



Interim Report as of March 31st, 2023

(first nine months of the fiscal year
2022/2023)

Digital Bros S.p.A.

Via Tortona, 37 – 20144 Milan, Italy
VAT number 09554160151

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 no. 1302132

This report is available on the Company's website www.digitalbros.com Investor Relations /
Financial Documents section

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

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Name	Office	Control & Risk Committee	Remuneration Committee	Nomination Committee
Sylvia Anna Bartyan	Director	I	M	P
Lidia Florean	Director	NE		
Abramo Galante	Chairman and CEO	E		
Davide Galante	Director	NE		
Raffaele Galante	CEO	E		
Susanna Pedretti	Director	I	M	P
Stefano Salbe ⁽¹⁾	Director	E		
Laura Soifer ⁽²⁾	Director	I	P	M
Dario Treves	Director	E		

Key:

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

E: Executive Director

P: President of the Committee

NE: Non-Executive Director

M: Member of the Committee

⁽²⁾ Lead Independent Director

I: Independent Director

Board of Statutory Auditors

Name	Office
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 the 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 at 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 of the Group consolidated annual and half year financial statements and Digital Bros S.p.A. annual financial statements 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 March 31st, 2023 was authorized by a resolution of the Board of Directors on May 11th, 2023.

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 consist of 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 its internal studios. Video games developed by external studios are usually either acquired through 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, publishes budget video games.

During the period, Premium Games operations were conducted by the subsidiary 505 Games S.p.A. which coordinates the operating segment, together with 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. Hook S.r.l. publishes budget videogames. 505 Games Interactive (US) Inc. provides consultancy services on behalf of 505 Games S.p.A..

The following studios are also incorporated 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 Czech company Ingame Studios a.s. (60% of which is held by the Group), a Brno-based studio acquired in July 2021 and developing Crime Boss: Rockay City, 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 S.r.l., 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, 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.

Free to Play: main operations consist of 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 video 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, the UK company DR Studios Ltd. which is the developer of Free to Play video games and Hawken Entertainment Inc..

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

In July 2022, 505 Games Mobile S.r.l. acquired 100% of D3Publisher of America Inc., now 505 Go Inc., an American publisher of Free to Play video games, including spin-offs of the Puzzle Quest series.

The labels used for Free to Play worldwide publishing are 505 Mobile and 505Go!.

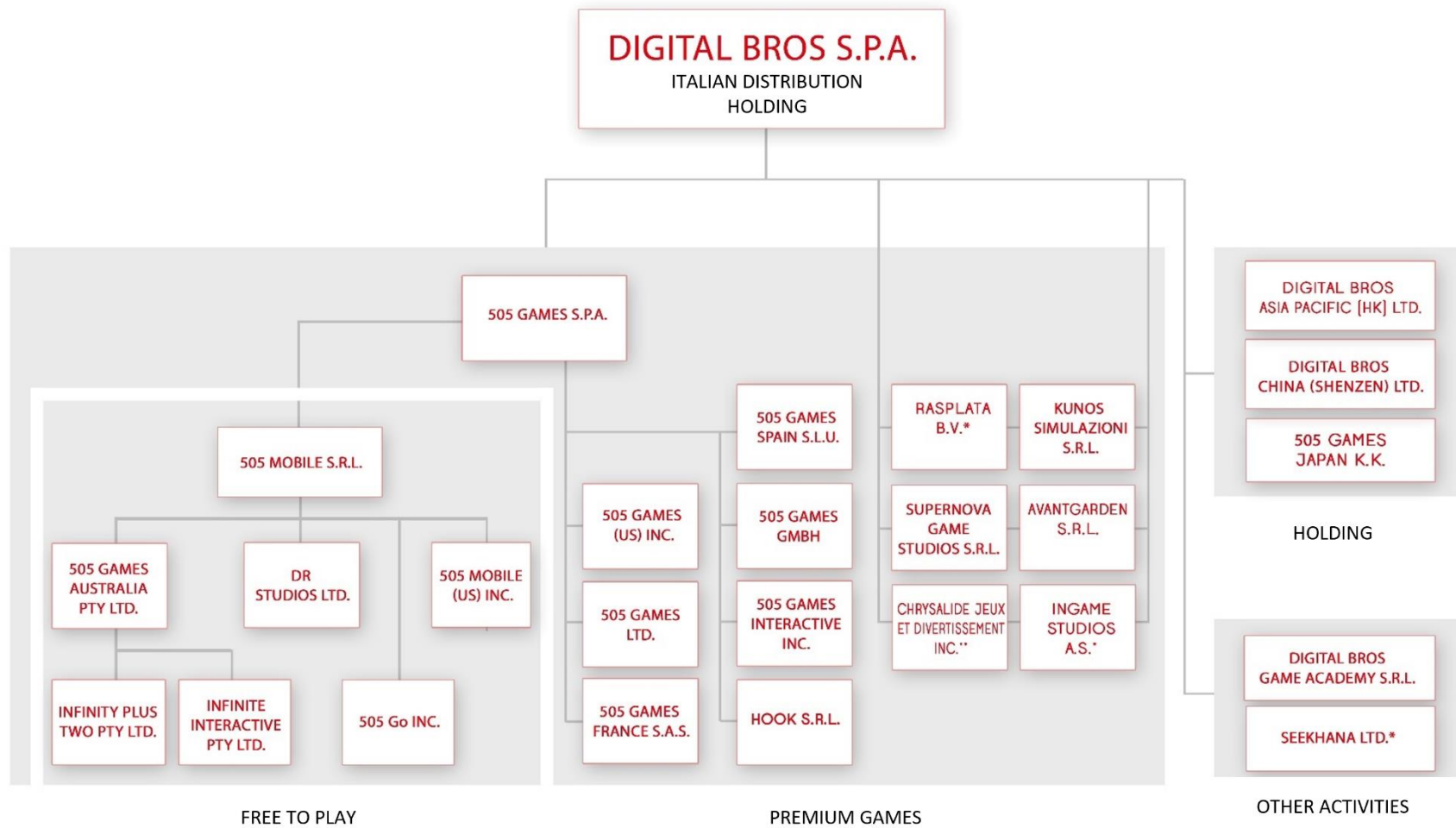
Italian Distribution: consists of the distribution in Italy of video games purchased from international publishers. The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

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: 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 March 31st, 2023 was as follows:



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

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

Company	Address	Activity
AvantGarden S.r.l.	Via Tortona, 37 Milan	Offices
Chrysalide Jeux et Divertissement Inc. ⁽²⁾	300 Rue Saint Paul – Bureau 410, Quebec City, 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.	33-35 Hillier Street, Sheung Wan, Hong Kong	Offices
Digital Bros China (Shenzhen) Ltd.	Wang Hai Road, Nanshan district, Shenzhen, 518062, China	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.	333 Collins 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.	WeWork Jimbocho, 11-15, Kanda Jimbocho 2-chome Chiyoda-ku, Tokyo, Japan	Offices
505 Games Spain Slu	Calle Cabo Rufino Lazaro 15, Las Rozas de Madrid, Spain	Offices
505 Games Ltd.	403 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.	333 Collins Street, Melbourne Victoria, Australia	Offices
Infinite Interactive Pty Ltd.	333 Collins Street, 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. MAIN INTELLECTUAL PROPERTIES OWNED BY THE GROUP



First launched in 2014, Aspetto Corsa is a car racing simulator, developed by the internal studio Kunos Simulazioni S.r.l..

Aspetto Corsa faithfully recreates the performance and the driving experience of real cars, replicating tyre grip, aerodynamic impact, engine parameters as well as different weather conditions. Nearly one hundred cars are available to choose from, reproduced in collaboration with the most prestigious automotive manufacturers, and that can be driven on legendary circuits including Silverstone, Monza, Nürburgring-Nordschleife, Barcelona, Brands Hatch, Spa Francorchamps. All circuits are recreated using Laser Scan technology so that each bump, curb and slope is a perfect match to the real counterpart. Aspetto Corsa can be played in fully customizable single player and multiplayer modes including quick races, race weekends and free practice sessions, qualifying session and race day.

Launched in 2018, Aspetto Corsa Competizione is the official Blancpain GT World Challenge video game and the official video game of FIA Motorsport Games Esport Tournament.

The second version of Aspetto Corsa is currently in development and its launch is scheduled for Spring 2024.

Since launch, the Aspetto Corsa franchise has generated revenues exceeding Euro 109 million with over 7 million copies sold.



Developed by the Czech studio Ingame Studios S.r.l., Crime Boss: Rockay City is a first-person shooter video game, set in the thriving metropolis of Rockay City during the Nineties. Find a few familiar faces there too: from the charismatic Travis Baker (Michael Madsen) and his team (Michael Rooker, Kim Basinger, Danny Glover and Damion Poitier) to rival gang bosses (Danny Trejo and Vanilla Ice). Play as Baker as he builds his empire using strategy, cunning and a little fire power to carry out heists and take territory from rival gangs. Winning the turf war isn't easy though: rival gangs will try to take the city for themselves, and Sheriff Norris (Chuck Norris) will stop at nothing to bring all criminals to justice. Stealing everything from cash and drugs, through to priceless artifacts is more fun with accomplices: jump into the co-op multiplayer and take on thrilling hits and heists with up to four players.

Crime Boss: Rockay City launched exclusively on Epic Store on March 28th 2023. Console versions will be available by the end of the current fiscal year.



Developed by the Polish studio One More Level, Ghostrunner is a first-person cyberpunk action slasher videogame set in a grim dystopic future. Players assume the role of an android ninja ascending the Dharma Tower, an ominous neon tower built by the Architect, who died mysteriously years ago, and representing the last bastion of humanity, torn by violence, poverty, and class inequality. Players must fight their way to the top of the structure to bring down the tyrannical Keymaster and avert humanity's extinction.

Since its launch in October 2020, Ghostrunner has sold over one million copies worldwide and is now available on all gaming platforms. The second version, Ghostrunner 2, is currently in development and its launch is scheduled for the first half of the next fiscal year.



Developed by the Swedish studio The Bearded Ladies, Miasma Chronicles is a tactical adventure set in a post-apocalyptic America ravaged by a force known as the "Miasma".

Meet Elvis, a young man left by his mother in the care of a robotic older "brother" and given a mysterious glove with which he can control the Miasma. Join the brothers on a quest across a post-apocalyptic wasteland to find the answers they crave, answers which may change the course of human history forever.

Miasma Chronicles will launch on all gaming platforms by the end of the current fiscal year.



Developed by the Australian studio Infinity Plus Two acquired by the Group in January 2021, Gems of War is a Free to Play mash-up/puzzle/RPG video game first launched in 2014 and available on mobile, Steam, console and Nintendo Switch.

Embark on an epic journey across the realms Krystara where heroes can take on a world of adventure unlike any other: battle enemies matching gems to power and cast spells, and matching skulls to smite the enemies. Then take the spoils of war and forge a mighty empire.

Since its launch, Gems of War has generated revenues exceeding Euro 33 million.



Developed by the Australian studio Infinity Plus Two acquired by the Group in January 2021, Puzzle Quest 3 is an all-new instalment to the globally renowned puzzle-RPG franchise, first launched in 2007 and with successful spin-offs published by the newly acquired 505 Go Inc.. Puzzle Quest franchise has generated over USD 200 million revenues amassing over 32 million players worldwide.

Puzzle Quest 3 is a Free to Play videogame available on mobile and Personal Computer. The console version will be available by the end of the current fiscal year.

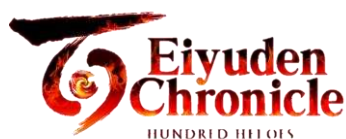
INTELLECTUAL PROPERTIES CO-OWNED BY THE GROUP OR FOR WHICH THE GROUP HOLDS LICENSING RIGHTS FOR MORE THAN TEN YEARS

CONTROL

Developed by the Finnish studio Remedy Entertainment Plc using the proprietary Northlight® technology, Control is a cinematic third-person action-adventure. Play as Jesse Faden, a heroine with telekinetic powers, and unfold an epic supernatural struggle, filled with unexpected characters and bizarre events as she searches for her missing brother in the ominous Bureau, a secretive government agency.

The critically acclaimed Control was published in 2019, selling over three million copies and generating revenues exceeding Euro 92 million. Since its release, Control was nominated for eleven BAFTA® Games Awards and received over twenty “Game of the Year” awards including IGN’s 2019 “Game of the Year”.

The video game is available on all gaming platforms. Following the success of Control, the Group signed with Remedy Entertainment two new contracts for the development of Condor, a multiplayer cooperative experience spin-off of Control, and Control 2. Both video games will be built on Remedy Entertainment proprietary Northlight® technology for PC, PlayStation 5 and Xbox Series X|S. Condor and Control 2 initial investments respectively amount to Euro 25 million and Euro 50 million.



Developed by the Japanese studio Rabbit & Bear Studios, Eiyuden Chronicle – Hundred Heroes is a new JRPG with a hybrid art style that mixes pixel art with a modern 3D world in which players can interact with over a hundred different characters and creatures, in magical realm of Allraan, a tapestry of nations with different cultures and values. By dint of sword, and by way of magical objects known as “rune-lenses,” the land’s history has been shaped by the alliances and aggressions of the humans, beastmen, elves, and desert people who live there. The

Galdean Empire has edged out other nations and discovered a technology that amplifies the rune-lenses' magic. Now, the Empire is scouring the continent for an artifact that will expand their power even further.

The development of Eiyuden Chronicle - Hundred Heroes has been partially funded through a Kickstarter crowdfunding in 2020, raising a total of JPY 482 million (approximately USD 4.6 million). The Group expects to generate over Euro 30 million lifetime revenues. In May 2022, the Group launched Eiyuden Chronicle – Rising, the prequel to Hundred Heroes with characters, items and features later transferable to Hundred Heroes.

The Group co-owns the intellectual property of the video game with Rabbit & Bear Studios.

3. 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. Low-cost 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, 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 retail channels. 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 vastly 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 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, studies the product strategic positioning and packaging, 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 or for multiple years and including licensing rights for sequels.

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 can also operate as a video game publisher.

Distributors

The role of the distributor is losing importance as a result of the digital transition of the gaming industry. 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 personal computers, 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 valid for a predefined period of time. Revenues are directly or indirectly recognized to publishers based on the utilization of their video games. Amazon has set up Apple Arcade, a similar 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, thus generating a continuous flow of sales that can be 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) that consumers can either buy or download for free on digital marketplaces.

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.

4. ALTERNATIVE PERFORMANCE RATIOS

The Group relies on specific key 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 section 5 of the Explanatory 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 financial statements is not needed, as the Group use indicators directly from the consolidated financial statements.

5. 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, as sales are concentrated in the first few days from the release especially if supported by dedicated marketing campaigns.

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 a 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 the 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 a 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 a lower volatility of the financial position.

6. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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.

Relations with Starbreeze and Starbreeze shareholders

In recent years, Digital Bros Group and Starbreeze Group have entered multiple different transactions, summarized below:

- in May 2016, the Group sold back the PAYDAY2 co-publishing rights to Starbreeze against a payment of USD 30 million and an earn-out of USD 40 million as 33% of the net revenues from the future video game PAYDAY3. As of March 31st, 2023, the earn-out was not accounted for and has been considered a contingent asset;
- since November 2018, Digital Bros S.p.A. has acquired 6,369,061 Starbreeze STAR A shares, as traded on Nasdaq Stockholm, at an average price of SEK 1.79 per share.

The OVERKILL's The Walking Dead unsuccess created financial problems to Starbreeze, enforcing the company and five subsidiaries to petition the Swedish District Court for admission to a restructuring plan. The Swedish Court approved the restructuring request which was later extended several times until December 3rd, 2019. On December 6th, 2019, Starbreeze successfully completed the restructuring process and presented a payment plan to its creditors.

In January and February 2020, the Group conducted the following transactions:

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtre AB for a consideration of around SEK 25.8 million, at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
 - a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million. The full conversion of the bond would lead to the issue of 131,933,742 new Starbreeze STAR B shares, at the current conversion ratio. The original conversion price of SEK 2.25 per share was recalculated at SEK 1.63 per share following the share capital increase conducted by Starbreeze in September 2020. Should it not be fully or even partially converted, the bond will be repaid based on the terms of payment approved by the Swedish District Court and not later than December 2024;
 - b) a receivable of around SEK 165 million for a consideration of Euro 100 thousand. This credit falls under the Starbreeze restructuring process and will be repaid based on the terms of payment approved by the Swedish District Court and not later than December 2024;
 - c) 3,601,083 Starbreeze STAR A shares and 6,018,948 Starbreeze STAR B shares for a total amount of Euro 2.2 million.

On June 23rd, 2020, the Group signed a binding agreement for the pro-quota subscription of the share issue finalized in September 2020.

As of March 31st, 2023, also as a result of other transactions, the Group holds 61,758,625 Starbreeze STAR A shares and 24,890,329 Starbreeze STAR B shares representing 11.96% of share capital and 29.09% of voting rights.

On April 28th, 2023 Starbreeze announced a rights issue of approximately SEK 450 million. For further details on the capital increase and Digital Bros S.p.A. commitments, refer to Section 13. Subsequent Events.

Despite the on-going contractual relations and the equity interest held in the Swedish company, the Group does not believe to have any influence over Starbreeze. Accordingly, it decided to keep the classification of the investment under other investments as in the previous reporting periods. Digital Bros S.p.A. will reclassify the investment in its financial statement, should the circumstances evolve as a result of substantial changes in the relations between the two groups.

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 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, conducted by teams all around the world, the remote working arrangements created some 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.

7. CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED MARCH 31ST, 2023

	Euro thousand	March 31 st , 2023		March 31 st , 2022		Change	
1	Gross revenue	89,228	100.1%	83,143	100.3%	6,085	7.3%
2	Revenue adjustments	(51)	-0.1%	(209)	-0.3%	158	-75.4%
3	Net revenue	89,177	100.0%	82,934	100.0%	6,243	7.5%
4	Purchase of products for resale	(2,176)	-2.4%	(3,920)	-4.7%	1,744	-44.5%
5	Purchase of services for resale	(6,814)	-7.6%	(4,894)	-5.9%	(1,920)	39.3%
6	Royalties	(18,097)	-20.3%	(18,359)	-22.1%	262	-1.4%
7	Changes in inventories of finished products	(548)	-0.6%	(921)	-1.1%	373	-40.5%
8	Total cost of sales	(27,635)	-31.0%	(28,094)	-33.9%	459	-1.6%
9	Gross profit (3+8)	61,542	69.0%	54,840	66.1%	6,702	12.2%
10	Other income	12,653	14.2%	8,122	9.8%	4,531	55.8%
11	Costs for services	(10,529)	-11.8%	(6,446)	-7.8%	(4,083)	63.3%
12	Rent and leasing	(449)	-0.5%	(356)	-0.4%	(93)	26.1%
13	Payroll costs	(31,426)	-35.2%	(23,649)	-28.5%	(7,777)	32.9%
14	Other operating costs	(1,321)	-1.5%	(970)	-1.2%	(351)	36.2%
15	Total operating costs	(43,725)	-49.0%	(31,421)	-37.9%	(12,304)	39.2%
16	Gross operating margin (EBITDA) (9+10+15)	30,470	34.2%	31,541	38.0%	(1,071)	-3.4%
17	Depreciation and amortization	(12,755)	-14.3%	(12,614)	-15.2%	(141)	1.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(580)	-0.7%	(66)	-0.1%	(514)	n.m.
20	Impairment reversal	813	0.9%	203	0.2%	610	n.m.
21	Total depreciation, amortization and impairment adjustments	(12,522)	-14.0%	(12,477)	-15.0%	(45)	0.4%
22	Operating margin (EBIT) (16+21)	17,948	20.1%	19,064	23.0%	(1,116)	-5.9%
23	Interest and financial income	8,583	9.6%	5,535	6.7%	3,048	55.0%
24	Interest and financial expenses	(4,908)	-5.5%	(2,162)	-2.6%	(2,746)	n.m.
25	Net interest income/(expenses)	3,675	4.1%	3,373	4.1%	302	8.9%
26	Profit/ (loss) before tax (22+25)	21,623	24.2%	22,437	27.1%	(814)	-3.6%
27	Current tax	(5,724)	-6.4%	(6,935)	-8.4%	1,211	-17.5%
28	Deferred tax	(188)	-0.2%	214	0.3%	(402)	-187.8%
29	Total taxes	(5,912)	-6.6%	(6,721)	-8.1%	809	-12.0%
30	Net profit/loss	15,711	17.6%	15,716	19.0%	(5)	0.0%
	attributable to the shareholders of the Parent Company	14,911	16.7%	15,544	18.7%	(633)	-4.1%
	attributable to non-controlling interests	800	0.9%	172	0.2%	628	n.m.
	Earnings per share:						
33	Basic earnings per share (in Euro)	1.05		1.09		(0.04)	-4.1%
34	Diluted earnings per share (in Euro)	1.01		1.09		(0.08)	-6.5%

Crime Boss: Rockay City arrived on the market on March 28th 2023 with the launch of the personal computer version. It is the first of a series of videogames part of the significant investment plan implemented by the Group. First showcased last December during The Game Awards, the personal computer version of Crime Boss is exclusive to Epic Store only and the launch of the console version will follow in the last quarter of the current fiscal year.

Crime Boss is one of the largest investments made by the Group through an internal studio and is a cooperative multiplayer videogame with a cast of outstanding actors. The videogame features enable a recurring drop of additional content, and, to that extent, the Group expects recurring revenue for multiple years to come.

During the reporting period, the Group realized Euro 89.2 million revenues, up by 7.5%, and approximately Euro 18 million EBIT.

Revenue for the period grew benefitting from the Euro 12,746 thousand revenue generated by the newly acquired 505 Go!, consolidated from July 1st, 2022. 505 Go! acquisition enabled Free to Play revenue to more than triple while Premium Games revenue decreased by 6.5%.

Premium Games revenue amounted to Euro 69,349 thousand as of March 31st, 2023 (77.8% of total consolidated revenue) and was split between several back catalogue products among which the evergreen Assetto Corsa, developed by an internal studio, continuously outperforms, realizing Euro 17.7 million revenue year to date.

Revenues from international markets and digital sales respectively accounted for 97% and 92% of the total net revenue.

A breakdown of net revenue by operating segment for the period ended March 31st, 2023 compared to the period ended March 31st, 2022 is provided below:

Net revenue

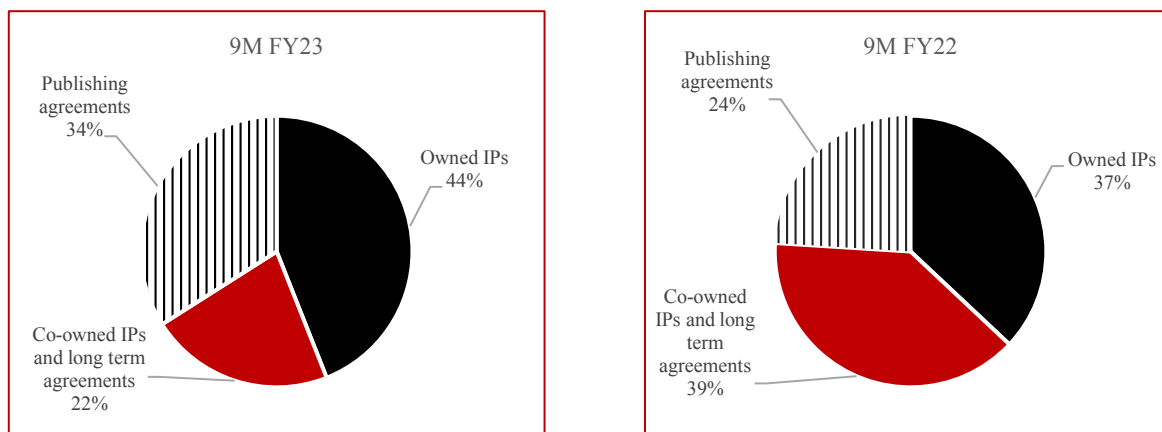
Euro thousand	March 31 st , 2023	March 31 st , 2022	Change €	Change %
Premium Games	69,349	74,170	(4,821)	-6.5%
Free to Play	17,235	5,441	11,794	n.m.
Italian Distribution	1,888	2,791	(903)	-32.4%
Other Activities	705	532	173	32.5%
Total net revenue	89,177	82,934	6,243	7.5%

The Premium Games operating segment represented 78% of the consolidated net revenue compared to 89% for the previous fiscal year, due to the incremental weight of the Free to Play revenue.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 44% of the total revenues for the operating segment from 37% as of March 31st, 2022.

The promotional activities performed by the Group in the period for Death Stranding were particularly effective thus enabling a significant growth in “publishing agreements” revenue (i.e. products over which the Group holds exclusive rights without IP ownership) compared to the previous fiscal year.

A breakdown of Premium Games revenue by the type of rights held by the Group as of March 31st, 2023 is provided below with comparative figures as of March 31st, 2022:



The Italian Distribution operating sector revenue decreased by Euro 961 thousand from Euro 2,900 thousand to Euro 1,939 thousand as of March 31st, 2023 due to the continuous decline of retail distribution.

Total cost of sales amounted to Euro 27,635 thousand, unchanged compared to the previous period, enabling a 12.2% gross profit increase (from Euro 54,840 thousand as of March 31st, 2022 to actual Euro 61,542 thousand).

Other income amounted to Euro 12,653 thousand, increased by Euro 4,531 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 console version 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., scheduled for launch during the next fiscal year;
- the development of a video game, currently under production, by the subsidiary Chrysalide Jeux et Divertissement Inc.;
- the development of Crime Boss: Rockay City by the subsidiary Ingame Studios a.s..

Total operating costs amounted to Euro 43,725 thousand, increased by 39.2% compared to the previous fiscal year. Payroll costs grew by Euro 7,777 thousand following the acquisition and the incorporation of several new development studios that have significantly increased the Group workforce. Cost for services grew by Euro 4,083 thousand due to marketing activity made by the newly consolidated 505 Go Inc.. and the launch of Crime Boss: Rockay City.

Gross operating margin (EBITDA) for the period amounted to Euro 30,470 thousand, corresponding to 34.2% of the consolidated net revenue, slightly decreasing by Euro 1,071 thousand from the Euro 31,541 thousand realized in the previous fiscal year.

Depreciation and amortization increased by Euro 141 thousand. Asset impairment charge amounted to Euro 580 thousand and reflected the write off of a videogame production for Euro 444 thousand and the difference related to doubtful trade receivables.

Impairment reversal consisted of the difference between the price paid for the acquisition of 505 Go Inc. and the net equity at the moment of acquisition.

Operating margin (EBIT) amounted to Euro 17,948 thousand, corresponding to 20.1% of the consolidated net revenue, compared to Euro 19,064 thousand as of March 31st, 2022.

Net interest income was positive by Euro 3,675 thousand compared to Euro 3,373 thousand realized in the previous fiscal year.

Profit before tax for the period ended March 31st, 2023 amounted to Euro 21,623 thousand, a Euro 814 thousand decrease compared to profit before tax of Euro 22,437 thousand as of March 31st, 2022.

Net profit amounted to Euro 15,711 thousand unchanged compared to Euro 15,716 thousand as of March 31st, 2022.

Net profit attributable to the Shareholders of the Parent Company amounted Euro 14,911 thousand.

Basic earnings per share and diluted earnings per share respectively were Euro 1.05 and Euro 1.01 compared to Euro 1.09 earnings per share as of March 31st, 2022..

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 negative Euro 310 thousand.

8. CONSOLIDATED BALANCE SHEET AS OF MARCH 31ST, 2023

Euro thousand		March 31 st , 2023	June 30 th , 2022	Change	
Non-current assets					
1	Property, plant and equipment	10,095	10,353	(258)	-2.5%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	150,163	104,089	46,074	44.3%
4	Equity investments	14,478	7,511	6,967	92.7%
5	Non-current receivables and other assets	17,847	14,072	3,775	26.8%
6	Deferred tax assets	15,297	12,829	2,468	19.2%
7	Non-current financial activities	22,063	18,257	3,806	20.8%
	Total non-current assets	229,943	167,111	62,832	37.6%
Current assets					
8	Inventories	3,625	4,173	(548)	-13.1%
9	Trade receivables	20,717	27,781	(7,064)	-25.4%
10	Tax receivables	2,598	2,926	(328)	-11.2%
11	Other current assets	12,976	13,030	(54)	-0.4%
12	Cash and cash equivalents	8,117	10,961	(2,844)	-25.9%
13	Other current financial assets	479	329	150	45.6%
	Total current assets	48,512	59,200	(10,688)	-18.1%
	TOTAL ASSETS	278,455	226,311	52,144	23.0%
Shareholders' equity					
14	Share capital	(5,706)	(5,705)	(1)	0.0%
15	Reserves	(26,981)	(22,030)	(4,951)	22.5%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(120,498)	(108,160)	(12,338)	11.4%
	Equity attributable to the shareholders of the Parent Company	(153,185)	(135,895)	(17,290)	12.7%
	Equity attributable to non-controlling interests	(2,223)	(1,423)	(800)	56.2%
	Total net equity	(155,408)	(137,318)	(18,090)	13.2%
Non-current liabilities					
18	Employee benefits	(876)	(761)	(115)	15.1%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(4,901)	(1,954)	(2,947)	n.m.
21	Non-current financial liabilities	(14,442)	(15,213)	771	-5.1%
	Total non-current liabilities	(20,300)	(18,009)	(2,291)	12.7%
Current liabilities					
22	Trade payables	(51,825)	(52,125)	300	-0.6%
23	Tax payables	(5,825)	(3,575)	(2,250)	n.m.
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(7,923)	(4,657)	(3,266)	70.1%
26	Current financial liabilities	(37,174)	(10,627)	(26,547)	n.m.
	Total current liabilities	(102,747)	(70,984)	(31,763)	44.7%
	TOTAL LIABILITIES	(123,047)	(88,993)	(34,054)	38.3%
	TOTAL NET EQUITY AND LIABILITIES	(278,455)	(226,311)	(52,144)	23.0%

Total non-current assets increased by Euro 62,832 thousand. Intangible assets increased by Euro 46,074 thousand, net of the depreciation for the period, due to the significant investment plan implemented by the Group in order to achieve its medium-long term 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 10,688 thousand compared to June 30th, 2022, mainly due to lower trade receivables for Euro 7,064 thousand.

Total non-current liabilities increased by Euro 2,291 thousand compared to June 30th, 2022. Total current liabilities increased by Euro 31,763 thousand due to higher current financial liabilities for Euro 26,547 thousand.

The following table details the Group's net financial position as of March 31st, 2023 together with comparative figures as of June 30th, 2022:

Euro thousand		March 31 st , 2023	June 30 th , 2022	Change
12	Cash and cash equivalents	8,117	10,961	(2,844)
13	Other current financial assets	479	329	150
26	Current financial liabilities	(37,174)	(10,627)	(26,547)
	Current net financial position	(28,578)	663	(29,241)
7	Non-current financial assets	22,063	18,257	3,806
21	Non-current financial liabilities	(14,442)	(15,213)	771
	Non-current financial liabilities	7,621	3,044	4,577
	Total net financial position	(20,957)	3,707	(24,664)

As expected, the net financial position decreased by Euro 24,664 thousand from positive Euro 3,707 thousand as of June 30th, 2022 to negative Euro 20,957 thousand, due to the significant investment plan implemented by the Group. Prospective free cash flow will enable the Group to maintain balanced the financial structure in the coming fiscal years.

Net of IFRS 16 recognized financial payables, the net financial position amounted to negative Euro 15,221 thousand.

9. FINANCIAL RATIOS

Profitability ratios	March 31 st , 2023	March 31 st , 2022
ROE (Net profit / Net equity)	9.7%	12.7%
ROI (Operating margin / Total assets)	6.4%	9.0%
ROS (Operating margin / Gross profit)	20.1%	22.9%

Structure ratios	March 31 st , 2023	March 31 st , 2022
Net working capital ratio (Current assets / Total assets)	17.4%	28.9%
Current ratio (Current assets / Current liabilities)	47.2%	94.6%
Quick ratio (Cash and cash equivalents and Other current assets / Current liabilities)	43.7%	85.1%

10. SEGMENT REPORTING

Premium Games

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Premium Games					
		March 31 st , 2023		March 31 st , 2022		Change	
1	Gross revenue	69,349	100.0%	74,270	100.1%	(4,921)	-6.6%
2	Revenue adjustments	0	0.0%	(100)	-0.1%	100	n.m.
3	Net revenue	69,349	100.0%	74,170	100.0%	(4,821)	-6.5%
4	Purchase of products for resale	(864)	-1.2%	(2,375)	-3.2%	1,511	-63.6%
5	Purchase of services for resale	(4,041)	-5.8%	(4,368)	-5.9%	327	-7.5%
6	Royalties	(13,386)	-19.3%	(18,229)	-24.6%	4,843	-26.6%
7	Changes in inventories of finished products	(276)	-0.4%	(528)	-0.7%	252	-47.7%
8	Total cost of sales	(18,567)	-26.8%	(25,500)	-34.4%	6,933	-27.2%
9	Gross profit (3+8)	50,782	73.2%	48,670	65.6%	2,112	4.3%
10	Other income	9,902	14.3%	5,298	7.1%	4,604	86.9%
11	Costs for services	(5,941)	-8.6%	(3,942)	-5.3%	(1,999)	50.7%
12	Rent and leasing	(90)	-0.1%	(168)	-0.2%	78	-46.1%
13	Payroll costs	(18,679)	-26.9%	(13,371)	-18.0%	(5,308)	39.7%
14	Other operating costs	(576)	-0.8%	(301)	-0.4%	(275)	91.7%
15	Total operating costs	(25,286)	-36.5%	(17,782)	-24.0%	(7,504)	42.2%
16	Gross operating margin (EBITDA) (9+10+15)	35,398	51.0%	36,186	48.8%	(788)	-2.2%
17	Depreciation and amortization	(9,853)	-14.2%	(10,268)	-13.8%	415	-4.0%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(565)	-0.8%	0	0.0%	(565)	n.m.
20	Impairment reversal	0	0.0%	50	0.1%	(50)	0.0%
21	Total depreciation, amortization and impairment adjustments	(10,418)	-15.0%	(10,218)	-13.8%	(200)	2.0%
22	Operating margin (EBIT) (16+21)	24,980	36.0%	25,968	35.0%	(988)	-3.8%

Crime Boss: Rockay City arrived on the market on March 28th 2023 with the launch of the personal computer version. It is the first of a series of videogames part of the significant investment plan implemented by the Group. First showcased last December during The Game Awards, the personal computer version of Crime Boss is exclusive to Epic Store only and the launch of the console version will follow in the last quarter of the current fiscal year.

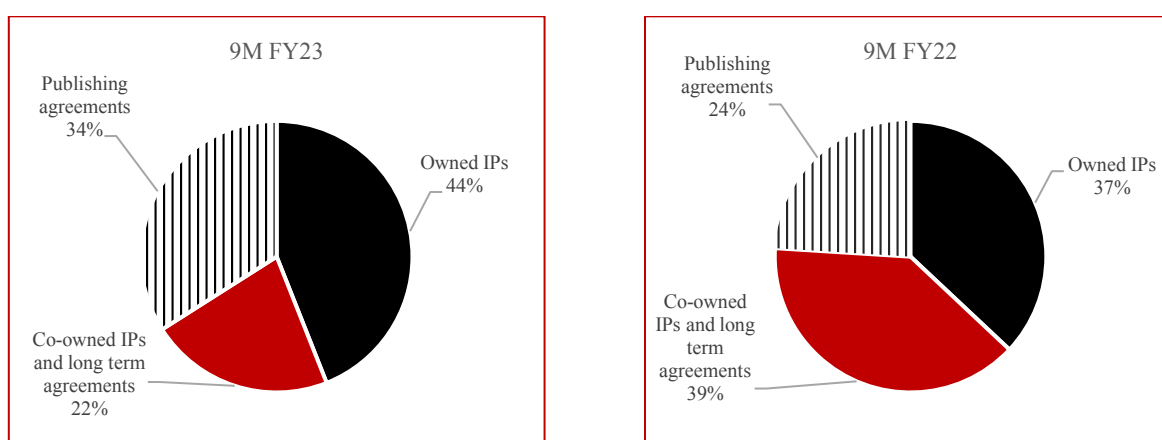
Crime Boss is one of the largest investments made by the Group through an internal studio and is a cooperative multiplayer videogame with a cast of outstanding actors. The videogame features enable a recurring drop of additional content, and, to that extent, the Group expects recurring revenue for multiple years to come.

The Premium Games operating segment represented 78% of the consolidated net revenue compared to 89% for the previous fiscal year, due to the incremental weight of the Free to Play revenue.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 44% of the total revenues for the operating segment from 37% as of March 31st, 2022.

The promotional activities performed by the Group in the period for Death Stranding were particularly effective thus enabling a significant growth in “publishing agreements” revenue (i.e. products over which the Group holds exclusive rights without IP ownership) compared to the previous fiscal year.

A breakdown of Premium Games revenue by the type of rights held by the Group as of March 31st, 2023 is provided below with comparative figures as of March 31st, 2022:



A breakdown by type is provided below:

Euro thousand	March 31st, 2023	March 31st, 2022	Change	
Retail distribution revenue	2,335	6,377	(4,042)	-63.4%
Digital distribution revenue	64,487	65,277	(790)	-1.2%
Sublicensing revenue	2,527	2,616	(89)	-3.4%
Total Premium Games revenue	69,349	74,270	(4,921)	-6.6%

Digital distribution revenue amounted approximately to 93% of the operating segment gross revenue.

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

Digital distribution revenue for the period ended March 31st, 2023 may be broken down by console type as follows:

Euro thousand	March 31st, 2023	March 31st, 2022	Change	
Console	21,912	27,071	(5,159)	-19.1%
Personal Computer	40,025	32,610	7,415	22.7%
Mobile	2,550	5,596	(3,046)	-54.4%
Total digital distribution revenue	64,487	65,277	(790)	-1.2%

Net revenue amounted to Euro 69,349 thousand in line with the gross revenue trend.

Total cost of sales decreased by Euro 6,933 thousand (-27.2%) due to lower royalties for Euro 4,843 thousand and lower purchase of products for resale for Euro 1,511 thousand.

Gross profit amounted to Euro 50,782 thousand, increasing by Euro 2,112 thousand compared to March 31st, 2022.

Other income amounted to Euro 9,902 thousand, increased by Euro 4,604 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., scheduled for launch during the next fiscal year;
- the development of a video game, currently under production, by the subsidiary Chrysalide Jeux et Divertissement Inc.;
- the development of Crime Boss: Rockay City by the subsidiary Ingame Studios a.s..

Total operating costs amounted to Euro 25,286 thousand increasing by 42.2% compared to the previous fiscal year. Payroll costs grew by Euro 5,308 thousand following the acquisition and the incorporation of several new development studios that have significantly increased the operating segment's workforce. Cost for services increased by Euro 1,999 thousand due to marketing activity for the launch of Crime Boss: Rockay City.

Gross operating margin (EBITDA) amounted to Euro 35,398 thousand, decreasing by Euro 788 thousand compared to Euro 36,186 thousand realized in the previous period. EBITDA represented 51% of the net revenue.

Depreciation and amortization decreased by Euro 415 thousand. Asset impairment charge amounted to Euro 565 thousand and reflected the write off of a videogame production for Euro 444 thousand and the difference related to doubtful trade receivables.

Operating margin (EBIT) amounted to Euro 24,980 thousand, compared to Euro 25,968 thousand as of March 31st, 2022.

Free to Play

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Free to Play					
		March 31 st , 2023		March 31 st , 2022		Change	
1	Gross revenue	17,235	100.0%	5,441	100.0%	11,794	n.m.
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	17,235	100.0%	5,441	100.0%	11,794	n.m.
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(2,773)	-16.1%	(526)	-9.7%	(2,247)	n.m.
6	Royalties	(4,711)	-27.3%	(130)	-2.4%	(4,581)	n.m.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(7,484)	-43.4%	(656)	-12.1%	(6,828)	n.m.
9	Gross profit (3+8)	9,751	56.6%	4,785	87.9%	4,966	n.m.
10	Other income	2,751	16.0%	2,812	51.7%	(61)	-2.2%
11	Costs for services	(2,438)	-14.1%	(717)	-13.2%	(1,721)	n.m.
12	Rent and leasing	(152)	-0.9%	(62)	-1.1%	(90)	n.m.
13	Payroll costs	(7,519)	-43.6%	(5,650)	-103.9%	(1,869)	33.1%
14	Other operating costs	(145)	-0.8%	(111)	-2.0%	(34)	30.5%
15	Total operating costs	(10,254)	-59.5%	(6,540)	-120.2%	(3,714)	56.8%
16	Gross operating margin (EBITDA) (9+10+15)	2,248	13.0%	1,057	19.4%	1,191	n.m.
17	Depreciation and amortization	(1,859)	-10.8%	(1,456)	-26.8%	(403)	27.7%
18	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	4.7%	0	0.0%	813	0.0%
21	Total depreciation, amortization and impairment adjustments	(1,046)	-6.1%	(1,456)	-26.8%	410	-28.1%
22	Operating margin (EBIT) (16+21)	1,202	7.0%	(399)	-7.3%	1,601	n.m.

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

Euro thousand	March 31 st , 2023	March 31 st , 2022	Change	
505 Go Inc.	12,746	0	12,746	n.m.
Gems of War	3,658	4,372	(714)	-16.3%
Puzzle Quest 3	250	98	152	n.m.
Other products	581	971	(390)	-40.2%
Total Free to Play revenue	17,235	5,441	11,794	n.m.

The Free to Play operating segment revenue more than tripled, increasing by Euro 11,794 thousand, from Euro 5,441 thousand as of March 31st, 2022 to actual Euro 17,235 thousand, boosted by the Euro 12,746 thousand revenue realized by the videogames published by 505 Go Inc..

Gems of War, developed by the Australian studio Infinity Plus Two acquired in January 2021, realized Euro 3,658 thousand revenue. 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 during the last quarter of the fiscal year.

The overall increase in the operating segment costs is determined by the acquisition of 505 Go Inc. that accounted for Euro 7,081 thousand cost of sales and a Euro 3,217 thousand operating costs.

Purchases of services for resale increased by Euro 2,247 thousand due to 505 Go Inc. live support costs for Euro 1,690 thousand. Details are provided below:

Euro thousand	March 31st, 2023	March 31st, 2022	Change
Live support	1.690	0	1.690
Quality assurance	359	42	317
Hosting	521	344	177
Other	203	140	63
Total purchase of products for resale	2.773	526	2.247

Royalties increased by Euro 4,581 thousand, from Euro 130 thousand as of March 31st, 2022 to actual Euro 4,711 thousand, in relation with the videogames published by 505 Go Inc..

Other income amounted to Euro 2,751 thousand decreasing by Euro 61 thousand compared to March 31st, 2022 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 the console version of Puzzle Quest 3 by the subsidiary Infinity Plus Two Pty Ltd..

Total operating costs amounted to Euro 10,254 thousand, increasing by Euro 3,7145 thousand compared to the previous fiscal year. Payroll costs grew by Euro 1,869 thousand and cost for services (mainly advertising related) increased by Euro 1,721 thousand following the consolidation of 505 Go Inc..

Gross operating margin (EBITDA) amounted to Euro 2,248 thousand (13% of the net revenue) increasing by Euro 1,191 thousand compared to Euro 1,057 thousand as of March 31st, 2022.

Depreciation and amortization as of March 31st, 2023 amounted to Euro 1,859 thousand and included Euro 1,320 thousand pertaining to the difference between the purchase price of the Australian companies and their net equity. 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 of the difference between the price paid for the acquisition of 505 Go Inc. and the net equity at the moment of acquisition.

Operating margin (EBIT) amounted to positive Euro 1,202 thousand compared to Euro 399 thousand as of March 31st, 2022.

Italian Distribution

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Italian Distribution					
		March 31 st , 2023		March 31 st , 2022		Change	
1	Gross revenue	1,939	102.7%	2,900	103.9%	(961)	-33.1%
2	Revenue adjustments	(51)	-2.7%	(109)	-3.9%	58	-52.7%
3	Net revenue	1,888	100.0%	2,791	100.0%	(903)	-32.4%
4	Purchase of products for resale	(1,312)	-69.5%	(1,545)	-55.3%	233	-15.1%
5	Purchase 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	(272)	-14.4%	(393)	-14.1%	121	-30.8%
8	Total cost of sales	(1,584)	-83.9%	(1,938)	-69.4%	354	-18.3%
9	Gross profit (3+8)	304	16.1%	853	30.5%	(549)	-64.4%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(194)	-10.3%	(513)	-18.4%	319	-62.1%
12	Rent and leasing	(11)	-0.6%	(16)	-0.6%	5	-35.1%
13	Payroll costs	(664)	-35.2%	(821)	-29.4%	157	-19.1%
14	Other operating costs	(33)	-1.8%	(69)	-2.5%	36	-51.9%
15	Total operating costs	(902)	-47.8%	(1,419)	-50.8%	517	-36.4%
16	Gross operating margin (EBITDA) (9+10+15)	(598)	-31.7%	(566)	-20.3%	(32)	5.7%
17	Depreciation and amortization	(108)	-5.7%	(107)	-3.8%	(1)	1.2%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(15)	-0.8%	(53)	-1.9%	38	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(123)	-6.5%	(160)	-5.7%	37	-23.3%
22	Operating margin (EBIT) (16+21)	(721)	-38.2%	(726)	-26.0%	5	-0.7%

The Italian Distribution operating sector revenue decreased by Euro 961 thousand from Euro 2,900 thousand to Euro 1,939 thousand as of March 31st, 2023.

Gross revenue is analyzed by type as follows:

Euro thousand	March 31 st , 2023	March 31 st , 2022	Change	
Distribution of console video games	535	1,255	(720)	-57.4%
Distribution of trading cards	1,402	1,480	(78)	-5.3%
Distribution of other products and services	2	165	(163)	-98.8%
Total Italian Distribution revenue	1,939	2,900	(961)	-33.1%

The distribution of console video games decreased by Euro 720 thousand while the distribution of trading cards is unchanged compared to the previous fiscal year. The distribution of trading cards appears not to be particularly

affected by digitalization, as it is a physical product by nature, rather it is mainly impacted by changes in consumer taste.

Total cost of sales amounted to Euro 1,584 thousand, decreasing by Euro 354 thousand compared to of March 31st, 2022 due to the decrease in purchase of products for resale. Inventories decreased by Euro 272 thousand.

Total operating costs amounted to Euro 902 thousand, a Euro 517 thousand decrease compared to Euro 1,419 thousand registered as of March 31st, 2022. As a result, the gross operating margin (EBITDA) was negative for Euro 598 thousand (negative Euro 566 thousand as of March 31st, 2022). The operating margin (EBIT) was negative for Euro 721 thousand compared to negative Euro 726 thousand as of March 31st, 2022.

Other Activities

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Other Activities					
		March 31 st , 2023		March 31 st , 2022		Change	
1	Gross revenue	705	100.0%	532	100.0%	173	32.5%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	705	100.0%	532	100.0%	173	32.5%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase 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)	705	100.0%	532	100.0%	173	32.5%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(407)	-57.8%	(223)	-41.9%	(184)	82.9%
12	Rent and leasing	(3)	-0.4%	(3)	-0.5%	0	0.0%
13	Payroll costs	(435)	-61.7%	(419)	-78.8%	(16)	3.8%
14	Other operating costs	(26)	-3.7%	(25)	-4.6%	(1)	6.4%
15	Total operating costs	(871)	-123.6%	(670)	-126.0%	(201)	29.9%
16	Gross operating margin (EBITDA) (9+10+15)	(166)	-23.6%	(138)	-26.0%	(28)	20.2%
17	Depreciation and amortization	(262)	-37.2%	(117)	-22.0%	(145)	n.m.
18	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	(262)	-37.2%	(117)	-22.0%	(145)	n.m.
22	Operating margin (EBIT) (16+21)	(428)	-60.8%	(255)	-48.0%	(173)	67.7%

Other Activities revenues increased by Euro 173 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 184 thousand and payroll costs for Euro 16 thousand. Total depreciation, amortization and impairment adjustments increased by Euro 145 thousand due to the amortization of the software developed by the subsidiary Seekhana Ltd. to support the new courses. The operating loss of Euro 428 thousand as of March 31st, 2023 increased compared to the negative EBIT of Euro 255 thousand registered at March 31st, 2022.

Holding

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Holding					
		March 31 st , 2023		March 31 st , 2022		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	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase 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%	12	0.0%	(12)	n.m.
11	Costs for services	(1,549)	0.0%	(1,051)	0.0%	(498)	47.4%
12	Rent and leasing	(193)	0.0%	(107)	0.0%	(86)	79.3%
13	Payroll costs	(4,129)	0.0%	(3,388)	0.0%	(741)	21.9%
14	Other operating costs	(541)	0.0%	(464)	0.0%	(77)	16.6%
15	Total operating costs	(6,412)	0.0%	(5,010)	0.0%	(1,402)	28.0%
16	Gross operating margin (EBITDA) (9+10+15)	(6,412)	0.0%	(4,998)	0.0%	(1,414)	28.3%
17	Depreciation and amortization	(673)	0.0%	(666)	0.0%	(7)	1.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(13)	0.0%	13	0.0%
20	Impairment reversal	0	0.0%	153	0.0%	(153)	0.0%
21	Total depreciation, amortization and impairment adjustments	(673)	0.0%	(526)	0.0%	(147)	28.1%
22	Operating margin (EBIT) (16+21)	(7,085)	0.0%	(5,524)	0.0%	(1,561)	28.3%

Total operating costs amounted to Euro 6,412 thousand, increasing by Euro 1,402 thousand compared to March 31st, 2022, due to higher payroll costs following the increase in the Group's coordination activities and services caused by the recent acquisitions.

The operating margin (EBIT) was negative for Euro 7,085 thousand compared to a negative Euro 5,524 thousand as of March 31st, 2022.

11. Q3 FY23 CONSOLIDATED PROFIT AND LOSS STATEMENT

	Euro thousand	Q3 2022/2023		Q3 2021/2022		Change	
1	Gross revenue	29,391	100.0%	27,625	100.1%	1,765	6.4%
2	Revenue adjustments	(5)	0.0%	(16)	-0.1%	11	-69.1%
3	Net revenue	29,386	100.0%	27,609	100.0%	1,777	6.4%
4	Purchase of products for resale	(638)	-2.2%	(1,116)	-4.0%	478	-42.8%
5	Purchase of services for resale	(2,450)	-8.3%	(1,936)	-7.0%	(514)	26.6%
6	Royalties	(4,233)	-14.4%	(4,666)	-16.9%	432	-9.3%
7	Changes in inventories of finished products	(126)	-0.4%	(207)	-0.8%	82	-39.5%
8	Total cost of sales	(7,447)	-25.3%	(7,925)	-28.7%	478	-6.0%
9	Gross profit (3+8)	21,939	74.7%	19,684	71.3%	2,255	11.5%
10	Other income	4,682	15.9%	2,967	10.7%	1,714	57.8%
11	Costs for services	(3,186)	-10.8%	(2,241)	-8.1%	(944)	42.1%
12	Rent and leasing	(140)	-0.5%	(123)	-0.4%	(16)	13.7%
13	Payroll costs	(10,859)	-37.0%	(8,147)	-29.5%	(2,711)	33.3%
14	Other operating costs	(543)	-1.8%	(316)	-1.1%	(226)	71.8%
15	Total operating costs	(14,728)	-50.1%	(10,827)	-39.2%	(3,902)	36.0%
16	Gross operating margin (EBITDA) (9+10+15)	11,893	40.5%	11,824	42.8%	69	0.6%
17	Depreciation and amortization	(5,292)	-18.0%	(5,023)	-18.2%	(269)	5.4%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(8)	0.0%	7	-94.9%
20	Impairment reversal	0	0.0%	45	0.2%	(45)	n.m.
21	Total depreciation, amortization and impairment adjustments	(5,292)	-18.0%	(4,986)	-18.1%	(304)	6.1%
22	Operating margin (EBIT) (16+21)	6,601	22.5%	6,838	24.8%	(237)	-3.5%
23	Interest and financial income	1,048	3.6%	1,689	6.1%	(641)	-38.0%
24	Interest and financial expenses	(1,180)	-4.0%	(816)	-3.0%	(364)	44.5%
25	Net interest income/(expenses)	(132)	-0.4%	873	3.2%	(1,005)	n.m.
26	Profit/ (loss) before tax (22+25)	6,469	22.0%	7,711	27.9%	(1,242)	-16.1%
27	Current tax	(1,477)	-5.0%	(2,366)	-8.6%	889	-37.6%
28	Deferred tax	(262)	-0.9%	(19)	-0.1%	(243)	n.m.
29	Total taxes	(1,739)	-5.9%	(2,385)	-8.6%	646	-27.1%
30	Net profit/loss	4,730	16.1%	5,326	19.3%	(596)	-11.2%
	attributable to the shareholders of the Parent Company	3,620	12.3%	4,919	17.8%	(1,299)	-26.4%
	attributable to non-controlling interests	1,110	3.8%	407	1.5%	703	n.m.
	Earnings per share:						
33	Basic earnings per share (in Euro)	0.26		0.34		(0.08)	-23.5%
34	Diluted earnings per share (in Euro)	0.24		0.37		(0.13)	-36.7%

The third quarter net revenue amounted to Euro 29,386 thousand, a 6.4% increase compared to the previous fiscal year, benefitting from a Euro 3,008 thousand increase in Free to Play revenue and a Euro 968 thousand decrease in Premium Games revenue.

Total cost of sales decreased by Euro 478 thousand enabling a Euro 2,255 thousand gross profit increase (from 19,684 thousand as of March 31st, 2022 to actual Euro 21,939 thousand). Total operating costs increased from Euro 10,827 thousand to actual Euro 14,728 thousand due to an overall increase in payroll costs, thus resulting in a quarterly gross operating margin (EBITDA) of Euro 11,893 thousand, in line with the previous fiscal year.

Net profit amounted to Euro 4,730 thousand compared to Euro 5,326 thousand as of March 31st, 2022.

Below the third quarter Premium Games operating segment analysis:

Consolidated amounts in Euro thousand		Premium Games					
		Q3 2022/2023		Q3 2021/2022		Change	
1	Gross revenue	23,954	100.0%	24,922	100.1%	(968)	-3.9%
2	Revenue adjustments	(0)	0.0%	(15)	-0.1%	15	-97.2%
3	Net revenue	23,953	100.0%	24,907	100.0%	(954)	-3.8%
4	Purchase of products for resale	(405)	-1.7%	(776)	-3.1%	371	-47.8%
5	Purchase of services for resale	(1,506)	-6.3%	(1,754)	-7.0%	248	-14.1%
6	Royalties	(2,941)	-12.3%	(4,596)	-18.5%	1,654	-36.0%
7	Changes in inventories of finished products	(37)	-0.2%	(24)	-0.1%	(13)	53.5%
8	Total cost of sales	(4,889)	-20.4%	(7,150)	-28.7%	2,261	-31.6%
9	Gross profit (3+8)	19,064	79.6%	17,757	71.3%	1,307	7.4%
10	Other income	3,817	15.9%	2,199	8.8%	1,619	73.6%
11	Costs for services	(1,735)	-7.2%	(1,246)	-5.0%	(489)	39.2%
12	Rent and leasing	(45)	-0.2%	(75)	-0.3%	30	-40.5%
13	Payroll costs	(6,792)	-28.4%	(4,893)	-19.6%	(1,899)	38.8%
14	Other operating costs	(285)	-1.2%	(94)	-0.4%	(189)	n.m.
15	Total operating costs	(8,857)	-37.0%	(6,308)	-25.3%	(2,549)	40.4%
16	Gross operating margin (EBITDA) (9+10+15)	14,024	58.5%	13,648	54.8%	376	2.8%
17	Depreciation and amortization	(4,279)	-17.9%	(4,094)	-16.4%	(185)	4.5%
18	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%	45	0.2%	(45)	0.0%
21	Total depreciation, amortization and impairment adjustments	(4,279)	-17.9%	(4,049)	-16.3%	(230)	5.7%
22	Operating margin (EBIT) (16+21)	9,745	40.7%	9,599	38.5%	146	1.5%

The third quarter gross revenue of the Premium Games operating segment decreased by Euro 968 thousand compared to March 31st, 2022.

Total cost of sales decreased by Euro 2,261 thousand, enabling a 7.4% gross profit increase (from Euro 17,757 thousand to actual Euro 19,064 thousand).

Total operating costs amounted to Euro 8,857 thousand, increased by Euro 2,549 thousand compared to the previous fiscal year. Payroll costs increased by Euro 1,899 thousand following the acquisition and the incorporation of several new development studios that have significantly increased the operating segment's workforce.

Total depreciation, amortization and impairment adjustments increased by Euro 230 thousand, thus resulting in a Euro 9,745 thousand operating margin (EBIT) compared to Euro 9,599 thousand at March 31st, 2022, (40.7% of net revenue).

Below the third quarter Free to Play operating segment analysis:

Consolidated amounts in Euro thousand		Free to Play					
		Q3 2022/2023		Q3 2021/2022		Change	
1	Gross revenue	4,779	100.0%	1,771	100.0%	3,008	n.m.
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	4,779	100.0%	1,771	100.0%	3,008	169.9%
4	Purchase of products for resale	0	0.0%	(0)	0.0%	0	0.0%
5	Purchase of services for resale	(944)	-19.7%	(182)	-10.3%	(761)	n.m.
6	Royalties	(1,292)	-27.0%	(70)	-4.0%	(1,222)	n.m.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(2,236)	-46.8%	(252)	-14.3%	(1,982)	n.m.
9	Gross profit (3+8)	2,543	53.2%	1,519	85.8%	1,023	67.4%
10	Other income	865	18.1%	759	42.9%	106	13.9%
11	Costs for services	(753)	-15.8%	(426)	-24.0%	(327)	76.8%
12	Rent and leasing	(30)	-0.6%	(20)	-1.1%	(11)	52.3%
13	Payroll costs	(2,203)	-46.1%	(1,846)	-104.3%	(357)	19.3%
14	Other operating costs	(43)	-0.9%	(38)	-2.2%	(5)	13.0%
15	Total operating costs	(3,029)	-63.4%	(2,330)	-131.6%	(699)	30.0%
16	Gross operating margin (EBITDA) (9+10+15)	379	7.9%	(52)	-2.9%	431	n.m.
17	Depreciation and amortization	(660)	-13.8%	(559)	-31.6%	(100)	18.0%
18	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	(660)	-13.8%	(559)	-31.6%	(100)	18.0%
22	Operating margin (EBIT) (16+21)	(281)	-5.9%	(611)	-34.5%	330	-54.0%

The Free to Play operating segment revenue increased by Euro 3,008 thousand, from Euro 1,771 thousand as of March 31st, 2022 to actual Euro 4,779 thousand, benefiting from the Euro 3,366 thousand revenue realized by the videogames published by 505 Go Inc.. As for the revenue trend, the overall increase in the operating segment costs

is also determined by the acquisition of 505 Go Inc., that accounted for Euro 2,084 thousand cost of sales and Euro 825 thousand operating costs.

Gross operating margin (EBITDA) amounted to Euro 379 thousand compared to negative Euro 52 thousand as of March 31st, 2022.

Depreciation and amortization as of March 31st, 2023 amounted to Euro 660 thousand and included Euro 440 thousand pertaining to the difference between the purchase price of the Australian companies and their net equity. The remainder mainly related to the IFRS 16 application to rental contracts together with the amortization for the period of the Group's intellectual properties. The operating margin (EBIT) amounted to negative Euro 281 thousand, compared to negative Euro 611 thousand realized at March 31st, 2022.

Below the third quarter Italian Distribution operating segment analysis:

Consolidated amounts in Euro thousand		Italian Distribution					
		Q3 2022/2023		Q3 2021/2022		Change	
1	Gross revenue	432	101.3%	711	100.1%	(279)	-39.2%
2	Revenue adjustments	(5)	-1.1%	(1)	-0.1%	(4)	n.m.
3	Net revenue	427	100.0%	710	100.0%	(283)	-39.9%
4	Purchase of products for resale	(233)	-54.6%	(340)	-47.9%	107	-31.4%
5	Purchase 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	(89)	-20.8%	(183)	-25.8%	94	-51.6%
8	Total cost of sales	(322)	-75.4%	(523)	-73.6%	201	-38.4%
9	Gross profit (3+8)	105	24.6%	187	26.3%	(82)	-43.8%
10	Other income	0	-0.1%	0	0.0%	0	0.0%
11	Costs for services	(52)	-12.1%	(114)	-16.1%	62	-54.7%
12	Rent and leasing	(4)	-0.9%	(4)	-0.5%	(0)	4.9%
13	Payroll costs	(239)	-55.9%	(237)	-33.3%	(2)	0.8%
14	Other operating costs	(2)	-0.5%	(21)	-3.0%	19	-88.9%
15	Total operating costs	(297)	-69.7%	(376)	-52.9%	79	-20.9%
16	Gross operating margin (EBITDA) (9+10+15)	(192)	-45.0%	(189)	-26.6%	(3)	1.5%
17	Depreciation and amortization	(36)	-8.5%	(36)	-5.0%	0	1.7%
18	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	(36)	-8.5%	(36)	-5.0%	(2)	1.7%
22	Operating margin (EBIT) (16+21)	(228)	-53.5%	(225)	-108.6%	(3)	1.5%

The third quarter revenue of the Italian Distribution operating segment showed a 39.2% decrease from Euro 711 thousand at March 31st, 2022 to actual Euro 432 thousand due to a decrease in distribution of console video games revenue.

Total cost of sales decreased by 38.4%, resulting in a Euro 82 thousand decrease in gross profit (from Euro 187 thousand to actual Euro 105 thousand).

Total operating costs decreased by Euro 79 thousand, thus resulting in a gross operating margin (EBITDA) negative for Euro 192 thousand, in line with the previous fiscal year.

The third quarter operating loss (EBIT) of the Other Activities operating segment amounted to Euro 141 thousand, compared to the negative EBIT of Euro 117 thousand at March 31st, 2022.

The third quarter operating loss (EBIT) of the Holding operating segment amounted to Euro 2,494 thousand, increasing by Euro 687 thousand compared to the operating loss of Euro 1,807 thousand of the previous fiscal year, due to lower payroll and consultancy costs.

12. CONTINGENT ASSETS AND LIABILITIES

The sale of rights to PAYDAY2 by the Group to Starbreeze, 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 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.

13. SUBSEQUENT EVENTS

On April 28th, 2023, Starbreeze announced a rights issue of approximately SEK 450 million to be approved by the forthcoming Extraordinary General Meeting convened on May 24th, 2023. Digital Bros Group holds 11.96% of the share capital and 29.09% of the voting rights and together with other major shareholders of the Swedish company have agreed to vote in favor of the rights issue at the Extraordinary General Meeting. Digital Bros Group has committed to underwrite the pro-rata share of the rights issue, corresponding to approximately SEK 54 million, and to an incremental commitment for a maximum undersubscription of SEK 100 million. The payment of the potential incremental subscription will be made through a partial set-off against a credit of SEK 150 million. This credit was part of Starbreeze reconstruction plan and originally amounted to SEK 165 million. The Group has also committed to convert the total outstanding convertible loan of approximately SEK 215 million within 30 days from the last date of the subscription period of the rights issue. The conversion of the convertible loan is conditional upon the positive outcome of the rights issue and will take place only after recalculated the new conversion price (the original conversion price of SEK 2.25 per share had already been recalculated at SEK 1.63 per share due to the share capital increase realized by Starbreeze in September 2020). For further details on Starbreeze AB rights issue, refer to Starbreeze press release available on Starbreeze corporate website corporate.starbreeze.com/en/press/.

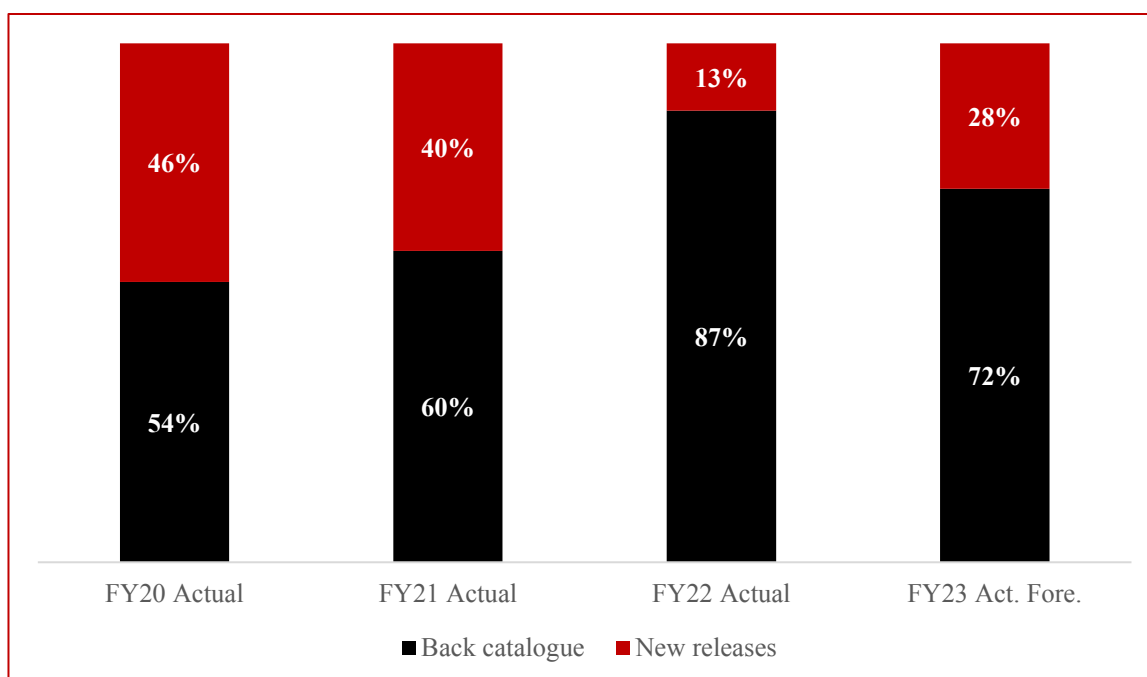
14. BUSINESS OUTLOOK

The Group's new releases arrived on the market starting March 28th, 2023 with the launch of Crime Boss: Rockay City on personal computer followed by the launch of Crime Boss console versions and Miasma Chronicles on all platforms during the fourth quarter. Revenue for the full fiscal year will also benefit from the revenue realized by the newly acquired 505 Go!. Considering the above, the Group expects increasing consolidated revenue for the entire fiscal year.

The Group has planned to invest more than Euro 80 million in the current fiscal year and, as a result of that, expects increasing revenue for at least the next two fiscal years.

The mix of revenue as of June 30th, 2022, made by back catalogue products and Assetto Corsa, enabled a significant EBIT level; this is expected to change when the new releases will arrive to the market. In fact, the launch of new intellectual properties will initially reduce margin percentages on revenue due to the initial marketing and production investments, but the Group does not expect significant change in the consolidated EBIT for the full fiscal year in absolute terms.

A breakdown of back catalogue and new releases of Premium Games' revenue expected for the full fiscal year with previous years comparisons is shown in the chart below. The new launches during the second half of the fiscal year will take the sale of new releases to the 28% of the full year forecast revenues:



In accordance with the significant investments during the period and that 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 decrease until the end of the current fiscal year.

15. OTHER INFORMATION

EMPLOYEES

The following table details the number of employees as of March 31st, 2023 with comparative figures as at March 31st, 2022:

Category	March 31 st , 2023	March 31 st , 2022	Change
Managers	14	13	1
Office workers	411	353	58
Blue-collar workers and apprentices	5	4	1
Total employees	430	370	60

The increase in the number of office workers reflected the overall increase in Chrysalide Jeux et Divertissement Inc.'s and 505 Games Ltd. and DR Studios Ltd.'s workforce.

The following table reports the number of employees of non-Italian companies as of March 31st, 2023 with comparative figures as of March 31st, 2022:

Category	March 31 st , 2023	March 31 st , 2022	Change
Managers	8	8	0
Office workers	311	267	44
Total employees outside Italy	295	275	44

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	13	1
Office workers	391	340	51
Blue-collar workers and apprentices	5	4	1
Total employees	410	357	53

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	8	1
Office workers	292	257	35
Total employees	301	265	36

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 exceptionally 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.



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Interim Report as of March 31st, 2023



FINANCIAL STATEMENTS



Consolidated balance sheet as of March 31st, 2023

Euro thousand		March 31 st , 2023	June 30 th , 2022
	Non-current assets		
1	Property, plant and equipment	10,095	10,353
2	Investment properties	0	0
3	Intangible assets	150,163	104,089
4	Equity investments	14,478	7,511
5	Non-current receivables and other assets	17,847	14,072
6	Deferred tax assets	15,297	12,829
7	Non-current financial activities	22,063	18,257
	Total non-current assets	229,943	167,111
	Current assets		
8	Inventories	3,625	4,173
9	Trade receivables	20,717	27,781
10	Tax receivables	2,598	2,926
11	Other current assets	12,976	13,030
12	Cash and cash equivalents	8,117	10,961
13	Other current financial assets	479	329
	Total current assets	48,512	59,200
	TOTAL ASSETS	278,455	226,311
	Shareholders' equity		
14	Share capital	(5,706)	(5,705)
15	Reserves	(26,981)	(22,030)
16	Treasury shares	0	0
17	Retained earnings	(120,498)	(108,160)
	Equity attributable to the shareholders of the Parent Company	(153,185)	(135,895)
	Equity attributable to non-controlling interests	(2,223)	(1,423)
	Total net equity	(155,408)	(137,318)
	Non-current liabilities		
18	Employee benefits	(876)	(761)
19	Non-current provisions	(81)	(81)
20	Other non-current payables and liabilities	(4,901)	(1,954)
21	Non-current financial liabilities	(14,442)	(15,213)
	Total non-current liabilities	(20,300)	(18,009)
	Current liabilities		
22	Trade payables	(51,825)	(52,125)
23	Tax payables	(5,825)	(3,575)
24	Short term provisions	0	0
25	Other current liabilities	(7,923)	(4,657)
26	Current financial liabilities	(37,174)	(10,627)
	Total current liabilities	(102,747)	(70,984)
	TOTAL LIABILITIES	(123,047)	(88,993)
	TOTAL NET EQUITY AND LIABILITIES	(278,455)	(226,311)

Consolidated profit and loss statement for the period ended March 31st, 2023

	Euro thousand	March 31st, 2023	March 31st, 2022
1	Gross revenue	89,228	83,143
2	Revenue adjustments	(51)	(209)
3	Net revenue	89,177	82,934
4	Purchase of products for resale	(2,176)	(3,920)
5	Purchase of services for resale	(6,814)	(4,894)
6	Royalties	(18,097)	(18,359)
7	Changes in inventories of finished products	(548)	(921)
8	Total cost of sales	(27,635)	(28,094)
9	Gross profit (3+8)	61,542	54,840
10	Other income	12,653	8,122
11	Costs for services	(10,529)	(6,446)
12	Rent and leasing	(449)	(356)
13	Payroll costs	(31,426)	(23,649)
14	Other operating costs	(1,321)	(970)
15	Total operating costs	(43,725)	(31,421)
16	Gross operating margin (EBITDA) (9+10+15)	30,470	31,541
17	Depreciation and amortization	(12,755)	(12,614)
18	Provisions	0	0
19	Asset impairment charge	(580)	(66)
20	Impairment reversal	813	203
21	Total depreciation, amortization and impairment adjustments	(12,522)	(12,477)
22	Operating margin (EBIT) (16+21)	17,948	19,064
23	Interest and financial income	8,583	5,535
24	Interest and financial expenses	(4,908)	(2,162)
25	Net interest income/(expenses)	3,675	3,373
26	Profit/ (loss) before tax (22+25)	21,623	22,437
27	Current tax	(5,724)	(6,935)
28	Deferred tax	(188)	214
29	Total taxes	(5,912)	(6,721)
30	Net profit/loss	15,711	15,716
	attributable to the shareholders of the Parent Company	14,911	15,544
	attributable to non-controlling interests	800	172
	Earnings per share:		
33	Basic earnings per share (in Euro)	1.05	1.09
34	Diluted earnings per share (in Euro)	1.01	1.09

Consolidated comprehensive income statement as of March 31st, 2023

Euro thousand	March 31st, 2023	March 31st, 2022
Profit (loss) for the period (A)	15,711	15,716
Actuarial gain (loss)	(3)	(20)
Income tax relating to actuarial gain (loss)	1	5
Changes in the fair value	7,115	(2,776)
Tax effect regarding fair value measurement of financial assets	(1,708)	666
Items that will not be subsequently reclassified to profit or loss (B)	5,405	(2,125)
Exchange differences on translation of foreign operations	(593)	288
Items that will subsequently be reclassified to profit or loss (C)	(593)	288
Total other comprehensive income D= (B)+(C)	4,812	(1,837)
Total comprehensive income (loss) (A)+(D)	20,523	13,879
Attributable to:		
Shareholders of the Parent Company	19,723	13,707
Non-controlling interests	800	(172)

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.

Consolidated cash flow statement as of March 31st, 2023

Euro thousand	March 31 st , 2023	March 31 st , 2022
A. Opening net cash/debt	10,961	35,509
B. Cash flows from operating activities		
Profit (loss) for the period	15,711	15,716
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	(580)	(66)
Amortization of intangible assets	10,775	11,218
Depreciation of property, plant and equipment	1,980	1,396
Net change in tax advance	(2,468)	(1,715)
Net change in employee benefit provisions	115	74
Net change in other non-current liabilities	4,946	(1,168)
SUBTOTAL B.	30,479	25,455
C. Change in net working capital		
Inventories	548	921
Trade receivables	7,200	5,118
Current tax assets	328	(631)
Other current assets	54	(831)
Trade payables	(300)	(6,247)
Current tax liabilities	2,250	(1,271)
Current provisions	0	(0)
Other current liabilities	3,266	(4,729)
Other non-current liabilities	2,947	(1,376)
Non-current receivables and other assets	(3,775)	(2,361)
SUBTOTAL C.	12,518	(11,407)
D. Cash flows from investing activities		
Net payments for intangible assets	(56,405)	(37,226)
Net payments for property, plant and equipment	(1,722)	(2,222)
Net payments for non-current financial assets	(6,967)	2,813
SUBTOTAL D.	(65,094)	(36,635)
E. Cash flows from financing activities		
Capital increases	1	0
Changes in financial liabilities	25,776	11,014
Changes in financial assets	(3,956)	(516)
SUBTOTAL E.	21,821	10,498
F. Changes in consolidated equity		
Dividends paid	(2,568)	(2,567)
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
SUBTOTAL F.	(2,568)	(2,567)
G. Cash flow for the period (B+C+D+E+F)	(2,844)	(14,656)
H. Closing net cash/debt (A+G)	8,117	20,853

Consolidated statement of changes in equity as of March 31st, 2023

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
Dividend paid									(2,567)		(2,567)	(2,567)		(2,567)
Other changes						247	247				0	247	423	670
Comprehensive income (loss)					288	(2,125)	(1,837)			15,544	15,544	13,707	172	13,879
Total on March 31st, 2022	5,704	18,486	1,141	1,367	(1,051)	1,483	21,426	0	79,614	15,544	95,158	122,288	1,485	123,773
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
Dividend paid									(2,568)		(2,568)	(2,568)		(2,568)
Other changes						118	118		(5)		(5)	113		113
Comprehensive income (loss)					(593)	5,405	4,812			14,911	14,911	19,723	800	20,523
Total on March 31st, 2023	5,706	18,528	1,141	1,367	(1,204)	7,149	26,981	0	105,587	14,911	120,498	153,185	2,223	155,408



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Interim Report as of March 31st, 2023



EXPLANATORY NOTES



INTRODUCTORY NOTE

Digital Bros S.p.A. Interim Report as of March 31st, 2023 was approved by the Board of Directors of May 11th, 2023 which also authorized the publication of the Report and the related press release.

The Interim Report as of March 31st, 2023 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 reporting.

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 March 31st, 2023 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.

Accounting standards, amendments and IFRS interpretations applied from July 1st, 2022

For further information on the accounting standards adopted by the Group, refer to pertaining section of the Consolidated financial statements as of June 30th, 2022, available on the corporate website.

In application of the European Regulation, the principles adopted do not consider the standards and interpretations published by the IASB and the IFRIC as at March 31st, 2023, but not yet endorsed by the European Union at that date.

The Group will adopt the applicable accounting standards and IFRS interpretations issued but not yet mandatorily applicable when they will enter into force.

BALANCE SHEET

NON-CURRENT ASSETS

Total non-current assets increased by Euro 62,832 thousand. Intangible assets increased by Euro 46,074 thousand, net of the amortization for the period, due to the significant investment plan implemented by the Group in order to achieve its medium-long term growth objectives.

Total investments on intangible assets are detailed below with prior year comparative figures:

Euro thousand	March 31st, 2023	March 31st, 2022
Premium Games rights	7,713	4,380
Management systems	224	539
Total investments on concessions and licenses (1)	7,937	4,919
Total investments on trademarks and other intangible assets (2)	30	13
Total investments in internal studios developed videogames (3)	18,040	10,334
Total assets in development for third-parties IPs (4)	30,398	
Total investments on assets in development (5)=(3)+(4)	48,438	32,294
Total investments on intangible assets (1)+(2)+(5)	56,405	37,226

Total equity investments increased by Euro 6,967 thousand due to the adjustment of the shares held in companies listed on regulated markets to market value as of March 31st, 2023. Details below:

Euro thousand	March 31st, 2023	June 30th, 2022	Change
MSE&DB SI	5	5	0
Artractive S.A.	9	9	0
Total investments in associated companies	14	14	0
Starbreeze – STAR A shares	10,019	5,180	4,839
Starbreeze – STAR B shares	4,122	1,926	2,196
Noobz from Poland s.a.	323	391	(68)
Total other investments	14,464	7,497	6,967
Total equity investments	14,478	7,511	6,967

Total non-current receivables and other assets amounted to Euro 17,847 thousand and increased by Euro 3,775 thousand compared to June 30th, 2022.

Euro thousand	March 31st, 2023	June 30th, 2022	Change
Starbreeze AB receivables	13,920	13,151	769
Royalty receivables	3,046	0	3,046
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	241	281	(40)
Guarantee deposits – other	5	5	0
Total non-current receivables and other assets	17,847	14,072	3,775

As of March 31st, 2023, the Starbreeze receivable amounted to Euro 13,920 thousand and included:

- the receivable purchased from Smilegate Holdings for a consideration of Euro 100 thousand with a nominal amount of around SEK 165 million. The value at March 31st, 2023 has been restated as

financial income and adjusted to the exchange rate at the end of the period for Euro 769 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 March 31st, 2023, the receivable amounted to Euro 9,495 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 March 31st, 2023, the receivable amounted to Euro 4,425 thousand.

Royalty receivables consisted of the advance royalties payment made by 505 Games S.p.A. and 505 Go Inc. and which are expected to 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 value. They have been estimated at the tax rates expected in the period during which the assets will be realized or settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets amounted to Euro 15,297 thousand as of March 31st, 2023, increasing by Euro 2,468 thousand compared to June 30th, 2022 due to the recognition of deferred tax assets for Euro 3,647 thousand relating to the tax losses carried forward of the newly acquired subsidiary 505 Go Inc..

CURRENT ASSETS

Total current assets decreased by Euro 10,688 thousand compared to June 30th, 2022, due to lower trade receivables for Euro 7,064 thousand and lower cash and cash equivalents for Euro 2,844 thousand.

Other current assets are analyzed below:

Euro thousand	March 31st, 2023	June 30th, 2022	Change
Receivables for video game user licensing rights	4,591	3,264	1,327
Advances for video game development operating costs	5,589	6,648	(1,059)
Advances to suppliers	2,666	2,963	(297)
Other receivables	130	155	(25)
Total other current assets	12,976	13,030	54

Receivables for video game user licenses rights were advances paid for licenses not yet exploited or completely exploited as at the reporting date. They increased by Euro 1,327 thousand over the period to stand at Euro 4,591 thousand, mainly due to the accounting of the advances paid by 505 Go Inc..

Advances for video game development operating costs amounted to Euro 5,589 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 20,330 thousand, increasing by Euro 2,291 thousand due to higher other non-current financial payables and liabilities totaling Euro 4,901 thousand as of March 31st, 2023 and including:

- the Euro 1,813 thousand portion of the debt due beyond twelve months for the acquisition of the Australian companies;
- the Euro 2,145 thousand residual portion of the purchase price of 505 Go Inc.;
- the Euro 943 thousand cost for the 2021-2027 Medium-Long Term Monetary Incentives Plan that will be paid within forty-five days from the Shareholders' Meeting approval of the financial statements as of June 30th, 2024.

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.

Non-current financial liabilities amounted to Euro 14,442 thousand and consisted of loans due beyond twelve months and other non-current financial liabilities.

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 previous year result							0		28,546	(28,546)	0	0	0	0
Dividend paid									(2,568)		(2,568)	(2,568)		(2,568)
Other changes						118	118		(5)		(5)	113		113
Comprehensive income (loss)					(593)	5,405	4,812			14,911	14,911	19,723	800	20,523
Total on March 31st, 2023	5,706	18,528	1,141	1,367	(1,204)	7,149	26,981	0	105,587	14,911	120,498	153,185	2,223	155,408

14. Share capital

The share capital as of March 31st, 2023 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 79 thousand to adjust the stock option reserve and positive Euro 3,944 thousand consisting of:

- Euro 5,293 thousand to adjust the reserve for fair value measurement of financial assets;
- Euro 114 thousand (positive) to adjust the cash flow hedge reserve;
- Euro 2 thousand (negative) to adjust the actuarial reserve.

NET FINANCIAL POSITION

The following table contains details of the Group's net financial position as of March 31st, 2023 together with comparative figures as of June 30th, 2022:

	Euro thousand	March 31 st , 2023	June 30 th , 2022	Change
12	Cash and cash equivalents	8,117	10,961	(2,844)
13	Other current financial assets	479	329	150
26	Current financial liabilities	(37,174)	(10,627)	(26,547)
	Current net financial position	(28,578)	663	(29,241)
7	Non-current financial assets	22,063	18,257	3,806
21	Non-current financial liabilities	(14,442)	(15,213)	771
	Non-current financial liabilities	7,621	3,044	4,577
	Total net financial position	(20,957)	3,707	(24,664)

As expected, the net financial position decreased by Euro 24,664 thousand from positive Euro 3,707 thousand as of June 30th, 2022 to negative Euro 20,957 thousand, due to the significant investment plan implemented by the Group. Prospective free cash flow will enable the Group to maintain balanced the financial structure in the coming fiscal years.

Net of IFRS 16 recognized financial payables, the net financial position amounted to negative Euro 15,221 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	March 31 st , 2023	June 30 th , 2022	Change	
A.	Cash	8,117	10,961	(2,844)	-25.9%
B.	Cash equivalents	0	0	150	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	8,117	10,961	(2,844)	-25.9%
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	37,174	10,627	26,547	n.m.
G.	Current financial indebtedness (E + F)	37,174	10,627	26,547	n.m.
H.	Net current financial indebtedness (G - D)	29,058	(334)	29,392	n.m.
I.	Non-current financial liabilities (excluding current portion and debt instruments)	14,442	15,213	(771)	5.1%
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)	14,442	15,213	(771)	-5.1%
M.	Total financial indebtedness (H + L)	43,499	14,879	28,620	n.m.

PROFIT AND LOSS STATEMENT

For further information on the profit and loss statement items, refer to the Director's Report. Only the net revenue, net financial income and taxes are analyzed below.

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended March 31st, 2023. The Holding operating segment did not generate revenue:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	17,235	69,349	1,939	705	89,228
2	Revenue adjustments	0	0	(51)	0	(51)
3	Total net revenue	17,235	69,349	1,888	705	89,177

At March 31st, 2022, the breakdown was as follows:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	5,441	74,270	2,900	532	83,143
2	Revenue adjustments	0	(100)	(109)	0	(209)
3	Total net revenue	5,441	74,170	2,791	532	82,934

25. Net financial income / (expenses)

The analysis is as follows:

	Euro thousand	March 31 st , 2023	March 31 st , 2022	Change €	Change %
23	Interest and financial income	8,583	5,535	3,048	55.0%
24	Interest and financial expense	(4,908)	(2,162)	(2,746)	n.m.
25	Net financial income / (expenses)	3,675	3,373	302	8.9%

The net financial income was positive for Euro 3,675 thousand compared to Euro 3,373 thousand registered in the previous fiscal year, due to a Euro 3,048 thousand increase in interest and financial income and a Euro 2,746 thousand increase in interest and financial expense.

Interest and financial income may be analyzed as follows:

Euro thousand	March 31 st , 2023	March 31 st , 2022	Change €	Change %
Currency exchange gains	2,907	2,217	690	31.1%
Financial income	5,352	3,285	2,067	62.9%
Interest on derivative products	306	0	306	n.m.
Other	18	33	(15)	-45.5%
Total interest and financial income	8,583	5,535	3,048	55.1%

Financial income included Euro 4,583 thousand due to the fair value restatement of the receivable from Starbreeze AB.

Total interest expenses amounted to Euro 4,908 thousand, increasing by Euro 2,746 thousand compared to March 31st, 2022, mainly due to higher currency exchange losses for Euro 2,199 thousand.

Interest and financial expenses are analyzed in detail as follows:

Euro thousand	March 31st, 2023	March 31st, 2022	Change €	Change %
Interest expenses on current accounts and trade finance	(594)	(23)	(571)	n.m.
Tax authorities interest expenses	(5)	(23)	18	-78.3%
Interest expenses on derivative products	0	(337)	337	n.m.
Interest expenses on loans and leases	(437)	(136)	(301)	n.m.
Total interest expenses on sources of finance	(1,036)	(519)	(517)	99.6%
Currency exchange losses	(3,872)	(1,643)	(2,229)	n.m.
Total interest expenses	(4,908)	(2,162)	(2,746)	n.m.

29. Taxation

Total taxes at March 31st, 2023 are detailed below:

Euro thousand	March 31st, 2023	March 31st, 2022	Change €	Change %
Current taxes	(5,724)	(6,935)	1,211	-17.5%
Deferred taxes	(188)	214	(402)	-187.8%
Total taxes	(5,912)	(6,721)	809	-12.0%

Information by geographical area

Gross revenue broken down by geographical area is detailed below:

Euro thousand	March 31st, 2023		March 31st, 2022		Change	
Europe	2,705	3%	11,119	15%	(8,414)	-75.7%
Americas	70,383	79%	59,036	70%	11,347	19.2%
Rest of the world	13,208	15%	9,556	10%	3,652	38.2%
Total foreign revenue	86,296	97%	79,711	95%	6,585	8.3%
Italy	2,932	3%	3,432	5%	(500)	-14.6%
Total consolidated gross revenue	89,228	100%	83,143	100%	6,085	7.3%

Total foreign revenue represented 97% of consolidated gross revenue, in line with the previous fiscal year and increased by Euro 6,585 thousand compared to March 31st, 2022.

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

The most significant portion of foreign revenue is generated by the Premium Games operating segment which generated foreign revenue of Euro 69,349 thousand, i.e., 80% of total foreign revenue.

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

Euro thousand	March 31 st , 2023		March 31 st , 2022		Change	
Free to Play	17,235	20%	5,441	7%	11,794	n.m.
Premium Games	69,349	80%	74,270	93%	(4,921)	-6.6%
Total gross foreign revenue	86,584	100%	79,711	100%	6,873	8.6%

Related parties transactions

As of March 31st, 2023, 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 July 1st, 2022 – December 31st, 2022. No significant issues have arisen.

We also confirm that:

1. the consolidated financial statements of Digital Bros Group as at December 31st, 2022:
 - a) have 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) reflect the accounting books and records;
 - c) give 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 as at December 31st, 2022 accompanying the 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, May 11th, 2023

Signed

Chairman of the Board of Directors

Chief Financial Officer

Abramo Galante

Stefano Salbe