



Consolidated Annual Report

as at 31 December 2022

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

DHH S.p.A.

Via Caldera 21, 20153 Milan, Italy

www.dhh.international

INTRODUCTION

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

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

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

DHH AT A GLANCE

1

CROSS-BORDER ECOSYSTEM OF BUSINESSES WITH DIVERSIFIED

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

2

AMONG FASTEST GROWING INDUSTRIES GLOBALLY

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

3

PROVEN BUSINESS MODEL WITH >90% CUSTOMER RETENTION RATE

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

4

EXPOSURE TO EMERGING GEOGRAPHIES

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

5

EXPERIENCED AND MOTIVATED MANAGEMENT TEAM

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

6

SOLID GROWTH AND BEST IN-CLASS MARGINS AND CASH

40% '16-'22 revenue CAGR; 32% Adj. EBITDA margin and 100% EBITDA Cash Conversion Rate in 2022.



GROUP OVERVIEW

Today, DHH is home to 9 independent and autonomous businesses across seven countries (Bosnia and Herzegovina, Bulgaria, Croatia, Italy, Italian Switzerland, Serbia and Slovenia), each with its own branding, market positioning, and leadership. The Group companies are supported across various functions including strategy, corporate governance, business plan, M&A, compliance, strategic sourcing, and executive search. DHH serves as an environment where businesses share knowledge and build bottom-up synergies.

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

As of today, DHH Group boasts a well-balanced portfolio of over 119.000 clients across different segments within the market. Target clients are corporates ranging from Large and Medium Enterprises to SMEs and solo entrepreneurs. Each portfolio company has its own product offering with an ARPU¹ for FY 2022 ranging from EUR 3 to EUR 889 across group companies (average EUR 218).

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

¹ ARPU: Average revenue per user on monthly bases.

MARKET OVERVIEW

CLLOUD COMPUTING AND WEB HOSTING SERVICE

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

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

Digitalization of corporates should support a growing demand of cloud computing and web-hosting services. According to a March 2022 survey from McKinsey², "36 percent of corporates respondents have accelerated the migration to cloud technologies during the pandemic, and 86 percent of them expects this acceleration to persist post pandemic. Half of the respondents say their companies are planning either large- or full-scale cloud transformations within the next two years."

According to estimates from Business Wire and Allied Market Research, these two sectors are set to become in excess of 3.1 trillion-dollar opportunity by 2030, more than doubling their respective size as of 2022. The global market of cloud computing should grow at a 2022-2030 CAGR of 15,7%, while the cloud services one should experience a growth of 15,8% between 2022 and 2030.

Some positive trends highlighted in the latest statistics provided by Eurostat back in August 2022 are:

1) small & micro caps are less digitalized than medium and large caps; In 2021, 56% of EU enterprises reached a basic level of digital intensity, (i.e. they were utilizing at least four of twelve selected digital technologies such as Artificial Intelligence or e-commerce platforms, etc.). Of small and medium-sized enterprises (SMEs), 55% reached a basic level of digital intensity compared with 88% of large enterprises;

2) more than 90% of EU SMEs should reach at least a basic level of digital intensity by 2030;

3) the current level of digitalization in South European countries is below the European average (just to give an example, Bulgaria was lagging behind with around 74% of enterprises characterized by a very low digital intensity) and these geographies should outperform the rest of Europe in terms of GDP growth.

INTERNET SERVICE PROVISIONING

Market size of the Global Internet Service Providers industry in 2023 is forecasted to stand at \$1,2trn, up +2,1% compared to 2022, and up at an annualized 3,3% per year between 2018 and 2023³, driven by increasing demand for high-quality networks. Indeed:

² Source: McKinsey, "Prioritizing technology transformations to win", March 24 2022

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

1) According to Point Topic statistics (<https://www.point-topic.com/post/global-broadband-subscribers-q3-2022>), Fixed broadband connections are continuously growing worldwide. In Q3 2022 they were up by 1,87% compared to one year before, and standing at 1,34bn total;

2) Global internet traffic was up 23% in 2022, driven by an upsurge in streaming video usage and growth in traffic across app categories, according to Sandvine's 2023 "Global Internet Phenomena Report";

3) Already back in 2020, high-speed fiber subscriptions surpassed copper-wire DSL in the OECD.⁴

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

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

LOCAL LEADERSHIP DESPITE COMPETITION FROM THE BIG TECH

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

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

In an increasingly cloud-based world, data is becoming the new oil. This is, in turn, triggering the need for more cloud computing and web hosting in order to manage data, enable enterprise-wide cloud migration and extrapolate insights. Forecasts released from Gartner back in October 2022 highlight that cloud spending is set to further accelerate, as annual growth in 2023 should stand at ca. 20,7% vs. the 18,8% calculated in 2022. IaaS and PaaS should be the highest growing segments in 2023, up 29,8% and 23,2% respectively vs. 2022.

SOUTHEAST EUROPE (SEE)

While big corporates have adopted technological advancements at a faster pace, small companies still lag behind in terms of digitalization. Web hosting players are set to benefit from closing this gap in the years to come.

This opportunity is even more significant in Europe, where 24 million SMEs, representing 99% of all EU businesses, employ around 100 million people and generate more than 50% of EU's GDP.

Data coming from the European Commission shows that, while 94% of Large Corporates have a company website, only 76% of SMEs have it, opening an ocean of opportunities for cloud hosting and cloud computing players.

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

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

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

Indeed, broadband penetration in the markets where DHH is active is lower than 30% (but for Switzerland standing above 40%)⁵, and less than half of businesses are purchasing cloud computing services⁶.

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

Digitalization will be also fostered by a higher-than-average GDP growth of South-Eastern European countries, which are expected to outperform the overall Euro Area with an average +2,0% up-tick in 2023. Such outperformance is consistent with data coming from the IMF⁷, which shows how these countries tend to outperform in periods of economic growth⁸. Considering a smaller GDP per capita of South-Eastern European countries, a higher GDP growth will help these economies bridging the gap with the overall Euro Area. This will allow such economies to have more available capital to be invested in digitalization. Such process will likely end up creating a virtuous circle, where higher-than-average GDP growth will sustain strong investments in digitalization, in turn boosting GDP growth of the coming years.

⁵ International Telecommunication Union (via World Bank)

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

⁷ Source: https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/EURO/EUQ/DNK/DJI/ADVEC/EU/EDE/OEMDC

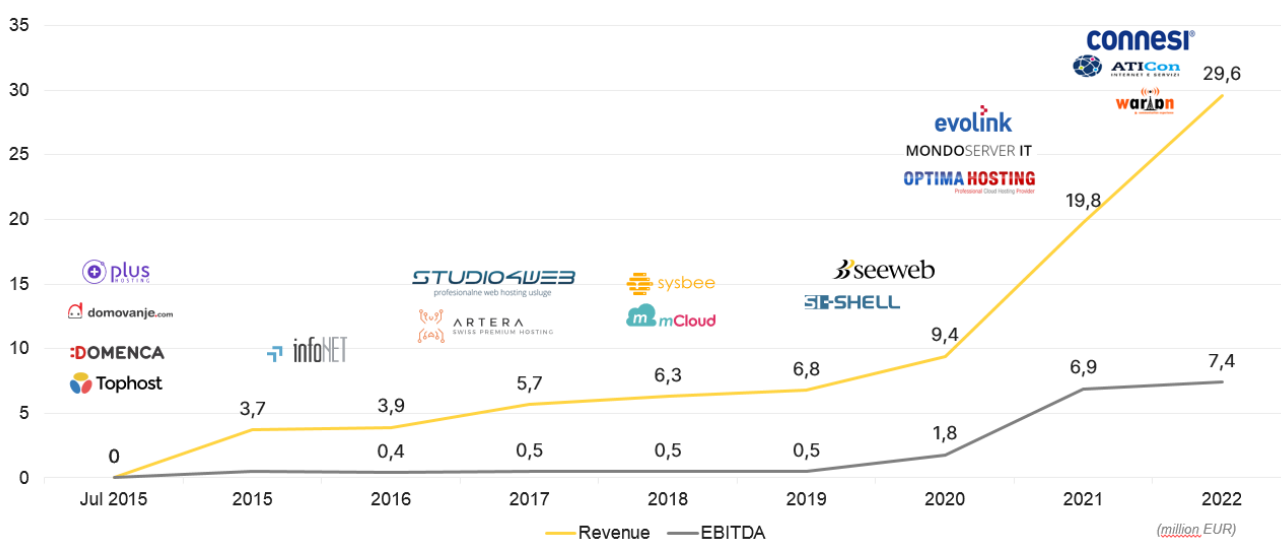
⁸ <https://unece.org/climate-change/press/un-warns-near-term-outlook-commonwealth-independent-states-and-south-eastern>

GROWTH STRATEGY

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

During the last 7 years, DHH has been effectively executing buy & build strategy and completed 18 M&A transactions growing from EUR 1M to EUR 29,6M of revenues of which EUR 28M are M&A driven.

Acquisitions completed by DHH by year



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

M&A

- Consolidating existing markets by making add-on acquisitions to grow market share.
- Expanding into new geographies and market segments by acquiring IaaS, PaaS, SaaS providers from emerging markets with a particular focus on Southeastern Europe. DHH looks at cash-generating low-leveraged businesses where founders need support “in bringing the company to the next level”.
- Tapping into contiguous market segments such as the “premium” B2B infrastructure-based Internet Service Providers (ISP) one with the goal to leverage on network infrastructure assets to generate upselling revenues synergies.
- Innovating by investing in early-stage businesses developing unique IaaS, PaaS, SaaS technologies with global potential. DHH provides promising teams with the required capital and shares its expertise and business know-how to help them grow.

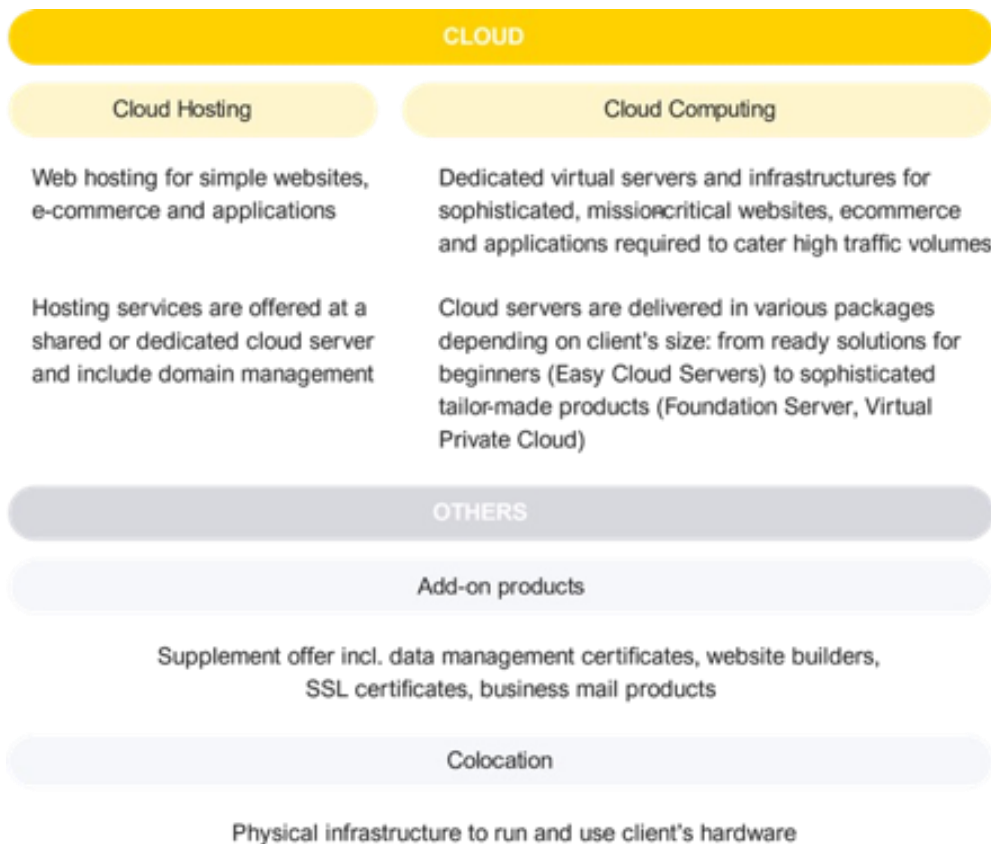
ORGANIC

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

SERVICES PROVIDED

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

Main types of services provided by DHH to its clients

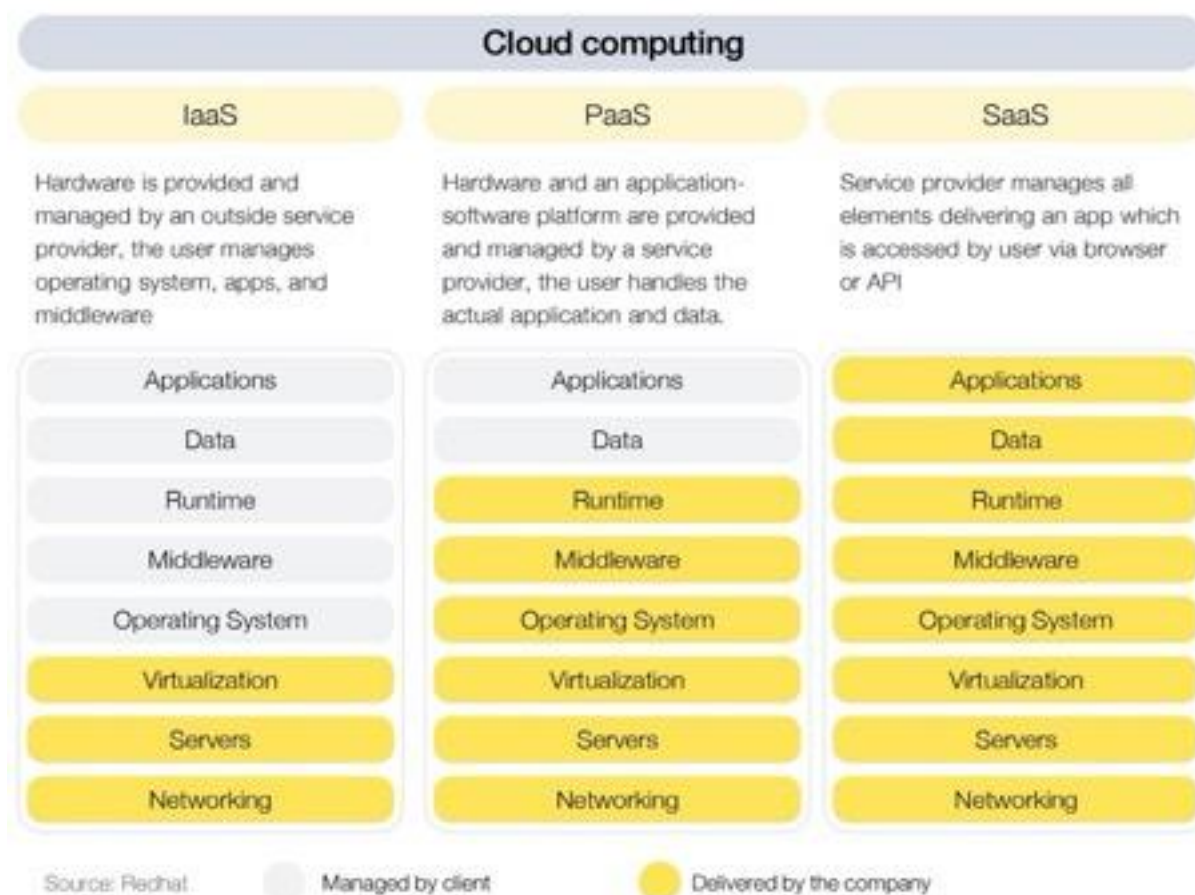


CLOUD COMPUTING

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.

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



CLOUD HOSTING

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

INTERNET SERVICE PROVISIONING

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

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

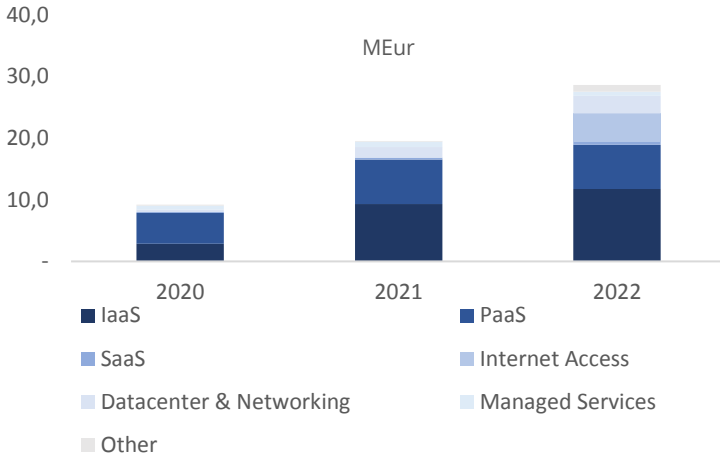
Thanks to 2020 reverse merger with Seeweb, and to 2021-22 acquisitions of Evolink, Connesi and Warian respectively, DHH now offers to its client bases services such as Internet connectivity (shared, dedicated, managed), cloud connectivity, advanced online streaming technology, VOIP, Virtual Private Networks (VPN), Wide Area Networks (WAN), and more.

OTHER

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

FINANCIAL HIGHLIGHTS

Consolidated Revenues evolution 2020-2022



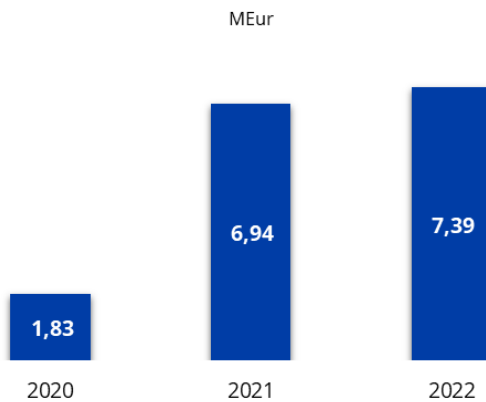
2022 REVENUES

equals to **29,63 M EUR**

Growth Year-on-Year vs. 2021

+50%

Consolidated EBITDA evolution 2020-2022



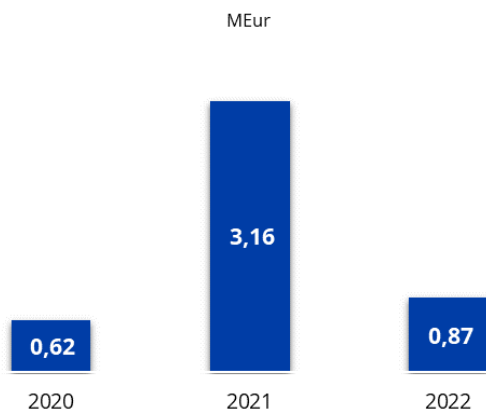
2022 EBITDA

equals to **7,39 M EUR**

Growth Year-on-Year vs. 2021

+6%

Consolidated Net Profit evolution 2020-2022



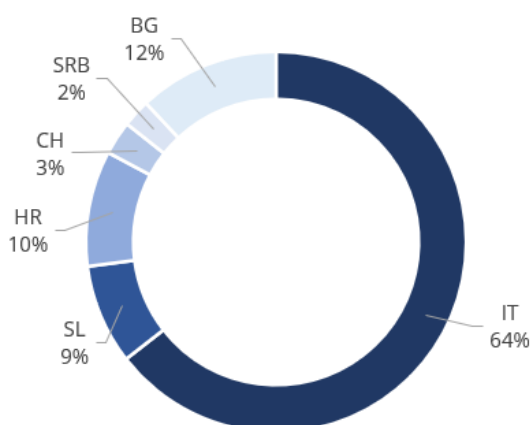
2022 NET INCOME

equals to **0,87 M EUR**

Decrease Year-on-Year vs. 2021

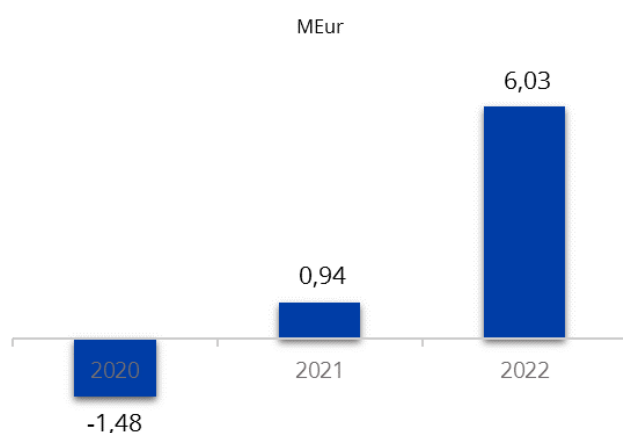
-73%

Consolidated Revenues breakdown by country 2022



	19,10M EUR in Italy (Tophost, Seeweb, Connesi, Aticon)
	2,52M EUR in Slovenia (Webtasy)
	2,91M EUR in Croatia (Plus Hosting Grupa., System Bee)
	0,70M EUR in Serbia (mCloud)
	0,85M EUR in Switzerland (DHH Switzerland)
	3,55M EUR in Bulgaria (Evolink)

Consolidated Net Financial Position evolution 2020-2022



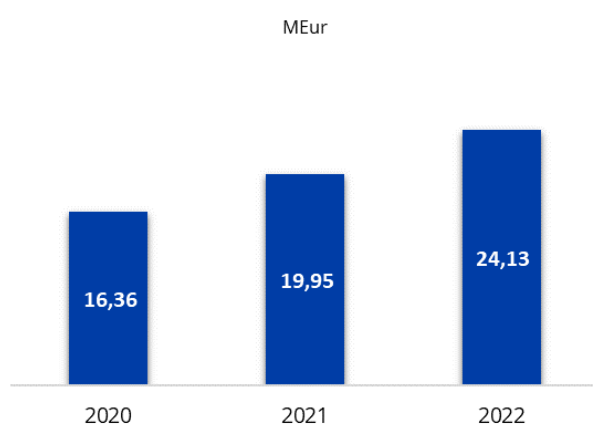
2022 NET FINANCIAL POSITION

equals to **6,03 M EUR OF DEBT**

Decrease Year-on-Year vs. 2021

-539%

Consolidated Net Equity evolution 2020-2022



2022 NET EQUITY

equals to **24,13 M EUR**

Growth Year-on-Year vs. 2021

+21%

KEY FINANCIAL DATA

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

EBITDA

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

EBITDA MARGIN

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

EBITDA ADJUSTED

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

ADJUSTED EBITDA MARGIN

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

EBIT

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

EBIT MARGIN

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

EBIT ADJUSTED

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

ADJUSTED EBIT MARGIN

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

ADJUSTED NET PROFIT (LOSS)

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

NET WORKING CAPITAL

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

NET CAPITAL INVESTED

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

NET FINANCIAL POSITION

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

EBITDA CASH CONVERSION RATE

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

CONSOLIDATED PROFIT AND LOSS STATEMENT

<i>All amounts are in Euro</i>	31.12.2022	% on REV	31.12.2021	% on REV
Revenues	29.630.596	100%	19.802.049	100%
Operating costs	(16.616.411)	-56%	(9.057.532)	-46%
Value Added	13.014.185	44%	10.744.517	54%
Personnel costs	(5.627.557)	-19%	(3.802.067)	-19%
EBITDA	7.386.627	25%	6.942.450	35%
Depreciation, Amortization and Impairment	(4.632.660)	-16%	(3.329.647)	-17%
EBIT	2.753.967	9%	3.612.803	18%
Other non-operating income/expense	-	0%	(3.336)	0%
Financial income and expenses	(431.330)	-1%	(173.046)	-1%
Earnings before taxes (EBT)	2.322.637	8%	3.436.421	17%
Income taxes	(1.455.406)	-5%	(272.680)	-1%
NET PROFIT	867.231	3%	3.163.741	16%
<i>Of which attributable to:</i>				
the shareholders of the group	743.122		3.191.183	
third-party shareholders	124.109		(27.442)	
EBITDA Adjusted	9.015.797		7.226.111	
EBIT Adjusted	4.612.045		3.896.464	
NET PROFIT Adjusted (attributable to the shareholders of the group)	2.601.200		2.637.632	

The Profit and Loss Statement as at December 31st, 2022 reflects the variation of the consolidation area due to the acquisition of 69,15% of Connesi S.p.A. (and its controlled company Aticon S.r.l.) starting from 1st July 2022. In analyzing DHH's results of operations, it is important to remember that the figures of 2022 only allow a comparison with the previous year to a limited extent, as Evolink A.d. was not included in DHH's consolidated financial statements until December 1st, 2021.

The Group reports an important growth in revenue considering the organic growth with 11%, and considering the M&A with 50%

During the financial year ended 31 December 2022 the total consolidated revenues of the Group are equal to 29,6M EUR, with an increase of 9,8M EUR; the increase referred to the variation of the consolidation area is about 4M EUR mainly due to Connesi S.p.A and 3M to Evolink A.d..

The Group is focused on cloud hosting, cloud computing and Datacenter services as core business lines and its revenues are approx. 19,1M EUR in Italy (Tophost, Seeweb, Connesi and Aticon), 2,5M EUR in Slovenia (Webtasy with the brands Domenca, Domovanje, Si.Shell), 2,9M EUR in Croatia (Plus Hosting Grupa with the brands Studio4web, Plus

Hosting, Infonet, Optima Hosting and System Bee), 0,7M EUR in Serbia (mCloud with the brands mcloud, Plus hosting), 0,8 M in Switzerland (with the brand Artera) and 3,6M EUR in Bulgaria (Evolink).

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

Operating costs are comprehensive of a negative impact of 1,7M EUR due to the IFRS 2 effect of Stock Option Plan 2022 – 2025 approved by the Board of Directors based on an expert firm evaluation.

The consolidated EBITDA amounts to 7,4M EUR and has registered an increase of 0,4M EUR, due both to the variation of the consolidation area and to the increase of the business of the Group's companies.

"Impairment" is comprehensive of the write down of the voice "Investment in other companies" for 228K EUR. Investments are subject to writing down whenever their value at the reporting date is lower than the value at initial recognition calculated based on the cost or equity method.

Income taxes are 1.5M EUR, with an increase of 1,2M EUR, considering that the previous year are comprehensive of a positive impact of 0,8M EUR due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

RECONCILIATION BETWEEN REPORTED AND ADJUSTED P&L FIGURES

<i>All amounts are in Euro</i>	Note	31.12.2022	31.12.2021
EBITDA		7.386.627	6.942.450
Impact of non-recurring Other Revenues	(i)	(61.227)	-
Impact of non-recurring Personnel costs		-	283.661
Impact of non-recurring Professional services	(ii)	1.690.397	-
EBITDA Adjusted		9.015.797	7.226.111

<i>All amounts are in Euro</i>	Note	31.12.2022	31.12.2021
EBIT		2.753.967	3.612.803
Impact of non-recurring Other Revenues	(ii)	(61.227)	-
Impact of non-recurring Personnel costs		-	283.661
Impact of non-recurring Professional services	(ii)	1.690.397	-
Impact of non-recurring Impairment	(iii)	228.908	-
EBIT Adjusted		4.612.045	3.896.464

<i>All amounts are in Euro</i>	Note	31.12.2022	31.12.2021
NET PROFIT (attributable to the shareholders of the group)		743.122	3.191.183
Impact of non-recurring Other Revenues	(i)	(61.227)	-
Impact of non-recurring Personnel costs		-	283.661
Impact of non-recurring Professional services	(ii)	1.690.397	-
Impact of non-recurring Impairment	(iii)	228.908	-
Tax effect of reconciled items		-	(837.212)
NET PROFIT Adjusted (attributable to the shareholders of the group)		2.601.200	2.637.632

(i) This item is mainly referred to a grant received by Seeweb.

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

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

CONSOLIDATED BALANCE SHEET STATEMENT

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021
Inventories	400.724	-
Trade receivables	5.078.027	2.537.570
Trade payables	(4.554.269)	(1.561.157)
Operating Net Working Capital	924.482	976.412
Other current assets	753.900	460.593
Prepaid expenses and accrued income	1.208.079	877.053
Other current liabilities	(920.747)	(584.377)
Accrued liabilities and deferred income	(3.859.957)	(2.952.120)
Taxes payables	(728.228)	(300.352)
Net Working Capital	(2.622.470)	(1.522.791)
Trademarks	3.087.307	3.087.307
Goodwill	10.461.147	9.666.343
Tangible fixed assets	11.207.617	1.891.963
Right of use assets	4.923.131	5.141.217
Intangible fixed assets	2.042.941	1.858.826
Investments in other companies	1.410.293	767.101
Non-current financial assets	544.598	17.710
Other non-current assets	275.028	273.286
Deferred tax assets	1.197.771	1.188.426
Fixed Assets	35.149.832	23.892.178
Severance Fund	(737.789)	(545.035)
Provisions for risks and future liabilities	-	-
Liabilities for deferred taxes	(1.635.046)	(928.904)
Net Non-Current Liabilities	(2.372.835)	(1.473.939)
NET INVESTED CAPITAL	30.154.527	20.895.448
Total net equity of the group	22.045.873	19.344.477
Net equity to the third-party shareholders	2.079.193	607.085
Total Net Equity	24.125.066	19.951.561
Cash and cash equivalents	(10.643.629)	(9.259.765)
Current financial assets	(223.628)	(209.996)
Non-current financial liabilities	12.102.648	4.852.879
Current financial liabilities	4.794.071	5.560.769
Net Financial Position	6.029.462	943.887
NET EQUITY AND NET FINANCIAL DEBT	30.154.527	20.895.448

CONSOLIDATED NET FINANCIAL POSITION

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021
A. Cash	(10.643.629)	(9.259.765)
B. Cash equivalents	-	-
C. Other current financial assets	(223.628)	(209.996)
D. Liquidity (A)+(B)+(C)	(10.867.257)	(9.469.761)
E. Current financial liabilities	110.829	3.049.765
F. Current part of non-current borrowing	4.683.242	2.511.004
G. Current Financial Debt (E)+(F)	4.794.071	5.560.769
H. Net Current Financial Debt (G)-(D)	(6.073.186)	(3.908.992)
I. Non-current financial liabilities	12.102.648	4.852.879
J. Bonds issued	-	-
K. Trade payables and other non-current liabilities	-	-
L. Non-Current Financial Debt (I)+(J)+(K)	12.102.648	4.852.879
M. NET FINANCIAL DEBT (H)+(L)	6.029.462	943.887

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

The Group Liquidity has an increase of 15% in 2022.

The Group Financial debts has an increase of 136% mainly due to non-current bank loans: in detail, the loan granted by Intesa San Paolo Bank to DHH S.p.A. of 5,9M EUR used for the acquisition of Connesi S.p.A.

Net Financial Position is comprehensive of a 4,3M EUR lease debts related to IFRS 16, while as at 31.12.2021 lease debt related to IFRS 16 was 5,2M EUR.

It includes also the impact of investments in infrastructures.

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CORPORATE BODIES

BOARD OF DIRECTORS

Executive Chairman: [Giandomenico Sica](#)

Executive Director: [Matija Jekovec](#)

Executive Director: [Antonio Domenico Baldassarra](#)

Executive Director: [Tamara Arduini](#)

Independent Director: [Andrea Arrigo Panato](#)

BOARD OF AUDITORS

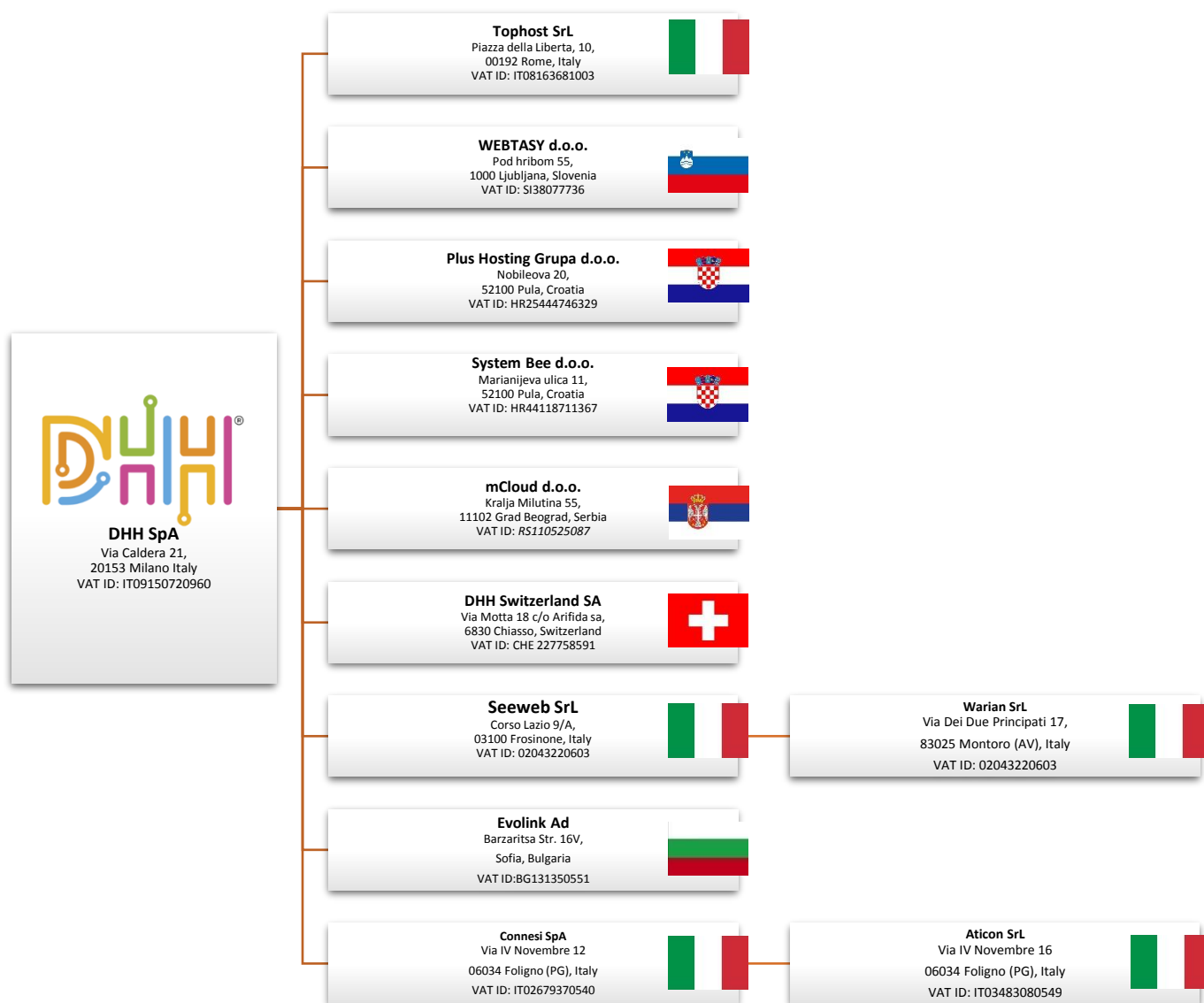
Chairman: [Umberto Lombardi](#)

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

INDEPENDENT AUDITING FIRM

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

STRUCTURE OF THE GROUP



DHH S.P.A. (ITALY)

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

Stock Price Performance period 1st January 2022- 31 December 2022



Source: Il Sole24ore Borsa



TOPHOST S.R.L. (ITALY)

100% controlled by DHH S.p.A.

Established in 2004 with a goal of becoming a major Italian player in the "mass" web hosting industry. In a short period of time, the company gained a notable position in the market providing entry-level web hosting services. Tophost joined DHH in 2015 and today offers comprehensive and innovative solutions at competitive prices to more than 47.000 customers across Italy.



WEBTASY D.O.O. (SLOVENIA)

100% controlled by DHH S.p.A.

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

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



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

100% controlled by DHH S.p.A.

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



DHH SWITZERLAND S.A. (SWITZERLAND)

100% controlled by DHH S.p.A.

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



SYSTEM BEE D.O.O. (CROATIA)

80% controlled by DHH S.p.A.

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



MICLOUD D.O.O. (SERBIA)

100% controlled by DHH S.p.A.

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



SEEWEB S.R.L. (ITALY)

100% controlled by DHH S.p.A.

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



EVOLINK AD (BULGARIA)

60% controlled by DHH S.p.A.

Established in 2004 and based in Sofia (Bulgaria), with its team of ca. 43 employees is one of the largest "Infrastructure-as-a-Service" (IaaS) providers in Bulgaria active in Cloud Computing, Cybersecurity, and Data transport services provisioning, managing two data centers, both located in Sofia. The customer portfolio includes large companies and telecom operators.



CONNESI S.P.A. (ITALY)

69,15% controlled by DHH S.p.A.

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

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



ATICON S.R.L. (ITALY)

100% controlled by Connesi S.p.A.

Aticon is a company fully-controlled by Connesi and is focused on the premium B2B market in support of Connesi. The results of Aticon is fully consolidated in DHH's financial statements starting from 1st July 2022.



WARIAN S.R.L. (ITALY)

45% owned by Seeweb S.r.l.

Owned by Seeweb for 45%, Warian is a B2B Internet Service Provider (ISP) that offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. Established in 2010, it boasts a network with more than 50 wholesale partners. The company reported total revenues of ca. €1,3mn in 2021, with strong double-digit growth in the wholesale business.

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

Board of Directors Report



SECTION A: SIGNIFICANT EVENTS DURING THE YEAR

15TH FEBRUARY 2022

During the Board of Directors DHH:

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

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

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

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

24TH FEBRUARY 2022

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

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

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

25TH FEBRUARY 2022

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

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

7TH MARCH 2022

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

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

28TH MARCH 2022

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

28TH APRIL 2022

The Shareholders' Meeting approved the appointment of the members of the Board of Directors (5 members) appointed for the financial years 2022-2023-2024:

- Giandomenico Sica (also appointed to the office of Chairman of the Board of Directors)
- Antonio Domenico Baldassarra
- Matija Jekovec
- Tamara Arduini
- Andrea Arrigo Panato (Independent Director – previously positively evaluated by the Euronext Growth Advisor)

It was resolved to allocate an annual gross remuneration for the entire Board of Directors equal to a maximum of € 500.000 to be divided among its members (in accordance with a following resolutions to be adopted by the Board itself).

11TH MAY 2022

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

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

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

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

20TH MAY 2022

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

23RD MAY 2022

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

15TH JUNE 2022

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

22ND JUNE 2022

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

11TH JULY 2022

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

28TH JULY 2022

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

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

On the market since 2004, Connesi is an independent provider in the field of Internet Access (via optical fiber - both owned and leased - and fixed wireless network), VOIP, and Cloud Computing, active mainly in Umbria and also present in other Italian regions (e. g. Tuscany and Marche).

Connesi is focused on the premium B2B market, with ca. 35 employees and 3.000 customers.

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

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

The total value of the operation amounted to 5,51M EUR, including the costs related to the transaction. The purchase price for the acquisition of 69,15% has been paid entirely in cash through a structured finance transaction with Intesa Sanpaolo S.p.A. as arranger and lending bank for a total of 13,9M EUR covered with a pledge on the share capital of Seeweb; the credit line is also available for further acquisitions.

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

20TH SEPTEMBER 2022

DHH S.p.A. announces its participation on Tuesday 18 October 2022 in the third edition of “NEXT GEMS” event (www.nextgems.it) will be held in physical edition at the Italian Stock Exchange - Euronext Group in Milan (Piazza Affari, Palazzo Mezzanotte), and will be dedicated to listed companies with a capitalization that does not exceed € 100 million.

22ND SEPTEMBER 2022

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

14TH DECEMBER 2022

DHH S.p.A. announces the acquisition of 45% of Warian S.r.l. (www.warian.net), the operation was carried out through Seeweb a fully owned portfolio company of DHH. Warian is an Italian Internet service provider (ISP) operating in the B2B sector with main focus on the wholesale market. Established in 2010 by Alfredo Giordano and Antonio Fortunato Warian is headquartered in Mercato San Severino (SA), Italy, and, as of September 2022, it boasts a network with more than 50 wholesale partners.

Warian is a B2B Internet Service Provider (ISP) that offers via its own marketplace platforms, reliable, high-performance data connectivity and cloud computing products. The company reported total revenues of ca. €1,3mn in 2021, with strong double-digit growth in the wholesale business. DHH holds the option to purchase the remaining 55% of Warian's share capital within 180 days of the approval of the financial statements as at 31 December 2025.

19TH DECEMBER 2022

DHH S.p.A. announces the financial calendar for 2023, which is summarized below:

- 21 March 2023: Board of Directors meeting approving the draft Financial Statements 2022 and the consolidated Financial Statements 2022;
- 28 April 2023: Shareholders' meeting approving the Financial Statements 2022;
- 25 May 2023: Board of Directors meeting reviewing the quarterly results (1Q2023);
- 21 September 2023: Board of Directors meeting approving the six-monthly Financial Statements 2023, subject to limited review by the auditing firm;
- 24 November 2023: Board of Directors meeting reviewing the quarterly results (3Q2023).

SECTION B: MAIN RISKS

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

The company is potentially exposed to the following relevant risks.

INTERNAL RISKS

RISK LINKED TO THE COMPANY BEING ONLY RECENTLY INCORPORATED

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

RISK LINKED TO CERTAIN KEY PERSONS

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

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

EXTERNAL RISKS

RISK RELATING TO COVID-19

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

RISK RELATING TO THE GENERAL ECONOMIC SITUATION

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

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

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

RISK RELATING TO THE COMPETITION IN THE MAIN MARKET

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

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

RISK RELATING TO THE TECHNOLOGICAL PROGRESS

The main sector in which the Company operates is characterized by rapid technological development, high competition as well as rapid obsolescence of existing products. Therefore, the success of the Company in the future will depend, among others, on the capacity to innovate and strengthen its technologies, 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-ATTACKS

The Group is exposed to potential risks linked to fraudulent events connected to Cyber-attacks. These risks may trigger interruptions of production and sales activities or compromise the confidentiality of personal data managed by the Group. 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. The rapid increase in European Interest Rate became a risk.

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

CREDIT RISK

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

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

MARKET RISKS

EXCHANGE RATE RISK

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

The exchange risk is the risk of incurring losses due to adverse changes in foreign exchange rates on profitability. The Group companies, in fact, supply and buy products and services both in Euro and in other currencies (mainly US Dollar, Croatian Kuna, Serbian Dinar and Swiss Franc, New Lev Bulgaria). Therefore, many transactions carried out by the Group companies may be subject to foreign exchange risks due to money market fluctuations. Starting from 1st January 2023 Croatia has adopted the Euro and then there will be no more impacted on this.

INFLATION RISK

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

SECTION C: RELATED PARTY TRANSACTIONS

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

The following is a breakdown of relations with related parties as at December 31st, 2022 taken from the year's Financial statements:

Related Party	Role	Receivables	Payables	Costs	Revenues
Antonio Domenico Baldassarra	Director and shareholder of DHH and Director of Seeweb	0	8.327	171.141	0
Giandomenico Sica	Executive President and shareholder of DHH	0	18.517	166.750	0
Uros Čimžar*	Shareholder of DHH	0	0	25.653	0
Matija Jekovec	Director and shareholder of DHH	0	0	147.399	0
Quadrant S.r.l.	Supplier of Seeweb (owned by Mr.Baldassarra and Mr.Vona)	1.830	0	696.441	6.000
Enrico Vona	Significant Shareholder of DHH	0	4.481	92.800	0
Tamara Arduini	Director of DHH and Manager of Seeweb	0	7.955	145.679	0
TOTAL		Eur 1.830	39.280	1.445.863	6.000
Total		Eur 5.078.027	4.554.269	22.243.969	29.630.596
%		0,04%	0,86%	6,50%	0,02%

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

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

Costs related to Mr. Čimžar* are associated to remuneration for Board of Directors till 30th April 2022, and with his position as consultant of DHH S.p.A. with his company Uros Čimžar s.p. At the date of 31th December 2022 there are not relationship between the Company and Mr. Čimžar.

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

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

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

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

SECTION D: LABOUR & ENVIRONMENT

The Group employed on average n. 180 people as of 31.12.2022 compared to 146 at 31.12.2021; the increase due to the variation of the consolidation area (Connesi) is of 34 people.

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

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

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

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

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

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

CONSOLIDATED KEY FINANCIALS

The main financial numbers for the Group are as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
Total Net Invested Capital	30.154.527	20.895.448	9.259.079	44%
Total Net Financial Position	6.029.462	943.887	5.085.575	539%
Total Equity	24.125.066	19.951.561	4.173.504	21%

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
Net sales	28.620.855	19.555.429	9.065.425	46%
Gross Margin	13.639.940	11.311.400	2.328.541	21%
Adjusted EBITDA	9.015.797	7.226.111	1.789.686	25%
EBITDA	7.386.627	6.942.450	444.177	6%
EBT	2.322.637	3.436.421	(1.113.784)	-32%
Net Profit	867.231	3.163.741	(2.296.510)	-73%

The Net Profit amounts to **0,9M EUR** and has registered a decrease in the current year of 2,3M EUR.

The amount is influenced by a negative impact of non-recurring items for 1,1M EUR (IFRS 2 impact of Stock Option Plan for 1,7M EUR and operating grants for 0,6M EUR).

In analyzing DHH's results of Net Profit, it is also important to remind that Income taxes of 2021 had a positive impact of 0,8M EUR due to the Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the financial statements and the corresponding values recognized for the consolidated financial statements.

GROUP PERFORMANCE INDICATORS

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

	31.12.2022	31.12.2021	Note
Fixed Assets Ratio	66%	64%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	146%	120%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	55%	46%	Debt percentage ratio
Total equity to total liabilities and equity	45%	54%	Debt percentage ratio
Debt to Equity ratio	57%	27%	The percentage of debt to equity
Working Capital ratio	1,23	1,22	This ratio shows how many times the current assets cover the current liabilities

	31.12.2022	31.12.2021	Note
Assets return ratio	10%	17%	Net profit after tax as a percentage of the equity
Adjusted EBITDA margin	32%	37%	EBITDA as a percentage of sales (without non-recurring items)
EBITDA margin	26%	36%	EBITDA as a percentage of sales
Net profit margin	3%	16%	Net profit as a percentage of sales
NFP /EBITDA Adjusted	0,61	0,13	Net Debts on EBITDA Adjusted
NFP/ EBITDA	0,75	0,14	Net Debts on EBITDA
NFP/ EQUITY	0,23	0,05	Net Debts on Equity

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

26TH JANUARY 2023

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

Misterdomain was founded in 2007 and is one of the historical players in the Italian web hosting market, with more than 10.000 customers, 31.000 domains under management, and a turnover of ca. 500k EUR.

Misterdomain will be fully integrated into Tophost after the transaction.

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

15TH MARCH 2023

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

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

SECTION G: PREDICTIONS AND PLANS FOR THE YEAR 2023

The plan for 2023 aims to lead the group activities in two main areas: further geographic expansion and strengthening market position, including both web hosting, cloud computing, data center services and internet access industries on one side and supporting digital innovation and entrepreneurship alongside tech-communities in our current geographies on the other side.

The Group confirms the growth the full year to come, due to organic growth and both for expansion of the perimeter due to the entry into the group of the company Connesi S.p.A. from 1st July 2022, and Misterdomain from 2023.

As for our exposure to the Russian market, we do not have direct relationships with customers and suppliers in these areas, except for general price increases and the rise in energy costs. To limit the risk of a possible reduction in marginality, we have been constantly monitoring the general increase in electricity prices since the first quarter of 2022.

During the crisis, we received negative signals, and the economic effects of these situations had a significant impact on the operating turnover of our main customers. This resulted in lower profitability due to the increase in energy costs. Later on, we adjusted prices for clients with higher energy costs in those subsidiaries where clients' contracts automatically adjust to cost inflation.

Currently, the electricity price has stabilized, but we cannot rule out the possibility of a further sharp increase due to its volatility. Indeed, the PUN went from over 70 € MWh at the beginning of 2021 to ca. 190 € MWh as of now, reaching a peak-value of over 500 € MWh in the second quarter of 2022. In addition, the crisis in the chip market impacted our business in the lengthening of delivery times for the electronic devices that are involved, in our case servers and storage which are essential for us. That said, it seems that semiconductor shortage will ease in 2023.

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

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

In Seeweb, we were free from the first element of the crisis thanks to a particular energy provider agreement with regulated price conditions that we stipulated at the beginning of 2021. This contract has protected us until the end of 2022. In Evolink, the effect is partially mitigated by the government countermeasures and the energy mix based on more than 30% of nuclear sources. Actual energy market conditions are better than in the past but unpredictable for the near future; The Group's Companies with huge energy needs are working for specific agreements able to control the risk.

Regarding the second aspect of the crisis, the delivery times of electronic equipment increased from the usual 30-60 days to 180-210 days. We addressed this issue by delaying our usual cycle of technological updating, reserving the new equipment only for the needs of new production capacity. Therefore, we do not expect significant negative effects on our industrial services provisioning capacity.

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

SECTION H: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE MODEL

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

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

BOARD OF DIRECTORS

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



**GIANDOMENICO
SICA**
Executive Chairman



**ANTONIO
BALDASSARRA**
Chief Executive Officer



**MATIJA
JEKOVEC**
Chief Operating Officer



**TAMARA
ARDUINI**
Chief Financial Officer



**ANDREA ARRIGO
PANATO**
Independent Director

GIANDOMENICO SICA, EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS

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

ANTONIO BALDASSARRA, CHIEF EXECUTIVE OFFICER

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

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

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

MATIJA JEKOVEC, CHIEF OPERATING OFFICER

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

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

TAMARA ARDUINI, CHIEF FINANCIAL OFFICER

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

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

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

ANDREA ARRIGO PANATO, INDEPENDENT DIRECTOR

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

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

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

He is a Certified Public Accountant and Auditor.

BOARD OF STATUTORY AUDITORS

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

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

PROCEDURES

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

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

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

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

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

Procedure for obtaining the Euronext Growth Advisor's prior opinion on the proposal for the appointment of an independent director: This procedure, adopted by DHH S.p.A. on a voluntary basis, aims to illustrate the process by which Applicant Shareholders who intend to submit a list for the election of the members of the Board of Directors may obtain, before filing the List pursuant to art. 26 of the Bylaws, the prior opinion of the Euronext Growth Advisor referred to in art. 6-bis, Part One, of the EGM Issuers' Regulation in relation to the possession of the Independence Requirements in relation to the candidate/s Director/s Independent/s that the Applicant Shareholders wish to indicate in the List.

SECTION I: SUSTAINABILITY REPORT

ESG REPORT INTRODUCTION

In 2021, DHH published its first ESG report. This report outlines the Company's continued sustainability effort in 2022, accomplishments and changes compared to the previous year, and areas for improvement. We believe that ESG has a fundamental impact on all of the things we do, including how our teams collaborate and how our Company is branded as an example. We work on enhancing the opportunities and living conditions in the markets and communities where DHH operates. Nevertheless, we are conscious that considerable work has to be done in order to define realistic sustainability goals and operate all of our portfolio firms sustainably.

DHH always strives to meet all the stakeholders' expectations, and in 2022 we met almost all of them, achieving the set income growth and new customer growth. The costs, however, have also risen due to the electricity price spike. Nonetheless, we are motivated to continue working toward our objectives in 2023 by strengthening organizational readiness and winning investors' confidence along the way.

We lay out our pledges to conformity with Environmental, Social, and Governance (ESG) standards as well as the United Nations Sustainable Development Goals (SDGs) in this paper (the "Sustainability Report"). The following chapters present the most relevant sustainability initiatives from the Group's portfolio companies.

1. About DHH

The key environmental impact of the ICT industry in which DHH operates is that it is an energy-intensive industry. The power consumption of the data centers represents a major environmental negative effect. One distinguishing feature of DHH in how it is modernizing the ICT industry is the development of engaged, active relationships based on shared purpose with our clients. Using this strategy helps us run operations that are healthy, energy-efficient, and data-driven.

We, as a Group, made significant progress over the year. Among our ESG highlights across the Group was the ongoing promotion of digital inclusion and the creation of opportunities for social empowerment through digitization and modernization. In order to provide continuous socioeconomic contributions to the markets we serve and for the Group as a whole to achieve sustainable corporate growth, we consciously take the appropriate steps. DHH is attentive to fostering leadership by incorporating sustainable business practices across all levels of portfolio firms.

2. DHH Group's values

As a fast-growing cloud computing, internet access, and hosting provider in the area, DHH is at the intersection of industries, people, and the environment. The Company helps other companies and individuals to communicate and do business in a way that reduces their carbon footprint. In an effort to keep sustainability as a crucial aspect of how we do business, we are forming innovative partnerships, investing in the welfare of our communities, and helping our clients reach their carbon emission objectives.

The expectations of stakeholders are to create an effective organization that has a positive impact on society and the local community. During these difficult times, the expectations of stakeholders changed. As a result of inflation and delays in the supply chain, suppliers raised the prices of goods and services, employees demanded salary raises, and investors expected company growth to justify their investments.

However, in order to exceed the stakeholders' and clients', the Company is remaining attentive to following the trends in clean technologies and anticipating the future enough to intercept a latent demand that will become increasingly concrete with the generational turnover. Companies operating in the sector of technology are accustomed to having a vision in this respect because every development gives an advantage and opens up prospects. DHH is aware that even at the same price and quality, consumers may prefer products that are sustainable.

3. DHH Group's alignment with UN SDG goals

As no specific regulation has been passed for the ICT industry, it is left to the market itself to adapt and require companies to become more responsible when it comes to sustainability. In order to streamline its efforts, DHH adopted the SDG framework to define and prioritize ESG objectives and goals.

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

SUSTAINABLE DEVELOPMENT GOALS



In 2022 we remained dedicated to the UN SDGs and doing our lot to address global environmental and social challenges. We've been focusing on SDG 4 on Quality Education and SDG 11 on Sustainable cities and communities as major impact areas across our reach through a variety of sustainability activities.

Our current sustainability commitments are mapped to seven of the SDGs that our team has identified as the most critical and pertinent to DHH's operations. We align with the following SDGs:

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

With a dedication to ethics, we work to accomplish our purpose. The most crucial goal is developing innovative, durable, and reusable infrastructure. We believe that the key to sustainability and long-lasting success is to consistently communicate the ideals of responsibility for our work in a way that is inclusive of both employees and clients.

The goals and the progress toward annual objectives are discussed and monitored fairly regularly. For example, Quality education is addressed at the beginning of the year and integrated with the Company's objectives. Decent work and economic growth are reported on during quarterly meetings.

4. DHH Group's commitment to ESG

DHH was founded in 2015 and now comprises a holding company and a portfolio of completely owned enterprises. The Company's major goal is to deliver trustworthy services to business clients and telecom operators at affordable pricing. Its main objective is to provide superior services to clients in order to meet their high requirements. Numerous cloud computing, internet access, and hosting services are provided by the nine distinct businesses in Serbia, Slovenia, Italian Switzerland, Bulgaria, and the former Yugoslav Republic of Macedonia. The Group provides a range of add-on goods, including website builders and SSL certificates, in addition to colocation services.

DHH consists of the Italian-based companies Seeweb, Tophost, Connesi, and Warian, Slovenian-based Webtasy, Croatian-based Plus Hosting Grupa and System Bee, and Serbian-based mCloud, Swiss-based DHH Switzerland, and the Bulgarian-based Evolink, as well as various minority interests.

If we want to inspire others to take similar steps, we must advance social justice and combat climate change via our operations, duties, and connections. To help our clients migrate to a low-carbon economy, we are pursuing significant projects that encourage innovation while also running efforts that support environmental responsibility, social justice, and community impact.

ENVIRONMENTAL GOALS

The foundation from which a firm like DHH must start to strive to support the success of others is the development of robust infrastructure and the promotion of innovation and fair, responsible, and sustainable industrialization. We expect to achieve the sustainability balance before the deadlines set by EU and/or national requirements because we have been working to decarbonize our Company for at least four years.

Employees at DHH believe that environmental preservation is incorporated at every level of the business, from operation to management, and that projects and activities like saving electricity, rubbish sorting, going paperless, and opting for glass cups rather than single-use plastic ones demonstrate this. By continuously looking for any potential reductions in the number of servers we require, we have streamlined the use of the hardware required to provide our services. To use less power and conserve electricity, we have combined a lot of smaller servers.

Use of resources

More services will migrate to the cloud and become "on-demand" in order to reduce resource waste. Resource reduction will be necessary for the future, and every Company will need to develop a sustainability plan. In order to save expenses and their carbon footprint, we anticipate that more corporate clients will look into local and regional cloud providers or use multi-cloud strategies.

Every piece of equipment we buy is always replaced after the amortization period ends. Regular updates to the equipment inventory and list make it easier to prioritize which pieces of equipment need to be replaced. The list is distributed across the whole organization, from top to bottom, so that everyone is aware of the plan for replacing equipment.

We are committed to the smart use of resources by using caching and making the services that we offer to end customers as light as possible and lowering our carbon footprint as possible. In order to decrease power consumption and carbon emissions, we want to improve server efficiency and expand the number of cloud-based and on-demand applications. In comparison to the previous year, in some regions, we migrated all servers to one data center and consolidated all the data center costs.

Increased demand for storage is not only a problem for our Company, but a worldwide issue so we expect some new solutions will be presented in years to come. We anticipate that we will be under considerably more pressure to reduce our use of electricity. We employ free cooling technology throughout the colder months of the year to cut down on the energy needed for cooling. We have begun turning on the micro cloud servers, which use 36% less energy.

Energy efficiency

We still believe that our business' greatest environmental effect comes from our use of power. This is the major driver for our ongoing investments in infrastructure and technology to raise our data centers' PUE (Power Usage Efficiency). In comparison to 2021, we reduced the PUE of our primary data center, EDCS2, by 2% in 2022. We have also reduced electricity bills by switching to all LED lighting and replacing almost all old AC units with more modern ones.

Evolink reports increasing power usage efficiency by 2%, while DHH Switzerland reduced total electricity consumption by 35%. By employing high-efficiency devices, energy spending was reduced by 15% at Warian. The reductions were made feasible by enhancing data centers' capabilities. Some companies like Connesi report a strong reduction in total electricity consumption from 2021 to 2022 of 16,28% against an increase in personnel and electric cars. One Company reports swapping remote nodes' power supply with high-efficiency models - a simple action it took to reduce energy consumption.

New solutions must be developed to reduce carbon emissions, especially in data centers, which consume the most energy. We anticipate rising power costs, which puts pressure on us to continue making investments in strategies to increase the PUE of our data center operations. Data centers that use renewable energy sources will gain an advantage. We are already lowering the amount of electricity required by recycling data servers and expanding the use of cloud services, but data centers will ultimately need to integrate renewable energy sources like solar. From the point of view of the energy efficiency of the Data Center, we have reduced consumption by relocating our equipment and servers to DNSH-certified data centers.

In addition to this, one of the companies offsets a large part of its CO2 emissions with the maintenance and management of a forest of over 1,5 hectares located within the natural park of Colfiorito, Italy. Finally, the cooling and heating system of one of our main offices in Italy was also built with a heat pump system that allows a considerable reduction in energy and a reduction of consumption of raw materials.

Supplier selection

The majority of the actions we do now relate to favoring "green" suppliers over others. Clients must feel confident in making an educated choice of their providers. Because of this, the degree of sustainability may play a crucial role in defining supplier consideration.

Some of our suppliers still heavily rely on single-use plastics, especially in terms of large packaging, thus these are the areas that still need to be improved. In addition, the characteristics of the product itself are also considered when choosing a supplier. For example, when selecting a vendor for a new device, power consumption is given more weight.

Some companies report that, even though they did not phase out coal, due to the uncertainty of gas energy, no new power plants powered by coal are planned in the region. This led to using much more green energy (wind and solar) than before.

Commute and travel

As a consequence of the assistance of the “videoconference”, which has had a significant operational influence, the activities of business visits, notably for commercial and administrative employees, have been significantly decreased in the post-covid period. The workers who reside further away from the corporate headquarters already work most of the time remotely, minimizing their presence at work and enhancing productivity while lowering the negative effects of commuting. The commuting emissions per employee were nearly zero in some of our portfolio firms.

The issue of transportation has been handled with a notable growth in electric means of transportation relative to internal combustion cars this year compared to the previous. One of DHH’s portfolio companies now has a fleet of 14 cars, 3 of which are fully electric.

Waste management

For some years now, DHH has significantly implemented activities aimed at environmental sustainability. We sort waste and use energy as sparingly as possible. In particular, plastic bottles, plastic writing pens, and the use of single-use plastic have been minimized throughout the Company. In some companies, we use systems that filter the drinking water of the public aqueduct, and at the same time, each collaborator has been equipped with a multipurpose thermal bottle. Compared to the previous year, we recycled much more paper documents and have more digitized accounting processes.

Compared to 2021, there have been no major changes except a greater focus on waste management and the reduction of emissions. We need to move on to the training of the staff, and in this regard, we have set ourselves the objective of providing training to improve the staffs understanding of sustainable management.

We ensure all our old equipment is disposed of in a proper manner. Items such as toners are collected and sent to vendors who refurbish them and give them a 2nd or 3rd life.

Several of the companies in the portfolio have reported having completely eliminated using paper or plastic. A paperless workplace means printing only what is required by law and storing all other documents digitally. Some companies have a procedure in place for collecting and discarding used batteries for both employees’ personal batteries, and batteries used in UPS systems are covered. All garbage is also sorted and recycled. Some DHH portfolio companies recycle outdated servers or pass them on to local colleges or schools rather than throwing them away. A defined procedure for giving servers away was experimentally established in some portfolio companies in 2022.

SOCIAL GOALS

It is important to DHH to enable equitable, non-discriminatory working opportunities for our employees and collaborators that foster personal development while also adhering to health and safety regulations and our fundamental values.

DHH’s ability to build its Company sustainably depends on making decisions and investments that are designed for a workforce and a local community that is prepared for the future. To improve our shareholder returns, this includes controlling our ESG aspects and generating positive direct and indirect value across all of our strategic investment decisions. It also requires agility in adjusting our Company plan to take advantage of possibilities and meet connectivity, data, and digital requirements in an economy that is becoming more and more digital.

Sustainable communities

We try to stimulate all initiatives that come from the team regarding environmental protection. We participate in the Initiative Plastic Caps for Future which encourages charity, solidarity, and recycling altogether for a better future for the youngest.

DHH places constant attention and respect on safety, health, and environmental issues. As it does business in various communities in the region, the Company feels the obligation to a positive contribution to society and the environment and an obligation to comply with well-respected and honest practices related to marketing and sales. In addition, DHH works on resolving ethical issues in an effective and transparent manner.

Decent work and economic growth

We have enacted a Code of Ethics that outlines expectations for behavior from DHH's Board members, managers, and all other staff members. This code also includes our expectations for our vendors, suppliers, contractors, and other third parties. At DHH, we place great importance on honesty, integrity, and respect for all people. We never compromise these principles in order to advance our business.

Gender equality is also important. We currently have more than 50% of women working with us, and our tech admin with the highest title is a woman.

Quality education

The opportunity for everyone to have a digital presence, as well as the growth of the community through employment and education, are major social implications of DHH's work. We participated in many IT trade shows both domestically and internationally last year. To inspire or educate others, our staff also hosted meetings, lectures, and other events. Most important thing is that we do a lot of educational events and we offer internships to young graduates.

In addition to internal education, quality education is something DHH strives to achieve through collaboration with nearby institutions to offer lectures to students and internship possibilities for students.

GOVERNANCE

The foundation of a responsible and sustainable business is good governance. Our managers are given the freedom to act as a conduit for the development of value for our other stakeholders, with guidance from our Board and assistance from the Group. Processes and procedures that seamlessly assure efforts toward realizing our vision and business plans, as well as generating returns on investment for our investors and the Group, are made possible by strong governance with regard to ESG.

We have encouraged competent scrutiny of environmental concerns and sustainability management at the Board level. We aim for more active and meaningful cooperation using our diverse Board to achieve DHH's sustainability goals following important awareness engagements with the Board on sustainability.

Safety and privacy

Our company principles, which include operating responsibly, include good governance, particularly in the areas of data privacy and cyber security. As a digital business, we understand how important it is to safeguard the privacy of the data we collect from our clients, staff, and other stakeholders. Our organization as a whole, both internally and internationally, makes sure that data is treated with the utmost care and thoroughness.

5. POINTS OF IMPROVEMENT AND PLANS FOR THE FUTURE

The energy efficiency in the industry is suboptimal. Servers use a lot of electricity to run and, as a byproduct, create a lot of heat which requires strong air-conditioning, which in turn increases electricity use even further. Excess heat is released and not utilized. DHH's main future target is to lower the cost of electricity by optimizing server capacity and switching to more efficient servers (ex. multi-cloud servers).

While our industry does not produce toxic waste, it does consume a lot of electricity and old equipment (servers, cables, routers, etc.) that must be recycled to avoid polluting the environment. Electricity production still relies on non-renewable resources, so our impact is not negligible. We are already investigating many operational solutions. For example, the possibility of using refurbished hardware with a warranty is one of them.

Even though the Company's IP MPLS network is solely based on fiber, which aggregates high bandwidth and eliminates the need for multiple copper cables, it also consumes a significant amount of electricity for power and cooling of IT infrastructure in our data centers.

While some portfolio companies have already defined optimistic sustainable goals, not all DHH companies have yet joined this overarching vision of sustainable development. The main future objectives of one of the companies are the construction of a photovoltaic system on the roof of the headquarters by 31/12/2023 and the upgrade of the entire car fleet to full electric by 31/12/2025.

DHH is influencing collaborators to change for the better. We have asked most of our partners to start using "digital first" documentation (ex. invoices) so that there is as little need for paper as possible. Consequently, we get less physical mail, and more processes are handled online. Moreover, DHH plans to require the data center partners to start providing electricity from 100% green energy sources. Industry-wide, there are effective examples of how to utilize the surplus heat generated by servers and data centers. In the future, more options will likely become accessible, and DHH intends to stay on top of changes in the industry.



Consolidated Annual Report

as at 31 December 2022

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

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

DHH S.p.A.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>All amounts are in Euro</i>	Notes	31.12.2022	Of which Related Parties	31.12.2021	Of which Related Parties
Trademarks	1	3.087.307		3.087.307	
Goodwill	2	10.461.147		9.666.343	
Tangible fixed assets	3	11.207.617		1.891.963	
Right of use assets	4	4.923.131		5.141.217	
Intangible assets	5	2.042.941		1.858.826	
Investments in other companies	6	1.410.293		767.101	
Non-current financial assets	7	544.598		17.710	
Other non-current assets	8	275.028		273.286	
Deferred tax assets	9	1.197.771		1.188.426	
Total non-current assets		35.149.832		23.892.178	
Inventories	10	400.724		-	
Trade receivables	11	5.078.027	1.830	2.537.570	1.830
Current financial assets	12	223.628		209.996	
Other current assets	13	219.547		110.013	
Tax receivables	14	534.353		350.580	
Cash and cash equivalents	15	10.643.629		9.259.765	
Prepaid expenses and accrued income	16	1.208.079		877.053	
Total current assets		18.307.987		13.344.977	
TOTAL ASSETS		53.457.820	1.830	37.237.154	1.830

LIABILITIES AND EQUITY

<i>All amounts are in Euro</i>	Notes	31.12.2022	Of which Related Parties	31.12.2021	Of which Related Parties
Share Capital		489.277		489.277	
Reserves		19.921.631		14.315.183	
Retained Profit (Loss)		891.842		1.348.833	
Profit (Loss) relating to Group shareholders		743.122		3.191.183	
Total Net Equity of the Group		22.045.873		19.344.477	
Capital and Reserves to third-party shareholders		1.955.084		634.527	
Year's Profit (Loss) to third-party shareholders		124.109		(27.442)	
Net Equity to third-party shareholders		2.079.193		607.085	
TOTAL NET EQUITY	17	24.125.066		19.951.561	
Non-current financial payables	18	12.102.648		4.852.879	
Severance reserves	19	737.789		545.035	
Provisions for risks and future liabilities		-		-	
Other non-current liabilities		-		-	
Liabilities for deferred taxes	20	1.635.046		928.904	
Total non-current liabilities		14.475.483		6.326.818	
Trade payables	21	4.554.269	3.933	1.561.157	22.300
Other current liabilities	22	920.747	35.346	584.377	36.574
Current financial liabilities	23	4.794.071		5.560.769	
Tax payables	24	728.228		300.352	
Accrued liabilities and deferred income	25	3.859.957		2.952.120	
Total current liabilities		14.857.271		10.958.775	
TOTAL LIABILITIES		29.332.754		17.285.593	
TOTAL LIABILITIES AND NET EQUITY		53.457.820	39.280	37.237.154	58.874

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>All amounts are in Euro</i>	Notes	31.12.2022	Of which Related Parties	31.12.2021	Of which Related Parties
Revenues	26	28.620.855	6.000	19.555.429	6.091
Other Revenues	27	948.514	-	246.619	95
Operating Revenues		29.569.369		19.802.049	
Material costs	28	(1.840.922)		(995.094)	
Service costs and use of third-party assets	29	(12.459.336)	(702.943)	(7.495.555)	(258.453)
Personnel costs	30	(5.627.557)	(166.479)	(3.518.406)	(956.761)
Other expenses	31	(625.756)		(566.883)	
Total Operating Costs		(20.553.572)		(12.575.937)	
EBITDA Adjusted		9.015.797		7.226.111	
Impact of non-recurring revenues (costs)		(1.629.170)		(283.661)	
EBITDA		7.386.627		6.942.450	
Amortization and impairment	32	(4.403.752)	(553.662)	(3.329.647)	
EBIT		2.982.875		3.612.803	
Financial income (expenses)	33	(431.330)	(22.779)	(173.046)	
Other non-operating income/expense		(228.908)		(3.336)	
Earnings before taxes (EBT)		2.322.637		3.436.421	
Total current and deferred income taxes	34	(1.455.406)		(272.680)	
NET PROFIT (LOSS)		867.231		3.163.741	
<i>Of which attributable to:</i>					
the shareholders of the group		743.122		3.191.183	
third-party shareholders		124.109		(27.442)	
EARNINGS per SHARE (in EURO)	35	0,547		0,675	
DILUTED EARNINGS per SHARE (in EURO)	35	0,547		0,675	

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

All amounts are in Euro

	31.12.2022	31.12.2021
NET PROFIT (LOSS) FOR PERIOD (A)	867.231	3.163.741
Components which should be subsequently classified in the Income Statement		
Components which should not be classified in the Income statement	60.965	
Profit/(losses) arising from the translation of the consolidated companies' financial statements in currencies other than Euro	37.141	34.409
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	98.106	34.409
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	965.337	3.198.150

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

The "Other variations" mainly refer to:

- the distribution of an ordinary dividend by assignment of treasury shares equal to no. 1 share per each no. 45 shares, equivalent to 1.614.635 EUR as per the shares' price at March 25, 2022;
- the effective changes in the fair value of cash flows hedge instruments, for 0,4M EUR;
- the impact of IFRS 2 of Stock Option Plan approved by the Board of Directors for 1,7M EUR based on an expert firm evaluation;
- the consolidation effects of Connesi S.p.A. and Aticon S.r.l., with an increase of Third-Party Equity of 1,3M EUR.

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

<i>All amounts are in Euro</i>	Net Profit	Net Equity	TOTAL
BALANCES OF THE PARENT COMPANY	562.375	14.606.782	15.169.156
Elimination of gains from intra-group disposals	-	-	-
Adjustment for Consolidation	(3.640.372)	3.675.852	35.480
Difference between the value of the consolidated investments and their own net equity value	(62.619)	3.020.117	2.957.498
Net profit of consolidated companies	3.883.738		3.883.738
Third-party shareholders	124.109	1.955.084	2.079.193
TOTAL NET EQUITY	867.231	23.257.835	24.125.066

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	867.231	3.163.741
Income taxes	1.455.406	272.680
Interest payables/(receivables)	431.330	173.046
(Capital gains) / losses from sales of assets	-	-
(Capital gains) / losses from Business Combinations	-	-
1. EARNINGS BEFORE TAXES, INTEREST, DIVIDENDS, CAPITAL GAIN/LOSSES	2.753.967	3.609.467
Adjustments for non-cash items that are not accounted for in net working capital change:		
- Allocation to reserves	44.452	71.783
- Amortization and depreciation of assets	4.306.003	3.279.373
- Permanent loss write-down	329.035	50.274
- Other adjustments on non-monetary items	1.758.533	28.209
2. Cash Flow before NWC changes	9.191.990	7.039.107
Changes in NWC:	177.104	(728.889)
- Decrease (increase) in inventories	31.674	6.404
- Decrease (increase) in customer receivables	(1.715.497)	28.104
- Increase (decrease) in supplier payables	1.173.451	(522.350)
- Decrease (increase) in prepaid expenses and accrued income	(29.608)	282.193
- Increase (decrease) in accrued expenses and deferred income	455.646	(129.376)
- Other changes to the NWC	261.438	(393.864)
3. Cash flow after NWC changes	9.369.094	6.310.217
Other changes:	(1.971.903)	(582.987)
- Interests collected/(paid)	(431.330)	(173.046)
- (income taxes paid)	(1.456.445)	(273.719)
- Dividends received	-	-
- (Use of reserves)	(84.128)	(136.222)
Cash flow from operating activities [A]	7.397.190	5.727.230

All amounts are in Euro

	31.12.2022	31.12.2021
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) disinvestment in tangible assets	(1.644.173)	(416.021)
(Investments) disinvestment in right of use assets	(716.417)	(2.422.344)
(Investments) disinvestment in intangible assets	(173.232)	(625.690)
(Investments) disinvestment in financial assets	(6.285.390)	(3.950.014)
Cash flow from investing activities [B]	(8.819.212)	(7.414.070)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Increase (decrease) current payables to banks	(1.435.336)	2.826.893
New loans (Loan repayments)	2.697.872	(761.632)
Paid capital increase	-	(256.711)
Treasury share sale (purchase)	(200.084)	-
(Dividends paid)	-	-
Cash flow from financing activities [C]	1.062.452	1.808.550
Increase (decrease) in liquidity [A]+[B]+[C]	(359.570)	121.710
Liquid funds at the beginning of the period	9.259.765	8.846.040
Consolidation area variation	1.743.433	292.015
Liquid funds at the end of the period	10.643.629	9.259.765

The "Other adjustments on non-monetary items" is comprehensive of 1,69 MEUR related to the impact of the stock option plan.

Investments in financial assets are related to the acquisitions performed in 2022; the increase in liquidity due to the area variation is of 1,7 MEUR.

NOTES TO FINANCIAL STATEMENTS

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

The central body of IFRS encompasses all IFRS, up-to-date accounting principles, and the interpretations drawn-up by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as Standing Interpretations Committee ("SIC"). It should be noted that the accounting principles applied for the preparation of the financial statements as at December 31st, 2022 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial Statements as at December 31st, 2022 are approved by the Board of Directors on 21.03.2023.

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

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

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

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

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

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

The Group Financial Statements for DHH (the “Group”) as at 31 December 2022 have been drawn up on the basis of the financial statements of the holding company and of the companies in which D.H.H. S.p.A. (the “Consolidating Company”) holds -directly or indirectly- the majority of votes exercisable in the Ordinary Shareholders’ Meeting, with reference to the same date, as detailed below:

Controlled companies in the consolidation area	Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MICLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.*	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%
CONNESI s.p.a.	Italy	300.000	69,15%
ATICON s.r.l.	Italy	12.000	69,15%

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

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.

The amount paid for the acquisition of Connesi S.p.A. (and his controlled company Aticon S.r.l.), equal to Euro 5,5M EUR, created an excess value of the purchase price paid over the value of the net identifiable assets acquired of approximately 2,6M EUR, due to the difference between the purchase price and the value of the net assets and liabilities acquired by DHH S.p.A. according to the IAS / IFRS principles, provisionally recognized as goodwill.

Pursuant to the Purchase Price Allocation, this excess value is partly referred to Tangible assets, identified in the “fibra infrastructures” for 2,5M EUR (and a deferred tax impact of 0,7M EUR): it should be noted that for the economic valuation of the infrastructures, DHH S.p.A. requested a specific appraisal.

The residual amount of the goodwill due to the Merger is of 0,8M EUR.

Lease

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

CONSOLIDATION PRINCIPALS

PARTICIPATIONS IN CONTROLLED COMPANIES

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

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

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

EVALUATION CRITERIA

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

INTANGIBLE ASSETS

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

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

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

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - TRADEMARKS

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

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

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - GOODWILL

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

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

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – DEVELOPMENT COSTS

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

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

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – OTHER IMMATERIAL ACTIVITIES

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

RIGHT OF USE ASSETS – LEASE DEBTS ACCORDING TO IFRS 16

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

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

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

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

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

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

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

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

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

TANGIBLE ASSETS

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

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

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

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

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

PARTICIPATIONS

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

NON-CURRENT FINANCIAL ASSETS

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

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

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

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

CURRENT ASSETS

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

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

INVENTORIES

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

TRADE RECEIVABLES

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

CASH AND EQUIVALENT INSTRUMENTS

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

TRADE PAYABLES

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

FINANCIAL LIABILITIES

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

EMPLOYEES BENEFITS

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

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

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

RECOGNITION OF REVENUES

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

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

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

EXPENSES

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

FINANCIAL INCOME AND EXPENSES

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

TAXES

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

ESTIMATES AND VALUATIONS

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

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

CHANGES IN THE ACCOUNTING PRINCIPLES

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

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

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

- Annual improvement to IFRS 2018-2020 cycle: amendments to IFRS 1, IFRS 9, IFRS 16 and to IAS 41.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use - applicable for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract - applicable for annual periods beginning on or after 1st January 2022.
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework - applicable for annual periods beginning on or after 1 January 2022.

The new standards and interpretations to be applied as of January 1st, 2022, do not have any material effects on DHH's consolidated financial statements.

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

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

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

OTHER INFORMATION

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

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

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The overall compensation paid by the Group to the auditor firm is equal to 66.023 EUR for auditing activities and 4.638 EUR for other activities. The compensation for the Board statutory auditors is equal to 68.900 EUR.

RELATED PARTIES

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

TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

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

Currency	Exchange Rate as at 31.12.2022	Average Exchange Rate Year 2022
Croatian Kuna (HRK)	7,5365	7,5400
Serbian Dinar (RSD)	117,3246	117,2414
Swiss Franc (CHF)	0,9847	1,0017
New Lev Bulgaria (BGN)	1,9558	1,9558

SCOPE OF CONSOLIDATION

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

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

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

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

Company	Registered Office	Share Capital (EUR)	Share
TOPHOST s.r.l.	Italy	10.000	100%
WEBTASY d.o.o.	Slovenia	11.934	100%
PLUS HOSTING GRUPA d.o.o.	Croatia	2.618	100%
DHH SWITZERLAND s.a.	Switzerland	92.327	100%
SYSTEM BEE d.o.o.	Croatia	3.384	80%
MICLOUD d.o.o.	Serbia	9	100%
SEEWEB s.r.l.	Italy	103.000	100%
EVOLINK a.d.	Bulgaria	25.565	60%
CONNESI s.p.a.	Italy	300.000	69,15%
ATICON s.r.l.	Italy	12.000	69,15%

CHANGE IN THE SCOPE OF CONSOLIDATION

Regarding the changes in the scope of consolidation, compared to the consolidated report as at 31.12.2021, it should be noted the acquisition of Connesi S.p.A. for 69,15%, that is fully consolidated from 1st July 2022 and Aticon S.r.l., company fully-controlled by Connesi S.p.A.

INTRA-GROUP TRANSACTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: TRADEMARKS

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

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

NOTE 2: GOODWILL

The item “Goodwill” is equal to 10.461.147 EUR, with a net increase of 794.803 EUR compared to the same value recorded in the consolidated as at 31.12.2021. The variation refers:

- for 808K EUR to the acquisition of 69,15% Connesi S.p.A., starting from 1st July 2022; and
- for 43K EUR to the acquisition of Aticon S.r.l., company fully-controlled by Connesi S.p.A.
- for 56K EUR to the decrease refers to the part of goodwill with a defined useful life by specific evaluations, it's related to the fair value of DHH Switzerland's customer list with an estimated residual life of 2 years.

The amount paid for the acquisition of Connesi S.p.A. (and his controlled company Aticon S.r.l.), equal to Euro 5,5MEur, created an excess value of the purchase price paid over the value of the net identifiable assets acquired of approximately 2,6M EUR, due to the difference between the purchase price and the value of the net assets and liabilities acquired by DHH S.p.A. according to the IAS / IFRS principles, provisionally recognized as goodwill.

Pursuant to the Purchase Price Allocation, this excess value is partly referred to Tangible assets, identified in the “fibra infrastructures” for 2,5M EUR (and a deferred tax impact of 0,7MEUR): it should be noted that for the economic valuation of the infrastructures, DHH S.p.A. requested a specific appraisal.

The residual amount of the goodwill due to the Merger is of 0,8M EUR.

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

Impairment test assumptions

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

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

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

This method was applied to cash flow projections based on the most recent forecasts economic-financial available based on a three-year time (2023-2025) and on the expectations of the Management relating to the performance of the markets in which the subsidiaries operate.

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

- Italy: 10,2%
- Slovenia: 9,8%
- Croatia: 10%
- Switzerland: 7,7%
- Serbia: 13,1%
- Bulgaria: 10,8%

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

The present value of the cash flows for the years specified in the various plans was integrated by the Terminal Value, determined according to the perpetual annuity method, at a growth rate "g", which represents the current value, in the last forecast year, of all expected future cash flows. The Management considered a growth rate "g" equal to the inflation rate determined for each Country by the International Monetary Fund (*International Monetary Fund, World Economic Outlook Database, October 2022*).

NOTE 3: TANGIBLE ASSETS

Tangible assets are equal to 11.207.617 EUR.

The amount paid for the acquisition of Connesi S.p.A. (and his controlled company Aticon S.r.l.), equal to Euro 5,5MEur, created an excess value of the purchase price paid over the value of the net identifiable assets acquired of approximately 2,6M EUR, partly referred to Tangible assets, identified in the "fibra infrastructures" for 2,5M EUR (and a deferred tax impact of 0,7M EUR): it should be noted that for the economic valuation of the infrastructures DHH S.p.A. requested a specific appraisal.

The details of the movement of tangible assets during the year 2022 are provided below.

<i>All amounts are in Euro</i>	Land and Buildings	Plant and machinery	Computers, electronic equipment	Vehicles	Other assets	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2022	-	-	11.027.573	-	1.979.006	-	13.006.579
Variation area	765.208	9.982.285	2.015.786	266.809	141.916	34.216	13.206.220
Investments	5.976	255.547	1.061.730	30.156	3.124	295.384	1.651.917
(Disposals)	(820)	-	(81.699)	-	(7.668)	-	(90.187)
Impairments and other movements	-	-	(28.871)	-	-	-	(28.871)
Historical Cost as at 31.12.2022	770.363	10.237.832	13.994.520	296.965	2.116.378	329.600	27.745.658
Accumulated depreciation as at 01.01.2022	-	-	10.017.775	-	1.096.841	-	11.114.616
Variation area	51.767	2.475.717	1.658.744	104.886	72.267	-	4.363.381
Depreciation	16.709	327.157	777.614	24.619	25.259	-	1.171.358
(Disposals)	-	-	(77.605)	-	(4.837)	-	(82.442)
Impairments and other movements	-	-	(28.871)	-	-	-	(28.871)
Accumulated depreciation as at 31.12.2022	68.476	2.802.874	12.347.657	129.506	1.189.529	-	16.538.042
NET BOOK VALUE AS AT 01.01.2022	-	-	1.009.798	-	882.165	-	1.891.963
NET BOOK VALUE AS AT 31.12.2022	701.887	7.434.959	1.646.863	167.459	926.849	329.600	11.207.617

NOTE 4: RIGHT OF USE ASSETS

Right of use assets are equal to 4.923.131 EUR as at 31 December 2022, with a decrease of 218.086 EUR.

The details of movement in right of use assets during the year 2022 are provided below.

<i>All amounts are in Euro</i>	Land and Buildings	Data center equipments	Network services	Vehicles	TOTAL
Historical cost as at 01.01.2022	3.426.244	9.574.849	213.587	26.617	13.241.297
Variation area	-	-	4.125.338	-	4.125.338
Investments	33.070	657.455	25.892	-	716.417
(Disposals)	-	-	-	-	-
Impairments and other movements	-	27.737	-	-	27.737
Historical Cost as at 31.12.2022	3.459.314	10.260.041	4.364.817	26.617	18.110.789
Accumulated depreciation as at 01.01.2022	1.626.007	6.320.858	141.745	11.470	8.100.080
Variation area	-	-	2.349.459	-	2.349.459
Depreciation	652.474	1.791.012	191.132	6.522	2.641.140
(Disposals)	-	-	-	-	-
Impairments and other movements	-	96.979	-	-	96.979
Accumulated depreciation as at 31.12.2022	2.278.481	8.208.849	2.682.337	17.992	13.187.658
NET BOOK VALUE AS AT 01.01.2022	1.800.238	3.253.991	71.841	15.147	5.141.217
NET BOOK VALUE AS AT 31.12.2022	1.180.834	2.051.191	1.682.480	8.625	4.923.131

NOTE 5: INTANGIBLE ASSETS

Intangible assets are equal to 2.042.941 EUR as at 31 December 2022.

The details of movement in intangible assets during the year 2022 are provided below.

<i>All amounts are in Euro</i>	Software licenses	Internally developed software	Other assets	Customer List	Assets under construction & payments on account	TOTAL
Historical cost as at 01.01.2022	1.512.017	422.915	503.694	1.131.097	8.599	3.578.322
Variation area	358.792	-	277.392	-	12.000	648.184
Investments	66.589	120.016	9.190	-	53.531	249.326
Impairments and other movements	33.821	(1.041)	(368.237)	362.630	(8.599)	18.574
Historical Cost as at 31.12.2022	1.971.219	541.890	422.039	1.493.728	65.531	4.494.406
Accumulated depreciation as at 01.01.2022	842.175	335.107	81.975	460.239	-	1.719.496
Variation area	139.469	-	131.386	-	-	270.856
Amortization	194.139	78.162	37.128	123.905	-	433.334
Impairments and other movements	26.245	(2.574)	(45.910)	50.019	-	27.779
Accumulated depreciation as at 31.12.2022	1.202.028	410.695	204.579	634.163	-	2.451.465
NET BOOK VALUE AS AT 01.01.2022	669.842	87.808	421.718	670.859	8.599	1.858.826
NET BOOK VALUE AS AT 31.12.2022	769.191	131.195	217.460	859.565	65.531	2.042.941

NOTE 6: INVESTMENTS IN OTHER COMPANIES

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

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

Investments in associated companies are valued with the equity method.

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Equity Method Impact	Investment Net Book Value
Warian S.r.l.	Montoro (AV)	50.000	92.874	45,00%	860.000	-	860.000
TOTAL					860.000	-	860.000

* Equity value as at 31 December 2022.

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

Company	Legal seat	Share Capital (EUR)	Equity* (EUR)	Share %	Investment Book Value	Allowance for impairment	Investment Net Book Value
Sync S.r.l.	Roma	13.289	330.351	3,21%	50.102	(39.491)	10.611
Baasbox S.r.l.	Roma	13.489	(160.760)	2,55%	99.999	(99.999)	-
Materialuce S.r.l.	Terni (TR)	10.250	233.345	4,54%	100.000	(89.417)	10.583
Icona Technology S.p.A.	Cinisello Balsamo (MI)	172.250	2.252.723	4,35%	502.500	-	502.500
Others					26.600	-	26.600
TOTAL					779.201	(228.908)	550.293

* Equity value as at 31 December 2021.

The Investments are equal to 550.293 EUR and includes an allowance for impairment for 228.908 EUR as their value at the reporting date is lower than the value at initial recognition calculated based on the cost or equity method.

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

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 544.598 EUR as at 31 December 2022, is referred to derivative financial assets for 496K EUR and to guarantee deposits for the difference.

The amount of 496K EUR is related to DHH S.p.A. for 251K EUR, to Seeweb S.r.l. for 94K EUR and to Connesi S.p.A. for 151K EUR.

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

NOTE 8: OTHER NON-CURRENT ASSETS

Such item, equal to 275.028 EUR as at 31 December 2022, is referred to an investment property of Evolink. The amount corresponds to the fair value in accordance with the requirements of IAS 40 in conjunction with IFRS 13.

NOTE 9: DEFERRED TAX ASSETS

Deferred tax assets are equal to 1.197.771 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 31.12.2022.

The amount of 820K EUR is referred to Deferred tax assets originate from temporary differences between the carrying amount of assets (Trademarks) in the local financial statements and the corresponding values recognized for the consolidated financial statements: in the local balance sheets trademarks "Tophost" and "Seeweb" has been revaluated based on the provisions of Law 126/2020 while according to the International Financial Reporting Standards applied for the consolidation revaluation is not permitted.

NOTE 10: INVENTORIES

Inventories are equal to 400.724 EUR. The amounts refer mainly to Connesi S.p.A.; the changes occurred in the Inventories accounts are equal to 98K EUR as increase.

NOTE 11: TRADE RECEIVABLES

Trade receivables are equal to 5.078.027 EUR as at 31.12.2022 with an increase of 2.540.457 EUR compared to the same item recorded on 31.12.2021. The distribution of receivables by geographical area is as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
Italy	4.391.352	1.973.538	2.417.813
EU countries	713.429	668.837	44.592
Other countries	178.541	95.196	83.345
Total	5.283.321	2.737.571	2.545.750
Provision for bad debt	(205.295)	(200.001)	(5.294)
TOTAL NET TRADE RECEIVABLES	5.078.027	2.537.570	2.540.457

NOTE 12: CURRENT FINANCIAL ASSETS

Current financial assets are equal to 223.628 EUR referred to as securities, with an increase of 13.633 compared to 31.12.2021.

NOTE 13: OTHER CURRENT ASSETS

Other current assets are equal to 219.547 EUR, with an increase of 109.534 EUR compared to 31.12.2021, mainly due to the variation of the consolidation area.

NOTE 14: TAX RECEIVABLES

Tax receivables are equal to 534.353 EUR as at the end of 2022 with an increase of 183.773 EUR compared to 31.12.2021 and are composed as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
VAT	310.910	207.850	103.060
Income tax	204.365	56.062	148.303
Other tax receivables	19.078	86.668	(67.590)
TOTAL	534.353	350.580	183.773

NOTE 15: CASH AND CASH EQUIVALENTS

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

The total amount of this item is equal to 10.643.629 EUR, with an increase of 1.383.863 EUR compared to 31.12.2021.

NOTE 16: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 1.208.079 EUR as at 31 December 2022, with an increase of 331.026 EUR compared to 31.12.2021. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 17: NET EQUITY

Share Capital

On 31 December 2022 the share capital of DHH is equal to EUR 489.277,20 represented by no. 4.892.772 ordinary shares without par value.

Reserves

The following table provides a breakdown of the reserves.

<i>All amounts are in Euro</i>	31.12.2021	increase	(decrease)	31.12.2022
Share Premium Reserves	10.273.324	1.084.233	-	11.357.558
Legal Reserve	90.373	7.482	-	97.855
Other reserves	5.102.922	2.004.957	-	7.107.879
Cash flow hedge reserve	-	431.269	-	431.269
Negative reserve for own shares	(1.187.620)	330.316	-	(857.304)
Stock options reserve	-	1.690.397	-	1.690.397
OCI Reserve	36.183	57.793	-	93.976
TOTAL RESERVES	14.315.183	5.606.448	-	19.921.631

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

The other increase mainly refers to:

- the destination of the consolidated profit of the year 2021;
- the effective changes in the fair value of cash flows hedge instruments, for 431.269 EUR;
- the impact of IFRS 2 of the Stock Option Plan 2022 - 2025 approved by the Board of Directors for 1.690.397 EUR, based on an expert firm evaluation.

NOTE 18: NON-CURRENT FINANCIAL LIABILITIES

The total amount of 12.102.648 EUR encompasses bank loans and financings for 9.938.855 EUR and non-current lease debt for 2.163.793 EUR.

The Group Financial debts registered an increase mainly due to non-current bank loans: in detail, the loan granted by Intesa San Paolo Bank to DHH S.p.A. of 5,9M EUR used for the acquisition of Connesi S.p.A.

NOTE 19: SEVERANCE RESERVES

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

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

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

The amount is equal to 737.789 EUR with an increase of 192.755 EUR compared to 31.12.2021.

NOTE 20: LIABILITIES FOR DEFERRED TAXES

This item is equal to 1.635.046 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according to International Accounting Standards and corresponding values relevant for tax purposes.

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

The increase of the year is mainly related to the Purchase Price Allocation process applied to the acquisition of Connesi S.p.A.: the amount paid created an excess value of the purchase price paid over the value of the net identifiable assets

acquired, partly referred to Tangible assets, identified in the “fibra infrastructures” for 2,5M EUR, with a deferred tax impact of 0,7MEUR.

NOTE 21: TRADE PAYABLES

On 31.12.2022 trade payables are equal to 4.554.269 EUR, with an increase of 2.993.111 EUR compared to the same item recorded on 31.12.2021. The distribution of payables by geographical area is as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
Italy	4.012.097	1.074.322	2.937.775
EU countries	421.890	387.886	34.004
Other countries	120.281	98.950	21.332
TOTAL PAYABLES	4.554.269	1.561.157	2.993.111

NOTE 22: OTHER CURRENT LIABILITIES

Other current liabilities are equal to 920.747 EUR on 31.12.2022, with an increase of 336.369 EUR compared to 31.12.2021, mainly due to the variation of the consolidation area.

NOTE 23: CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 4.794.071 EUR on 31.12.2022, with a net decrease of 766.698 EUR compared to 31.12.2021, mainly due to the effect of bullet repayment done in October for 2,5M. This item includes 2.152.853 EUR the current lease liabilities and for 2.641.218 EUR the current part of non-current bank loans of the Group.

NOTE 24: TAX PAYABLES

Tax payables are equal to 728.228 EUR on 31.12.2022, with an increase of 427.876 EUR compared to 31.12.2021, and its composition is as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
VAT	188.426	157.611	30.815
Income tax	338.726	49.776	288.950
Other income tax	201.075	92.964	108.111
TOTAL TAX PAYABLES	728.228	300.352	427.876

NOTE 25: ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 3.859.957 EUR as at 31 December 2022, with an increase of 907.837 EUR mainly linked to advanced revenues for hosting.

NOTE 26: REVENUES

The revenues from sales and services of the Group for the year ended 31 December 2022 are equal to 28.620.855 EUR, with an increase of 9.065.425 EUR compared to 31.12.2021.

On 31 December 2022 revenue from sales and services by country area compared to 31 December 2021 are the following:

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %	of which variation area	Change %
Italy	18.496.011	13.021.457	5.474.554	42%	3.902.887	12%
Slovenia	2.490.177	2.303.120	187.057	8%	-	8%
Croatia	2.861.091	2.497.679	363.412	15%	-	15%
Serbia	697.817	656.078	41.739	6%	-	6%
Switzerland	843.582	823.499	20.083	2%	-	2%
Bulgaria	3.232.176	253.597	2.978.579	1175%	3.232.176	-
TOTAL	28.620.855	19.555.429	9.065.425	46%	7.135.062	10%

Revenues are divided among the geographical area as follows: Italy with 65%, Croatia with 10%, Slovenia with 9%, Serbia 2%, Switzerland 3% and Bulgaria 11%.

On 31 December 2022 revenue from sales and services by company area compared to 31 December 2021 are the following:

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
DHH S.p.A.	-	-	-	-
TOPHOST s.r.l.	1.827.138	1.794.496	32.642	2%
WEBTASY d.o.o.	2.490.177	2.303.120	187.057	8%
PLUS HOSTING GRUPA d.o.o.	2.298.111	2.118.045	180.066	9%
DHH Switzerland SA	843.582	823.499	20.083	2%
SYSTEM BEE d.o.o.	562.980	379.633	183.347	48%
MICLOUD d.o.o.	697.817	656.078	41.739	6%
SEEWEB s.r.l.	12.765.987	11.226.961	1.539.026	14%
EVOLINK a.d.	3.232.176	253.597	2.978.579	1175%
CONNESI S.p.A.	3.830.875	-	3.830.875	-
ATICON s.r.l.	72.011	-	72.011	-
TOTAL	28.620.855	19.555.429	9.065.426	46,36%

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

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

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

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

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

Datacenter & Networking (Datacenter Colocation)

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

The total revenues from sales and services are composed as follow: Seeweb 45%, Connesi 13%, Evolink 11%, Webtasy 9%, Plus Hosting Grupa d.o.o. 8%, Tophost 6%, the remaining 14% is divided among the other Group Companies. On 31 December 2022 revenues by segments are the following. The segment Internet Access was introduced from 2022, in the previous year it was included in Datacenter & Networking segment.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %	of which variation	Change %
IaaS	11.734.196	9.327.799	2.406.397	26%	207.844	24%
PaaS	7.203.533	7.210.342	(6.809)	0%	365.916	-5%
SaaS	471.448	288.127	183.321	64%	28.969	54%
Internet Access	4.615.471	-	4.615.471	-	4.615.471	-
Datacenter & Networking	2.832.678	1.744.864	1.087.814	62%	685.433	23%
Managed Services	689.052	850.503	(161.451)	-19%	284.035	-52%
Others	1.074.477	133.794	940.683	703%	947.396	-5%
TOTAL	28.620.855	19.555.429	9.065.426	46%	7.135.062	10%

NOTE 27: OTHER REVENUES

Other revenues are equal to 1.009.741 EUR as at 31.12.2022 with an increase of 763.122 EUR compared to 31.12.2021, they mainly refer to government contribution for electricity costs for Seeweb and Evolink. Internal projects- R&D are related only to precompetitive development of new products or new services created internally by the companies while internal costs capitalized are related to internal cost capitalized of Connesi.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
Other revenues	784.348	246.619	537.729
Internal Projects – R&D	113.356	-	113.356
Internal costs capitalized	112.037	-	112.037
TOTAL	1.009.741	246.619	763.122

NOTE 28: MATERIAL COSTS

Costs for materials and consumables are equal to 1.840.922 EUR on 31 December 2022 with an increase of 845.828 EUR compared to 31.12.2021, related to software, hardware and other materials. The total amount of the year is referred to Seeweb for 1,1M EUR and to Connesi for 607K EUR and, the difference is related to the other Group Companies.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %	of which variation area	Change %
Material costs	1.840.922	995.094	845.828	85%	696.571	15%

Material costs detailed by companies are the following:

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
DHH S.p.A.	1.102	885	217	25%
TOPHOST s.r.l.	10.381	8.508	1.873	22%
WEBTASY d.o.o.	8.813	6.574	2.239	34%
PLUS HOSTING GRUPA d.o.o.	2.422	6.976	(4.554)	-65%
DHH Switzerland SA	12	1.551	(1.539)	-99%
SYSTEM BEE d.o.o.	2.784	5.301	(2.517)	-47%
M-CLOUD d.o.o.	512	1.613	(1.101)	-68%
SEEWEB s.r.l.	1.118.326	951.396	166.930	18%
EVOLINK a.d.	78.518	12.290	66.228	539%
CONNESI S.p.A.	606.977	-	606.977	-
ATICON s.r.l.	11.076	-	11.076	-
TOTAL	1.840.922	995.094	845.828	85%

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

Service costs are equal to 14.149.733 EUR on 31 December 2022, with an increase of 6.654.179 EUR compared to 31.12.2021, and are composed as follows. The main service costs and use of third – party assets is composed by: Seeweb for 34%, Dhh S.p.A. for 18%, Evolink for 15%, Plus Hosting Grupa and Connesi for 9%, Webtasy for 7%, The remaining 7% is divided among the other Group Companies.

The main cost for Datacenter Service comes from Seeweb for 81% and Evolink for 7%. The remaining 12% is divided among the other Group Companies. The main cost for Network Services comes from Evolink for 60%, Seeweb for 22% and Connesi for 16%. The remaining 2% is divided among the other Group Companies.

In this cost item is included the effects of electricity cost for datacenters of ca. 2,3 M EUR which variation comes from: increase in cost of energy 810 K EUR, increase in power consumption due to the organic growth 116 K EUR, and

variation of consolidation perimeter for 553 K EUR. Thanks to the strong increase of energy efficiency of the biggest datacenters that we have in the group in Milan, price increase from energy has been mitigated.

Network Services is a new cost item, previously included in datacenter service. The variation of consolidated area is 1.282.035 EUR.

Professional services include non-monetary effects of IFRS 2 related to Stock Option Plan 2022 – 2025 for 1.690.397 EUR approved by Board of Directors based on an expert firm evaluation. The cost of the Board of Director of 500.000 EUR. The variation of consolidation perimeter is 666.312 EUR.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %	of which variation area	Change %
Datacenter Service	3.094.136	1.881.185	1.212.951	155%	637.680	53%
Network Services	1.695.665	-	1.695.665		1.282.035	
Wholesale Costs	3.521.664	2.765.948	755.716	27%	512.013	9%
Commercial and marketing expenses	1.145.644	789.945	355.699	45%	179.510	22%
Professional services	4.250.835	1.748.409	2.502.426	143%	666.312	105%
Other costs for services	441.789	310.067	131.721	42%	155.198	-8%
TOTAL	14.149.733	7.495.555	6.654.179	88%	3.432.750	43%

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

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
DHH S.p.A.	2.600.315	723.773	1.876.542	259%
TOPHOST s.r.l.	116.775	134.291	(17.516)	-13%
WEBTASY d.o.o.	1.019.467	978.508	40.959	4%
PLUS HOSTING GRUPA d.o.o.	1.336.259	1.180.058	156.201	13%
DHH Switzerland SA	236.412	222.450	13.962	6%
SYSTEM BEE d.o.o.	260.482	77.529	182.953	236%
M-CLOUD d.o.o.	391.526	339.498	52.028	15%
SEEWEB s.r.l.	4.755.748	3.596.716	1.159.032	32%
EVOLINK a.d.	2.171.962	242.732	1.929.230	795%
CONNESI S.p.A.	1.233.592	-	1.233.592	-
ATICON s.r.l.	27.196	-	27.196	-
TOTAL	14.149.733	7.495.555	6.654.178	89%

NOTE 30: PERSONNEL COSTS

Personnel cost is equal to 5.627.557 EUR on 31 December 2022, with an increase of 1.825.491 EUR compared to the year 2021 consolidated and is divided among the Group as follows.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %
DHH S.p.A.	112.101	59.998	52.103	87%
TOPHOST s.r.l.	69.848	75.028	(5.179)	-7%
WEBTASY d.o.o.	867.669	723.774	143.895	20%
PLUS HOSTING GRUPA d.o.o.	545.468	528.822	16.647	3%
DHH Switzerland SA	368.252	324.701	43.550	13%
SYSTEM BEE d.o.o.	200.492	184.332	16.160	9%
MCLOUD d.o.o.	155.862	186.235	(30.373)	-16%
SEEWEB s.r.l.	1.619.823	1.653.934	(34.111)	-2%
EVOLINK a.d.	860.749	65.244	795.506	n/a
CONNESI S.p.A.	827.293	-	827.293	n/a
TOTAL	5.627.557	3.802.067	1.825.491	48,01%

The average number of employees is as follows:

	31.12.2022			31.12.2021		
	Managers	Employees	Total	Managers	Employees	Total
DHH S.p.A.		3	3		3	3
TOPHOST s.r.l.		2	2		2	2
WEBTASY d.o.o.	1	22	23	1	19	20
PLUS HOSTING GRUPA d.o.o.	1	22	23	1	22	23
DHH Switzerland SA	1	6	7	1	6	7
SYSTEM BEE d.o.o.	1	8	9	1	7	8
MCLOUD d.o.o.		8	8	1	7	8
SEEWEB s.r.l.	2	24	26	1	25	26
EVOLINK a.d.	2	43	45	2	48	50
CONNESI S.p.A.		34	34			
TOTAL	8	172	180	8	138	146

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

NOTE 31: OTHER EXPENSES

Other expenses are equal to 625.756 EUR on 31 December 2022, with an increase of 58.873 EUR compared to 31.12.2021, and such expenses are structural costs.

NOTE 32: AMORTIZATIONS AND IMPAIRMENTS

Amortizations, Depreciations and Impairment are equal to 4.632.660 EUR on 31 December 2022, with an increase of 1.303.013 EUR compared to December 2021.

The depreciations is related to 400 K EUR of Seeweb, 380 K EUR of Connesi and 144 K EUR Evolink.

The part referred to the amortization of right of use assets amounts to 2.641.140 EUR.

The increase of the year is mainly related to amortizations of Connesi for about 13% on the total.

The value of amortization and depreciation is provided below.

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	Change %	of which variation area	Change %
Depreciations	1.171.358	557.574	613.784	110%	525.206	16%
Amortizations	3.132.267	2.721.799	410.468	15%	455.118	-2%
Impairment	329.035	50.274	278.761	554%	17.421	520%
TOTAL	4.632.660	3.329.647	1.303.013	39%	997.745	9%

“Impairment” is comprehensive of the write down of the voice “Investment in other companies” for 228K EUR.

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

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

NOTE 33: FINANCIAL INCOME (EXPENSES)

On 31 December 2022 net financial expenses are equal to (431.330) EUR, with an increase of 258.284 EUR compared to the previous year.

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

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change
Bank and postal interests/income	1.009	675	335
Interests on loans	5.786	-	5.786
Other interests	10.861	9.935	926
Positive foreign currency valuation	35.740	16.105	19.634
TOTAL FINANCIAL INCOME	53.396	26.715	26.681

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021	Change	of which variation area
Bank and postal interests/expenses	37.772	501	37.271	-
Lease interests	123.431	112.698	10.733	39.421
Interest on loans	194.825	26.996	167.830	40.677
Other financial expenses	16.551	10.078	6.043	7.696
Negative foreign currency valuation	112.147	49.489	62.659	693
TOTAL FINANCIAL EXPENSES	484.726	199.761	284.965	88.486

NOTE 34: TOTAL CURRENT AND DEFERRED INCOME TAXES

At the end of the year 2022 total current and deferred income taxes of the Group are equal to an amount of 1.455.406 EUR, based on the applicable provisions of the local current tax legislation and based on temporary differences between accounting and tax treatment of deductible costs and taxable revenues for deferred taxes.

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

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

NOTE 35: EARNINGS PER SHARE

Base

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

Diluted

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

<i>All amounts are in Euro</i>	31.12.2022	31.12.2021
Consolidated net income attributable to the Group's shareholders	2.601.200	2.357.307
Number of ordinary shares	4.892.772	4.892.772
Average weighted number of outstanding shares	4.757.630	4.729.426
BASE EARNINGS PER SHARE - EPS	0,547	0,498
Average weighted number of outstanding warrants	-	-
Average weighted number of outstanding shares plus warrants	4.757.630	4.729.426
DILUTED EPS	0,547	0,498

Milan, 21st March 2023

The Chairman of the Board of Directors

Giandomenico Sica

