



Interim Report as of September 30th, 2022
(1st quarter of the fiscal year 2022/2023)

Digital Bros S.p.A.

Via Tortona, 37 – 20144 Milan, Italy

VAT number IT095

Share capital: Euro 6,024,334.80 of which Euro 5,706,014.80 subscribed
Milan Companies House No. 290680-Vol. 7394 Chamber of Commerce number 1302132

This report is available in the Investor Relations section of the Company's website at www.digitalbros.com

Please consider that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency

(this page intentionally left blank)

Index

Board of Directors and Governance Structure	4
Directors' Report	6
1. Group organization	6
2. The video games market.....	10
3. Alternative performance ratios	12
4. Seasonality effects	12
5. Significant events during the reporting period	13
6. Consolidated profit and loss statement for the period ended September 30 th , 2022	14
7. Consolidated balance sheet as of September 30 th , 2022	18
8. Segment reporting	20
9. Contingent assets and liabilities.....	29
10. Subsequent events	29
12. Other information	30
Condensed consolidated financial statements as of September 30 th , 2022.....	33
Consolidated balance sheet as of September 30 th , 2022	35
Consolidated profit and loss statement for the period ended September 30 th , 2022	36
Consolidated comprehensive income statement as of September 30 th , 2022.....	37
Consolidated cash flow statement as of September 30 th , 2022	38
Consolidated statement of changes in equity as of September 30 th , 2022	39
Notes to the condensed consolidated financial statements as of September 30 th , 2022	40
STATEMENT PURSUANT TO ART. 154-BIS (5) OF THE T.U.F.	48

Board of Directors and Governance Structure

Member	Office	Control and Risk Committee	Remuneration Committee	Nomination Committee
Sylvia Anna Bartyan	Independent director	M	M	P
Lidia Florean	Non-executive director			
Abramo Galante	President and CEO			
Davide Galante	Non-executive director			
Raffaele Galante	CEO			
Susanna Pedretti	Independent director	M	P	M
Stefano Salbe ⁽¹⁾	Executive director			
Laura Soifer ⁽²⁾	Independent director	P	M	M
Dario Treves	Executive director			

P: President of the Committee

M: Member of the Committee

⁽¹⁾ Financial reporting manager pursuant to Art. 154 bis of Legislative Decree 58/98

⁽²⁾ Lead Independent Director

Board of Statutory Auditors

Gianfranco Corrao

Statutory Auditor

Carlo Hassan

Chairman

Maria Pia Maspes

Statutory Auditor

Daniela Delfrate

Substitute Statutory Auditor

Stefano Spiniello

Substitute Statutory Auditor

The Shareholders' Meeting held on October 28th, 2020 appointed the Board of Directors and Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the Shareholders' Meeting which will approve the financial statements as of June 30th, 2023.

On October 28th, 2020, the Shareholders' Meeting appointed Abramo Galante as Chairman of the Board of Directors. On the same date, the Board of Directors appointed Abramo Galante and Raffaele Galante as Chief Executive Officers. The Chief Executive Officers received appropriate powers of attorney.

On August 7th, 2007, the Board of Directors appointed the Executive Director Stefano Salbe as Financial Reporting Manager pursuant to Art. 154 bis of Legislative Decree 58/98 with appropriate powers.

Auditors**EY S.p.A.**

On October 27th, 2021, the Shareholders' Meeting appointed EY S.p.A., based in Via Meravigli 12, Milan, as auditors until the approval of the financial statements as of June 30th, 2030.

Other information

The publication of Digital Bros Group's Interim Report as of September 30th, 2022 was authorized by a resolution of the Board of Directors on November 11th, 2022.

Digital Bros S.p.A. is incorporated and operating in Italy. The Company is listed on the Euronext STAR segment of the Euronext Milan market operated by Borsa Italiana S.p.A..

DIRECTORS' REPORT

1. GROUP ORGANIZATION

Digital Bros Group develops, publishes and distributes video games on international markets.

The Group is organized into five operational business segments:

Premium Games: main operations are the acquisition of video games intellectual properties from developers and the distribution of video games through an international retail sales network and digital marketplaces such as Steam, Sony PlayStation Network, Microsoft Xbox Live, Epic Game Store, etc..

The Group develops some video games through the internal studios. When the video games are developed by external studios they are usually either acquired with an exclusive license or assigned to the Group with long-term worldwide rights.

The label used for worldwide publishing is 505 Games. A second label, Hook S.r.l., publishes budget video games.

During the period, Premium Games operations were conducted by the subsidiary 505 Games S.p.A. which controls 505 Games France S.a.s., 505 Games Ltd., 505 Games (US) Inc., 505 Games Spain Slu and 505 Games GmbH which operate respectively on the French, UK, U.S., Spanish and German markets. 505 Games Interactive (US) Inc. provides consultancy services on behalf of 505 Games S.p.A.. The progressive digitalization of the market and the following centralization of revenues enabled to focus local operations to marketing and PR activities.

The following studios are also included in the Premium Games segment:

- the Italian company Kunos Simulazioni S.r.l., which developed and published the Assetto Corsa and the Assetto Corsa Competizione video games;
- the Dutch company Rasplata B.V. (60% of which is held by the Group) that owns an intellectual property currently under development;
- the Czech company Ingame Studios a.s. (60% of which is held by the Group), a Brno-based studio acquired in July 2021 and developing the video game based on the intellectual propriety owned by Rasplata B.V.;
- the Italian company Avantgarden S.r.l., a development studio based in Milan;
- the Italian company Supernova Games Studios, a development studio based in Milan;
- the Canadian company Chrysalide Jeux et Divertissement Inc. (75% of which is held by the Group) which is currently developing a brand-new video game.

A Spanish joint venture was set up last fiscal year together with the development studio MercurySteam Entertainment S.L., MSE & DB S.L., in order to jointly create a new intellectual property.

Free to Play: main operations are the development and publishing of video games and/or applications that are available for free on digital marketplaces with in-app purchases features. Free to Play video games usually presents less technical complexity than Premium Games but, in case of success, will have a longer life cycle. Free to Play video games are continuously upgraded after the launch in order to retain players and enhance the video game's life cycle.

Worldwide Free to Play publishing is operated by 505 Mobile S.r.l., together with the U.S. company 505 Mobile (US) Inc., which provides consultancy services to Group companies and the UK company DR Studios Ltd. which is the developer of Free to Play video games.

The Australian company 505 Games Australia Pty Ltd. acquired 100% of the shares of Infinite Interactive Pty. and Infinity Plus Two Pty. in January 2021. The Australian companies own the intellectual property of Puzzle Quest and Gems of War and provide live support to such video games.

In July 2022, 505 Games Mobile S.r.l. acquired 100% of the shares of D3Publisher of America Inc., now 505 Go Inc., the American publisher of "Puzzle Quest: The Legend Returns" and other videogames including spin-offs of the Puzzle Quest series, intellectual property owned by the Group following the acquisition of Infinity Plus Two Pty..

The label used for publishing on a worldwide basis is 505 Games Mobile and 505Go!.

Italian Distribution: consists of the distribution in Italy of video games purchased from international publishers.

The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

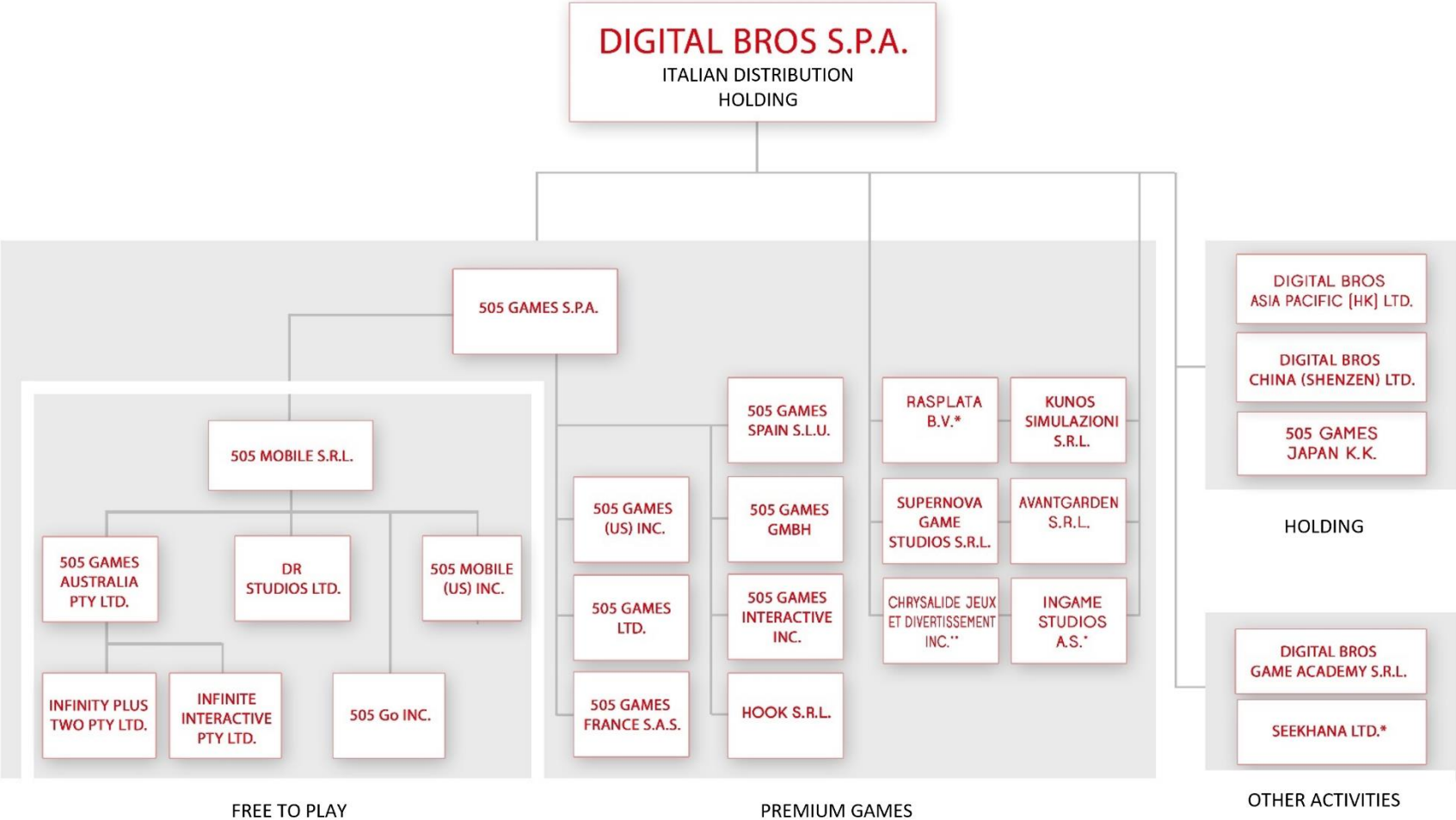
Other Activities: all Group's remaining activities are consolidated together for reporting purposes under the Other Activities operating segment. It includes the operations of the subsidiary Digital Bros Game Academy S.r.l. which organizes video game training and professional courses. The Group also holds a 60% stake in the UK company Seekhana Ltd..

Holding: it includes all the corporate functions provided by Digital Bros S.p.A. in finance, control and business development activities. The holding company has been supported by Digital Bros China Ltd., Digital Bros Asia Pacific (HK) Ltd and 505 Games Japan K.K. which have operated as business developers for the Asian markets. Digital Bros Holdings Ltd. has been inactive during the period.

All the companies mentioned above are 100% owned, except for Rasplata B.V., Ingame Studios a.s. and Seekhana Ltd. which are controlled with a 60% interest and Chrysalide Jeux et Divertissement Inc. with a 75% interest.

The organization chart of the operating companies as of September 30th, 2022 was as follows:

GROUP STRUCTURE AS OF SEPTEMBER 30TH, 2022



(*) 60% INTEREST
 (**) 75% INTEREST

During the reporting period, the Group operated in the following locations:

Company	Address	Activities
AvantGarden S.r.l.	Via Tortona 37, Milan	Offices
Chrysalide Jeux et Divertissement Inc. ⁽²⁾	10-300 Rue Saint Paul, Québec, Canada	Offices
Digital Bros S.p.A.	Via Tortona 37, Milan	Offices
Digital Bros S.p.A.	Via Boccaccio 95, Trezzano sul Naviglio (Milan)	Logistics
Digital Bros Asia Pacific (HK) Ltd.	12P Smithfield, Kennedy Town, Hong Kong	Offices
Digital Bros China (Shenzhen) Ltd.	19, Kefa Road Shenzhen, Cina	Offices
Digital Bros Game Academy S.r.l.	Via Labus 15, Milan	Offices
DR Studios Ltd.	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
Game Entertainment S.r.l.	Via Tortona 37, Milan	Offices
505 Games S.p.A.	Via Tortona 37, Milan	Offices
505 Games Australia Pty Ltd.	153 Park Street, South Melbourne, Victoria, Australia	Offices
505 Games France S.a.s.	2, Chemin de la Chauderaie, Francheville, France	Offices
505 Games Japan K.K.	11-15, Kanda Jimbocho 2 Chiyoda-ku, Tokyo, Giappone	Offices
505 Games Spain Slu	Calle Cabo Rufino Lazaro 15, Las Rozas de Madrid, Spain	Offices
505 Games Ltd.	402 Silbury Court, Silbury Boulevard, Milton Keynes, U.K.	Offices
505 Games (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Games GmbH	Brunnfeld 2-6, Burglengenfeld, Germany	Offices
505 Games Interactive (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Go Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Game Network S.r.l. ⁽³⁾	Via Tortona 37, Milan	Offices
Hawken Entertainment Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Hook S.r.l.	Via Tortona 37, Milan	Offices
Ingame Studios a.s. ⁽¹⁾	Moravské náměstí 249/8, Brno, Czech Republic	Offices
Kunos Simulazioni S.r.l.	Via degli Olmetti 39, Formello (Rome)	Offices
Infinity Plus Two Pty Ltd.	153 Park Street, South Melbourne Victoria, Australia	Offices
Infinite Interactive Pty Ltd.	153 Park Street, South Melbourne Victoria, Australia	Offices
505 Mobile S.r.l.	Via Tortona 37, Milan	Offices
505 Mobile (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Rasplata B.V. ⁽¹⁾	Churchill-iaan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. ⁽¹⁾	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
Supernova Games Studios S.r.l.	Via Tortona 37, Milan	Offices

(1) 60% consolidated.

(2) 75% consolidated.

(3) In dissolution.

Rasplata B.V., Seekhana Ltd. and Ingame Studios a.s. (60%), as well as Chrysalide Jeux et Divertissement Inc. (75%), have been consolidated line-by-line with a separate recognition of the non-controlling interests.

A Spanish joint venture, MSE & DB S.L., was set up together with the development studio MercurySteam Entertainment S.L. in order to jointly create a new intellectual property. Artactive S.A., a company in which the Group holds a 40% stake, was incorporated under the Polish law last fiscal year. Artactive S.A. is currently developing a new video game on behalf of 505 Games S.p.A.. Both companies are consolidated with the net equity method.

2. THE VIDEO GAMES MARKET

The video games market represents one of the most important segments of the entertainment industry. Movies, books and magazines, video games and toys are part of the industry and share the same characteristics, brands, features and intellectual properties.

The market is constantly evolving and growing, driven by the continuous technological upgrades. Gaming is no longer limited to personal computers and traditional consoles (Sony, Microsoft and Nintendo), but has expanded to mobile phones and tablet devices. High-speed connectivity, fiber optic networks and smart phones have made video games increasingly diversified, sophisticated and interactive and have expanded the gaming population to adults and women. Streaming gaming is also becoming increasingly popular.

The video games market follows the continuous technological evolution of consoles. At the launch of a new console, as it happened in the reporting period, the prices of the hardware and the related video games are high and relatively low quantities are sold. Across their lifecycle, console and video game prices gradually decline, while the volumes and the video games quality increase.

Video games are sold through digital marketplaces, however highly popular and high-quality video games are also distributed through the traditional sales channel. In this case, the value chain is as follows:



The COVID-19 pandemic further accelerated the decline of the video games retail distribution being replaced by digital distribution.

Developers

Developers are the creators and programmers of a video game, usually based on an original idea, a successful brand, a movie, sports simulations etc.. It is becoming very common for a highly popular video game to be turned into a movie, TV series etc..

Even if developers sometimes retain the intellectual property, they often assign the rights to an international video game publisher for a contractually defined period of time. Therefore, publishers are key in the value chain: they are essential to the completion of the video game, in building and fostering the video game community and its international distribution through their direct or indirect commercial networks.

The developer can directly publish and market the video game. In such a scenario, the financial and operational risks for the developer increase significantly.

Publishers

The publisher is responsible for the launch of the video game, defines the global commercial policy, and assumes all the risks related. Publishers usually finance the video game development process and often acquire the video game intellectual property on a permanent basis.

Console manufacturers

The console manufacturer designs and manufactures the hardware through which the video game is played. Sony produces the Sony PlayStation, Microsoft the Microsoft Xbox and Nintendo the Nintendo Switch. In case of physical distribution, the console manufacturer reproduces the physical disk on behalf of the publishers. The console manufacturer also operates as a video game publisher.

Distributors

The role of the distributor is losing importance as a result of the digital transition. In the future, retail distribution will be concentrated on a limited number of specialized operators.

Retailers

Retailers may be international retail chains specialized in the sale of video games, independent shops or web sites that sell directly to the public.

Console manufacturers have created marketplaces where video games can be directly purchased in a digital format without involving a distributor or retailer. In this case, as for smartphone and tablet video games, the value chain involves a lower number of players, as illustrated below:



The main marketplaces on which console video games are sold are Sony's PlayStation Store, Microsoft's Xbox Live and Nintendo's eShop. Steam is the global leader in the digital distribution of video games for personal computers. The US company Epic launched Epic Games Store, a new marketplace for PC games.

The digitalization of the market has led both Microsoft (with Microsoft Xbox Game Pass) and Sony (with Sony PlayStation Now) to create digital platforms on which players can access the full library of video games by paying a subscription fee. Revenues are recognized to publishers based on the utilization of their video games. More recently, Google and Amazon have set up a similar platform, Stadia and Luna respectively, while Apple has launched Apple Arcade, a platform dedicated to mobile video games.

Digital distribution has extended the lifecycle of a single video game. The availability of a video game is no longer limited to its launch period as happened in the retail channel. The product remains available on the different marketplaces for a longer period, generating a continuous flow of sales significantly influenced by promotional campaigns. A video game life cycle can also be extended through the release of additional episodes and functions (the so-called DLC, or Downloadable Contents).

Free to Play video games are available to the public in digital format only. The marketplaces used are the App Store for iPhone and iPad, the PlayStore for Android for Western markets and a large number of different marketplaces for Far Eastern markets. Some Free to Play video games are also available on Sony PlayStation Store, Microsoft's Xbox Live, Steam and Epic Store.

3. ALTERNATIVE PERFORMANCE RATIOS

Since different fiscal years, the Group continuously utilizes some performance ratios to simplify the comprehension of the consolidated profit and loss statement and balance sheet.

The following ratios are directly reported in the profit and loss statement:

- Gross profit, being the difference between net revenue and total cost of sales;
- EBITDA, being the difference between gross profit, other income and total operating costs plus other income;
- EBIT, being the difference between EBITDA and total depreciation, amortization and impairment adjustments.

The balance sheet ratio net financial position is detailed in its specific section of the Notes.

The definitions of the ratios used by the Group, as they are not defined by any accounting standard, may not be homogeneous with those adopted by other companies and therefore comparable with them. A reconciliation between the Directors' Report and the profit and loss statement is not needed, because they are used on a consistent base.

4. SEASONALITY EFFECTS

Market seasonality is influenced by the launch of highly anticipated and popular products. The launch of a successful video game in a certain period may create significant revenue increases between quarters. In fact, the sale of these products is concentrated in the first few days from the release.

The publishing of video games on digital marketplaces has partially reduced the volatility of the publisher's results between quarters. Digital distribution revenues are recognized when the consumer purchases a video game from the marketplace. This occurs gradually and it is not concentrated in the days immediately after the launch, differently from the traditional retail distribution whose revenues are recognized upon the shipment of the product to the distributor/retailer, regardless of when the final sale to end consumer effectively occurs.

Digital promotional campaigns are effective and concentrate revenue during these periods. Publishers tend to plan their promotional campaigns when the consumer spending is higher i.e., the Christmas season for European markets or Black Friday for the American market.

Free to Play video games revenues are less influenced by seasonality than Premium video games. Free to Play video games show constant revenue growth over time with some exception for the most anticipated titles. Unlike Premium video games, Free to Play promotions are more weekly-based and therefore, do not create volatility across quarters.

The significant reduction in physical distribution revenues as a percentage of total consolidated revenues resulted in lower volatility of the financial position.

5. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

There were no significant events during the reporting period.

COVID-19

The Group adopted remote working arrangements, following the outbreak of the COVID-19 pandemic and the Italian Ministerial guidelines issued from March 2020, later modified several times, in order to guarantee the health and safety of its employees and collaborators. The majority of its employees and collaborators in Italy and abroad may efficiently work from home. Since November 2021, a partial return to the office, limited to certain offices, started. From an operational perspective, the remote working arrangements did not have a significant impact on the main areas of operations of the Group.

In terms of video game development, carried out by teams all around the world, the remote working arrangements created production delays. These delays were more evident on large development teams and products close to launch when teams are normally required to cooperate to a greater extent.

**6. CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED
SEPTEMBER 30TH, 2022**

	Euro thousand	September 30th, 2022		September 30th, 2021		Change	
1	Gross revenue	22,387	100.1%	25,016	100.5%	(2,629)	-10.5%
2	Revenue adjustments	(26)	-0.1%	(126)	-0.5%	100	-79.0%
3	Net revenue	22,361	100.0%	24,890	100.0%	(2,529)	-10.2%
4	Purchase of products for resale	(710)	-3.2%	(981)	-3.9%	271	-27.7%
5	Purchase of services for resale	(2,080)	-9.3%	(1,507)	-6.1%	(573)	38.0%
6	Royalties	(4,585)	-20.5%	(7,078)	-28.4%	2,493	-35.2%
7	Changes in inventories of finished products	(200)	-0.9%	(280)	-1.1%	80	-28.7%
8	Total cost of sales	(7,575)	-33.9%	(9,846)	-39.6%	2,271	-23.1%
9	Gross profit (3+8)	14,786	66.1%	15,044	60.4%	(258)	-1.7%
10	Other income	3,851	17.2%	1,736	7.0%	2,115	n.m.
11	Costs for services	(3,290)	-14.7%	(1,813)	-7.3%	(1,477)	81.5%
12	Rent and leasing	(193)	-0.9%	(104)	-0.4%	(89)	86.1%
13	Payroll costs	(9,608)	-43.0%	(6,719)	-27.0%	(2,889)	43.0%
14	Other operating costs	(391)	-1.7%	(319)	-1.3%	(72)	22.5%
15	Total operating costs	(13,482)	-60.3%	(8,955)	-36.0%	(4,527)	50.6%
16	Gross operating margin (EBITDA) (9+10+15)	5,155	23.1%	7,825	31.4%	(2,670)	-34.1%
17	Depreciation and amortization	(3,726)	-16.7%	(3,316)	-13.3%	(410)	12.4%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(12)	0.0%	12	n.m.
20	Impairment reversal	813	3.6%	0	0.0%	813	n.m.
21	Total depreciation, amortization and impairment adjustments	(2,913)	-13.0%	(3,328)	-13.4%	415	-12.5%
22	Operating margin (EBIT) (16+21)	2,242	10.0%	4,497	18.1%	(2,255)	-50.1%
23	Interest and finance income	2,798	12.5%	1,606	6.5%	1,192	74.2%
24	Interest and financial expenses	(1,359)	-6.1%	(264)	-1.1%	(1,095)	n.m.
25	Net interest income / (expenses)	1,439	6.4%	1,342	5.4%	97	7.2%
26	Profit / (loss) before tax (22+25)	3,681	16.5%	5,839	23.5%	(2,158)	-37.0%
27	Current tax	(670)	-3.0%	(1,920)	-7.7%	1,250	-65.1%
28	Deferred tax	76	0.3%	95	0.4%	(19)	-20.1%
29	Total taxes	(594)	-2.7%	(1,825)	-7.3%	1,231	-67.4%
30	Net profit/loss	3,087	13.8%	4,014	16.1%	(927)	-23.1%
	attributable to the shareholders of the Parent Company	2,996	13.4%	4,092	16.4%	(1,096)	-26.8%
	attributable to non-controlling interests	91	0.4%	(78)	-0.3%	169	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	0.21		0.29		(0.08)	-26.8%
34	Diluted earnings per share (in Euro)	0.21		0.28		(0.07)	-25.4%

The Group's new releases are scheduled to arrive to the market starting the second half of the current fiscal year, in such a framework despite the significant investments made in new intellectual properties the revenues for the first quarter were almost exclusively made up of back catalogue products. The bestselling videogame was the evergreen Assetto Corsa, intellectual property owned by the Group, which continuously outperforms, exceeding Euro 5 million revenue this quarter. The recently acquired American subsidiary 505 Go Inc. generated Euro 4.4 million revenues. Total gross revenue amounted to Euro 22,387 thousand, down by 10.5%, 28% on a like-for-like consolidation basis.

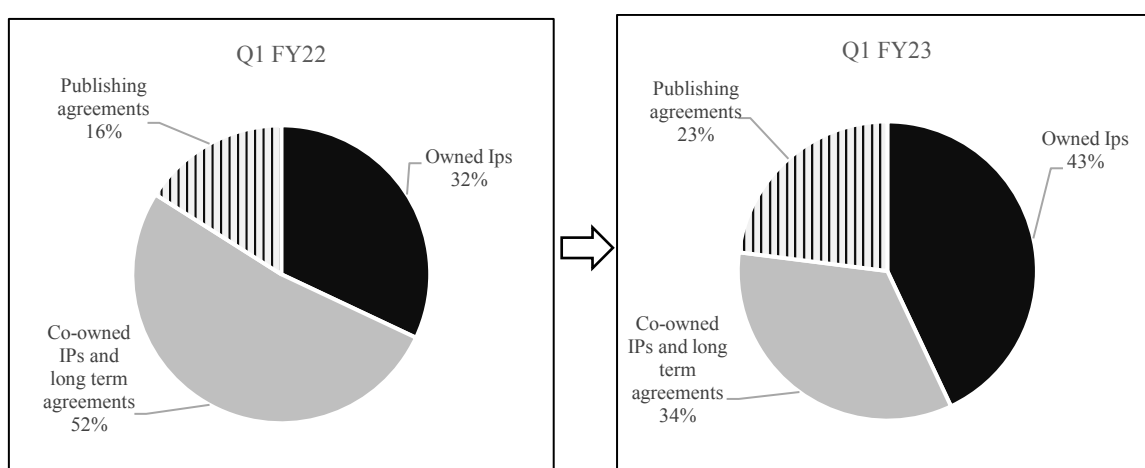
Revenues from international markets were 96% of the total revenues in the period and digital revenues in the period were 88% of the total.

A breakdown by operating segment for the period ended September 30th, 2022 compared to the period ended September 30th, 2021 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2023	2022	Change		2023	2022	Change	
Premium Games	15,529	22,525	(6,996)	-31.1%	15,529	22,439	(6,910)	-30.8%
Free to Play	5,971	1,773	4,198	n.m.	5,971	1,773	4,198	n.m.
Italian Distribution	698	599	99	16.6%	672	559	113	20.1%
Other projects	189	119	70	59.1%	189	119	70	59.1%
Total gross revenues	22,387	25,016	(2,629)	-10.5%	22,361	24,890	(2,529)	-10.2%

The Premium Games operating segment represented 69% of the gross revenue compared to 90% of the previous period.

Video games developed by the internal studios and through intellectual properties fully owned by the Group accounted for 43% of the total revenue from 32% as of September 30th, 2021. 34% of revenues was made by co-owned intellectual properties and long-term agreements (more than ten years). A breakdown of Premium Games revenue by the type of rights held by the Group as of September 30th, 2022 is provided below with comparative figures as of September 30th, 2021:



The Free to Play operating segment revenue increased by Euro 4,198 thousand, from Euro 1,773 thousand as of September 30th, 2021 to actual Euro 5,971 thousand, down by Euro 176 thousand on a like-for-like consolidation basis, following the acquisition of 505 Go Inc.. The videogames published by 505 Go Inc. generated Euro 4,379 thousand revenues.

The Italian Distribution operating sector revenue increased by Euro 99 thousand, from Euro 599 thousand to Euro 698 thousand.

Total cost of sales decreased by Euro 2,271 thousand (-23.1%), more than the revenue decrease thus enabling only a small decrease in gross profit (-1.7%) from Euro 15,044 thousand to Euro 14,786 thousand, as the sale of back catalogue products generally entails lower operating costs.

Other income amounted to Euro 3,851 thousand, increased by Euro 2,115 thousand due to higher video games productions. It mostly consisted of the capitalization of internal studios development of video games, that, during the reporting period, included:

- the development of the new Free to Play version of Hawken by the subsidiary DR Studios Ltd.;
- the development of the Free to Play video game Puzzle Quest 3 by the subsidiary Infinity Plus Two Pty Ltd.;
- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;
- the development of a new video game, currently under production, by the subsidiary Chrysalide Jeux et Divertissement Inc.;
- the development of a video game based on the intellectual property owned by Rasplata B.V. by the subsidiary Ingame Studios a.s..

Total operating costs amounted to Euro 13,482 thousand, increased by 50.6% compared to the previous fiscal year. Payroll costs grew by Euro 2,889 thousand following the acquisition and the incorporation of several new development studios that have significantly increased the number of people employed by the Group. Cost for services (mainly advertisement-related) increased by Euro 1,477 thousand as the lifting of most COVID-19 restrictions enabled the resumption of in-presence events and exhibitions and due to the newly consolidated 505 Go Inc. advertisement costs.

Gross operating margin (EBITDA) for the period has been Euro 5,155 thousand corresponding to 23.1% of the consolidated gross revenue, decreasing by Euro 2,670 thousand from the Euro 7,825 thousand realized in the previous fiscal year.

Amortization and depreciation increased by Euro 410 thousand in sync with the higher percentage of revenues realized on fully owned intellectual properties.

Impairment reversals consisted exclusively of the difference between the price paid for the acquisition of D3Go Inc. and the net equity of the American subsidiary at the date of the consolidation.

Operating margin (EBIT) amounted to Euro 2,242 thousand, decreasing by Euro 2,255 thousand compared to Euro 4,497 thousand as of September 30th, 2021.

Net interest income was positive for Euro 1,439 thousand, slightly increasing by 7.2% compared to Euro 1,342 thousand realized in the previous fiscal year.

Profit before tax for the period ended September 30th, 2022 amounted to Euro 3,681 thousand, a Euro 2,158 thousand decreased compared to profit before tax of Euro 5,839 thousand as of September 30th, 2021.

Net profit for the period amounted to Euro 3,087 thousand compared to Euro 4,014 thousand as of September 30th, 2021.

Net profit attributable to the Shareholders of the Parent Company was Euro 2,996 thousand.

Basic earnings per share and diluted earnings per share were Euro 0.21 compared to the Euro 0.29 and Euro 0.28 earnings per share as of September 30th, 2021.

The net profit attributable to non-controlling interests reflected the 40% held by the minority shareholders of the Dutch company Rasplata B.V., the 40% of the English company Seekhana Ltd., the 40% of the Czech Ingame Studios a.s. and the 25% of the Canadian company Chrysalide Jeux et Divertissement Inc. It amounted to positive Euro 91 thousand.

7. CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30TH, 2022

	Euro thousand	September 30 th , 2022	June 30 th , 2022	Change	
	Non-current assets				
1	Property, plant and equipment	10,189	10,353	(164)	-1.6%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	117,449	104,089	13,360	12.8%
4	Equity investments	7,650	7,511	139	1.9%
5	Non-current receivables and other assets	18,601	14,072	4,529	32.2%
6	Deferred tax assets	17,815	12,829	4,986	38.9%
7	Non-current financial activities	18,220	18,257	(37)	-0.2%
	Total non-current assets	189,924	167,111	22,813	13.7%
	Current assets				
8	Inventories	3,973	4,173	(200)	-4.8%
9	Trade receivables	21,181	27,781	(6,600)	-23.8%
10	Tax receivables	1,545	2,926	(1,381)	-47.2%
11	Other current assets	13,362	13,030	332	2.5%
12	Cash and cash equivalents	8,706	10,961	(2,255)	-20.6%
13	Other current financial assets	329	329	0	0.0%
	Total current assets	49,096	59,200	(10,104)	-17.1%
	TOTAL ASSETS	239,020	226,311	12,709	5.6%
	Capital and reserves				
14	Share capital	(5,706)	(5,705)	(1)	0.0%
15	Reserves	(22,778)	(22,030)	(748)	3.4%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(111,151)	(108,160)	(2,991)	2.8%
	Equity attributable to the shareholders of the Parent Company	(139,635)	(135,895)	(3,740)	2.8%
	Equity attributable to non-controlling interests	(1,514)	(1,423)	(91)	6.4%
	Total net equity	(141,149)	(137,318)	(3,831)	2.8%
	Non-current liabilities				
18	Employee benefits	(811)	(761)	(50)	6.6%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(2,063)	(1,954)	(109)	5.6%
21	Non-current financial liabilities	(16,178)	(15,213)	(965)	6.3%
	Total non-current liabilities	(19,133)	(18,009)	(1,124)	6.2%
	Current liabilities				
22	Trade payables	(42,699)	(52,125)	9,426	-18.1%
23	Taxes payables	(4,482)	(3,575)	(907)	25.4%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(6,311)	(4,657)	(1,654)	35.5%
26	Current financial liabilities	(25,246)	(10,627)	(14,619)	n.m.
	Total current liabilities	(78,738)	(70,984)	(7,754)	10.9%
	TOTAL LIABILITIES	(97,871)	(88,993)	(8,878)	10.0%
	TOTAL NET EQUITY AND LIABILITIES	(239,020)	(226,311)	(12,709)	5.6%

Total non-current assets increased by Euro 22,813 thousand. Intangible assets increased by Euro 13,360 thousand, net of the depreciation for the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Deferred tax assets and non-current receivables and other assets increased following the consolidation of 505 Go Inc.

Total current assets decreased by Euro 10,104 thousand compared to June 30th, 2022, mainly due to lower trade receivables for Euro 6,600 thousand and lower cash and cash equivalents for Euro 2,255 thousand.

Total non-current liabilities increased by Euro 1,124 thousand compared to June 30th, 2022. Total current liabilities increased by Euro 7,754 thousand due to higher current financial liabilities for Euro 14,619 thousand, partially offset by lower trade payables for Euro 9,426 thousand.

The following table details the Group's net financial position as of September 30th, 2022 together with comparative figures as of June 30th, 2022:

	Euro thousand	September 30th, 2022	June 30th, 2022	Change	
12	Cash and cash equivalents	8,706	10,961	(2,255)	-20.6%
13	Other current financial assets	329	329	0	0.0%
26	Current financial liabilities	(25,246)	(10,627)	(14,619)	n.m.
	Current net financial position	(16,211)	663	(16,874)	n.m.
7	Non-current financial assets	18,220	18,257	(37)	-0.2%
21	Non-current financial liabilities	(16,178)	(15,213)	(965)	6.3%
	Non-current net financial position	2,042	3,044	(1,002)	-32.9%
	Total net financial position	(14,169)	3,707	(17,876)	n.m.

The net financial position amounted to negative Euro 14,169 thousand. In sync with the significant investment plan implemented by the Group, it decreased by Euro 17,876 thousand from Euro 3,707 thousand as of June 30th, 2022. Post IFRS 16 adjustments, the net financial position amounted to negative Euro 8,561 thousand.

8. SEGMENT REPORTING

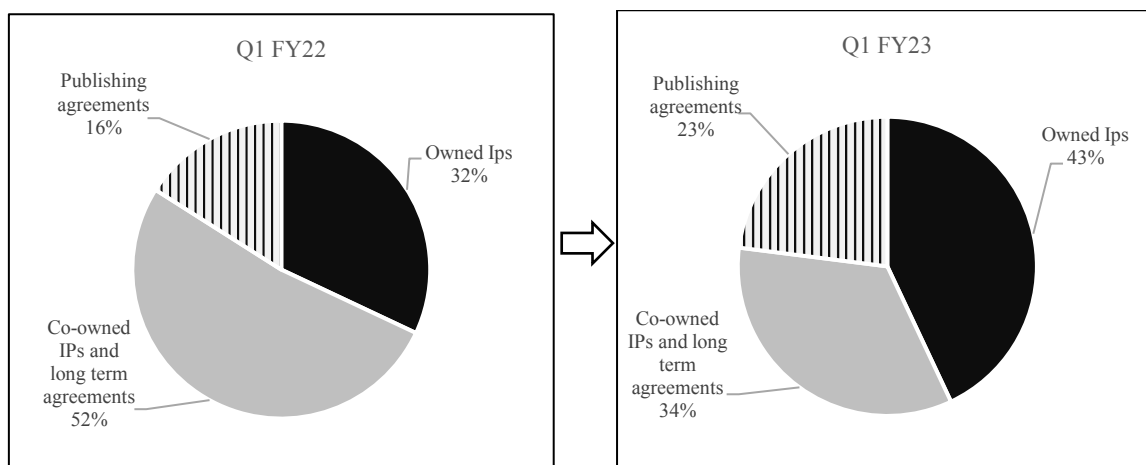
Premium Games

	Consolidated amounts in Euro thousand	Premium Games					
		September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	15,529	100.0%	22,525	100.4%	(6,996)	-31.1%
2	Revenue adjustments	0	0.0%	(86)	-0.4%	86	n.m.
3	Net revenue	15,529	100.0%	22,439	100.0%	(6,910)	-30.8%
4	Purchases of products for resale	(169)	-1.1%	(680)	-3.0%	511	-75.1%
5	Purchases of services for resale	(1,185)	-7.6%	(1,341)	-6.0%	156	-11.7%
6	Royalties	(2,913)	-18.8%	(7,060)	-31.5%	4,147	-58.7%
7	Changes in inventories of finished products	(127)	-0.8%	(252)	-1.1%	125	-49.6%
8	Total cost of sales	(4,394)	-28.3%	(9,333)	-41.6%	4,939	-52.9%
9	Gross profit (3+8)	11,135	71.7%	13,106	58.4%	(1,971)	-15.0%
10	Other income	2,942	18.9%	733	3.3%	2,209	n.m.
11	Costs for services	(1,824)	-11.7%	(1,124)	-5.0%	(700)	62.3%
12	Lease and rental costs	(56)	-0.4%	(33)	-0.1%	(23)	72.8%
13	Payroll costs	(5,637)	-36.3%	(3,397)	-15.1%	(2,240)	66.0%
14	Other operating costs	(134)	-0.9%	(96)	-0.4%	(38)	39.6%
15	Total operating costs	(7,651)	-49.3%	(4,650)	-20.7%	(3,001)	64.5%
16	Gross operating margin (EBITDA) (9+10+15)	6,426	41.4%	9,189	41.0%	(2,763)	-30.1%
17	Depreciation and amortization	(2,768)	-17.8%	(2,602)	-11.6%	(166)	6.4%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(12)	-0.1%	12	n.m.
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(2,768)	-17.8%	(2,614)	-11.6%	(154)	5.9%
22	Operating margin (EBIT) (16+21)	3,658	23.6%	6,575	29.3%	(2,917)	-44.4%

The Group's new releases are scheduled to arrive to the market starting the second half of the current fiscal year, in such a framework despite the significant investments made in new intellectual properties the revenues for the first quarter were almost exclusively made up of back catalogue products. The bestselling videogame was the evergreen Assetto Corsa, intellectual property owned by the Group, which continuously outperforms, exceeding Euro 5 million revenue this quarter. The recently acquired American subsidiary 505 Go Inc. generated Euro 4.4 million revenues. Total gross revenue amounted to Euro 22,387 thousand, down by 10.5%, 28% on a like-for-like consolidation basis.

The Premium Games operating segment represented 69% of the gross revenue compared to 90% of the previous period.

Video games developed by the internal studios and through intellectual properties fully owned by the Group accounted for 43% of the total revenue from 32% as of September 30th, 2021. 34% of revenues was made by co-owned intellectual properties and long-term agreements (more than ten years). A breakdown of Premium Games revenue by the type of rights held by the Group as of September 30th, 2022 is provided below with comparative figures as of September 30th, 2021:



A breakdown of revenue by type is provided below:

Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	
Retail distribution revenue	729	2,151	(1,422)	-66.1%
Digital distribution revenue	13,719	19,782	(6,063)	-30.6%
Sub-licensing revenue	1,081	592	489	82.6%
Total Premium Games revenue	15,529	22,525	(6,996)	-31.1%

Digital distribution revenue amounted to 88% of the operating segment gross revenue, in sync with last fiscal year first quarter.

Sub-licensing revenue reflected the sub-licensing of video game rights to publishers on markets where the Group does not operate directly, especially on the Far East markets.

Digital distribution revenue for the period ended September 30th, 2022 may be broken down by console type as follows:

Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	
Sony PlayStation	2,448	4,505	(2,057)	-45.7%
Microsoft Xbox	1,776	2,230	(454)	-20.4%
Nintendo Switch	958	1,049	(91)	-8.6%
Total digital revenue on console	5,182	7,784	(2,602)	-33.4%
Personal Computer	7,652	10,456	(2,804)	-26.8%
Mobile	885	1,542	(657)	-42.6%
Total digital revenue	13,719	19,782	(6,063)	-30.6%

Net revenue amounted to Euro 15,529 thousand in line with the gross revenue trend.

Total cost of sales decreased by Euro 4,939 thousand (-52.9%) due to lower royalties for Euro 4,147 thousand and lower purchase of products for resale for Euro 511 thousand.

Gross profit amounted to Euro 11,135 thousand, decreasing by Euro 1,971 thousand compared to September 30th, 2021.

Other income amounted to Euro 2,942 thousand, increased by Euro 2,209 thousand due to higher video games productions. It mostly consisted of the capitalization of internal studios development of video games, that, during the reporting period, included:

- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;
- the development of a new video game, currently under production, by the subsidiary Chrysalide Jeux et Divertissement Inc.;
- the development of a video game based on the intellectual property owned by Rasplata B.V. by the subsidiary Ingame Studios a.s..

Total operating costs amounted to Euro 7,651 thousand increasing by 64.5% compared to the previous fiscal year. Payroll costs grew by Euro 2,240 thousand following the acquisition and the incorporation of several new development studios that have significantly increased the operating segment's workforce. Cost for services (mainly advertisement-related) increased by Euro 700 thousand as the lifting of most COVID-19 restrictions enabled the resumption of in-presence events and exhibitions.

Gross operating margin (EBITDA) amounted to Euro 6,426 thousand, decreasing by Euro 2,763 thousand compared to Euro 9,189 thousand realized in the previous period. EBITDA represented 41.4% of net revenue.

Depreciation and amortization slightly increased by Euro 166 thousand in sync with the higher percentage of revenues realized on fully owned intellectual properties.

Operating margin (EBIT) amounted to Euro 3,658 thousand, compared to Euro 6,575 thousand as of September 30th, 2021.

Free to Play

	Consolidated amounts in Euro thousand	Free to Play					
		September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	5,971	100.0%	1,773	100.0%	4,198	n.m.
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	5,971	100.0%	1,773	100.0%	4,198	n.m.
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	(895)	-15.0%	(166)	-9.4%	(729)	n.m.
6	Royalties	(1,672)	-28.0%	(18)	-1.0%	(1,654)	n.m.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(2,567)	-43.0%	(184)	-10.4%	(2,383)	n.m.
9	Gross profit (3+8)	3,404	57.0%	1,589	89.6%	1,815	n.m.
10	Other income	909	15.2%	1,000	56.4%	(91)	-9.1%
11	Costs for services	(774)	-13.0%	(171)	-9.6%	(603)	n.m.
12	Lease and rental costs	(91)	-1.5%	(21)	-1.2%	(70)	n.m.
13	Payroll costs	(2,444)	-40.9%	(1,821)	-102.7%	(623)	34.2%
14	Other operating costs	(69)	-1.2%	(39)	-2.2%	(30)	77.7%
15	Total operating costs	(3,378)	-56.6%	(2,052)	-115.7%	(1,326)	64.7%
16	Gross operating margin (EBITDA) (9+10+15)	935	15.7%	537	30.3%	398	74.2%
17	Depreciation and amortization	(619)	-10.4%	(449)	-25.3%	(170)	38.0%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	813	13.6%	0	0.0%	813	0.0%
21	Total depreciation, amortization and impairment adjustments	194	3.2%	(449)	-25.3%	643	n.m.
22	Operating margin (EBIT) (16+21)	1,129	18.9%	88	5.0%	1,041	n.m.

A breakdown of gross revenue by video game in the Free to Play segment is provided below:

Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	
505 Go Inc.	4,379	0	4,379	n.m.
Gems of War	1,279	1,389	(110)	-7.9%
Puzzle Quest 3	90	0	90	n.m.
Other products	223	384	(161)	-41.9%
Free to Play total revenue	5,971	1,773	4,198	n.m.

The Free to Play operating segment revenue increased by Euro 4,198 thousand, from Euro 1,773 thousand as of September 30th, 2021 to actual Euro 5,971 thousand, down by Euro 176 thousand on a like-for-like consolidation basis, following the acquisition of 505 Go Inc.. The videogames published by 505 Go Inc. generated Euro 4,379 thousand revenues.

Gems of War realized Euro 1,279 thousand revenue. This game became part of the Group's intellectual properties portfolio as a result of the acquisition of the Australian studio Infinity Plus Two in January 2021.

The mobile and personal computer versions of Puzzle Quest 3 were launched in March 2022, while the consoles versions are scheduled to come to market in the second half of the fiscal year, from which the Group expects significant revenues.

The operating costs and total cost of sales were highly influenced by the acquisition of 505 Go Inc..

Purchases of services for resale decreased by Euro 729 thousand due to 505 Go Inc. live support costs for Euro 521 thousand. Details are provided below:

Euro thousand	September 30th, 2022	September 30th, 2021	Change
Live support	521	0	521
Quality assurance	125	11	114
Hosting	170	112	58
Other	79	167	(88)
Total purchase of services for resale	895	166	729

Royalties increased Euro 1,654 thousand, from Euro 18 thousand as of September 30th, 2021 to actual Euro 1,672 thousand, in relation with the videogames published by 505 Go Inc..

Other income amounted to Euro 909 thousand decreasing by Euro 91 thousand compared to September 30th, 2021 due to an increased number of video games developed by the Group's internal studios, notably the future Free to Play version of Hawken developed by the subsidiary DR Studios Ltd. and Puzzle Quest 3 by the subsidiary Infinity Plus Two Pty Ltd..

Total operating costs amounted to Euro 3,378 thousand, increasing by Euro 1,326 thousand compared to the previous fiscal year first quarter. Payroll costs grew by Euro 623 thousand and cost for services (mainly advertisement-related) increased by Euro 603 thousand following the consolidation of the American subsidiary.

Gross operating margin (EBITDA) amounted to Euro 935 thousand (15.7% of net revenue) increasing by Euro 398 thousand compared to Euro 537 thousand as of September 30th, 2021.

Depreciation and amortization as of September 30th, 2022 amounted to Euro 619 thousand and included the portion pertaining to the difference between the purchase price of the Australian companies and their net equity for Euro 467 thousand. The remainder mainly related to the IFRS 16 application to the rental contracts of DR Studios Ltd. and of the Australian companies together with the amortization for the period of the Group's intellectual properties.

Impairment reversals consisted exclusively of the difference between the price paid for the acquisition of D3Go Inc. and the net equity of the American subsidiary at the date of the consolidation.

Impairment reversals consisted almost exclusively of the adjustment of the debt of 505 Games Australia Pty. for the earn-out to be paid following the acquisition of the Australian companies.

Operating margin (EBIT) amounted to positive Euro 1,129 thousand compared to Euro 88 thousand as of September 30th, 2021.

Italian Distribution

	Consolidated amounts in Euro thousand	Italian Distribution					
		September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	698	103.9%	599	107.1%	99	16.6%
2	Revenue adjustments	(26)	-3.9%	(40)	-7.1%	13	-33.5%
3	Net revenue	672	100.0%	559	100.0%	114	20.1%
4	Purchases of products for resale	(541)	-80.6%	(301)	-53.8%	(240)	79.9%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	n.m.
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	(73)	-10.8%	(28)	-5.0%	(45)	n.m.
8	Total cost of sales	(614)	-91.4%	(329)	-58.8%	(285)	86.7%
9	Gross profit (3+8)	58	8.6%	230	41.2%	(172)	-74.9%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(124)	-18.5%	(143)	-25.6%	19	-13.2%
12	Lease and rental costs	(3)	-0.4%	(7)	-1.3%	4	-61.7%
13	Payroll costs	(200)	-29.8%	(249)	-44.5%	49	-19.6%
14	Other operating costs	(28)	-4.1%	(34)	-6.1%	6	-19.7%
15	Total operating costs	(355)	-52.9%	(433)	-77.4%	78	-17.9%
16	Gross operating margin (EBITDA) (9+10+15)	(297)	-44.1%	(203)	-36.3%	(94)	46.2%
17	Depreciation and amortization	(35)	-5.2%	(38)	-6.9%	3	-9.5%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(35)	-5.2%	(38)	-6.9%	3	-9.5%
22	Operating margin (EBIT) (16+21)	(332)	-49.5%	(241)	-43.1%	(91)	37.7%

The Italian Distribution operating sector revenue increased by Euro 99 thousand from Euro 599 thousand to Euro 698 thousand.

Gross revenue is analyzed by type as follows:

Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	
Distribution of video games	170	205	(35)	-17.1%
Distribution of trading cards	528	394	134	34.0%
Italian Distribution total gross revenue	698	599	99	16.6%

The distribution of video games for consoles decreased by Euro 35 thousand while the distribution of trading cards increased by Euro 134 thousand. The distribution of trading cards appears to be not particularly affected by digitalization, as it is a physical product by nature, rather they are mainly impacted by changes in consumer taste.

Total cost of sales amounted to Euro 614 thousand, increasing by Euro 285 thousand compared to September 30th, 2021 due to the increase in purchase of products for resale. Inventories decreased by Euro 73 thousand.

Total operating costs amounted to Euro 355 thousand, a Euro 78 thousand decrease compared to Euro 433 thousand registered as of September 30th, 2022. As a result, the gross operating margin (EBITDA) was negative for Euro 297 thousand (negative Euro 203 thousand as of September 30th, 2021). The operating margin (EBIT) was negative for Euro 332 thousand compared to negative Euro 241 thousand as of September 30th, 2021.

Other Activities

	Consolidated amounts in Euro thousand	Other Activities					
		September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	189	100.0%	119	100.0%	70	59.1%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	189	100.0%	119	100.0%	70	59.1%
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	66.6%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	189	100.0%	119	100.0%	70	59.1%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(136)	-71.8%	(70)	-58.7%	(66)	94.5%
12	Lease and rental costs	(2)	-0.9%	(2)	-1.4%	(0)	-66.6%
13	Payroll costs	(136)	-71.9%	(122)	-102.2%	(14)	11.9%
14	Other operating costs	(8)	-4.2%	(8)	-6.8%	0	-2.2%
15	Total operating costs	(282)	-148.8%	(202)	-169.9%	(80)	39.3%
16	Gross operating margin (EBITDA) (9+10+15)	(93)	-49.3%	(83)	-69.9%	(10)	12.2%
17	Depreciation and amortization	(87)	-46.2%	(9)	-7.2%	(78)	n.m.
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(87)	-46.2%	(9)	-7.2%	(78)	n.m.
22	Operating margin (EBIT) (16+21)	(180)	-95.0%	(92)	-77.1%	(88)	95.9%

Other Activities revenues increased by Euro 70 thousand from Euro 119 thousand as of September 30th, 2021 to Euro 189 thousand following the introduction of new courses by the subsidiary Digital Bros Game Academy S.r.l.. This entailed considerable advertising investments and greater use of teachers, resulting in an increase in costs for services for Euro 66 thousand and payroll costs for Euro 14 thousand. As a result, operating costs increased by Euro 80 thousand, from Euro 202 thousand as of September 30th, 2021 to Euro 282 thousand as of September 30th, 2022.

Total depreciation, amortization and impairment adjustments increased by Euro 78 thousand due to the amortization of the software developed by the subsidiary Seekhana Ltd. to support the new courses.

The operating loss of Euro 180 thousand as of September 30th, 2022 increased compared to the negative EBIT of Euro 92 thousand registered at September 30th, 2021.

Holding

	Consolidated amounts in Euro thousand	Holding					
		September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	0	0.0%	0	0.0%	0	0.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	0	0.0%	0	0.0%	0	0.0%
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	0	0.0%	0	0.0%	0	0.0%
10	Other income	0	0.0%	3	0.0%	(3)	n.m.
11	Costs for services	(432)	0.0%	(305)	0.0%	(127)	41.4%
12	Lease and rental costs	(41)	0.0%	(41)	0.0%	0	-0.8%
13	Payroll costs	(1,191)	0.0%	(1,130)	0.0%	(61)	5.4%
14	Other operating costs	(152)	0.0%	(142)	0.0%	(10)	7.4%
15	Total operating costs	(1,816)	0.0%	(1,618)	0.0%	(198)	12.2%
16	Gross operating margin (EBITDA) (9+10+15)	(1,816)	0.0%	(1,615)	0.0%	(201)	12.4%
17	Depreciation and amortization	(217)	0.0%	(218)	0.0%	1	-0.4%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(217)	0.0%	(218)	0.0%	1	-0.4%
22	Operating margin (EBIT) (16+21)	(2,033)	0.0%	(1,833)	0.0%	(200)	10.9%

Total operating costs amounted to Euro 1,816 thousand, increasing by Euro 198 thousand compared to September 30th, 2021, due to higher payroll costs following the increase in the Group's coordination activities caused by the recent acquisitions.

The operating margin (EBIT) was negative for Euro 2,033 thousand compared to a negative Euro 1,833 thousand as of September 30th, 2021.

9. CONTINGENT ASSETS AND LIABILITIES

The sale of rights to PAYDAY2 by the Group to Starbreeze AB occurred in May 2016 granted the Group the possibility to earn-out a maximum of USD 40 million to be calculated as 33% of the net revenue that Starbreeze AB will realize on the sales of PAYDAY3. In March 2021, the Swedish company signed an agreement with an important international publisher for the worldwide publication of PAYDAY3. At the reporting date, the Group considered this contractual right as a contingent asset as in the prior fiscal years and therefore no amount has been showed in the financial statements.

10. SUBSEQUENT EVENTS

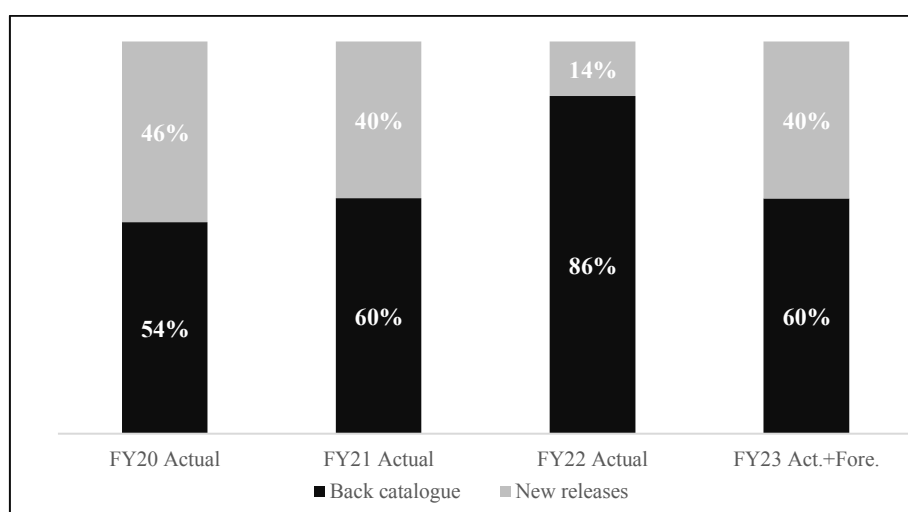
On October 26th, 2022, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2021-2022 and a dividend distribution of Euro 0.18 per share.

11. BUSINESS OUTLOOK

Most of the video games currently under development will arrive to the market starting in the second half of the fiscal year creating new revenue streams together with revenues coming from the most recent acquisition of 505 Go!. The Group has planned to invest more than Euro 50 million in the current fiscal year as in the previous and as a result of that, the Group expects increasing revenue for at least the next two fiscal years.

The mix of products sold as of June 30th, 2022, made up by back catalogue products and by the record hitting Assetto Corsa, which propelled significant EBIT growth, is expected to change when the video games under development will reach the market. The launch of new intellectual properties will initially reduce the margin percentages on sales due to the initial investments needed for launch. No significant changes in the overall EBIT are expected for the full fiscal year 2023.

A breakdown of back catalogue and new releases of Premium Games' revenue expected for the full fiscal year is provided below with previous years comparisons:



In accordance with the significant investments made in the period which will continue into the next fiscal year, the net financial position, positive for Euro 3.7 million as of June 30th, 2022, is expected to further

decrease in the first half of the fiscal year. The net financial position is expected to increase back again during the second half of the fiscal year.

12. OTHER INFORMATION

EMPLOYEES

The following table reports analysis of the number of employees as of September 30th, 2022 with comparative figures as of September 30th, 2021:

Category	September 30 th , 2022	September 30 th , 2021	Change
Managers	14	9	5
Office workers	375	316	59
Blue-collar workers and apprentices	4	5	(1)
Total employees	393	330	63

The increase in the number of office workers was the effect of the acquisition of D3 Go Inc. and an overall increase in Chrysalide Jeux et Divertissement Inc.'s and Supernova Games Studios S.r.l.'s workforce.

The following table contains details of the number of employees of non-Italian companies as of September 30th, 2022 with comparative figures as of September 30th, 2021:

Category	September 30 th , 2022	September 30 th , 2021	Change
Managers	9	4	5
Office workers	281	235	46
Total employees outside Italy	290	239	51

The average number of employees for the period is calculated as the mean number of employees at the end of each month. It is shown below with corresponding prior year figures:

Category	Average no in 2023	Average no in 2022	Change
Managers	14	9	5
Office workers	371	315	56
Blue-collar workers and apprentices	4	5	(1)
Total employees	389	329	60

The average number of employees of the non-Italian companies is as follow:

Category	Average no in 2023	Average no in 2022	Change
Managers	9	2	7
Office workers	277	233	44
Total employees outside Italy	286	235	51

Employees of the Group's Italian companies are contracted under the current Confcommercio national collective employment agreement for the commercial, distribution and services sector. Employees of the three Italian studios – Kunos Simulazioni S.r.l., AvantGarden S.r.l. and Supernova Games Studios S.r.l. – are contracted under the national collective employment agreement for the mechanical industry.

ENVIRONMENTAL ISSUES

The video game industry has a negligible impact on the environment, as its activities are mainly digital.

Most of the products are sold through digital marketplaces and the Group aims to progressively reduce sales in physical stores. Although the environmental impact is considered very low, the Group actively monitors any solutions that may reduce the environmental impacts of the Group's activities to date and in the future.

The Group updates obsolete equipment as much as possible and recycles all components correctly. The Group stores everything in a digital format and prints documents only if required by the Law or if the scope of a specific task requires it. Consumables such as printer toners and similar waste are returned to the supplier for correct recycling. The Group is committed to replace travel with digital communications (i.e. video conferencing) to improve sustainability both from an environmental and a cost reduction standpoint.

(this page intentionally left blank)



**Condensed consolidated financial statements as
of September 30th, 2022**

(this page intentionally left blank)

FINANCIAL STATEMENTS
Digital Bros Group
Consolidated balance sheet as of September 30th, 2022

	Euro thousand	September 30th, 2022	June 30th, 2022	Change	
	Non-current assets				
1	Property, plant and equipment	10,189	10,353	(164)	-1.6%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	117,449	104,089	13,360	12.8%
4	Equity investments	7,650	7,511	139	1.9%
5	Non-current receivables and other assets	18,601	14,072	4,529	32.2%
6	Deferred tax assets	17,815	12,829	4,986	38.9%
7	Non-current financial activities	18,220	18,257	(37)	-0.2%
	Total non-current assets	189,924	167,111	22,813	13.7%
	Current assets				
8	Inventories	3,973	4,173	(200)	-4.8%
9	Trade receivables	21,181	27,781	(6,600)	-23.8%
10	Tax receivables	1,545	2,926	(1,381)	-47.2%
11	Other current assets	13,362	13,030	332	2.5%
12	Cash and cash equivalents	8,706	10,961	(2,255)	-20.6%
13	Other current financial assets	329	329	0	0.0%
	Total current assets	49,096	59,200	(10,104)	-17.1%
	TOTAL ASSETS	239,020	226,311	12,709	5.6%
	Shareholders' equity				
14	Share capital	(5,706)	(5,705)	(1)	0.0%
15	Reserves	(22,778)	(22,030)	(748)	3.4%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(111,151)	(108,160)	(2,991)	2.8%
	Equity attributable to the shareholders of the Parent Company	(139,635)	(135,895)	(3,740)	2.8%
	Equity attributable to non-controlling interests	(1,514)	(1,423)	(91)	6.4%
	Total net equity	(141,149)	(137,318)	(3,831)	2.8%
	Non-current liabilities				
18	Employee benefits	(811)	(761)	(50)	6.6%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(2,063)	(1,954)	(109)	5.6%
21	Non-current financial liabilities	(16,178)	(15,213)	(965)	6.3%
	Total non-current liabilities	(19,133)	(18,009)	(1,124)	6.2%
	Current liabilities				
22	Trade payables	(42,699)	(52,125)	9,426	-18.1%
23	Tax payables	(4,482)	(3,575)	(907)	25.4%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(6,311)	(4,657)	(1,654)	35.5%
26	Current financial liabilities	(25,246)	(10,627)	(14,619)	n.m.
	Total current liabilities	(78,738)	(70,984)	(7,754)	10.9%
	TOTAL LIABILITIES	(97,871)	(88,993)	(8,878)	10.0%
	TOTAL NET EQUITY AND LIABILITIES	(239,020)	(226,311)	(12,709)	5.6%

Digital Bros Group

Consolidated profit and loss statement for the period ended September 30th, 2022

	Euro thousand	September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	22,387	100.1%	25,016	100.5%	(2,629)	-10.5%
2	Revenue adjustments	(26)	-0.1%	(126)	-0.5%	100	-79.0%
3	Net revenue	22,361	100.0%	24,890	100.0%	(2,529)	-10.2%
4	Purchase of products for resale	(710)	-3.2%	(981)	-3.9%	271	-27.7%
5	Purchase of services for resale	(2,080)	-9.3%	(1,507)	-6.1%	(573)	38.0%
6	Royalties	(4,585)	-20.5%	(7,078)	-28.4%	2,493	-35.2%
7	Changes in inventories of finished products	(200)	-0.9%	(280)	-1.1%	80	-28.7%
8	Total cost of sales	(7,575)	-33.9%	(9,846)	-39.6%	2,271	-23.1%
9	Gross profit (3+8)	14,786	66.1%	15,044	60.4%	(258)	-1.7%
10	Other income	3,851	17.2%	1,736	7.0%	2,115	n.m.
11	Costs for services	(3,290)	-14.7%	(1,813)	-7.3%	(1,477)	81.5%
12	Rent and leasing	(193)	-0.9%	(104)	-0.4%	(89)	86.1%
13	Payroll costs	(9,608)	-43.0%	(6,719)	-27.0%	(2,889)	43.0%
14	Other operating costs	(391)	-1.7%	(319)	-1.3%	(72)	22.5%
15	Total operating costs	(13,482)	-60.3%	(8,955)	-36.0%	(4,527)	50.6%
16	Gross operating margin (EBITDA) (9+10+15)	5,155	23.1%	7,825	31.4%	(2,670)	-34.1%
17	Depreciation and amortization	(3,726)	-16.7%	(3,316)	-13.3%	(410)	12.4%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(12)	0.0%	12	n.m.
20	Impairment reversal	813	3.6%	0	0.0%	813	n.m.
21	Total depreciation, amortization and impairment adjustments	(2,913)	-13.0%	(3,328)	-13.4%	415	-12.5%
22	Operating margin (EBIT) (16+21)	2,242	10.0%	4,497	18.1%	(2,255)	-50.1%
23	Interest and financial income	2,798	12.5%	1,606	6.5%	1,192	74.2%
24	Interest and financial expenses	(1,359)	-6.1%	(264)	-1.1%	(1,095)	n.m.
25	Net interest income/(expenses)	1,439	6.4%	1,342	5.4%	97	7.2%
26	Profit/ (loss) before tax (22+25)	3,681	16.5%	5,839	23.5%	(2,158)	-37.0%
27	Current tax	(670)	-3.0%	(1,920)	-7.7%	1,250	-65.1%
28	Deferred tax	76	0.3%	95	0.4%	(19)	-20.1%
29	Total taxes	(594)	-2.7%	(1,825)	-7.3%	1,231	-67.4%
30	Net profit/loss	3,087	13.8%	4,014	16.1%	(927)	-23.1%
	attributable to the shareholders of the Parent Company	2,996	13.4%	4,092	16.4%	(1,096)	-26.8%
	attributable to non-controlling interests	91	0.4%	(78)	-0.3%	169	n.m.
	Earnings per share:						
33	Basic earnings per share (in Euro)	0.21		0.29		(0.08)	-26.8%
34	Diluted earnings per share (in Euro)	0.21		0.28		(0.07)	-25.4%

Digital Bros Group**Consolidated comprehensive income statement as of September 30th, 2022**

Euro thousand	September 30th, 2022	September 30th, 2021	Change
Profit (Loss) for the period (A)	3,087	4,014	(927)
Changes in the fair value	139	(131)	270
Tax effect regarding fair value measurement of financial assets	(33)	31	(64)
Items that will not be subsequently reclassified to profit or loss (B)	106	(100)	206
Exchange differences on translation of foreign operations	581	234	347
Items that will subsequently be reclassified to profit or loss (C)	581	234	347
Total other comprehensive income D= (B)+(C)	687	134	553
Total comprehensive income (loss) (A)+(D)	3,774	4,148	(374)
Attributable to:			
Shareholders of the Parent Company	3,683	4,226	(543)
Non-controlling interests	91	(78)	169

Changes in fair value reflected the changes in third party equity investments that were classified in the consolidated comprehensive income statement and not in the consolidated profit and loss statement.

Digital Bros Group

Consolidated cash flow statement as of September 30th, 2022

	Euro thousand	September 30th, 2022	September 30th, 2021
A. Opening net cash/debt		10,961	35,509
B. Cash flows from operating activities			
Profit (loss) for the period		3,087	4,014
<i>Depreciation, amortization and non-monetary costs:</i>			
Provisions and impairment losses		0	0
Amortization of intangible assets		3,098	2,872
Depreciation of property, plant and equipment		628	444
Net change in tax advance		(4,986)	(368)
Net change in employee benefit provisions		50	72
Net change in other non-current liabilities		743	216
SUBTOTAL B.		2,620	7,250
C. Change in net working capital			
Inventories		200	280
Trade receivables		6,600	2,715
Current tax assets		1,381	(527)
Other current assets		(332)	(981)
Trade payables		(9,426)	(5,650)
Current tax liabilities		907	1,779
Current provisions		0	0
Other current liabilities		1,654	165
Other non-current liabilities		109	97
Non-current receivables and other assets		(4,529)	(880)
SUBTOTAL C.		(3,436)	(3,002)
D. Cash flows from investing activities			
Net payments for intangible assets		(16,458)	(9,808)
Net payments for property, plant and equipment		(464)	(412)
Net payments for non-current financial assets		(139)	131
SUBTOTAL D.		(17,061)	(10,089)
E. Cash flows from financing activities			
Capital increases		1	0
Changes in financial liabilities		15,584	14,050
Changes in financial assets		37	(106)
SUBTOTAL E.		15,622	13,944
F. Changes in consolidated equity			
Dividends paid		0	0
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
SUBTOTAL F.		0	0
G. Cash flow for the period (B+C+D+E+F)		(2,255)	8,103
H. Closing net cash/debt (A+G)		8,706	43,612

Digital Bros Group

Consolidated statement of changes in equity as of September 30th, 2022

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of parent company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
Total on July 1st, 2021	5,704	18,486	1,141	1,367	(1,339)	3,361	23,016	0	50,156	32,025	82,181	110,901	890	111,791
Allocation of previous year result							0		32,025	(32,025)	0	0	0	0
Other changes						82	82				0	82		82
Comprehensive income (loss)					234	(100)	134			4,092	4,092	4,226	(78)	4,148
Total on September 30th, 2021	5,704	18,486	1,141	1,367	(1,105)	3,343	23,232	0	82,181	4,092	86,273	115,209	812	116,021
Total on July 1st, 2022	5,705	18,507	1,141	1,367	(611)	1,626	22,030	0	79,614	28,546	108,160	135,895	1,423	137,318
Capital increases	1	21					21				0	22		22
Allocation of previous year result							0		28,546	(28,546)	0	0	0	0
Other changes						40	40		(5)		(5)	35		35
Comprehensive income (loss)					581	106	687			2,996	2,996	3,683	91	3,774
Total on September 30th, 2022	5,706	18,528	1,141	1,367	(30)	1,772	22,778	0	108,155	2,996	111,151	139,635	1,514	141,149



**Notes to the condensed consolidated financial
statements as of September 30th, 2022**

INTRODUCTORY NOTE

Digital Bros S.p.A. Interim Report as of September 30th, 2022 was approved by the Board of Directors of November 11th, 2022 which also authorized the publication of the Report and the related press release.

The Interim Report as of September 30th, 2022 includes the condensed consolidated financial statements prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1st, 2022 as adopted by the European Union. The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34 on interim financial reports.

The Interim Report does not include all the disclosures required for annual financial statements and should be read in conjunction with the Group's consolidated financial statements as of June 30th, 2022.

Digital Bros Group Interim Report as of September 30th, 2022 has been prepared on a going concern basis. The Group has assessed no significant uncertainties regarding the going concern.

The content and other general information, as well as the use of estimates, are available in the notes to the consolidated financial statements as of June 30th, 2022.

BALANCE SHEET

The Group consolidated financial statements as of September 30th, 2022 together with comparative figures at June 30th, 2022 are shown in the Financial Statements section. The main balance sheet components are commented below.

NON-CURRENT ASSETS

Total non-current assets increased by Euro 22,813 thousand.

Intangible assets increased by Euro 16,458 thousand, net of the amortization for the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Net payments for intangible assets are detailed as follows:

Euro thousand	September 30th, 2022	June 30th, 2022
Premium Games user rights	1,585	0
Investment on development of management systems	19	194
Total additions on concessions and licences	1,604	194
Internal development contracts in progress	4,993	1,400
Assets in progress	9,861	8,214
Total additions to assets in development	14,854	9,614
Total additions on intangible assets	16,458	9,808

Total investments increased by Euro 139 thousand due to the adjustment of the shares held in companies listed on regulated markets to market value as of September 30th, 2022. Details below:

Euro thousand	September 30th, 2022	June 30th, 2022	Change
MSE&DB SI	5	5	0
Artactive S.A.	9	9	0
Total investments in associated companies	14	14	0
Starbreeze AB - A shares	5,270	5,180	90
Starbreeze AB - B shares	1,988	1,926	62
Noobz from Poland S.A.	378	391	(13)
Total other investments	7,636	7,497	139
Total investments	7,650	7,511	139

Total non-current receivables and other assets amounted to Euro 18,061 thousand and increased by Euro 4,529 thousand compared to June 30th, 2022.

Euro thousand	September 30th, 2022	June 30th, 2022	Change
Receivable from Starbreeze AB	14,720	13,151	1,569
Receivable from D3 Go Inc. for royalties	2,933	0	2,933
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	308	281	27
Guarantee deposits – other	5	5	0
Total non-current receivables and other assets	18,601	14,072	4,529

As of September 30th, 2022, the receivable from Starbreeze AB amounted to Euro 14,720 thousand and was made by:

- the receivable purchased from Smilegate Holdings for a consideration of Euro 100 thousand with a nominal amount of around USD 20 million. The value at September 30th, 2022 has been restated and Euro 997 thousand have been recognized as financial income and adjusted to the exchange rate at the end of the year for Euro 572 thousand. The receivable is part of Starbreeze AB corporate restructuring process and will be paid in accordance with the payment plan agreed with the Swedish District Court, but not later than December 2024. As of September 30th, 2022, the receivable amounted to Euro 10,295 thousand;
- the receivable relating to the costs paid for the development of the video game The Walking Dead by 505 Games S.p.A.. The Group requested the reimbursement of the receivable that has been previously classified among other current assets, as the collection of the receivable is expected to happen following the launch of PAYDAY3 by the Swedish company. As of September 30th, 2022, the receivable amounted to Euro 4,425 thousand.

The receivable from D3 Go Inc. for royalties was made by the royalty payment made in advance by the recently acquired American subsidiary which will be used beyond twelve months.

The remaining part related to security deposits for contractual obligations.

Deferred tax assets are calculated on tax loss carryforwards and on temporary differences between the carrying value and the tax deduction period. They have been estimated at the tax rates expected in the period when the assets will be realized, or the difference will be settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets increased by Euro 4,986 thousand due to the accounting of 505 Go Inc. deferred tax assets, which on the basis of the approved plans, will generate taxable income sufficient for their recovery.

Non-current financial assets consisted entirely of the fair value measurement of the convertible bond issued by Starbreeze AB with a nominal value of SEK 215 million and maturing in December 2024.

CURRENT ASSETS

Total current assets decreased by Euro 10,104 thousand compared to June 30th, 2022, due to lower trade receivables for Euro 6,600 thousand and lower cash and cash equivalents for Euro 2,255 thousand.

They are analyzed as follows:

Euro thousand	September 30th, 2022	June 30th, 2022	Change
Receivables for video game user licenses	4,370	3,264	1,438
Advances for video game development operating costs	6,546	6,648	(102)
Advances to suppliers	2,306	2,963	(657)
Other receivables	140	155	(15)
Total other current assets	13,362	13,030	332

Receivables for video game user licenses were advances paid for licenses not yet exploited or completely exploited as at the reporting date. They increased by Euro 1,438 thousand over the period to Euro 4,370 thousand due to the advance payment of Euro 1,174 thousand by 505 Go Inc..

Advances for video game development operating costs amounted to Euro 6,546 thousand and included advances paid for video game programming services, quality assurance and other operating costs.

NON-CURRENT LIABILITIES

Total non-current liabilities amounted to Euro 19,133 thousand, increasing by Euro 1,124 thousand due to higher non-current financial liabilities following the subscription of a loan granted by Monte dei Paschi S.p.A. to 505 Mobile S.r.l..

Employee benefits reflected the actuarial value at the closing date of the Group's liability towards employees, as calculated by an independent actuary in accordance with the IAS 19 provisions.

Non-current provisions were entirely made by the sales representatives' termination indemnity provision.

As of September 30th, 2022, other non-current payables and liabilities amounted to Euro 2,063 thousand and included the Euro 1,958 thousand portion of the debt due beyond twelve months for the acquisition of the Australian companies and the Euro 155 thousand estimated cost for the 2021-2027 Medium-Long Term Monetary Incentives Plan approved by the Shareholders' Meeting in June 2021.

CURRENT LIABILITIES

Total current liabilities amounted to Euro 78,738 thousand increasing by Euro 7,754 thousand due to higher current financial liabilities for Euro 14,619 thousand, partially offset by lower trade payables for Euro 9,426 thousand.

NET EQUITY

The detailed changes in equity are shown in the consolidated statement of changes in equity. They can be summarized as follows:

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of parent company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
Total on July 1st, 2022	5,705	18,507	1,141	1,367	(611)	1,626	22,030	0	79,614	28,546	108,160	135,895	1,423	137,318
Capital increases	1	21					21				0	22		22
Allocation of profit for the year							0		28,546	(28,546)	0	0	0	0
Other changes						40	40		(5)		(5)	35		35
Comprehensive income (loss)					581	106	687			2,996	2,996	3,683	91	3,774
Total on September 30th, 2022	5,706	18,528	1,141	1,367	(30)	1,772	22,778	0	108,155	2,996	111,151	139,635	1,514	141,149

14. Share capital

The share capital as of September 30th, 2022 increased by Euro 1 thousand compared to June 30th, 2022 following the exercise of 2,100 shares of the stock option plan and is split into 14,265,037 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,706,014.80. No other shares of any nature were issued. There are no rights, liens or restrictions associated with the ordinary shares.

15. Reserves

The change in other reserves included Euro 40 thousand to adjust the stock option reserve and Euro 106 thousand to adjust the reserve for the fair value measurement of financial assets.

The reserves do not have any specific function other than those provided by the Law.

NET FINANCIAL POSITION

The following table contains details of the Group's net financial position as of September 30th, 2022 together with comparative figures at June 30th, 2022:

	Euro thousand	September 30th, 2022	June 30th, 2022	Change
12	Cash and cash equivalents	8,706	10,961	(2,255)
13	Other current financial assets	329	329	0
26	Current financial liabilities	(25,246)	(10,627)	(14,619)
	Current net financial position	(16,211)	663	(16,874)
7	Non-current financial assets	18,220	18,257	(37)
21	Non-current financial liabilities	(16,178)	(15,213)	(965)
	Non-current net financial position	2,042	3,044	(1,002)
	Total net financial position	(14,169)	3,707	(17,876)

The net financial position amounted to negative Euro 14,169 thousand. In sync with the significant investment plan implemented by the Group, it decreased by Euro 17,876 thousand from Euro 3,707 thousand as of June 30th, 2022. Post IFRS 16 adjustments, the net financial position amounted to negative Euro 8,561 thousand.

For information purposes only, the following table reports the net financial position in accordance with the Guidelines on disclosure requirements pursuant to the regulation on the prospectus issued by ESMA (European Securities and Markets Authority) on March 4th, 2021:

	Euro thousand	September 30th, 2022	June 30th, 2022	Change	
A.	Cash	8,706	10,961	(2,255)	-20.6%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	8,706	10,961	(2,255)	n.m.
E.	Current financial debt (included debt instrument, but excluding current portion of non-current financial debt)	0	0	0	0.0%
F.	Current portion of non-current financial debt	25,246	10,627	14,619	n.m.
G.	Current financial indebtedness (E + F)	25,246	10,627	14,619	n.m.
H.	Net current financial indebtedness (G - D)	16,540	(334)	16,874	n.m.
I.	Non-current financial liabilities (excluding current portion and debt instruments)	16,178	15,213	965	-6.3%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current trade and other payables	0	0	0	0.0%
L.	Non-current financial indebtedness (I + J + K)	16,178	15,213	965	6.3%
M.	Total financial indebtedness (H + L)	32,719	14,879	17,840	n.m.

PROFIT OR LOSS STATEMENT

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended September 30th, 2022. The Holding operating segment did not generate revenue:

	Euro thousands	Premium Games	Free to Play	Italian Distribution	Other Activities	Total
1	Gross revenue	15,529	5,971	698	189	22,387
2	Revenue adjustments	0	0	(26)	0	(26)
3	Total net revenue	15,529	5,971	672	189	22,361

As of September 30th, 2021, the breakdown was as follows:

	Euro thousands	Premium Games	Free to Play	Italian Distribution	Other Activities	Total
1	Gross revenue	22,525	1,773	599	119	25,016
2	Revenue adjustments	(86)	0	(40)	0	(126)
3	Total net revenue	22,439	1,773	559	119	24,890

Comments on the net revenue can be found in the Directors' Report.

25. Net financial income / (expenses)

The analysis is as follows:

	Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	%
23	Interest and financial income	2,798	1,606	1,192	74.2%
24	Interest and financial expenses	(1,359)	(264)	(1,095)	n.m.
25	Net financial income / (expenses)	1,439	1,342	97	7.2%

The net financial income was positive for Euro 1,439 thousand compared to the positive Euro 1,342 thousand registered in the previous fiscal year, due to higher interest and financial income for Euro 1,192 thousand and higher interest and financial expenses for Euro 1,095 thousand.

Interest and financial income may be analyzed as follows:

Euro thousand	September 30 th , 2022	September 30 th , 2021	Change	%
Current exchange gains	1,702	883	819	92.8%
Financial income	1,096	719	377	52.4%
Other	0	4	(4)	n.m.
Total interest and financial income	2,798	1,606	1,192	74.2%

Total interest and financial income increased by Euro 1,192 thousand due to a Euro 819 thousand increase in current exchange gains and a Euro 377 increase in financial income. Financial income included Euro 996 thousand due to the restatement of the around USD 20 million loan receivable from Starbreeze AB as acquired for consideration of Euro 100 thousand and Euro 99 thousand fair value measurement of the convertible bond issued by Starbreeze AB.

Interest and financial expenses amounted to Euro 1,359 thousand, increasing by Euro 1,095 thousand compared to September 30th, 2021, due to higher currency exchange losses for Euro 1,015 thousand.

Interest and financial expenses are analyzed in detail as follows:

Euro thousand	September 30th, 2022	September 30th, 2021	Change	%
Interest expenses on current accounts and trade finance	(55)	(8)	(47)	n.m.
Interest expenses on loans and leases	(72)	(39)	(33)	84.6%
Total interest expenses on sources of finance	(127)	(47)	(80)	84.6%
Currency exchange losses	(1,232)	(217)	(1,015)	n.m.
Total interest and financial expenses	(1,359)	(264)	(80)	30.3%

29. Total taxes

Current and deferred taxes as of September 30th, 2022 are detailed below:

Euro thousand	September 30th, 2022	September 30th, 2021	Change	%
Current taxes	(670)	(1,920)	1,250	-65.1%
Deferred taxes	76	95	(19)	-20.1%
Total taxes	(594)	(1,825)	1,231	-67.4%

Information by geographical area

Gross revenue may be broken down by geographical area as follow:

Euro thousand	September 30th, 2022		September 30th, 2021		Change	
Europe	851	4%	4,065	16%	(3,214)	-79.1%
Americas	15,960	71%	17,609	70%	(1,649)	-9.4%
Rest of the world	4,678	21%	2,624	10%	2,054	78.3%
Total foreign revenue	21,488	96%	24,298	97%	(2,810)	-11.6%
Italy	899	4%	718	3%	181	25.3%
Total consolidated gross revenue	22,387	100%	25,016	100%	(2,628)	-10.5%

Total foreign revenue represented 96% of consolidated gross revenue as in the first quarter previous fiscal year and decreased by Euro 2,810 thousand compared to September 30th, 2021.

Rest of the world revenue related to sales made by the subsidiary 505 Games Ltd., mainly in Australia, the Middle East and South Africa, as well as to sales made by subsidiary 505 Games S.p.A. in the Far East.

Premium Games represented the most significant portion of foreign revenue, generating Euro 15,529 thousand i.e. 72% of total foreign revenue.

Details of gross foreign revenue by operating segment are provided below:

Euro thousand	September 30th, 2022		September 30th, 2021		Change	
Premium Games	15,529	72%	22,525	94%	(6,996)	-31.1%
Free to Play	5,971	28%	1,773	6%	4,198	n.m.
Total gross foreign revenue	21,500	100%	24,298	100%	(2,798)	-11.5%

Related parties transactions

As of September 30th, 2022, no unusual or extraordinary related parties transactions has been carried out.

STATEMENT PURSUANT TO ART. 154-BIS (5) OF THE T.U.F.

We, the undersigned, Abramo Galante, Chairman of the Board of Directors and Stefano Salbe, Chief Financial Officer and Financial Reporting Manager of Digital Bros Group, hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58 of February 24th, 1998:

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period from July 1st, 2022 to September 30th, 2022. No significant issues have arisen.

We also confirm that:

1. Digital Bros Group Interim Report as of September 30th, 2022:
 - a) has been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19th, 2002;
 - b) reflects the accounting books and records;
 - c) gives a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Directors' Report accompanying the condensed consolidated financial statements includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, November 11th, 2022

Signed

Chairman of the Board of Directors

Abramo Galante

Chief Financial Officer

Stefano Salbe