienced and motivated Management team

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

6

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

46% '16-'20 revenue CAGR, 38% EBITDA margin(*) and 73% EBITDA cash conversion rate(**) in 2020PF(***) with moderate CAPEX requirements and low level of debt

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

(**) 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.

(***) These indexes comes from 2020 ProForma Report



GROUP OVERVIEW

Today, DHH is home to 7 independent and autonomous businesses across five countries (Croatia, Italy, Serbia, Slovenia, and Italian Switzerland), each with its own branding, market positioning, and leadership. The Group companies are supported across various functions incl. strategy, corporate governance, business plan, M&A, compliance, strategic sourcing, and executive search. DHH serves as an environment where businesses share knowledge and build bottom-up synergies.

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

DHH Group developed a well-balanced portfolio of over 100.000 clients and 200.000 domains across different segments within the market. The target segments are SMEs and solo entrepreneurs with the share of the largest client of 1%. Each portfolio company has its own product offering with an ARPU ranging from EUR 30 to EUR 8.000 across group companies (average EUR 190).

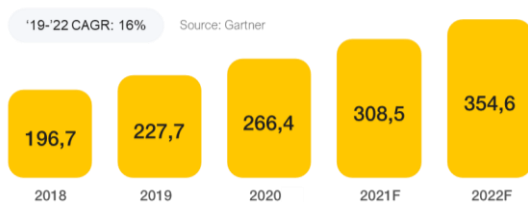
The offering spans from domain registration to cloud hosting, from cloud servers, housing, and colocation to ready IoT solutions. The comprehensive and well-balanced product portfolio is supported by extensive proprietary physical and network infrastructures managed by Seeweb.

MARKET OVERVIEW

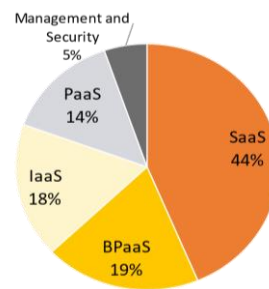
CLOUD COMPUTING

Cloud computing is an integral element of the global “going digital” trend and has experienced strong double-digit growth in recent years due to a surge in spending of buyers migrating from data centers to cloud operating systems.

Global Cloud Service revenue [USD b]



Global Cloud Service revenue breakdown [USD b, %]



The dynamic growth is expected to continue as more than a third of organizations see cloud investments as the top three investment priority. In consequence, license-based software consumption will further plummet, while subscription-based cloud consumption models continue their rise.

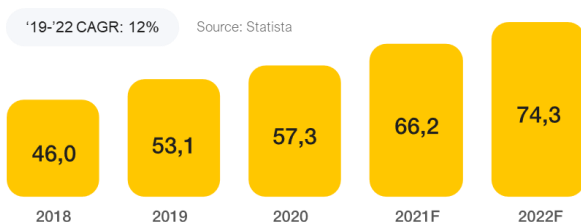
COVID-19 pandemic has further accelerated cloud transition with spending on cloud rising by 19% in '20 despite an overall decrease in IT services spendings by 8%. SaaS remains the most lucrative segment. IaaS, however, is likely to be the highest growing segment with '19-'22 CAGR of 23% followed by 22% growth of PaaS.

The US remains the largest market by revenue with a growing dominance of Asia. AWS, the subsidiary of amazon.com, is the leading player in the industry followed by Microsoft’s Azure, Google Cloud, IBM Cloud, and Alibaba Cloud.

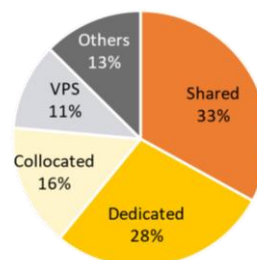
WEB HOSTING

The web hosting market is also expected to witness a compound annual growth of 12% reaching USD 74,3b in 2022.

Web Hosting revenue [USD b]



Global Web Hosting revenue breakdown [USD b, %]

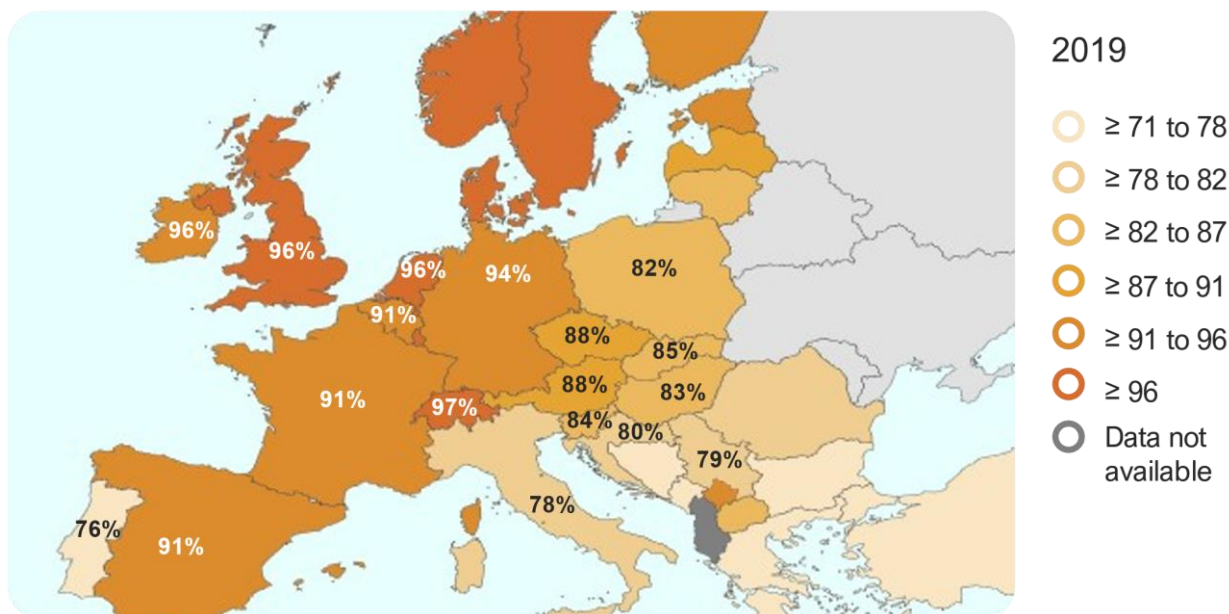


The COVID-19 outbreak has further accelerated the ongoing structural shift towards online as companies are quickly adopting services in order to continue operating. Shared hosting will remain the largest category (~33% share), followed by dedicated hosting (USD 12,8b) which is likely to witness slower growth compared to other segments (CAGR <10%). The VPS hosting dominated by managed VPS segment is expected to show over 16% CAGR in '19-'22 period. The key players include GoDaddy (16,8%), Google Cloud (10,0%), AWS (8,6%), 1&1 (5,6%) and Hostgator (3,6%).

SOUTHEAST EUROPE

SEE region is still behind the EU average in terms of digital society and economy but with good prospects of catching up in certain areas and even leading in such areas as online sales, where great progress has already been seen. According to McKinsey, the digital economy in Eastern Europe was growing at c. 8% per year between 2017-2019, but the COVID-19 boosted the growth rate to 14% for the Jan-May period of 2020.

Internet use by individuals [% of individuals]



Source: Eurostat

Analysts believe digital adoption will not be reverted after the restrictions disappear as consumers get used to contactless channels. The following changes force local SMEs who traditionally lag on digital adoption to transform the way they operate. Businesses will thus need an e-commerce website, online customer services, and cloud computing solutions to adapt to the new environment.

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 5 years, DHH has been effectively executing buy & build strategy and completed 13 M&A transactions growing from EUR 1m to EUR 18m of sales of which EUR 15m are M&A driven.

Acquisitions completed by DHH by year



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

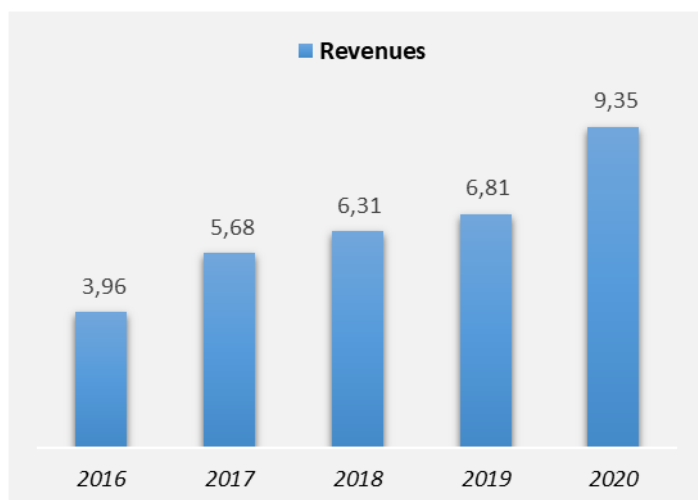
M&A

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

ORGANIC

- Growing within an existing customer base by enhancing the offering and capitalizing on cross-selling opportunities.
- International footprint growth through leveraging DHH brand awareness by the portfolio companies to reach new clients internationally.
- Fostering innovation and developing R&D activities to introduce new internally developed products to the market.

FINANCIAL HIGHLIGHTS

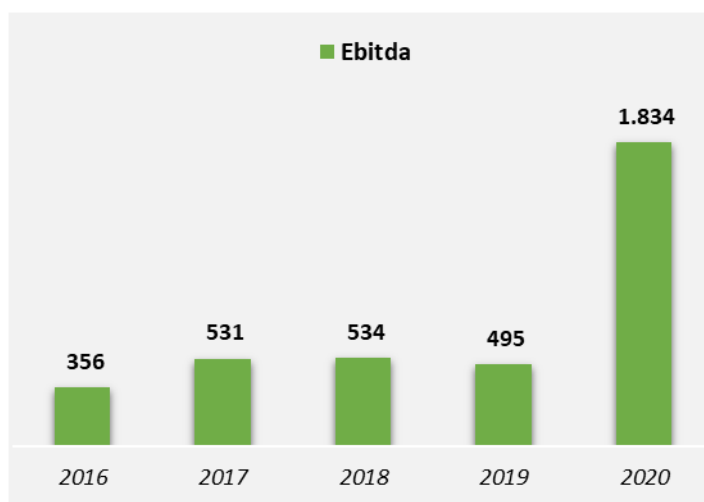


Consolidated
REVENUES

equal to
9,35M EUR

+37%

(+7% YoY considering the same consolidation area)

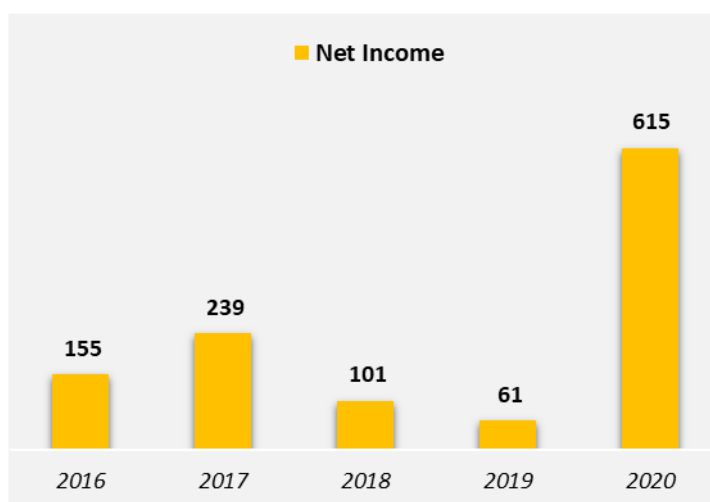


Consolidated
EBITDA

equals to
1,8M EUR

+270%*

(+91% YoY considering the same consolidation area)



Consolidated
NET INCOME

equals to
615k EUR

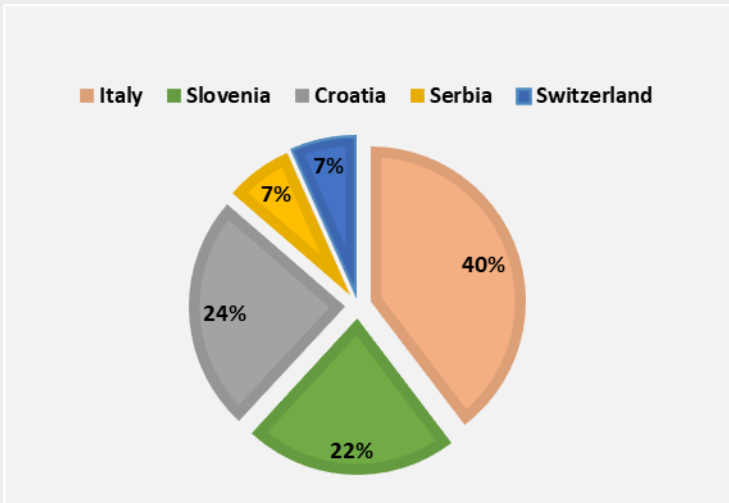
+913%**

(+462% YoY considering the same consolidation area)

* EBITDA 2020 is comprehensive of an IFRS 16 positive impact of 404k Eur and of a negative impact of 150k Eur related to the extra costs tied to M&A.

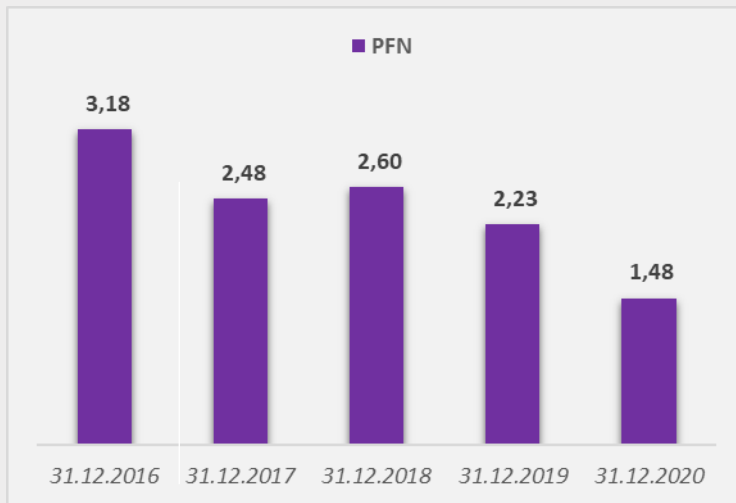
** Net Income 2020 is comprehensive of an IFRS 16 negative impact of 7k Eur and of a negative impact of 150k Eur related to the extra costs tied to M&A

FINANCIAL HIGHLIGHTS



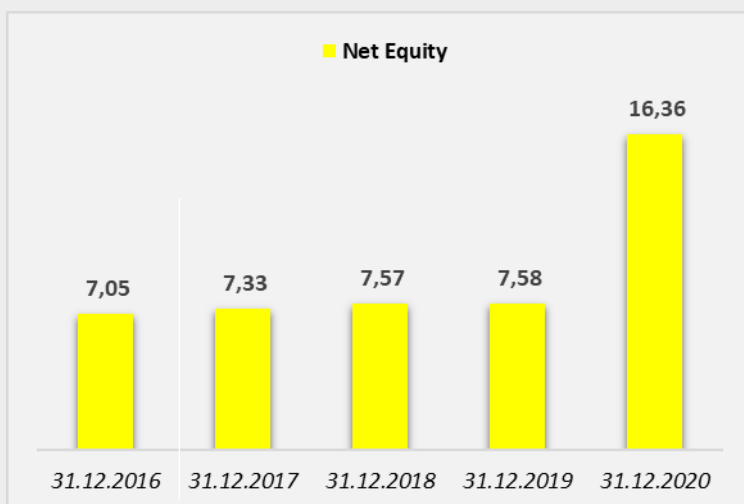
Revenues are approx.:

-  3,71M EUR in Italy (Tophost, DHH Italia and Seeweb starting from 01.11.2020)
-  2,08M EUR in Slovenia (DHH.si)
-  2,29M EUR in Croatia (DHH, System Bee)
-  654k EUR in Serbia (mCloud)
-  620k EUR in Switzerland (DHH SWZ)



Consolidated
NET FINANCIAL POSITION

equals to
1,48M EUR
-33%*



Consolidated
NET EQUITY

equals to
16,36M EUR
+116%**

* Net Financial Position is comprehensive of a 4,3M EUR lease debt related to IFRS 16.

** Net Equity 2020 is comprehensive of an IFRS 16 negative impact of 60k Eur.

KEY FINANCIAL DATA

PROFIT and LOSS STATEMENT

The reclassified Profit and Loss Statement of the Group as at December 31st, 2020 is provided below:

RECLASSIFIED CONSOLIDATED PROFIT and LOSS STATEMENT	31.12.2020	31.12.2019
All amounts are in Euro		
Revenues	9.349.167	6.812.175
Operating costs	(5.486.183)	(4.309.578)
VALUE ADDED	3.862.985	2.502.597
Personnel costs	(2.028.751)	(2.007.396)
GROSS OPERATING MARGIN (EBITDA)	1.834.234	495.202
Depreciation, Amortization and impairment	(887.775)	(349.918)
EBIT	946.458	145.283
Other non-operating income/expense	-	(1.272)
Financial income and expenses	(77.059)	(31.252)
EARNINGS BEFORE TAXES (EBT)	869.399	112.760
Income taxes	(254.390)	(52.028)
NET RESULT	615.009	60.732
OF WHICH:		
relating to the shareholders of the group	612.651	99.665
relating to the third-party shareholders	2.358	(38.933)

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

During the financial year ended 31 December 2020 the total consolidated revenues of the Group are equal to **9,35M EUR**, with an increase of 2,54M EUR; the increase referred to the variation of the consolidation area is about 2M EUR, due to Seeweb S.r.l.

The Group is focused on cloud hosting and cloud computing as core business lines and its revenues are approx. 3,63M EUR in Italy (Tophost, DHH Italia with the brand Artera and Seeweb starting from 1st November 2020), 2,05M EUR in Slovenia (DHH.si with the brands Domenca, Domovanje, Si.Shell), 2,27M EUR in Croatia (DHH with the brands Studio4web, Plus Hosting, Infonet and System Bee), 636k EUR in Serbia (mCloud with the brands Mcloud, Plus) and 614k EUR in Switzerland (DHH SWZ with the brand Artera).

Operating costs are the ongoing expenses incurred from the normal running the business and include selling, general and administrative expenses.

The consolidated EBITDA amounts to **1,83M EUR** and has registered an increase in the current year of 1,34M EUR, due to the variation of the consolidation area for 891k EUR (Seeweb S.r.l. starting from 1st November 2020) and increase of the business of the Group for 449k EUR.

MAIN BALANCE SHEET DATA

The reclassified balance sheet of the Group as at December 31st, 2020 is provided below:

RECLASSIFIED CONSOLIDATED BALANCE SHEET	31.12.2020	31.12.2019
All amounts are in Euro		
Trade Receivables	2.193.909	382.806
Trade payables	(1.768.490)	(560.853)
OPERATING NET WORKING CAPITAL	425.418	(178.047)
Other current receivables	300.138	268.717
Prepaid expenses and accrued income	494.753	481.987
Other current liabilities	(368.368)	(220.188)
Accrued liabilities and deferred income	(2.621.458)	(1.980.692)
Taxes payables	(576.221)	(140.968)
<u>NET WORKING CAPITAL</u> *	(2.345.738)	(1.769.191)
Trademarks	3.087.307	-
Goodwill	7.956.819	5.648.925
Tangible fixed assets	1.782.841	256.096
Right of use assets	4.255.078	304.441
Intangible fixed assets	1.013.002	905.963
Investments in other companies	259.601	-

Non-current financial assets	18.302	6.661
Other non-current assets	-	177
Deferred tax assets	303.308	28.531
FIXED ASSETS	18.676.257	7.150.793
Employee benefits fund	(573.638)	(14.932)
Provisions for risks and future liabilities	-	-
Liabilities for deferred taxes	(881.621)	(15.212)
NET NON-CURRENT LIABILITIES	(1.455.259)	(30.144)
<u>NET INVESTED CAPITAL</u> **	14.875.260	5.351.458
TOTAL NET EQUITY OF THE GROUP	16.384.706	7.595.843
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	(25.583)	(18.682)
TOTAL NET EQUITY	16.359.123	7.577.161
Cash equivalents	(8.846.040)	(2.537.357)
Current financial assets	(209.932)	(13.442)
Non-current financial liabilities	5.334.532	205.248
Current financial liabilities	2.237.577	119.848
<u>NET FINANCIAL POSITION</u> ***	(1.483.863)	(2.225.702)
NET EQUITY AND NET FINANCIAL DEBT	14.875.260	5.351.458

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

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

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

NET FINANCIAL POSITION

The Net Financial Position of the Group as at December 31st, 2020 is provided below:

CONSOLIDATED NET FINANCIAL POSITION	31.12.2020	31.12.2019
All amounts are in Euro		
A. Cash	-	-
B. Cash equivalents	(8.846.040)	(2.537.357)
C. Securities held for trading	(196.690)	-
D. LIQUIDITY (A)+(B)+(C)	(9.042.730)	(2.537.357)
E. CURRENT FINANCIAL RECEIVABLES	(13.242)	(13.442)
F. Short-term bank liabilities	442.582	12.387
G. Current part of non-current borrowing	-	-
H. Current lease debt	1.794.994	107.462
I. Other current financial liabilities	-	-
J. CURRENT FINANCIAL DEBT (F)+(G)+(H)+(I)	2.237.576	119.848
K. NET CURRENT FINANCIAL DEBT (J)-(E)-(D)	(6.818.395)	(2.430.950)
L. Non-current bank liabilities	2.780.030	(0)
M. Bonds issued	-	-
N. Non-current lease debt	2.554.502	205.248
O. Other non-current liabilities	-	-
P. NON-CURRENT FINANCIAL DEBT (L)+(M)+(N)+(O)	5.334.532	205.248
Q. NET FINANCIAL DEBT (K)+(P)	(1.483.863)	(2.225.702)

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CORPORATE BODIES

Board of Directors

Executive Chairman: **GIANDOMENICO SICA**

Managing Director: **MATIJA JEKOVEC**

Managing Director: **UROS ČIMŽAR**

Director: **ANTONIO DOMENICO BALDASSARRA**

Independent Director: **GUIDO BUSATO**

Board of Auditors

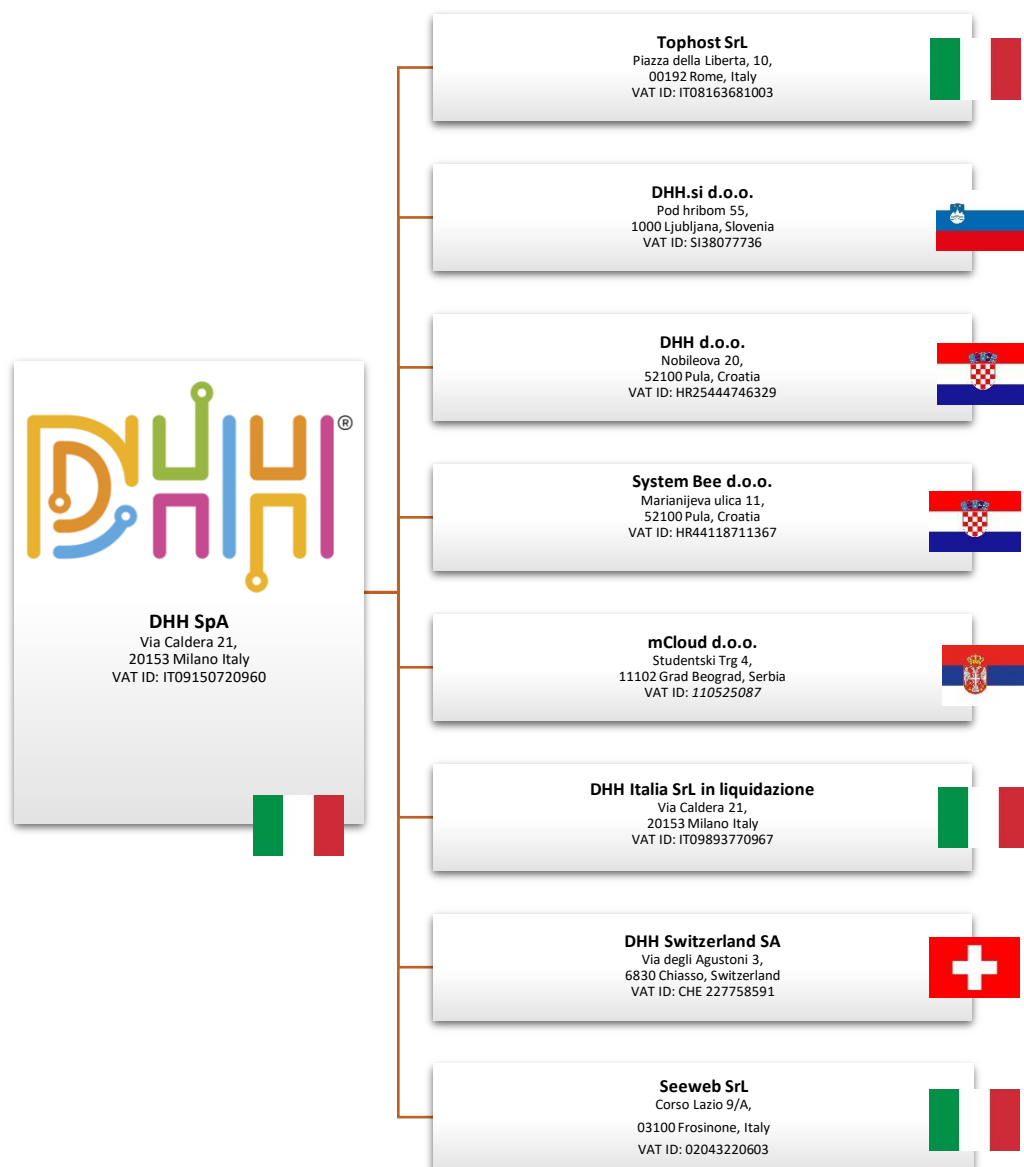
Chairman: **UMBERTO LOMBARDI**

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

Independent Auditing Firm

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

STRUCTURE OF THE GROUP



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 AIM Italia since 2016.



TOPHOST S.R.L. (ITALY)

100% controlled by DHH S.p.A.

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



DHH.SI D.O.O. (SLOVANIA)

100% controlled by DHH S.p.A.

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



DHH D.O.O. (CROATIA)

100% controlled by DHH S.p.A.

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



DHH SWITZERLAND S.A. (SWITZERLAND)

100% controlled by DHH S.p.A.

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



DHH ITALIA S.R.L. IN LIQUIDAZIONE (ITALY)

100% controlled by DHH S.p.A.

The Italian business of Artera (DHH Switzerland S.A.).



SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A.

Sysbee was established in May 2018 as a spin-off of DHH d.o.o. engaged in the business of web hosting and IT solutions. 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. 50 active clients.



MICLOUD D.O.O. (SERBIA)

62% controlled by DHH S.p.A.

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



SEEWEB S.R.L. (ITALY)

100% controlled by DHH S.p.A.

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

BOARD OF DIRECTORS REPORT

Section A: Significant events during the year

In 2020 the Group focused on developing the business by strengthening its market position, improving corporate governance, and increasing the number of specialists.

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

COVID-19 EFFECTS

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

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

No significant events and transactions that have occurred since 31 December 2019 and are related to the global pandemic affected the Group's consolidated financial statements for the year 2020.

23rd MARCH 2020

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

21st MAY 2020

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

18th JUNE 2020

Giandomenico Sica, Executive President of the company, has entered into a voluntary lock-up agreement. For 12 months following the effectiveness of the merger, Giandomenico Sica intends to commit to the DHH not to carry out, directly or indirectly, sales operations or in any case, disposals that have for an object, directly or indirectly, the shares he owns as of today (ref. 200.000 shares), not to grant options, rights or options for the purchase or exchange of the aforementioned shares.

30th JUNE 2020

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

31st AUGUST 2020

Sysbee, the DHH portfolio company, focused on managed hosting and led by Zvonimir Gembec, was included in the list of the Top Croatian B2B Companies for 2020, released by Clutch on 24 August.

11th SEPTEMBER 2020

Tophost, the DHH portfolio company, launched "Topweb Ultra", the most affordable extreme performance hosting on the Italian market.

2nd NOVEMBER 2020

DHH announces that as a result of the conclusion of the merger by incorporation of Seeweb Holding S.r.l. into the Company the share capital of DHH is equal to Euro 451.863,10, represented by no. 4.518.631 ordinary shares without par value.

For more details, please refer to the information in the “Merger Effects” section of this Report.

17th NOVEMBER 2020

Dominion Hosting Holding S.p.A. announces the change of its official name in DHH S.p.A.

28th DECEMBER 2020

DHH announces that it has acquired the remaining 20% of DHH Switzerland S.A. from Mr. Sergio Ravera. As consideration for the abovementioned deal, DHH transfers to Mr. Ravera n. 18.675 treasury shares for a value of Euro 200.000. As a result of this transaction, DHH now owns 100% of DHH Switzerland S.A..

A.1 Merger effects

Reverse Take-Over of Seeweb Holding S.r.l.

On 30th June 2020, the Shareholders' meeting of DHH S.p.A. approved the Reverse Take-Over ("Merger") of Seeweb Holding S.r.l. (and Seeweb S.r.l.) by DHH S.p.A., the project approved by the Board of Directors on 21st May 2020.

The Merger will further strengthen the position of DHH in the Southeast European cloud computing industry. Seeweb Holding, through its subsidiary Seeweb S.r.l., is involved in cloud computing, hosting, server, streaming, and colocation activities. The company serves public and private clients, delivering services in SaaS, IaaS, and PaaS models, and offering a wide range of other IT services through fiber optic connections. Seeweb owns four proprietary data centres in Milan, Frosinone, Sesto San Giovanni and Lugano. Seeweb was the first company to offer cloud computing solutions on the Italian market and was one of the first companies to register domains in Italy.

The Merger agreement, whose accounting effects apply as of 1 January 2020, was signed on October 15, 2020, with legal effects starting from November 1, 2020.

The deal is a 100% share exchange and to complete it DHH issued a total of no. 3.030.081 ordinary shares valued at € 10,30, which correspond to a share capital increase of 303.008,10 Euro.

The exchange ratio of the Merger was established at 31.828,92 DHH ordinary shares with no par value and the same entitlement and rights as the DHH ordinary shares outstanding at the date of the Merger, for every € 1.000,00 of Seeweb Holding's share capital, without any cash adjustment.

Antonio Domenico Baldassarra and Enrico Vona, in their quality as Seeweb Holding's shareholders, received, in total, no. 3.030.081 DHH's new ordinary shares.

As an effect of the Merger, the no. 360.000 DHH' shares owned by Seeweb Holding (as DHH's shareholder) have been acquired by DHH as treasury shares.

Therefore, the Merger is a related-party transaction and also a "significant transaction" as per the procedure for related-party transactions adopted by DHH on 24 June 2016.

The Merger arises from a strong operational rationale due to the complementary nature of the respective companies' business, with the goal being that of harnessing concrete market opportunities while expanding the existing services.

Through the Merger, DHH will:

- a. consolidate its current market position in domain name's registration and transfers, and cloud hosting, as well as expand and strengthen its presence in the IaaS sector (currently a marginal business for the company), thus greatly increasing its range of IT services offering to be a well-rounded IT and technological provider;
- b. reach a size that allows it to: (i) face competition internationally in its reference sectors (thus increasing efficiency to improve research and development); (ii) diversify market risk while expanding the range of products and services it offers and capitalizing on new opportunities given the possibility of offering integrated packages; (iii) improve visibility and attract a greater number of (primarily institutional/qualified) investors and enter financial and business partnerships thanks also to the listing on AIM Italia; (iv) increase the group's critical mass in order to better pursue medium

to long-term strategies, especially through a detailed plan of strategic acquisitions and mergers; and (v) optimize and improve loan relationships overall while exploiting greater overall investment capacity;

- c. begin a process of industrial and strategic synergies thanks to the two groups' similar businesses in order to optimize practices and integrate business efficiency and skills while seizing cross-selling opportunities thanks to consolidated customer portfolios.

The Merger, strongly backed by the companies involved, has the goal of enhancing businesses and will lead to progressive diversification and increased offerings.

Based on these industrial, business, and financial synergies, the companies are confident that the new group will be a springboard for further development, including through subsequent mergers and/or acquisitions, that will make DHH a key point of reference among the key players in the cloud computing industry in Europe.

Consolidated Financial Statements Pro-forma

The consolidated Financial Statements Pro-forma are drawn up to represent the effect of the RTO (Reverse Take-Over) between DHH S.p.A. and Seeweb Holding S.r.l. as appear at 31.12.2020, considering the effects starting from 01.01.2020.

The tables below show the main economics and financials consolidated data of the newly merged group as extracted from the Pro-forma Income Statement and Balance Sheet as at 31 December 2020 according to IAS/IFRS. For further information, please see the Consolidated pro-forma Report drawn up by DHH.

CONSOLIDATED PRO-FORMA STATEMENT	31.12.2020	31.12.2019
All amounts are in Euro		
Operating revenues	18.073.847	16.797.276
Operating costs	(11.245.269)	(11.174.048)
EBITDA	6.828.578	5.623.228
Amortization and impairment	(3.043.477)	(3.080.908)
EBIT	3.785.100	2.542.320
EBT	3.600.126	2.549.915
NET INCOME	2.584.067	1.786.608

ASSETS	31.12.2020	31.12.2019
All amounts are in Euro		
Non-current assets	18.673.028	19.647.866
Current assets	12.044.772	7.827.612
TOTAL ASSETS	30.717.798	27.475.479

LIABILITIES and NET EQUITY	31.12.2020	31.12.2019
All amounts are in Euro		
NET EQUITY	16.355.894	14.211.800
Non-current liabilities	6.789.791	5.285.044
Current liabilities	7.572.114	7.978.634
TOTAL LIABILITIES	14.361.904	13.263.678
TOTAL LIABILITIES and NET EQUITY	30.717.798	27.475.479

Purchase Price Allocation

According to IFRS 3 in the reverse merger DHH S.p.A. is the “accounting buyer” and Seeweb Holding S.r.l. is the “substantial buyer”.

The amount paid for the acquisition, equal to Euro 11,628 thousand, is attributable to the non-monetary component deriving from the valuation at fair values of the number of shares that Seeweb Holding should have issued for the benefit of the pre-existing shareholders of DHH, to give to them the same percentage of interest they will have in the entity resulting from the reverse acquisition; this valuation, carried out on the basis of the fair value of 100% of the shares of Seeweb Holding resulting from a specific appraisal (equal to Euro 31,220 thousand), determines a non-monetary price component equal to Euro 11,628 thousand, calculated as shown below:

<i>(in Euro)</i>	
Fair value 100% Seeweb Holding (a)	31.219.605
% Seeweb Holding's shareholders in DHH after Merger (b)	67,06%
Fair value 100% DHH after Merger (c) = (a)/(b)	46.556.469
% DHH's pre-existing shareholders in DHH after Merger (d)	32,94%
Non-monetary component before own shares (e)=(c)*(d)	15.336.864
% Seeweb holding in DHH before Merger (no. 360.000 shares) (f)	24%
Fair value of DHH shares of Seeweb Holding before Merger (g)=(e)*(f)	3.709.161
Non-monetary component of the Merger (e)-(g)	11.627.703

The acquisition of DHH S.p.A. (accounting buyer) performed by Seeweb Holding S.r.l. (substantial buyer) created therefore an excess value of the purchase price paid over the value of the net identifiable assets acquired of approximately € 5,3 million, due to the difference between the purchase price (11,628 thousand) and the value of the net assets and liabilities acquired by DHH S.p.A. according to the IAS / IFRS principles (Euro 6,367 thousand), provisionally recognized as goodwill.

Pursuant to the Purchase Price Allocation, this excess value is partly referred to Intangible assets, identified in Trademarks, as follow:

	TOPHOST	Italy	454.249
	DHH.SI	Slovenia	923.339
	DHH	Croatia	831.481
	DHH	Switzerland	585.534
	SYSTEM BEE	Croatia	134.341
	mCLOUD	Serbia	158.362
	Trademarks value		3.087.307

The methodology used for evaluating trademarks is the Royalty Rate method, which consists of discounting, for a reasonable period of time, the royalty flows to the brand owner that are considered adequate by the market for the acquisition of the right to use the brand.

It should be noted that for the economic valuation of the trademark “Tophost” DHH requested a specific appraisal.

The residual amount of the goodwill due to the Merger is of Euro 2.174.160.

Section B: Principal risks

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

The company is potentially exposed to the following relevant risks.

RISK RELATING TO COVID-19

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

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

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

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

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

INTERNAL RISKS

RISK LINKED TO THE COMPANY BEING ONLY RECENTLY INCORPORATED

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

RISK LINKED TO CERTAIN KEY PERSONS

The success of the Group depends on some of its key managers who, thanks to 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 RELATED TO THE GENERAL ECONOMIC SITUATION

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

RISKS RELATING TO THE COMPETITION IN THE MAIN MARKET

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

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

RISK RELATING TO TECHNOLOGICAL PROGRESS

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

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

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

RISK RELATING TO CYBER ATTACK

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

FINANCIAL RISKS

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

LIQUIDITY RISK

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

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

CREDIT RISK

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

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

MARKET RISKS

EXCHANGE RATE RISK

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

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

Section C: Related party transactions

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

The following is a breakdown of relations with related parties as at December 31st, 2020 taken from the year's Financial statements:

GROUP DHH		Receivables	Payables	Costs	Revenues
1	Seeweb S.r.l.*** Supplier of DHH owned by 2)	0	0	1.127.341	57.746
2	Antonio Domenico Baldassarra Director of DHH	0	10.372	29.885	0
3	Giandomenico Sica Director of DHH	0	13.182	93.500	0
4	Uros Čimžar Director of DHH	0	8.301	77.336	0
5	Matija Jekovec Director of DHH	0	8.530	78.236	0
6	Petra Kotlušek Wife of 4)	0	1.370	32.816	0
9	Quadrant S.r.l. Supplier of Seeweb owned by 2) and 10)	1.830	3.660	114.620	1.000
10	Enrico Vona Shareholder of DHH	0	7.750	15.467	0
Total		1.830	53.165	1.569.200	58.746

*** Relationship with Seeweb before the Reverse take-over (January-October 2020).

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

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

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

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

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

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

Section D: Labour & Environment

The Group employed 94 people as of 31.12.2020 compared to 65 on 31.12.2019. There were no job fatalities or work accidents in the period covered by this report. During the period there were no claims regarding occupational diseases of employees or former employees and causes of mobbing, for which the companies of the Group were declared liable.

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

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

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

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

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

Group Financial Indicators

The main financial numbers for the Group are as follows.

CONSOLIDATED KEY FINANCIALS	31.12.2020	31.12.2019	variation	
All amounts are in Euro				
Total Assets	30.721.028	10.835.101	19.885.927	184%
Total Equity	16.359.123	7.577.161	8.781.963	116%

CONSOLIDATED KEY FINANCIALS	31.12.2020	31.12.2019	variation	
All amounts are in Euro				
Net sales	9.193.822	6.757.942	2.435.880	36%
Gross Margin	4.193.824	2.776.505	1.417.318	51%
EBT	869.399	112.760	756.639	671%
Net Profit	615.009	60.732	554.277	913%

The total Assets and total Equity reflect the variation of the consolidation area due to the Reverse Take-Over of Seeweb Holding S.r.l. (and Seeweb S.r.l.), starting from 1st November 2020.

The Net Profit amounts to **615k EUR** and has registered an increase in the current year of 554k EUR, due to the variation of the consolidation area for 274k Eur (Seeweb S.r.l. starting from 1st November 2020) and to the increase of the business of the Group for 341k EUR.

Group Performance Indicators

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

CONSOLIDATED KEY INDICATORS	31.12.2020	31.12.2019	
Fixed Assets Ratio	61%	66%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	114%	94%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	47%	30%	Debt percentage ratio
Total equity to total liabilities and equity	53%	70%	Debt percentage ratio
Debt to Equity ratio	20%	0%	The percentage of debt to equity
Working Capital ratio	1,59	1,22	This ratio shows how many times the current assets cover the current liabilities
CONSOLIDATED KEY INDICATORS	31.12.2020	31.12.2019	
All amounts are in Euro			
Assets return ratio	5%	1%	Net profit after tax as a percentage of the equity
EBITDA margin	20%	7%	EBITDA as a percentage of sales
Net profit margin	7%	1%	Net profit as a percentage of sales

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

12th JANUARY 2021

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

18th JANUARY 2021

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

10th MARCH 2021

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

16th MARCH 2021

DHH communicates the variation of share capital.

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

Section G: Predictions and plans for the year 2021

We can summarize the plan for 2021 to lead the group activities in two main areas: further geographic expansion and strengthening market position including both web hosting and cloud computing industries on one side and, supporting digital innovation and entrepreneurship alongside tech-communities in our current geographies on the other side.

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

Currently, we are not in the condition to assess this risk in a precise way, since the first data we observe in our companies don't show anything unexpected or different from “business as usual”. Nevertheless, we expect that the global economy will be negatively impacted by Coronavirus and we believe that our company won't be called out from this situation. That's why, despite the lack of evident signals, we are preparing our group to face possible negative scenarios during 2021.

Section H: Corporate Governance

Corporate Governance Model

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

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

Board of Directors

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

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



**GIANDOMENICO
SICA**
President



**MATIJA
JEKOVEC**
Managing Director



**UROŠ
ČIMŽAR**
Managing Director



**ANTONIO
BALDASSARRA**
Director



**GUIDO
BUSATO**
Independent Director

GIANDOMENICO SICA – CHAIRMAN OF THE BOARD OF DIRECTORS

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

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

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

MATIJA JEKOVEC – MANAGING DIRECTOR

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

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

UROŠ ČIMŽAR – MANAGING DIRECTOR

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

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

ANTONIO BALDASSARRA – DIRECTOR

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

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

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

GUIDO BUSATO - INDEPENDENT DIRECTOR

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

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

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

Board of Statutory Auditors

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

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

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

The current Auditors are listed below:

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

Procedures

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

INTERNAL PROCEDURE FOR THE MANAGEMENT AND HANDLING OF CONFIDENTIAL INFORMATION AND FOR THE EXTERNAL COMMUNICATION OF DOCUMENTS AND INFORMATION: this procedure regulates the management and handling of confidential information about the Company, with a special reference to the inside information (as defined pursuant to article 7 of the M.A.R.), bearing in mind the current laws and regulations concerning the prevention and the repression of any form of market abuse. This procedure has been approved pursuant to articles 17, 24, 25, and 31 of AIM Italia Issuers' regulations – Mercato Alternativo del Capitale, as well as in compliance with all applicable law and regulations such as the Regulations (EU) No. 596 of 2014 on market abuse (“M.A.R.”).

INTERNAL DEALING PROCEDURE: this procedure, deals with the practice of internal dealing, i.e. the transparency of all transactions performed by Relevant Persons and Close Associates of Relevant Persons (both as defined in such procedure) that involves shares, as well as financial instruments linked to shares issued by Dominion Hosting Holding S.p.A.; such procedure aims at regulating all disclosure requirements and conditions to which the Relevant Persons, the Close Associates of Relevant Persons and the Company itself are subject, with the goal to ensure a timely, correct and proportional disclosure to the public.

NOMAD COMMUNICATION OBLIGATIONS PROCEDURE: this procedure regulates the process through which the Company provides the Nomad with any information which may be necessary, opportune, or reasonably requested by the latter to fulfill its duties according to the AIM Italia Issuers' Regulations and according to the AIM Italia – Alternative Capital Market Nominated Advisers Regulations, as amended and integrated from time to time.

TRANSACTIONS WITH RELATED PARTIES PROCEDURE: this procedure relating to the governance of transactions with related parties is aimed at identifying the rules which govern the approval and execution of transactions with Related Parties (as defined in such procedure) put in place by Dominion Hosting Holding S.p.A. directly or through Subsidiary (as defined in such procedure), in order to ensure the transparency and the substantial and procedural correctness of such transactions following the trading of the Company's shares on AIM Italia – Mercato Alternativo del Capitale (“AIM Italia”), a multilateral trading facility organized and managed by Borsa Italiana.

PROCEDURE FOR SETTING UP AND KEEPING A REGISTER OF PERSONS WITH ACCESS TO INSIDE INFORMATION: this procedure regulates the institution and the keeping of the register of persons with access to inside information which, pursuant to article 7 of the M.A.R., means any information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or one or more of its financial instruments listed on AIM Italia and which, if it were made public, would be likely to have a significant effect on the prices of such financial instruments or the price of related derivative financial instruments prices.



GROUP CONSOLIDATED ANNUAL REPORT AS AT 31.12.2020

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

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

Consolidated Financial Statements

Consolidated Statement of Financial Position as at 31 December 2020

ASSETS	NOTE	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Trademarks	1	3.087.307		-	
Goodwill	2	7.956.819		5.648.925	
Tangible fixed assets	3	1.782.841		256.096	
Right of use assets	4	4.255.078		304.441	
Intangible assets	5	1.013.002		905.963	
Investments in other companies	6	259.601			
Non-current financial assets	7	18.302		6.661	
Other non-current assets		-		177	
Deferred tax assets	8	303.308		28.531	
NON-CURRENT ASSETS		18.676.257		7.150.793	
Trade receivables	9	2.193.909	1.830	382.806	22.095
Current financial assets	10	209.932		13.442	
Other current assets	11	46.531		121.713	
Tax receivables	12	253.607		147.003	
Cash and cash equivalents	13	8.846.040		2.537.357	
Prepaid expenses and accrued income	14	494.753		481.987	
CURRENT ASSETS		12.044.772		3.684.309	
TOTAL ASSETS		30.721.028	1.830	10.835.101	22.095

LIABILITIES and NET EQUITY	NOTE	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Share Capital		451.867		148.855	
Reserves		14.586.586		6.713.385	
Retained Profit (Loss)		733.603		633.938	
Year's profit (loss) relating to the shareholders of the Group		612.651		99.665	
TOTAL NET EQUITY OF THE GROUP		16.384.706		7.595.843	
Capital and Reserves relating to the third-party shareholders		(27.941)		20.250	
Year's Profit/loss relating to the third-party shareholders		2.358		(38.933)	
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS		(25.583)		(18.682)	
TOTAL NET EQUITY	15	16.359.123		7.577.161	
Non-current financial payables	16	5.334.532	4.000	205.248	
Severance reserves	17	573.638		14.932	
Provisions for risks and future liabilities		-		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	18	881.621		15.212	
NON-CURRENT LIABILITIES		6.789.791		235.392	
Trade payables	19	1.768.490	25.447	560.853	191.359
Other current liabilities	20	368.368	23.718	220.188	11.194
Current financial liabilities	21	2.237.577		119.848	
Tax payables	22	576.221		140.968	
Accrued liabilities and deferred income	23	2.621.458		1.980.692	
CURRENT LIABILITIES		7.572.114		3.022.549	
TOTAL LIABILITIES		14.361.905		3.257.941	
TOTAL LIABILITIES and NET EQUITY		30.721.028	53.165	10.835.102	202.553

Consolidated Statement of Comprehensive Income as at 31 December 2020

CONSOLIDATED INCOME STATEMENT	Note	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
All amounts are in Euro					
Revenues	24	9.193.822	58.746	6.757.942	71.758
Other Revenues	25	155.345		54.234	
Internal project		-		-	
OPERATING REVENUES		9.349.167		6.812.175	
Material costs	26	(167.032)		(24.180)	
Service costs and use of third-party assets	27	(4.988.311)	(1.494.533)	(4.011.490)	(1.431.457)
Personnel costs	28	(2.028.751)	(74.667)	(2.007.396)	(107.035)
Other expenses	29	(330.839)		(273.908)	
TOTAL OPERATING COSTS		(7.514.934)		(6.316.974)	
<u>OPERATING INCOME - EBITDA</u>		1.834.234		495.202	
Amortization and impairment	30	(887.775)		(349.918)	
<u>EBIT</u>		946.458		145.283	
Financial income (expenses)	31	(77.059)		(31.252)	
Other non-operating income/expense		-		(1.272)	
EARNINGS BEFORE TAXES		869.399		112.760	
Total current and deferred income taxes	32	(254.390)		(52.028)	
NET INCOME (LOSS) FOR THE YEAR		615.009		60.732	
OF WHICH:					
relating to the shareholders of the Group		612.651		99.665	
Relating to the third-party shareholders		2.358		(38.933)	
EARNINGS per SHARE (in EURO)	33	0,318		0,067	
DILUTED EARNINGS per SHARE (in EURO)	33	0,318		0,067	

OVERALL CONSOLIDATED INCOME STATEMENT	31.12.2020	31.12.2019
All amounts are in Euro		
PROFIT (LOSS) FOR PERIOD (A)	615.009	60.732
Components which should be subsequently classified in the Income Statement		
Components which should not be classified in the Income statement		
Profit/(losses) arising from the translation of the consolidated companies' financial statements in currencies other than Euro	7.036	808
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	7.036	808
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	622.045	61.541

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

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

CHANGES EQUITY	01.01.2019	Result allocation	Other variations	Earnings /losses reported in OCI	Net Result of the year	31.12.2019
Share capital	142.000		6.855			148.855
Share Premium Reserve	6.679.644		1.545			6.681.189
Bonus Share Reserve	8.400		(8.400)			-
Legal Reserve	1.738	26.662				28.400
OCI Reserve	7.180			(3.384)		3.796
Retained earnings (Accum. losses)	583.458	76.134	(25.654)	-		633.938
Group Net Result	102.796	(102.796)	-		99.665	99.665
TOTAL NET EQUITY - GROUP	7.525.216	-	(25.654)	(3.384)	99.665	7.595.844
Capital and reserves relating to the third-party shareholders	47.397	(1.408)	(23.953)	(1.786)		20.250
Net Result relating to the third- party shareholders	(1.408)	1.408			(38.933)	(38.933)
NET EQUITY TO THE THIRD-PARTY SHAREHOLDERS	45.989	-	(23.953)	(1.786)	(38.933)	(18.683)
TOTAL NET EQUITY	7.571.205	-	(49.607)	(5.170)	60.732	7.577.161

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

The "Other variations" mainly refer to:

- the capital increase of 303k EUR and the increase of the Share Premium Reserve of 4,4M EUR, due to the Reverse Take-Over of Seeweb Holding S.r.l. led by DHH S.p.A.;
- the acquisition of the remaining 20% of DHH Switzerland SA from Mr. Sergio Ravera with the transfer of n. 18.675 treasury shares for a value of Euro 200.000 to Mr. Ravera.

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

STATEMENT of RECONCILIATION	NET PROFIT	NET EQUITY	TOTAL
BALANCES OF THE PARENT COMPANY	(254.544)	11.123.655	10.869.111
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(167.626)	167.626	-
Difference between the value of the consolidated investments and their own net equity value	-	4.480.774	4.480.774
Net profit of consolidated companies	1.034.821		1.034.821
Third-party shareholders	2.358	(27.941)	(25.583)
TOTAL NET EQUITY	615.009	15.744.114	16.359.123

Consolidated Statement of Cash Flows for the year ended 31 December 2020

CONSOLIDATED CASH FLOW STATEMENT	31.12.2020	31.12.2019
All amounts are in Euro		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	615.009	60.732
Income taxes	254.390	52.028
Interest payables/(receivables)	77.059	32.523
(Capital gains) / losses from sales of assets	-	-
(Capital gains) / losses from Business Combinations	-	-
1. EARNINGS BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	946.458	145.283
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	13.325	3.915
- Amortization and depreciation of assets	824.891	349.695
- Permanent loss write-down	62.884	38.185
- Other adjustments on non-monetary items	2.696	(5.170)
2. Cash Flow before NWC changes	1.850.255	531.908
Changes in NWC:	594.732	550.550
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	481.243	154.307
- Increase (decrease) in supplier payables	(28.572)	196.015
- Decrease (increase) in prepaid expenses and accrued income	494.575	(16.266)
- Increase (decrease) in accrued expenses and deferred income	(187.602)	179.826
- Other changes to the NWC	(164.911)	36.668
3. Cash flow after NWC changes	2.444.987	1.082.458
Other changes:	(334.678)	(87.528)

- Interests collected/(paid)	(77.059)	(15.726)
- (income taxes paid)	(257.401)	(67.584)
- Dividends received	-	-
- (Use of reserves)	(218)	(4.217)
Cash flow from operating activities [A]	2.110.309	994.931

B. CASH FLOW FROM INVESTING ACTIVITIES

(Investments) disinvestment in tangible assets	(329.115)	(42.141)
(Investments) disinvestment in right of use assets	(381.548)	(440.501)
(Investments) disinvestment in intangible assets	(36.663)	(868.452)
(Investments) disinvestment in financial assets	(583.334)	(49.731)
Cash flow from investing activities [B]	(1.330.660)	(1.400.824)

C. CASH FLOW FROM FINANCING ACTIVITIES [C]

Increase (decrease) current payables to banks	(1.663.311)	(82.679)
New loans (Loan repayments)	1.775.644	324.626
Paid capital increase	23.837	1.763
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
Cash flow from financing activities [C]	136.169	243.710
Increase (decrease) in liquidity [A]+[B]+[C]	915.819	(162.184)
Liquid funds at the beginning of the period	2.537.357	2.699.540
Consolidation area variation	5.392.864	
Liquid funds at the end of the period	8.846.040	2.537.357

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 AIM Regulations for Issuers elected to adopt the international accounting principles (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Gazzetta Ufficiale della Comunità Europea (G.U.C.E.) for the preparation of its own financial statements.

The central body of IFRS encompasses all IFRS, up-to-date accounting principles, and the interpretations drawn-up by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as Standing Interpretations Committee (“SIC”). It should be noted that the accounting principles applied for the preparation of the financial statements as at December 31, 2020, are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial statements as at December 31st, 2020 are approved by the Board of Directors on 26.03.2021.

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

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

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

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

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

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

The Group Financial Statements for DHH (the “Group”) as at 31 December 2020 have been drawn up on the basis of the financial statements of the holding company and of the companies in which D.H.H. S.p.A. (the “Consolidating Company”) holds -directly or indirectly- the majority of votes exercisable in the Ordinary Shareholders’ Meeting, with reference to the same date, as detailed below:

CONTROLLED COMPANIES IN THE CONSOLIDATION AREA	OFFICE	SHARE CAPITAL (in EUR)	SHARE
TOPHOST s.r.l.	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
DHH ITALIA s.r.l. in liquidazione	Italy	3.000	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	62%
SEEWEB s.r.l.	Italy	103.000	100%

SUBJECTIVE ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

management cost and revenue items arising from events or transactions, non-recurrent by nature and value materiality are indicated separately.

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

Impairment of assets

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

Business combination

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

Lease

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

Consolidation Principals

PARTICIPATIONS IN CONTROLLED COMPANIES

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

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

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

Evaluation Criteria

The main criteria for drawing up the interim 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 partly 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 recognised 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 will adopt the following choices:

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

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

- Statement of financial position: greater non-current assets for the recognition of the "right to use the leased asset" in counterpart for higher financial liabilities of approximately 340k Eur.

- Separate income statement: different nature, qualification and classification of expenses (amortization of the "right of use of the asset" and "financial charges for interest" compared to "Costs for the use of third-party assets - operating lease payments", as by IAS 17). On the contract portfolio basis (and the related fees) as at 1st January 2019 the increase in EBITDA for 2019 amounts in 117k Eur.

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

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

TANGIBLE ASSETS

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

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

The amortizable value is represented by deducting book value from the net value of its residual life, if significant and if it can be reasonably ascertained. The amortization ratio applied to any unit is reviewed at least at the closing of any financial year and, if there are significant changes in the expected

consumption of the future economic benefits generated by an asset the ratio is modified to reflect this change as contemplated under IAS 8.

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

PARTICIPATIONS

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

NON-CURRENT FINANCIAL ASSETS

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

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

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

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

CURRENT ASSETS

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

TRADE RECEIVABLES

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

CASH AND EQUIVALENT INSTRUMENTS

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

TRADE PAYABLES

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

FINANCIAL LIABILITIES

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

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

EMPLOYEES BENEFITS

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

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

RECOGNITION OF REVENUES

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

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

EXPENSES

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

FINANCIAL INCOME AND EXPENSES

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

TAXES

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

ESTIMATES AND VALUATIONS

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

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

CHANGES IN THE ACCOUNTING PRINCIPLES

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

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

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

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

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

These amendments have not produced effects for the Group.

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

- Conceptual Framework in IFRS Standards;
- Changes in IFRS 3 – “Business Combinations”;
- Changes in IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform;
- Changes in IAS 1 – “Presentation of Financial Statements” and IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”;
- IBOR Reform and its Effects on Financial Reporting – Phase 1.

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

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

- IBOR Reform and its Effects on Financial Reporting – Phase 2, mandatorily effective from 1st January 2021.
- IAS 1 “Presentation of Financial Statements” – classification of liabilities as current or non-current, mandatorily effective from 1st January 2022.
- IAS 16 “Property, Plant and Equipment” – amendment/proceeds before the intended use, mandatorily effective from 1st January 2022.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – amendments/onerous contracts/cost of fulfilling a contract, mandatorily effective from 1st January 2022.
- IFRS 3 “Business combinations” – amendments/reference to the conceptual framework, mandatorily effective from 1st January 2022.
- IFRS 4 “Insurance Contracts – deferral of IFRS 9”, mandatorily effective from 1st January 2021.
- IFRS 17 – “Insurance Contracts”, issued on 18th May 2017 with first application starting from 1st January 2023.

Other Information

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

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

Compensation of the Statutory Auditor and Auditor Firm

The overall compensation paid by the Group to the auditor firm is equal to 48.185 EUR for auditing activities and 2.443 EUR for other activities. The compensation for the Board statutory auditors is equal to 33.880 EUR.

Related Parties

The Explanatory Notes provide information on the effect that operations with related parties have on the economic and financial situation. The operations with Seeweb are shown for the period January – October 2020.

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 31.12.2020	AVERAGE EXCHANGE RATE
Croatian Kuna (HRK)	7,5519	7,5435
Serbian Dinar (RSD)	117,4097	117,5869
Swiss Franc (CHF)	1,0802	1,0709

Scope of Consolidation

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

PARENT COMPANY

Name

DOMINION HOSTING HOLDING S.P.A. - DHH S.P.A.

REGISTERED OFFICE

MILANO – VIA CALDERA, 21 - ITALIA

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

NAME	REGISTERED OFFICE	SHARE CAPITAL (in EUR)	SHARE
TOPHOST s.r.l.	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
DHH ITALIA s.r.l. in liquidazione	Italy	3.000	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MCLOUD d.o.o.	Serbia	9	62%
SEEWEB s.r.l.	Italy	103.000	100%

CHANGE IN THE SCOPE OF CONSOLIDATION

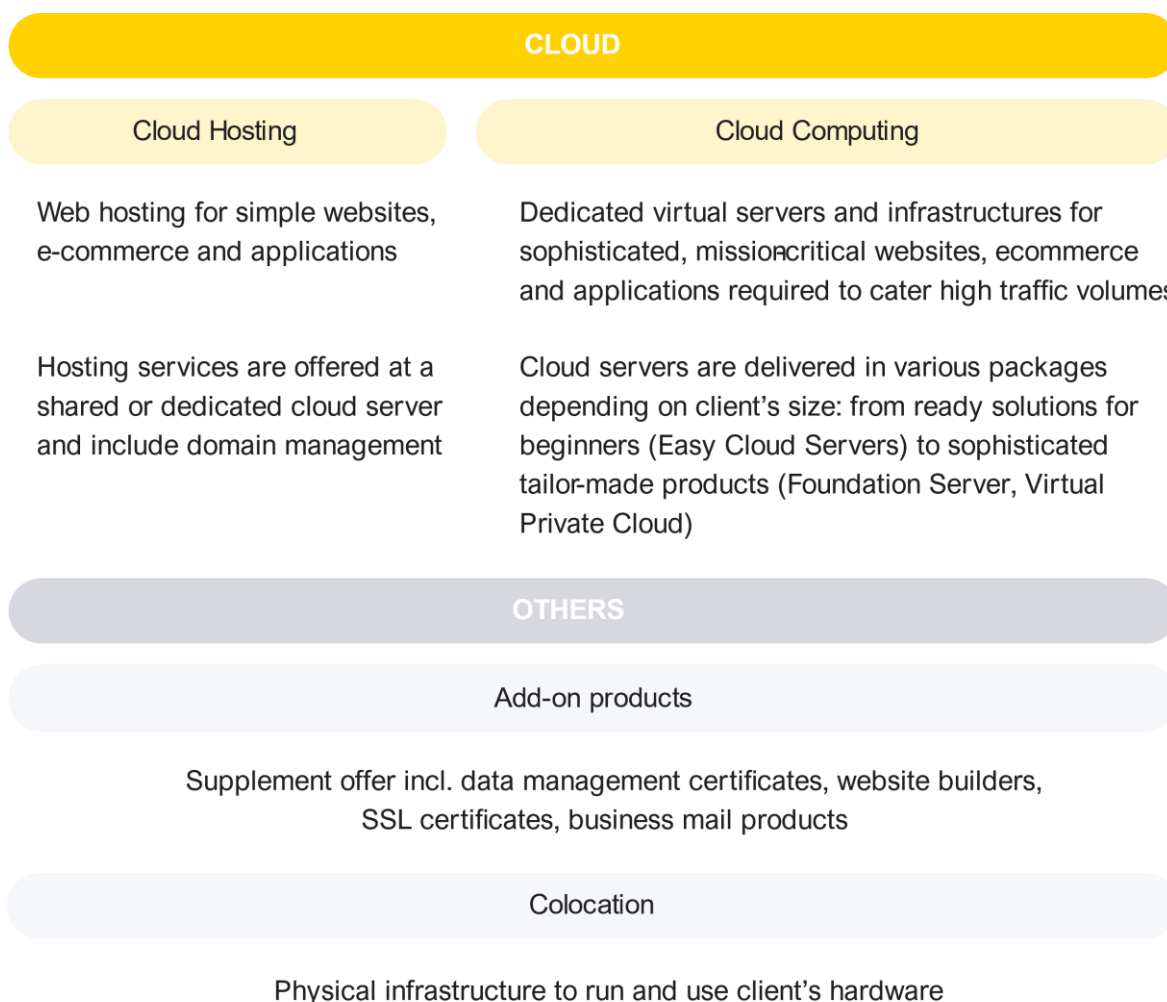
With regard to the changes in the scope of consolidation, compared to the consolidated report as at 31.12.2019 it should be noted the Reverse Take-Over of Seeweb Holding S.r.l. (and Seeweb S.r.l.).

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.

Services Provided

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



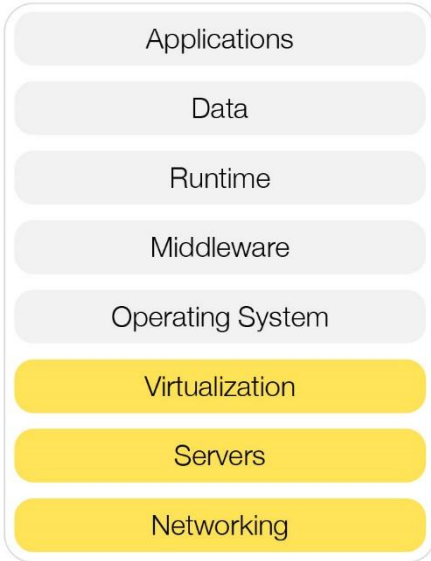
Cloud computing

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

Cloud computing

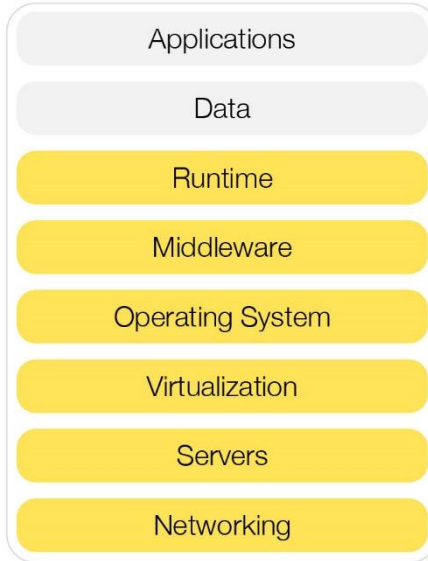
IaaS

Hardware is provided and managed by an outside service provider, the user manages operating system, apps, and middleware



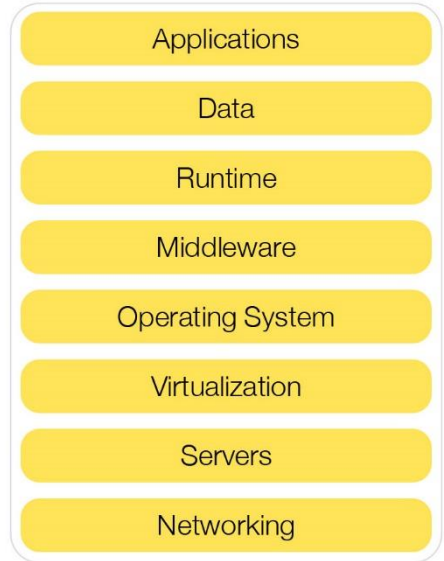
PaaS

Hardware and an application-software platform are provided and managed by a service provider, the user handles the actual application and data.



SaaS

Service provider manages all elements delivering an app which is accessed by user via browser or API



Source: Redhat



Managed by client



Delivered by the company

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) Slovenia (Domenca, Domovanje, and Si.Shell), Serbia (mCloud and Plus), and Croatia (mCloud, Plus hosting and Infonet). Prior to the merger with Seeweb, hosting solutions were DHH core products now accounting for c. 42% of sales. The Group companies are focused on low- and mid-priced yet comprehensive solutions for individuals and SMEs. The packages are offered as pre-configured products usually varying by SSD and RAM size. The offer also includes domain management services.

Other

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

Notes to the Consolidated Financial Statements

NOTE 1: TRADEMARKS

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

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

NOTE 2: GOODWILL

The item “goodwill” is equal to 7.956.819 EUR, with a net increase of 2.307.894 EUR compared to the same value recorded in the consolidated as at 31.12.2019. The increase refers:

- for 2,12M EUR to the residual goodwill generated by the RTO of Seeweb Holding S.r.l.;
- for 192k EUR to the acquisition of the remaining 20% of DHH Switzerland SA from Mr. Ravera.

The decrease refers to the part of goodwill with a defined useful life by specific evaluations, in particular, it's related to the fair value of DHH Italia and DHH Switzerland's customer list with an estimated residual life of 3,5 years.

As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment test and written-off for impairment losses. The DHH Group yearly verifies the recoverability of goodwill and the other assets with an indefinite useful life by specific evaluations (impairment test) on each cash-generating unit (Cash Generating Units or “CGU”). Impairment test has been executed according 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 (2021-2023) 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: 10,755%
- Slovenia: 9,265%
- Croatia: 10,949%
- Switzerland: 8,016%
- Serbia: 13,758%

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 taking into account the country risk.

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

NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 1.782.841 EUR.

The details of the movement of tangible assets during the year 2020 are provided below.

TANGIBLE ASSETS	Computers and electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Value at 01.01.2020	840.665	-	114.783	2.008	957.456
Variation area	4.314.229	-	1.864.655	-	6.178.883
Investments	362.000	-	6.424	-	368.424
(Disposals)	-	-	-	(2.008)	(2.008)
Impairments and other movements	-	-	-	-	-
Cost at 31.12.2020	5.516.893	-	1.985.862	-	7.502.755
Accumulated depreciation at 01.01.2020	635.374	-	65.986	-	701.360
Variation area	3.794.664	-	987.663	-	4.782.327
Depreciation	202.315	-	33.912	-	236.227

(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
Accumulated depreciation at 31.12.2020	4.632.354	-	1.087.561	-	5.719.914

Net Book Value

At 01.01.2020	205.291	-	48.797	2.008	256.096
At 31.12.2020	884.540	-	898.301	-	1.782.841

NOTE 4: RIGHT OF USE ASSETS

Right of use assets are equal to 4.255.078 EUR. The effects of the application of IFRS 16 - "Leases", applied from January 1st, 2019, are provided below. For further information please refer to the comments in "Evaluation criteria".

RIGHT OF USE ASSETS	Land and Buildings	Data center equipment	Vehicles	Other assets	TOTAL
Value at 01.01.2020	-	413.884	26.617	-	440.501
Variation area	2.023.962	6.976.632	-	-	9.000.594
Investments	-	117.429	-	-	117.429
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
Cost at 31.12.2020	2.023.962	7.507.944	26.617	-	9.558.523
Accumulated depreciation at 01.01.2020	-	135.290	770	-	136.060
Variation area	667.457	4.034.174	-	-	4.701.631
Depreciation	81.672	379.735	4.347	-	465.754
(Disposals)	-	-	-	-	-
Impairments and other movements	-	-	-	-	-
Accumulated depreciation at 31.12.2020	749.129	4.549.199	5.117	-	5.303.445

Net Book Value						
At 01.01.2020	-	278.594	25.847	-	-	304.441
At 31.12.2020	1.274.833	2.958.745	21.500	-	-	4.255.078

NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 1.013.002 EUR as at 31st December 2020.

The details of movement in intangible assets during the year 2020 are provided below.

INTANGIBLE ASSETS	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Value at 01.01.2020	88.118	422.915	43.311	604.436	12.509	1.171.289
Variation area	300.313	-	-	425.177	-	725.490
Investments	17.915	-	15.196	105.364	2.080	140.555
Impairments and other movements	-	-	-	-	(12.509)	(12.509)
Cost at 31.12.2020	406.347	422.915	58.507	1.134.976	2.080	2.024.824
Accumulated amortization at 01.01.2020	55.180	191.577	14.264	4.306	-	265.326
Variation area	110.427	-	-	361.703	-	472.131
Amortization	29.661	71.804	5.075	167.826	-	274.366
Impairments and other movements	-	-	-	-	-	-
Accumulated amortization at 31.12.2020	195.268	263.381	19.338	533.835	-	1.011.823
Net Book Value						
At 01.01.2020	32.938	231.338	29.047	600.130	12.509	905.963
At 31.12.2020	211.078	159.534	39.169	601.141	2.080	1.013.002

NOTE 6: INVESTMENTS IN OTHER COMPANIES

The value presented in the Financial Statements is due to the aggregation of Seeweb Holding S.r.l. which was completed by the end of October 2020. The following schedule details the equity investments.

Company	Legal seat	Share Capital (in EUR)	Share (%)	Investment book value
Sync S.r.l.	Roma	13.289	3,38%	50.102
Baasbox S.r.l.	Roma	13.489	5,21%	99.999
Materialuce S.r.l.	Terni (TR)	10.250	4,76%	100.000
Others				9.500
			Total	259.601

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 18.302 EUR as at 31st December 2020 is mainly referred to as guarantee deposits.

NOTE 8: DEFERRED TAX ASSETS

Deferred tax assets are equal to 303.308 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 31.12.2020.

NOTE 9: TRADE RECEIVABLES

Trade receivables are equal to 2.193.909 EUR as at 31.12.2020 with an increase of 1.811.103 EUR compared to the same item recorded on 31.12.2019.

The distribution of receivables by geographical area is as follows.

TRADE RECEIVABLES	31.12.2020	31.12.2019	DELTA	of which variation area
Italy	2.012.064	176.211	1.835.853	2.298.196
EU countries	188.455	145.207	43.248	109.368
Other countries	106.991	61.388	45.603	58.791

	Total	2.307.510	382.806	1.924.704	2.355.229
Fund for bad debt		(113.602)	-	(113.602)	(111.126)
TOTAL NET TRADE RECEIVABLES		2.193.909	382.806	1.811.103	

NOTE 10: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 209.932 EUR, with an increase due to the variation area of 196.490 compared to 31.12.2019. The item is referred to as securities.

NOTE 11: OTHER CURRENT ASSETS

Other current assets are equal to 46.531 EUR, with a decrease of 75.182 EUR compared to 31.12.2019.

NOTE 12: TAX RECEIVABLES

Tax receivables are equal to 253.607 EUR as at the end of 2020 with an increase of 106.604 EUR compared to 31.12.2019 and are composed as follows.

TAX RECEIVABLES	31.12.2020	31.12.2019	DELTA	of which variation area
VAT	230.424	131.956	98.468	-
Other tax receivables	23.183	15.047	8.135	2.638
Total	253.607	147.003	106.604	2.638

NOTE 13: 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 8.846.040 EUR, with an increase of 6.308.683 EUR compared to 31.12.2019. The increase due to the variation area is 5.392.864 EUR.

NOTE 14: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 494.753 EUR as at 31st December 2020, with an increase of 12.766 EUR compared to 31.12.2019. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 15: NET EQUITY

SHARE CAPITAL

The amount reflects the increase due to the Reverse Take-Over transaction through the merger by incorporation of Seeweb Holding S.r.l. into DHH S.p.A.

As a consequence of the merger all the shares (quote) representing Seeweb Holding's corporate capital have been voided and exchanged with DHH's new ordinary shares, according to an exchange ratio of no. 31.828,92 DHH's ordinary shares per each Euro 1.000,00 of Seeweb Holding's corporate capital (amounting to Euro 95.199,00), without any cash adjustment.

Therefore, Antonio Domenico Baldassarra and Enrico Vona, in their quality as Seeweb Holding's shareholders, received, in total, no. 3.030.081 DHH's new ordinary shares deriving from an appropriate share capital increase of nominal amount equal to Euro 303.008.

As an effect of the merger, the no. 360.000 DHH' shares owned by Seeweb Holding (as DHH's shareholder) have been acquired by the Company as treasury shares.

At the end of Novembre 2020 n. 1500 warrant have been exercised onto no. 38 DHH's new ordinary shares, pursuant to Article 3 of the warrant Dominion Hosting Holding S.p.A. 2016 – 2021 Regulation, with a capital increase of 4 EUR.

Consequently, on 31st December 2020 the share capital of DHH is equal to Euro 451.866,90, represented by no. 4.518.669 ordinary shares without par value.

RESERVES

The following table provides a breakdown of the reserves.

RESERVES	31.12.2019	increase	(decrease)	31.12.2020
Share Premium Reserves	6.681.189	4.505.061	-	11.186.250
Legale Reserve	28.400	-	-	28.400
Other reserves	-	5.586.078	(483.156)	5.102.922
Negative reserve for own shares	-	95.056	(1.833.453)	(1.738.397)
OCI Reserve	3.796	3.614	-	7.410
Total	6.713.385	10.189.809	(2.316.609)	14.586.586

The main variations refer to:

- the increase of the Share Premium Reserve of 4,4M EUR, due to the Reverse Take-Over of Seeweb Holding S.r.l. led by DHH S.p.A.;
- the acquisition of the remaining 20% of DHH Switzerland SA from Mr. Sergio Ravera with the transfer of n. 18.675 treasury shares for a value of Euro 200.000.

NOTE 16: NON-CURRENT FINANCIAL LIABILITIES

The amount encompasses bank loans and financings for 2.776.030 EUR, non-current lease debt for 2.554.502 EUR, and other financial liabilities for 4k EUR.

NOTE 17: SEVERANCE RESERVES

The reserve for severance indemnities is calculated in compliance with Article 2120 of the civil code, taking into account 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.

NOTE 18: LIABILITIES FOR DEFERRED TAXES

This item is equal to 881.621 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes. The amount of 861.359 EUR is related to the item Trademarks, arising from the Purchase Price Allocation process due to the Reverse Take-Over of Seeweb Holding.

NOTE 19: TRADE PAYABLES

On 31.12.2020 trade payables are equal to 1.768.490 EUR, with an increase of 1.207.637 EUR compared to the same item recorded on 31.12.2019. The distribution of payables by geographical area is as follows.

TRADE PAYABLES	31.12.2020	31.12.2019	DELTA	of which variation area
Italy	1.511.797	259.136	1.252.661	1.180.251
EU countries	133.722	118.425	15.297	19.066
Other countries	122.972	183.292	(60.320)	36.893
TOTAL PAYABLES	1.768.490	560.853	1.207.637	1.236.210

NOTE 20: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 368.368 EUR on 31.12.2020, with an increase of 148.180 EUR compared to 31.12.2019.

NOTE 21: CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 2.237.577 EUR on 31.12.2019, with a net increase of 2.117.728 EUR compared to 31.12.2019. This item includes 1.794.995 EUR the current lease liabilities and for 442.582 EUR the bank loans of the Group. The main increase is due to the variation of the consolidation area.

NOTE 22: TAX PAYABLES

Tax payables are equal to 576.221 EUR on 31.12.2020, with an increase of 435.253 EUR compared to 31.12.2019, and its composition is as follows.

TAX PAYABLES	31.12.2020	31.12.2019	DELTA	of which variation area
VAT	104.651	99.135	5.517	53.592
Income tax	384.717	8.202	376.515	534.443
Withholding tax	86.853	33.631	53.222	19.946
Total	576.221	140.968	435.253	607.981

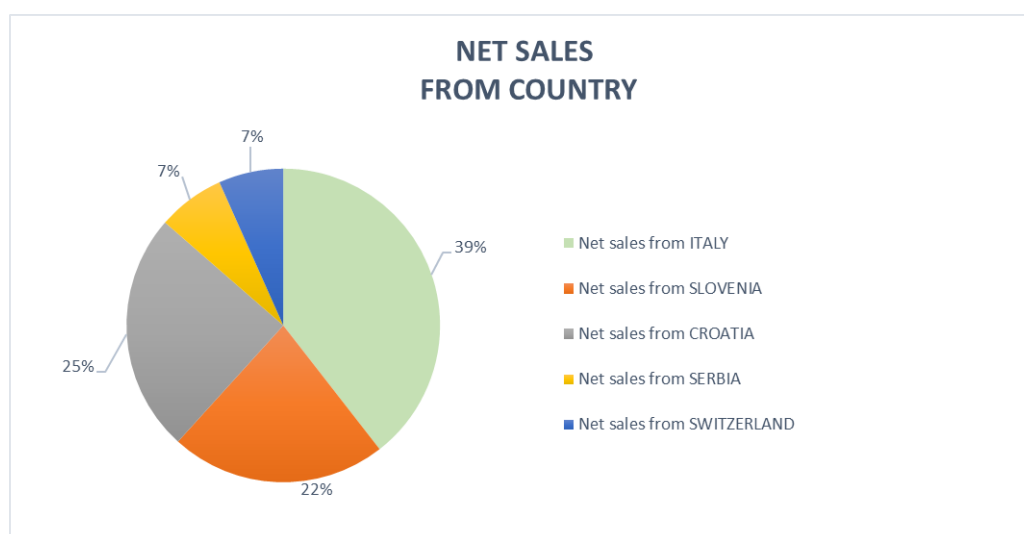
NOTE 23: ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 2.621.458 EUR at 31st December 2020, with an increase of 640.766 EUR mainly linked to advanced revenues for hosting.

NOTE 24: NET SALES

The revenues from sales and services of the Group of 2020 are equal to 9.193.822 EUR, with an increase of 2.435.880 EUR compared to 31.12.2019.

On 31st December 2020, the revenues by geographical area are the following.



NOTE 25: OTHER REVENUES

Other revenues are equal to 155.345 EUR as at 31.12.2020 with an increase of 101.112 EUR compared to 31.12.2019.

NOTE 26: MATERIAL COSTS

Costs for materials and consumables are equal to 167.032 EUR on 31st December 2020 with an increase of 142.852 EUR compared to 31.12.2019 and they are related to hardware and other materials.

NOTE 27: SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 4.988.311 EUR on 31st December 2020, with an increase of 976.821 EUR compared to 31.12.2019, and are composed as follows.

	31.12.2020	31.12.2019	DELTA
Datacenter Service	992.025	565.707	426.318
Wholesale Costs	2.504.365	2.441.436	62.929
Commercial and marketing expenses	231.944	116.563	115.382
Professional services	1.100.854	879.456	221.398
Other costs for services	159.123	8.329	150.794
Total	4.988.311	4.011.490	976.821

NOTE 28: PERSONNEL COSTS

Personnel cost is equal to 2.028.751 EUR on 31st December 2020, with an increase of 21.355 EUR compared to the year 2019 consolidated and is divided among the Group as follows.

	31.12.2020	31.12.2019	DELTA
TOPHOST s.r.l.	64.354	88.923	(24.569)
DHH.si d.o.o.	661.001	799.819	(138.818)
DHH d.o.o.	449.859	441.977	7.882
DHH SRB d.o.o.	-	13.439	(13.439)
DHH Switzerland SA	284.781	325.436	(40.655)
SYSTEM BEE d.o.o.	141.632	138.274	3.358
MICLOUD d.o.o.	215.739	199.528	16.211
SEEWEB s.r.l.	211.385	-	211.385
Total	2.028.751	2.007.396	21.355

The average number of employees is as follows:

	Managers		Employees		Managers		Employees	
	31.12.2020	31.12.2020	total	31.12.2019	31.12.2019	total		
TOPHOST s.r.l.	-	2		-	2			
DHH.si d.o.o.	1	17		1	17			
DHH d.o.o.	1	21		1	19			
DHH Switzerland SA	1	5		1	7			
SYSTEM BEE d.o.o.	1	8		1	5			
MICLOUD d.o.o.	2	7		2	9			
SEEWEB s.r.l.	1	27						
Total	7	87	94	6	59	65		

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

NOTE 29: OTHER EXPENSES

Other expenses are equal to 330.839 EUR on 31st December 2020, with an increase of 56.931 EUR compared to 31.12.2019, and such expenses are structural costs.

NOTE 30: AMORTIZATIONS AND IMPAIRMENTS

Amortization and depreciation is equal to 887.775 EUR on 31st December 2020, with an increase of 537.857 EUR compared to 31.12.2019. The part referred to the amortization of right of use assets amounts to 383.088 EUR. A part of this amortizations relates to the customer list of DHH Italia S.r.l. and DHH Switzerland S.a. with an estimated life of 3,5 years and of the internal projects accomplished in-house.

The value of amortization and depreciation is provided below.

	31.12.2020	31.12.2019	DELTA
Depreciations	198.946	90.106	108.840
Amortizations	625.945	258.853	367.092
Impairment	62.884	960	61.924
Total	887.775	349.918	537.857

NOTE 31: FINANCIAL INCOME (EXPENSES)

On 31st December 2020 net financial expenses are equal to (77.059) EUR, with an increase of 45.808 EUR compared to the previous year.

FINANCIAL INCOME	31.12.2020	31.12.2019	DELTA
Bank and postal interests/income	404	357	47
Interests on loans	-	-	-
Other interests	3.414	3.014	400
Positive foreign currency valuation	21.693	19.152	2.541
Total	25.510	22.522	2.988

FINANCIAL EXPENSES	31.12.2020	31.12.2019	DELTA
Bank and postal interests/expenses	5.293	2.763	2.530
Lease interests	28.812	15.266	13.546
Other financial expenses	2.175	1.136	1.040
Negative foreign currency valuation	66.288	34.608	31.681
Total	102.569	53.773	48.796

NOTE 32: TOTAL CURRENT AND DEFERRED INCOME TAXES

At the end of the year, 2020 total current and deferred income taxes of the Group are equal to 254.390 EUR with an increase of 202.362 compared to the previous year.

NOTE 33: EARNINGS PER SHARE

BASE

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

DILUTED

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

CATEGORY	31.12.2020	31.12.2019
Consolidated net income attributable to the Group's shareholders	612.651	99.665
Number of ordinary shares	4.518.669	1.488.550
Average weighted number of outstanding shares	1.926.424	1.488.550
BASE EARNINGS PER SHARE - EPS	0,318	0,067
Average weighted number of outstanding warrants	1.418.500	1.420.000
Average weighted number of outstanding shares plus warrants	1.926.424	1.488.550
DILUTED EPS	0,318	0,067



DHH S.P.A.

PARENT COMPANY
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

Financial Statements prepared in accordance with IAS/IFRS principles

- All amounts are in Euro -

Separate Financial Statements

Here below the Separate Financial Statements of the Parent Company DHH S.p.A. as at 31st December 2020.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

ASSETS (ALL AMOUNTS ARE IN EURO)	NOTES	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
Goodwill	1	2.174.160		-	
Investments	2	9.206.606		5.583.999	
Intangible assets	3	834		9.393	
Non-current financial assets	4	-		540.000	
Deferred tax assets	5	115.039		5.516	
NON-CURRENT ASSETS		11.496.639		6.138.908	
Trade receivables	6	24.309		188.499	
Other current financial assets	7	-		8.181	
Tax receivables	8	238.686		131.908	
Cash and cash equivalents	9	270.093		376.064	
Prepaid expenses and accrued income	10	17.919		23.786	
CURRENT ASSETS		551.007		728.438	
TOTAL ASSETS		12.047.646		6.867.346	

LIABILITIES AND NET EQUITY (ALL AMOUNTS ARE IN EURO)	NOTES	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
Share Capital		451.867		148.855	
Reserves		10.671.788		6.733.078	
Year's result		(254.544)		(166.563)	
NET EQUITY	11	10.869.111		6.715.370	
Non-current financial liabilities	12	64.000	4.000	-	
Severance reserves		-		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	13	861.359		-	
NON-CURRENT LIABILITIES		925.359		-	
Current financial debt		25		-	
Trade payables	14	192.669	21.787	111.401	15.964

Other current liabilities	15	33.530	9.940	32.499	8.202
Tax payables	16	26.812		7.936	
Accrued liabilities and deferred Income		140		93	
CURRENT LIABILITIES		253.176		151.976	
TOTAL LIABILITIES		1.178.535		151.976	
TOTAL LIABILITIES AND NET EQUITY		12.047.646	35.727	6.867.346	24.166

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2020

PROFIT AND LOSS STATEMENT (ALL AMOUNTS ARE IN EURO)	NOTES	31.12.2020	OF WHICH RELATED PARTIES	31.12.2019	OF WHICH RELATED PARTIES
Revenues	17	102.401		455.144	
Other revenues		3		0	
TOTAL REVENUE		102.405		455.144	
Material costs		(282)		-	
Service costs and use of third-party assets	18	(591.598)	(274.033)	(585.067)	(148.710)
Personnel costs		-		-	-
Other operating costs	19	(33.524)		(4.012)	(40)
TOTAL OPERATING COSTS		(625.404)	(274.033)	(589.079)	(148.750)
OPERATING RESULT – EBITDA*		(522.999)		218.621	(133.935)
Amortizations and impairment	20	(8.559)		(40.412)	
EBIT**		(531.558)		7.669	(174.347)
Financial income (expenses)	21	167.492		8.090	
EARNINGS BEFORE TAXES		(364.066)		12.453	(166.257)
Total current and deferred income taxes	22	109.522		(306)	
NET PROFIT (LOSS)		(254.544)	(274.033)	(166.563)	(148.750)
OF WHICH:					
attributable to equity holders of the Parent company		(254.544)		(166.563)	
attributable to minority interests		-		-	
EARNINGS (LOSS) PER SHARE	23	(0,13)		(0,24)	
DILUTED EARNINGS (LOSS) PER SHARE	23	(0,13)		(0,24)	

OVERALL PROFIT AND LOSS STATEMENT**31.12.2020****31.12.2019**

(ALL AMOUNTS ARE IN EURO)

NET PROFIT (LOSS) (A)	(254.544)	(166.563)
Components that should be classified in the Profit and loss statement	-	-
Components that should not be classified in the Profit and loss statement	-	-
TOTAL OTHER PROFIT (LOSS) NET TO FISCAL EFFECT (B)	-	-
TOTAL NET OVERALL PROFIT (LOSS) (A+B)	(254.544)	(166.563)

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

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

STATEMENT OF CASH FLOW AS AT 31 DECEMBER 2020

CASH FLOW STATEMENT (ALL AMOUNTS ARE IN EURO)	31.12.2020	31.12.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	(254.544)	(166.563)
Income taxes	(109.522)	306
Interest payables/ (receivables)	(167.492)	(8.080)
(Capital losses)/gains from sales assets	-	-
1. EARNING BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	(531.558)	(174.347)
Adjustments for non-cash items that are not accounted		
In net working capital change:	8.559	40.612
- Allocation to provisions	-	-
- Amortization and depreciation of assets	8.559	3.186
- Permanent loss write-downs	-	-
- Other adjustments on non-monetary items	-	37.225
2. CASH FLOW BEFORE NWC CHANGES	(522.999)	(133.935)
Changes in NWC:	164.500	368.657
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	164.190	340.658
- Increase (decrease) in supplier payables	81.268	22.531
- Decrease (increase) in prepaid expenses and accrued income	5.867	(9.533)
- Increase (decrease) in accrued expenses and deferred income	47	(13)
- Other changes to the NWC	(86.873)	14.014
3. CASH FLOW AFTER NWC CHANGES	(358.498)	233.722
Other changes:	277.014	8.080
- Interest collected/ (paid)	3.189	8.080
- (Income tax paid)	109.522	-
- Dividends received	164.303	-
- (Use of provisions)	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	(81.484)	241.812
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) in tangible assets	-	-
(Investments) in right of use assets	-	-
(Investments) in intangible assets	-	-

(Investments) in financial assets	(96.641)	(238.304)
CASH FLOW FROM INVESTING ACTIVITIES [B]	(96.641)	(238.304)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Third-party resources	-	-
Increase (decrease) current payables to bank	(23)	48
New loans	64.000	-
Loan repayments	-	(505.114)
Own resources	-	-
Paid capital increase	8.177	-
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	72.154	(505.066)
INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]	(105.971)	(501.559)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	376.064	877.624
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	270.093	376.064

NET FINANCIAL POSITION AS AT 31 DECEMBER 2020

NET FINANCIAL POSITION (ALL AMOUNTS ARE IN EURO)	31.12.2020	31.12.2019
A. Cash	-	-
B. Cash equivalents	(270.093)	(376.064)
C. Securities held for trading	-	-
D. LIQUIDITY (A)+(B)+(C)	(270.093)	(376.064)
E. CURRENT FINANCIAL RECEIVABLES	-	(8.181)
F. Short-term bank liabilities	-	-
G. Current part of non-current borrowing	-	-
H. Current lease debt	-	-
I. Other current financial liabilities	25	48
J. CURRENT FINANCIAL DEBT (F)+(G)+(H)+(I)	25	48
K. NET CURRENT FINANCIAL DEBT (J)+(E)+(D)	(270.068)	(384.197)
L. Non-current bank liabilities	64.000	-
M. Bond issued	-	-
N. Non-current lease debt	-	-
O. Other non-current liabilities	-	-
P. NON-CURRENT FINANCIAL DEBT (L)+(M)+(N)+(O)	64.000	-
Q. NET FINANCIAL DEBT (K)+(P)	(206.068)	(384.197)

STATEMENT OF CHANGES IN NET EQUITY

	VALUE AS AT 01.01.2019	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2019
Share Capital	142.000	6.855			148.655
Share premium reserves	6.679.644	1.545			6.681.189
Bonus share	8.400		(8.400)		0
Legal reserves	1.738	26.662			28.400
Retained profit/(loss)	8.143	15.345			23.488
Net profit (loss)	42.008	(42.008)		(166.563)	(166.563)
TOTAL	6.881.933	6.855	(8.400)	(166.563)	6.715.370

	VALUE AS AT 01.01.2019	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2020
Share Capital	148.655	303.212			451.867
Share premium reserves	6.681.189	4.505.061			11.186.250
Legal reserves	28.400				28.400
Other reserves	-	1.338.608			1.338.608
Negative reserve for own shares	-	95.056	(1.833.453)		(1.738.397)
Retained profit/(loss)	23.488	(166.563)			(143.075)
Net profit (loss)	(166.563)	166.563		(254.544)	(254.544)
TOTAL	6.715.370	6.241.937	(1.833.453)	(254.544)	10.869.111

Evaluation Criteria

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

Notes to the Financial Statements

NOTE 1: GOODWILL

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

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

NOTE 2: INVESTMENTS

This item amounts to 9.206.606 EUR, with an increase of 3.622.607 EUR as compared to the value as at 31.12.2019.

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

- shareholding in DHH SWZ had an increase of 200.000 EUR because of the purchase of company share for the remaining percentage of 20%;
- the remaining increase of 3.422.607 is due to the Reverse Take-Over of Seeweb Holding s.r.l. led by DHH S.p.A., of which 3.087.307 is related to the Trademarks of the subsidiaries arising from the Purchase Price Allocation process.

	VALUE AS AT 01.01.2019	INCREASE	RTO INCREASE	RTO TRADEMARK'S VALUE	VALUE AS AT 31.12.2020
TOPHOST S.r.l.	1.232.929			454.249	1.687.178
DHH.SI d.o.o.	1.852.904			923.339	2.776.243
DHH d.o.o.	1.368.476			831.481	2.199.957
DHH Italia S.r.l. in liquidazione	-			-	-
DHH Switzerland s.a.	569.338	200.000		585.534	1.354.872
SYSTEM BEE d.o.o.	307.065			134.341	441.406

MICLOUD d.o.o.	253.286		158.362	411.648
SEEWEB s.r.l.	-	85.199		85.199
Other companies	-	250.101		250.101
TOTAL	5.583.998	200.000	335.300	9.206.606

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

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

The following schedule details the other investments:

Company	Legal seat	Share Capital (in EUR)	Share	Investment book value
Sync S.r.l.	Roma	13.289	3,38%	50.102
Baasbox S.r.l.	Roma	13.489	5,21%	99.999
Materialuce S.r.l.	Terni (TR)	10.250	4,76%	100.000
			Total	250.101

NOTE 3: INTANGIBLE FIXED ASSETS

Intangible fixed assets are equal to 834 EUR as at 31.12.2020. The following table provides a breakdown of movements regarding intangible fixed assets that occurred in the 2020 financial year:

INTANGIBLE ASSETS	
VALUE AT 01.01.2020	15.935
Investments	-
Impairments and other movements	-

COST AT 31.12.2020	15.935
ACCUMULATED AMORTIZATION AT 01.01.2020	6.541
Amortization	8.559
Impairments and other movements	-
ACCUMULATED AMORTIZATION AT 31.12.2020	15.100
NET BOOK VALUE	
At January 1, 2020	9.393
At December 31, 2020	834

NOTE 4: NON-CURRENT FINANCIAL ASSETS

This item was made up as follows:

MEDIUM-LONG TERM LOANS	31.12.2020	31.12.2019
Loan in favor of DHH d.o.o. – Croatia	-	315.000
Loan in favor of DHH Italia - Italy	-	225.000
TOTAL	-	540.000

In the current year, all loans had been reimbursed by DHH doo and DHH Italy.

NOTE 5: DEFERRED-TAX ASSETS

Deferred-tax assets are equal to 115.039 EUR and they are referred exclusively to deferred taxes calculated with regard to temporary differences between the value of assets and liabilities used for the drafting of the financial statements according to international accounting principles and the respective values relevant for tax purposes. The management has been assessed the recoverability of that amount in the next years according to the business plan of the entity.

NOTE 6: TRADE RECEIVABLES

Trade receivables are equal to 24.309 EUR as at 31.12.2020, with a decrease of 164.190 EUR compared to 31.12.2019. The table below includes the breakdown by geographic region of trade receivables:

GEOGRAPHY RECEIVABLES	31.12.2020	31.12.2019
Italy	-	69.980
EU countries	-	80.438
Non-EU countries	24.309	38.081
TOTAL TRADE RECEIVABLES	24.309	188.499

NOTE 7: CURRENT FINANCIAL ASSETS

Current financial assets were made up solely of the interests accrued during the financial year and payable in the subsequent financial year over the loans granted in favor of DHH d.o.o. Croatia and DHH Italia Srl.

NOTE 8: TAX RECEIVABLES

Tax receivables are equal to 238.686 EUR as at December 31st, 2020, with an increase of 93.222 EUR as compared to 2019, and are made up as follows:

CATEGORY	31.12.2020	31.12.2019
VAT	226.234	119.403
Deductions on active interests	12.452	5
Other income tax	238.686	12.500
TOTAL	226.234	131.908

NOTE 9: CASH AND CASH EQUIVALENTS

This item is equal to 270.093 EUR, with a decrease of 105.971 EUR as compared to 2019, and it is made up exclusively of cash equivalents available as at 31.12.2020 on bank deposits in the name of the company.

NOTE 10: PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses are equal to 17.919 EUR as at 31.12.2020 with a decrease of 5.867 EUR as compared to 2019.

NOTE 11: NET EQUITY

The Net equity as at December 31st, 2020 is made up as follows.

SHARE CAPITAL

The amount reflects the increase due to the Reverse Take-Over transaction through the merger by incorporation of Seeweb Holding S.r.l. into DHH S.p.A.

As a consequence of the merger all the shares (quote) representing Seeweb Holding's corporate capital have been voided and exchanged with DHH's new ordinary shares, according to an exchange ratio of no. 31.828,92 DHH's ordinary shares per each Euro 1.000,00 of Seeweb Holding's corporate capital (amounting to Euro 95.199,00), without any cash adjustment.

Therefore, Antonio Domenico Baldassarra and Enrico Vona, in their quality as Seeweb Holding's shareholders, received, in total, no. 3.030.081 DHH's new ordinary shares deriving from an appropriate share capital increase of nominal amount equal to Euro 303.008.

As an effect of the merger, the no. 360.000 DHH' shares owned by Seeweb Holding (as DHH's shareholder) have been acquired by the Company as treasury shares.

At the end of Novembre 2020 n. 1500 warrant have been exercised onto no. 38 DHH's new ordinary shares, pursuant to Article 3 of the warrant Dominion Hosting Holding S.p.A. 2016 – 2021 Regulation, with a capital increase of 4 EUR.

Consequently, on 31st December 2020 the share capital of DHH is equal to Euro 451.866,90, represented by no. 4.518.669 ordinary shares without par value.

RESERVES

The following table provides a breakdown of the reserves.

	VALUE AS AT 01.01.2020	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	VALUE AS AT 31.12.2020
Share premium reserves	6.681.189	4.505.061		11.186.250
Legal reserves	28.400			28.400
Other reserves	-	1.338.608		1.338.608
Negative reserve for own shares	-	95.056	(1.833.453)	(1.738.397)
Retained profit/(loss)	23.488	(166.563)		(143.075)
TOTAL	6.733.078	5.772.162	(1.833.453)	10.671.788

The main variations refer to:

- the increase of the Share Premium Reserve of 4,4M EUR, due to the Reverse Take-Over of Seeweb Holding S.r.l. led by DHH S.p.A.;
- the acquisition of the remaining 20% of DHH Switzerland SA from Mr. Sergio Ravera with the transfer of n. 18.675 treasury shares for a value of Euro 200.000.

NOTE 12: NON-CURRENT FINANCIAL LIABILITIES

The item is equal to 64k EUR and it is mainly related to a loan of Seeweb s.r.l. in favor of DHH S.p.A.

NOTE 13: LIABILITIES FOR DEFERRED TAXES

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

NOTE 14: TRADE PAYABLES

Trade payables are equal to 192.669 EUR as at 31.12.2020, with an increase of 81.268 EUR as compared to 31.12.2019. The table below includes the breakdown by geographic region of trade payables:

TRADE PAYABLES	31.12.2020	31.12.2019
Italy	150.200	67.666
EU countries	35.525	27.311
Non-EU countries	6.943	16.424
TOTAL PAYABLES	192.669	111.401

NOTE 15: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 33.530 EUR as at 31.12.2020, with an increase of 1.031 EUR. This item records the payables towards directors and auditors for the remunerations accrued by them and not cleared during the financial year and other current liabilities as payroll and social security contributions.

NOTE 16: TAX PAYABLES

Tax payables are equal to 26.812 EUR as at 31.12.2020. Such items are recorded payable towards the tax authorities for withholding taxes made and corporate income tax.

NOTE 17: REVENUES

Revenues deriving from services and performance are equal to 102.401 EUR as at 31.12.2020, with a decrease of 352.743 EUR compared to the previous year. The decrease is functional to the recharge of costs for services rendered by the parent company to subsidiaries, according to the DHH Intercompany Service Agreement 2020.

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

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

NOTE 18: SERVICE COSTS AND USE OF THIRD-PARTY ASSETS

Service costs are equal to 591.598 EUR as at 31st December 2020, with an increase of 6.531 EUR compared to 2019 and they are made up as follows:

SERVICE COSTS	31.12.2020	31.12.2019
Wholesale costs	37.362	28.399
Commercial and marketing expenses	27.642	2.345
Professional services	523.562	414.264
Other intercompany services	3.032	140.059
TOTAL	591.598	585.067

NOTE 19: OTHER OPERATING COSTS

Other operating costs are equal to 33.524 EUR as at 31st December 2020, with an increase of 29.512 EUR compared to 2019.

NOTE 20: AMORTIZATIONS AND IMPAIRMENT

Amortizations and impairment are equal to 8.559 EUR as at 31st December 2020, with a decrease of 31.853 EUR compared to 2019, and records the amortization rate for the period relating to software and DHH SpA trademark.

NOTE 21: FINANCIAL INCOMES (EXPENSES)

On 31st December 2020 net financial incomes are equal to 8.189 EUR. Financial income is accrued on the loan agreement between direct companies.

The financial incomes (expenses) are specified below:

FINANCIAL INCOMES	31.12.2020	31.12.2019
Bank and postal interest income	2	8
Loans' interest income	3.240	8.181
Dividends from Tophost	105.636	-
Dividends from DHH d.o.o. (Croatia)	58.667	-
TOTAL	167.545	8.189

FINANCIAL EXPENSES	31.12.2020	31.12.2019
Loans interest expenses	-	-
Negative foreign currency valuation	53	30
Other financial expenses	-	69
TOTAL	53	99

NOTE 22: INCOME TAXES

Income taxes are equal to (109.522) EUR and record advanced taxes calculated in connection with the temporary differences arising between the values of the assets and liabilities recorded for the purpose of drawing up the financial statements according to international accounting principles and corresponding tax value reported in the tax returns.

NOTE 23: EARNINGS PER SHARE

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

RECONCILIATION BETWEEN NET EQUITY AND THE RESULTS FOR THE PERIOD

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

	SHARE CAPITAL	RESERVES	YEAR'S RESULTS	TOTAL OF NET EQUITY
NET EQUITY ITALIAN GAAP	451.867	6.757.206	(385.127)	6.823.946
Removal of intangible assets		(486.962)	19.933	(467.029)
Advanced taxes IAS		1.436	110.650	112.086
Reverse Take-Over Seeweb Holding		4.400.108		4.400.108
NET EQUITY IAS	451.867	10.671.788	(254.544)	10.869.111

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The compensation paid for the auditor firm is equal to 18.000 EUR for auditing activities and 903 EUR for other activities. The compensation for the statutory auditor is equal to 16.380 EUR.

RELATED PARTIES' TRANSACTIONS

RELATED PARTIES	RECEIVABLES	PAYABLES	COSTS	REVENUES
1 Seeweb s.r.l.			21.460	
2 Antonio Domenico Baldassarra		3.714	3.500	
3 Giandomenico Sica		13.182	93.500	
4 Uros Čimžar		8.301	77.336	
5 Matija Jekovec		8.530	78.236	
8 Enrico Vona		2.000		
TOTAL		35.727	274.032	

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

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

In 2020 DHH S.p.A. has been confirmed "PMI Innovativa" in the related section of the company register in Milan. With reference to the information required by art. 4 of DL 24 January 2015, no. 3 relating to research, development and innovation costs, it should be noted that during the financial year the company has incurred in costs over 3% of the higher value between total cost and value of manufacturing.

Milan, 26th March 2021

The Chairman of the Board of Directors

Giandomenico Sica

