



**Interim Report at March 31<sup>st</sup>, 2021**  
**(3<sup>rd</sup> quarter of the financial year 2020/2021)**

**Digital Bros S.p.A.**  
Via Tortona, 37 – 20144 Milan, Italy  
VAT Number and Tax Number 09554160151  
Share capital: Euro 6,024,334.80 of which Euro 5,704,334,80 subscribed  
Milan Register of Companies 290680-Vol. 7394 Chamber of Commerce 1302132

This report is available in the Investors section of the Company's website at [www.digitalbros.com](http://www.digitalbros.com)

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

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## **Board of Directors**

Sylvia Anna Bartyan	Independent Director
Lidia Florean	Non – Executive Director
Abramo Galante	Chairman and Chief Executive Officer
Davide Galante	Non – Executive Director
Raffaele Galante	Chief Executive Officer
Susanna Pedretti	Independent Director
Stefano Salbe	Executive Director <sup>(1)</sup>
Laura Soifer	Independent Director <sup>(2)</sup>
Dario Treves	Executive Director

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

<sup>(2)</sup> Lead Independent Director

## **Control and Risk Committee**

Sylvia Anna Bartyan  
Susanna Pedretti  
Laura Soifer (Chairman)

## **Remuneration Committee**

Sylvia Anna Bartyan  
Susanna Pedretti (Chairman)  
Laura Soifer

## **Board of Statutory Auditors**

Gianfranco Corrao	Statutory Auditor
Carlo Hassan	Chairman
Maria Pia Maspes	Statutory Auditor
Daniela Delfrate	Substitute Statutory Auditor
Stefano Spiniello	Substitute Statutory Auditor

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

On October 28<sup>th</sup>, 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 CEOs were given appropriate powers.

On August 7<sup>th</sup>, 2007, the Board of Directors appointed Executive Director Stefano Salbe to the position of financial reporting manager pursuant to Art. 154 bis of Legislative Decree 58/98 and gave him appropriate powers.

**Auditors****Deloitte & Touche S.p.A.**

On October 26<sup>th</sup>, 2012, the Shareholders' Meeting appointed Deloitte & Touche S.p.A, Via Tortona 25, Milan as corporate auditors until the approval of the financial statements as at June 30<sup>th</sup>, 2021.

**Other information**

The Interim Report at May 31<sup>st</sup>, 2021 of Digital Bros Group was authorised by a resolution of the Board of Directors on May 10<sup>th</sup>, 2021.

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

## **Q3 REPORT**

### **1. GROUP ORGANIZATION**

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

The Group is organised into five operational business segments:

**Premium Games:** operations consist in the acquisition of video game content rights from developers and the distribution of the games through a traditional international retail sales network and via digital marketplaces such as Steam, Sony PlayStation Network, Microsoft Xbox Live, Epic Game Store, etc..

Video games not developed directly by internal studios are usually acquired with an exclusive license and long-term worldwide rights. The franchise used for worldwide publishing is 505 Games.

During the period, Premium Games operations were run by the subsidiary 505 Games S.p.A. – sub holding company – which controls 505 Games France S.a.s., 505 Games Ltd., 505 Games (US) Inc., 505 Games Spain Slu and 505 Games GmbH which operate respectively on the French, UK, U.S., Spanish and German markets. 505 Games Interactive (US) Inc. provides consulting services on behalf of 505 Games S.p.A..

The Italian company Kunos Simulazioni S.r.l., which developed and published the Assetto Corsa video game, is consolidated in this operating segment.

During the previous period, the Group completed the acquisition of two new companies: 51% of the capital of AvantGarden S.r.l, originally Ovosonico S.r.l., of which the Group already held 49%; 60% of the Dutch company Rasplata B.V.. AvantGarden S.r.l is an Italian videogame developer with a team of around 20 people while the Dutch company holds the rights to an intellectual property currently under development.

Hook S.r.l. and Supernova Games Studio S.r.l. were incorporated during the reporting period. Hook S.r.l. will become the Group's publisher for Premium Games with lower development budgets than 505 Games', but with a potential for success due to the innovative nature of the idea. Supernova Games Studio S.r.l. will become a new video game production studio based in Milan.

During the reporting period, MSE & DB S.L., a joint venture under the Spanish law set up with a developer Mercury Steam Entertainment in order to jointly create a new intellectual property, was also established.

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

Worldwide Free to Play publishing is held by 505 Mobile S.r.l., together with the U.S. company 505 Mobile (US) Inc. which provides consulting services to Group companies, the UK company DR Studios Ltd. which is a developer of Free to Play video games and Hawken Entertainment Inc. which holds the rights of the Hawken series.

During the reporting period, the Australian 505 Games Pty Ltd. was incorporated. In January 2021 the subsidiary acquired 100% of Infinite Interactive Pty. and Infinity Plus Two Pty.. The Australian companies own the intellectual property of the Puzzle Quest and Gems of War video games and are in charge of their continuous development.

The brand used for publishing on a worldwide scale is 505 Games Mobile.

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

This business is conducted by the parent company, Digital Bros S.p.A., under the Halifax brand, and by the subsidiary Game Entertainment S.r.l. which distributes trading cards.

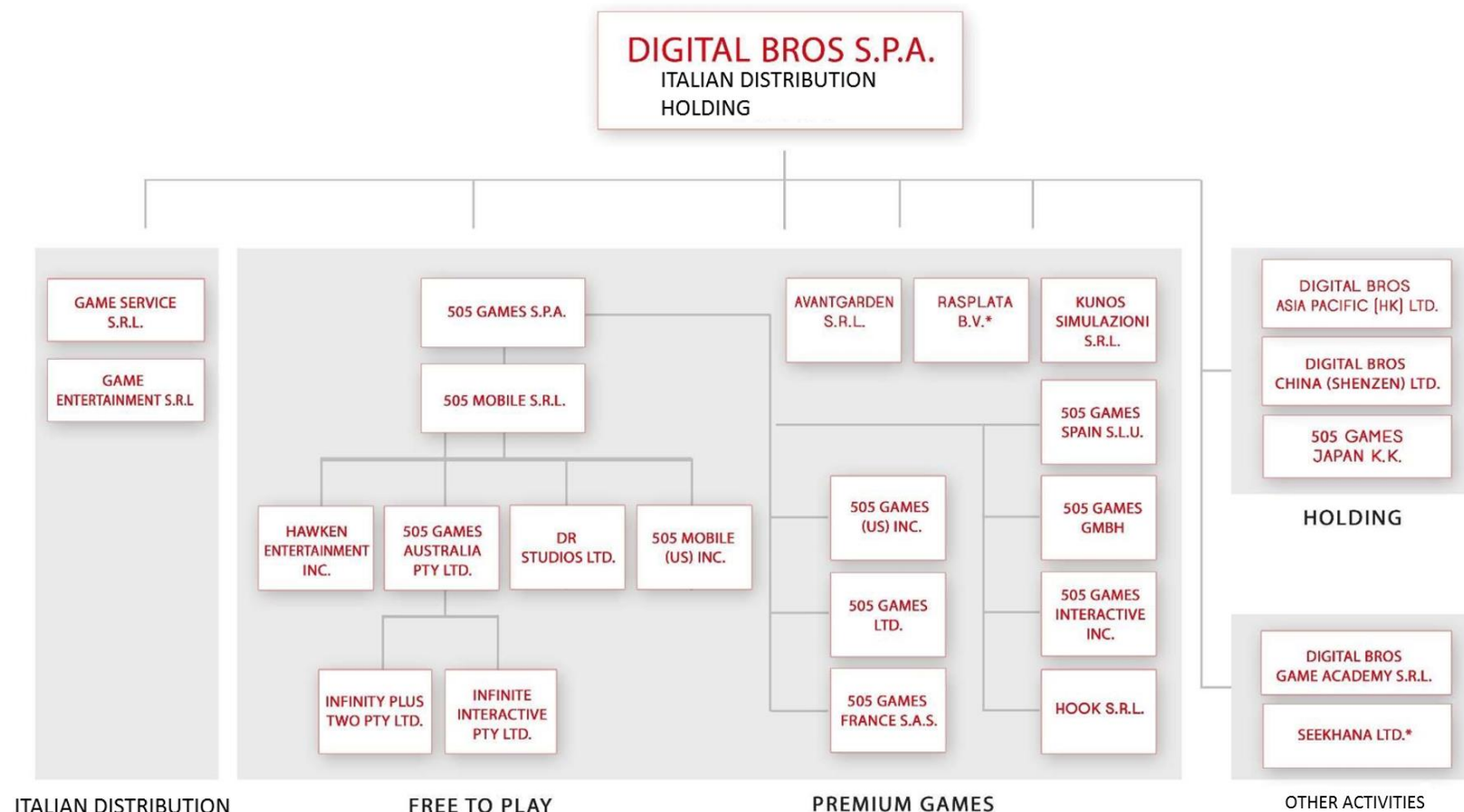
**Other Activities:** the operating segment handles all the Group's remaining activities that are consolidated together for reporting purposes. It includes the operations of the subsidiary Digital Bros Game Academy S.r.l. which organises video game training and professional courses. It also includes the activities of the subsidiary Game Network S.r.l., whose activities were interrupted in June 2018, and which entered liquidation in October 2018. During the previous period, the Group completed the acquisition of 25.23% of the UK company Seekhana Ltd. arriving to an overall 60% stake.

**Holding:** this includes all the coordinating functions carried out by Digital Bros S.p.A.. The holding operating segment handles finance, management control and business development activities. The holding company has also 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. 133 W Broadway Inc. and Digital Bros Holdings Ltd. have been inactive during the period.

All the companies mentioned above are 100% owned, except for Rasplata B.V. and Seekhana Ltd. which are controlled with a 60% stake.

The organisation chart at March 31<sup>st</sup>, 2021 was as follows:

## GROUP STRUCTURE AT MARCH 31<sup>ST</sup>, 2021



[\*] INVESTMENT AT 60%



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

Company	Address	Activities
AvantGarden S.r.l.	Via Tortona, 37 Milan	Offices
Digital Bros S.p.A.	Via Tortona, 37 Milan	Offices
Digital Bros S.p.A.	Via Boccaccio 95, Trezzano sul Naviglio (MI)	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.	4 Linford Forum, Rockingham Drive, 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. <sup>(3)</sup>	202 153 Park Street, South Melbourne Vic 3205	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.	402 Silbury Court, Silbury Boulevard, Milton Keynes, U.K.	Offices
505 Games (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Games GmbH	Brunnfeld 2-6, Burglengenfeld, Germany	Offices
505 Games Interactive (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Game Network S.r.l. in liquidation	Via Tortona, 37 Milan	Offices
Game Service S.r.l.	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
Kunos Simulazioni S.r.l.	Via degli Olmetti 39, Formello (Rome)	Offices
Infinity Plus Two Pty Ltd. <sup>(3)</sup>	202 153 Park Street, South Melbourne Vic 3205	Offices
Infinite Interactive Pty Ltd. <sup>(3)</sup>	202 153 Park Street, South Melbourne Vic 3205	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. <sup>(2)</sup>	Churchill-Jaan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. <sup>(2)</sup>	4 Linford Forum, Rockingham Drive, Milton Keynes, U.K.	Offices

(1) 60% consolidated.

(2) Consolidated from the third quarter.

Both Rasplata B.V. and Seekhana Ltd. have been consolidated line-by-line with a separate recognition of the non-controlling interests.

During the period, MSE & DB S.L., a share joint venture under the Spanish law set up with the development studio MercurySteam Entertainment in order to jointly create a new intellectual property, was also established.

## 2. VIDEO GAMES MARKET

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The video games market is an important segment 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 fibre connectivity availability, fibre optic networks and technologically advanced mobile phones have made video games increasingly diversified, sophisticated and interactive and have expanded the gaming population to adults and women.

The video games market follows the continuous technological evolution of consoles. At the launch of the console, the prices of the hardware and its related video games are high and relatively small quantities are sold. Over their lifecycle, console and video game prices gradually fall, while the quantities sold and the video games quality increase.

All video games are sold through digital marketplaces, only high-quality video games that show a strong potential are also distributed through the traditional sales networks. In this case, the value chain is as follows:



### *Developers*

The developers are the creators and the programmers of games usually based on an original idea, a successful brand, a movie, sports simulations etc.. The developers often retain the intellectual property but transfer the rights to an international video game publisher for a limited amount of time.

### *Publishers*

The publisher decides when the game is released onto the market, determines its global pricing and commercial policy, designs the packaging and takes on all of the risks. Publishers usually finance the video game development process and often acquire the game rights on a permanent basis. For this reason, both the publisher and the developer can financially benefit from the success of a video game.

### *Console manufacturers*

The console manufacturer designs and manufactures the hardware or the platform on which the game can be played. Sony produces the Sony PlayStation, Microsoft the Microsoft Xbox and Nintendo the Nintendo Switch. The console manufacturer also operates as a video game publisher for some games.

### *Distributors*

The role of the distributors is different from market to market. The more a market is fragmented e.g. the Italian market, the more the distributor and the publisher roles are integrated, while on certain markets, such as the UK and the U.S., publishers usually have a direct presence due to a higher concentration of retailers. The increasing digitalisation of the market has enabled newly established video games publishers to remain digital only and appoint the distribution structures of already-established publishers for retail purposes only.

### *Retailers*

The retailer is where the consumer can purchase the video game. Retailers may be international retail chains specialized in the sale of video games, specialized independent shops or web sites that sell directly to the public.

Console manufacturers have developed marketplaces where video games can be directly purchased in a digital format without involving a distributor or retailer. In this case, as for smartphone and tablet games, the value chain is less complex, as shown 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 games for personal computers. During the previous fiscal year, the US company Epic launched Epic Games Store, a new marketplace for PC games, after the success of the Fortnite video game (owned by the same Epic).

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

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 Eastern markets. Some Free to Play video games are also available on PlayStation Store, Microsoft's Xbox Live and Steam.

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

### **3. PERFORMANCE INDICATORS**

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In order to facilitate the comprehension of the consolidated economic and balance sheet data, the Group uses, with continuity and uniformity of representation since different financial years, some indicators.

The following interim indicators / results are represented in the income statement: Gross profit, EBITDA and EBIT, deriving from the algebraic sum of the preceding entries.

At the equity level, similar considerations apply to the net financial position, the components of which are also detailed in the specific section of the notes. The definitions of the indicators used by the Group, as they do not derive directly from the accounting standards used, may not be homogeneous with those adopted by other companies / groups and therefore comparable with them.

However, reconciliations between the result indicators illustrated in the Report on operations and the financial statements are not necessary as the Group uses indicators explicitly in the condensed consolidated financial statements.

### **4. SEASONALITY EFFECTS**

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Market seasonality is influenced by the launch of highly anticipated and popular products. The launch of a successful game in a certain period can lead to significant revenue increases between quarters. In fact, the launch of these products concentrates the sales in the first few days from the release.

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

Digital promotional campaigns are fairly 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 the Black Friday for the American market.

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

The financial position is closely related to the revenue trend. The physical distribution of a product in a quarter leads to concentration of net working capital investment. This is temporarily reflected by the level of net cash/debt until the time as the related sales revenue is collected. The significant reduction in physical

distribution revenues as a percentage of total consolidated revenues results in lower volatility of the financial position.

## **5. SIGNIFICANT EVENTS OF THE REPORTING PERIOD**

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The significant events occurred during the reporting were the following:

- On October 28<sup>th</sup>, 2020, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2019-2020, a dividend distribution of Euro 0.15 per share and appointed the new Board of Directors and the new Board of Statutory Auditors for the 2021-2023 three-year period (until the approval of the Financial Statements for the fiscal year ending June 30<sup>th</sup>, 2023).
- On January 7<sup>th</sup>, 2021, the Group acquired 100% of Infinite Interactive Pty. and Infinity Plus Two Pty., the Australian companies that own the intellectual property of the Puzzle Quest and Gems of War video games and are in charge of their development. The transaction was carried out through the subsidiary 505 Games Australia Pty., recently established by the Group. The total fixed consideration amounts to USD 4.5 million, inclusive of a profit scheme for the key employees. In addition to the fixed consideration, an earn-out scheme has been agreed: the earn-out may range between 0% and 9% of the revenues generated by the products developed by subsidiaries over the next 48 months;
- On February 11<sup>th</sup>, 2021 the Group announced the forthcoming worldwide publication of the video game Eiyuden Chronicle - Hundred Heroes on both personal computers and consoles. The release of the video game is scheduled for the fiscal year ending June 30<sup>th</sup>, 2023 and the Group expects to lifetime revenues in excess Euro 30 million.

### ***Relations with Starbreeze AB and Starbreeze AB shareholders***

The Digital Bros Group and the Starbreeze AB Group have entered multiple diversified transactions, summarised below:

- in May 2016, the Group sold back its rights of PAYDAY2 to Starbreeze AB 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;
- in April 2015, the two groups signed a contract for the development and publishing of the console version of a video game inspired by the TV Series The Walking Dead. The contract provided a development budget of USD 10 million. As at September 30<sup>th</sup>, 2020, the subsidiary 505 Games S.p.A. had paid USD 4.8 million for the development of such video game. In November 2018, Starbreeze AB launched the PC version of the video game but the related sales were lower than expected. On February 27<sup>th</sup>, 2019, Skybound terminated the licence contract for The Walking

Dead and, consequently, on April 8<sup>th</sup>, 2019, the subsidiary 505 Games S.p.A. terminated the contract with Starbreeze AB for the development and publishing of the console version;

- since November 2018, Digital Bros has acquired 6,369,061 Starbreeze AB STAR A shares, as traded on Nasdaq Stockholm, at an average price of SEK 1.79 per share;
- on November 21<sup>st</sup>, 2018, Digital Bros S.p.A. supported Varvtré AB with a loan of Euro 2 million. Varvtré AB is a Swedish company owned by the former Chief Executive Officer of Starbreeze AB which, at that date, held 19,021,541 Starbreeze AB STAR A shares and 1,305,142 Starbreeze AB STAR B shares, representing 5.61% of the share capital and 16.92% of the voting rights of Starbreeze AB at June 30<sup>th</sup>, 2020.

The OVERKILL's The Walking Dead unsuccess created financial problems to Starbreeze AB, 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 3<sup>rd</sup>, 2019. On December 6<sup>th</sup>, 2019, Starbreeze AB successfully completed the corporate restructuring process, proposing a payment plan to its creditors.

In January and February 2020, the Group carried out the following transactions:

- on January 15<sup>th</sup>, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze AB STAR A shares held by Swedish company Varvtré 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 realised in the 60 months after the acquisition. The consideration was paid, in part, by waiving the loan granted to Varvtré AB. The shares acquired represent 5.24% of share capital and 16.76% of voting rights;
- on February 26<sup>th</sup>, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze AB 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 SEK 215 million (around Euro 19.7 million) issued by Starbreeze AB for a total of Euro 16.9 million. Any conversion of the bond would lead to the issue of 131,933,742 new Starbreeze AB STAR B shares, representing 13.55% of share capital and 3.95% of voting rights at December 31<sup>st</sup>, 2020. The original conversion price of SEK 2.25 per share was recalculated at SEK 1.63 per share due to the dilution effect of the share capital increase successfully carried out by Starbreeze AB in September 2020;
  - b) a loan receivable of around USD 16.3 million (around Euro 14.8 million) for consideration of Euro 100 thousand. This loan falls under the Starbreeze AB corporate 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 AB STAR A shares and 6,018,948 Starbreeze AB STAR B shares which, at June 30<sup>th</sup>, 2020 before the share capital increase of September 2020, represented 2.66% of Starbreeze AB share capital and 3.71% of voting rights, for a total amount of Euro 2.2 million.

The total consideration was paid as follows: Euro 9.2 million was paid on the closing date of the transaction and Euro 10 million was paid on February 23<sup>rd</sup>, 2021.

In order to maintain unchanged its stake in the share capital and its percentage of voting rights, on June 23<sup>rd</sup>, 2020, the Group signed a binding agreement for the pro-quota subscription of the share issue to be approved by a future General Meeting of Starbreeze AB. This share issue was finalised in September 2020.

At March 31<sup>st</sup>, 2021, also as a result of minor purchases, the Group holds 61,758,625 Starbreeze AB STAR A shares and 24,890,329 Starbreeze AB STAR B shares representing 11.96% of share capital and 28.59% of voting rights.

Despite the continuing contractual relations and the equity interest held in the Swedish company, the Group does not believe it has any influence over Starbreeze AB. Accordingly, it has decided to classify the investment under other investments as in the previous reporting periods. If the circumstances should change as a result of substantial changes in the relations between the two groups, Digital Bros S.p.A. would reassess the classification of the investment in its financial statement.

## COVID-19

Following the outbreak of the COVID-19 pandemic and based on Ministerial guidelines issued from March 2020 and later modified several times, in order to guarantee the health and safety of its employees and collaborators, the Group adopted remote working arrangements whereby the majority of its employees and collaborators in Italy and abroad are able to work from home. These arrangements are still in place in many cases. From an operational perspective, the homeworking arrangements did not have a notable impact on the main areas of the Group business.

The most significant effects of the pandemic on the video games market may be summarised as follows:

- increased use of video games during the lockdown period, especially of mass market products, by casual gamers and for products subject to particular promotions;
- general growth in digital revenues;
- wipe-out of revenues from traditional distribution channels, except for the small share generated by e-commerce sales.

In terms of video game development, as carried out by development teams situated all around the world, the homeworking arrangements have inevitably led to production delays. These delays have been most evident especially on large development teams and in the last few months prior to the product's launch when teams are normally required to cooperate to a greater extent. The Group did not encounter any particular problems in relation to other development processes. In most cases, such activities are carried out by teams whose size makes it possible to achieve a high level of efficiency even when working remotely.

The gradual digitalisation of the market was accelerated because consumers were physically unable to go to stores. Consequently, in the reporting period, the Group's revenues were largely generated on digital marketplaces. This led to a sharp increase in the operating margins thanks to both a higher unit margin and to significant savings in terms of production and logistics costs.

The higher incidence of digital revenues means greater concentration of revenues on a small number of customers, all of whom have far more solid equity and financial structures than customers involved in the traditional distribution of products; these customers also pay more quickly on average. Therefore, the Group did not have to record any significant effect in the form of adjustments due to expected credit losses on trade receivables (IFRS 9). The performance of impairment tests on licences to video games already on sale or under development had almost no effect.



## 6. CONSOLIDATED INCOME STATEMENT AT MARCH 31<sup>ST</sup>, 2021

	Euro thousand	March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		Change	
1	Gross revenue	115,427	101.3%	99,143	106.4%	16,284	16.4%
2	Revenue adjustments	(1,475)	-1.3%	(6,002)	-6.4%	4,527	-75.4%
3	<b>Net revenue</b>	<b>113,952</b>	<b>100.0%</b>	<b>93,141</b>	<b>100.0%</b>	<b>20,811</b>	<b>22.3%</b>
4	Purchase of products for resale	(4,452)	-3.9%	(14,160)	-15.2%	9,708	-68.6%
5	Purchase of services for resale	(8,027)	-7.0%	(6,421)	-6.9%	(1,606)	25.0%
6	Royalties	(31,736)	-27.9%	(26,883)	-28.9%	(4,853)	18.1%
7	Changes in inventories of finished products	(1,064)	-0.9%	514	0.6%	(1,578)	n.m.
8	<b>Total cost of sales</b>	<b>(45,279)</b>	<b>-39.7%</b>	<b>(46,950)</b>	<b>-50.4%</b>	<b>1,671</b>	<b>-3.6%</b>
9	<b>Gross profit (3+8)</b>	<b>68,673</b>	<b>60.3%</b>	<b>46,191</b>	<b>49.6%</b>	<b>22,482</b>	<b>48.7%</b>
10	Other income	3,326	2.9%	2,375	2.6%	951	40.0%
11	Costs for services	(7,431)	-6.5%	(11,536)	-12.4%	4,105	-35.6%
12	Rent and Leasing	(221)	-0.2%	(183)	-0.2%	(38)	20.3%
13	Payroll costs	(17,562)	-15.4%	(15,358)	-16.5%	(2,204)	14.4%
14	Other operating costs	(921)	-0.8%	(924)	-1.0%	3	-0.3%
15	<b>Total operating costs</b>	<b>(26,135)</b>	<b>-22.9%</b>	<b>(28,001)</b>	<b>-30.1%</b>	<b>1,866</b>	<b>-6.7%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>45,864</b>	<b>40.2%</b>	<b>20,565</b>	<b>22.1%</b>	<b>25,299</b>	<b>n.m.</b>
17	Depreciation and amortisation	(20,117)	-17.7%	(9,405)	-10.1%	(10,712)	n.m.
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(774)	-0.7%	(1,189)	-1.3%	415	-34.9%
20	Impairment reversal	0	0.0%	236	0.3%	(236)	n.m.
21	<b>Total depreciation, amortization and impairment</b>	<b>(20,891)</b>	<b>-18.3%</b>	<b>(10,358)</b>	<b>-11.1%</b>	<b>(10,533)</b>	<b>n.m.</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>24,973</b>	<b>21.9%</b>	<b>10,207</b>	<b>11.0%</b>	<b>14,766</b>	<b>n.m.</b>
23	Interest and finance income	6,281	5.5%	2,521	2.7%	3,760	n.m.
24	Interest expense and finance costs	(2,952)	-2.6%	(2,796)	-3.0%	(156)	5.6%
25	<b>Net interest income/(expense)</b>	<b>3,329</b>	<b>2.9%</b>	<b>(275)</b>	<b>-0.3%</b>	<b>3,604</b>	<b>n.m.</b>
26	<b>Profit/ (loss) before tax (22+25)</b>	<b>28,302</b>	<b>24.8%</b>	<b>9,932</b>	<b>10.7%</b>	<b>18,370</b>	<b>n.m.</b>
27	Current tax	(8,908)	-7.8%	(3,114)	-3.3%	(5,794)	n.m.
28	Deferred tax	875	0.8%	(437)	-0.5%	1,312	n.m.
29	<b>Total taxes</b>	<b>(8,033)</b>	<b>-7.0%</b>	<b>(3,551)</b>	<b>-3.8%</b>	<b>(4,482)</b>	<b>n.m.</b>
30	<b>Net profit/loss</b>	<b>20,269</b>	<b>17.8%</b>	<b>6,381</b>	<b>6.9%</b>	<b>13,887</b>	<b>n.m.</b>
	attributable to the shareholders of the Group	20,336	17.8%	6,389	6.9%	13,946	n.m.
	attributable to minority shareholders	(67)	-0.1%	(8)	0.0%	(59)	n.m.
	<b>Earnings per share</b>						
33	<b>Total basic earnings per share (in Euro)</b>	<b>1.43</b>		<b>0.45</b>		<b>0.98</b>	<b>n.m.</b>
34	<b>Diluted earnings per share (in Euro)</b>	<b>1.40</b>		<b>0.45</b>		<b>0.95</b>	<b>n.m.</b>

Consolidated gross revenues of the period amounted to Euro 115,427 thousand, increased compared to the Euro 99,143 thousand recorded in the first nine months of the previous year (+16.4%). Net revenue growth was +22.3%.

Digital revenues in the period represented 87% of the total consolidated revenues in respect of the 59% achieved in the previous financial year.

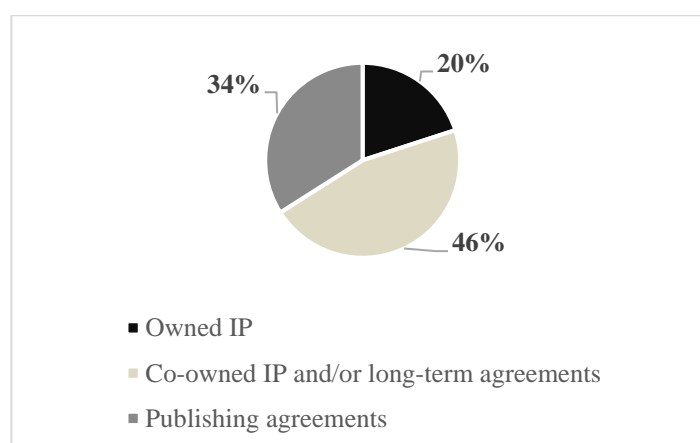
International markets revenues were 96% of the total consolidated revenues of the period.

A breakdown by operating segment for the period ended March 31<sup>st</sup>, 2021 compared to the period ended March 31<sup>st</sup>, 2020 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2021	2020	Change		2021	2020	Change	
Premium Games	102,842	86,764	16,078	18.5%	101,589	81,275	20,314	25.0%
Free to Play	8,455	5,117	3,338	65.2%	8,455	5,117	3,338	65.2%
Italian Distribution	3,724	6,811	(3,087)	-45.3%	3,502	6,298	(2,796)	-44.4%
Other projects	406	451	(45)	-9.8%	406	451	(45)	-9.8%
<b>Total gross revenues</b>	<b>115,427</b>	<b>99,143</b>	<b>16,284</b>	<b>16.4%</b>	<b>113,952</b>	<b>93,141</b>	<b>20,811</b>	<b>22.3%</b>

The Premium Games operating segment revenues represented 89% of the total consolidated gross revenues. They significantly increased by Euro 16,078 thousand and the corresponding net revenues increased by Euro 20,314 thousand, as a result of the sales of Death Stranding, the Steam and next-gen versions of Control, Ghostrunner but also the long-lasting performance of Assetto Corsa's editions.

A breakdown of Premium Games revenues by type of rights held by the Group on each video game for the period ended March 31<sup>st</sup>, 2021 is provided below:



Video games developed by the internal studios and intellectual properties owned by the Group accounted for 20% of consolidated revenues in the period and are represented by the revenues generated by two intellectual properties. 46% of revenues came from the sale of intellectual properties on which the Group holds co-ownership rights and / or multi-year rights exceeding ten years. Five intellectual properties were the main part of this group.

A breakdown of gross revenue by video game in the Premium Games segment is provided below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	
Death Stranding	25,622	0	25,622	n.m.
Control	27,616	30,036	(2,420)	-8.1%
Assetto Corsa	13,032	6,108	6,924	n.m.
Ghostrunner	8,155	0	8,155	n.m.
Terraria	6,621	9,681	(3,060)	-31.6%
Bloodstained	4,474	9,917	(5,443)	-54.9%
PAYDAY2	3,326	3,109	217	7.0%
Journey to the Savage Planet	2,031	10,889	(8,858)	-81.3%
Other products	10,665	11,092	(427)	-3.8%
Retail products	1,300	5,932	(4,632)	-78.1%
<b>Premium games total gross revenues</b>	<b>102,842</b>	<b>86,764</b>	<b>16,078</b>	<b>18.5%</b>

The Free to Play operating segment showed a 65.2% increase, from Euro 5,117 thousand to Euro 8,455 thousand. Gems of War, a Free to Play video game launched by the Group more than five years ago and constantly updated and improved, is continuously outperforming quarter after quarter. This game became part of the Group's IP portfolio as a result of the acquisition of the Australian studio – Infinity Plus Two - in January 2021.

The Italian Distribution operating sector revenues decreased by 45.3% (from Euro 6,811 thousand down to Euro 3,724 thousand), impacted by the continuing decline of the retail distribution and accelerated by the effects of the COVID-19 pandemic.

Cost of sales decreased by Euro 1,671 thousand – a 3.6% decrease – following a decrease in purchases of products for resale for Euro 9,708 thousand and partially offset by higher royalties for Euro 4,853 thousand. Inventories decreased by Euro 1,578 thousand, in line with the retail distribution consolidated revenues trend.

Gross profit increased by Euro 22,482 thousand (+ 48.7%).

Other income amounted to Euro 3,326 thousand, increased by Euro 951 thousand, due to a greater impact of video games productions. It mostly consisted of the capitalisation of internal studios development of video games to be launched. In particular, during the reporting period, these activities included the development of the new Free to Play version of Hawken by the subsidiary DR Studios Ltd. and the new version of Assetto Corsa by the subsidiary Kunos Simulazioni.

Operating costs decreased by Euro 1,866 thousand (- 6.7%), due to lower advertising expenditure, and partially offset by higher labour costs.

Gross operating margin / EBITDA for the quarter has been Euro 45,864 thousand corresponding to 40,2% of the gross consolidated revenues, considerably growing by Euro 25,299 thousand from the Euro 20,565 thousand realized in the previous year.

Amortization and depreciation increased by Euro 10,712 thousand compared to March 31<sup>st</sup>, 2020 due to higher costs associated with the amortization of an incremental number of intellectual properties published and owned by the Group.

The significant growth of the digital revenue portion in respect of the total sales pushed the EBIT to more than double, up to Euro 24,973 thousand compared to Euro 10,207 thousand as at March 31<sup>st</sup>, 2020. Digital sales show better profitability margins due to the narrow value chain, less operational complexity and better payment conditions by customers. The EBIT stood at 21.6% of the consolidated gross revenues for the period.

The net financial income was positive for Euro 3,329 thousand, against the negative Euro 275 thousand achieved in the previous year.

Profit before tax for the period ended March 31<sup>st</sup>, 2021 amounted to Euro 28,302 thousand, an increase of Euro 18,370 thousand compared to profit before taxation of Euro 9,932 thousand as at March 31<sup>st</sup>, 2020.

Net profit for the period amounted to Euro 20,269 thousand compared to Euro 6,381 thousand as at March 31<sup>st</sup>, 2020.

Net profit attributable to the Shareholders of the Group was Euro 20,336 thousand.

Basic profit per share and diluted profit per share were respectively Euro 1.43 and Euro 1.40 compared to the Euro 0.45 profit per share as at March 31<sup>st</sup>, 2020.

The share of the result attributable to minority shareholders relates to 40% held by other shareholders of the Dutch company Rasplata B.V. and of the English company Seekhana Ltd.. and amounted to negative Euro 67 thousand.

## 7. CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31<sup>ST</sup>, 2021

	Euro thousand	March 31 <sup>st</sup> , 2021	June 30 <sup>th</sup> , 2020	Change	
	<b>Non-current Assets</b>				
1	Property, plant and equipment	8,516	8,837	(321)	-3.6%
2	Investment property	0	0	0	0.0%
3	Intangible assets	59,765	33,248	26,517	79.8%
4	Equity investments	13,806	5,488	8,318	n.m.
5	Non-current receivables and other assets	4,304	6,744	(2,440)	-36.2%
6	Deferred tax assets	2,019	3,482	(1,463)	-42.0%
7	Non-current financial assets	18,951	17,251	1,700	9.8%
	<b>Total non-current assets</b>	<b>107,361</b>	<b>75,050</b>	<b>32,311</b>	<b>43.1%</b>
	<b>Current assets</b>				
8	Inventories	6,925	7,989	(1,064)	-13.3%
9	Trade receivables	23,250	28,168	(4,918)	-17.5%
10	Tax receivables	2,696	3,100	(404)	-13.0%
11	Other current assets	20,577	32,816	(12,239)	-37.3%
12	Cash and cash equivalent	20,907	8,527	12,380	n.m.
13	Other current financial assets	0	0	0	0.0%
	<b>Total current assets</b>	<b>74,355</b>	<b>80,600</b>	<b>(6,245)</b>	<b>-7.7%</b>
	<b>TOTAL ASSETS</b>	<b>181,716</b>	<b>155,650</b>	<b>26,066</b>	<b>16.7%</b>
	<b>Capital and reserves</b>				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(24,780)	(20,960)	(3,820)	18.2%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(70,492)	(52,288)	(18,204)	34.8%
	<b>Equity attributable to Parent Company</b>	<b>(100,976)</b>	<b>(78,952)</b>	<b>(22,024)</b>	<b>27.9%</b>
	<b>Equity attributable to minority shareholders</b>	<b>(912)</b>	<b>(979)</b>	<b>67</b>	<b>-6.8%</b>
	<b>Total Net equity</b>	<b>(101,888)</b>	<b>(79,931)</b>	<b>(21,957)</b>	<b>27.5%</b>
	<b>Non-current liabilities</b>				
18	Employee benefits	(759)	(659)	(100)	15.1%
19	Non-current provisions	(81)	(81)	0	0.2%
20	Other non-current payables and liabilities	(5,206)	(469)	(4,737)	n.m.
21	Non-current financial liabilities	(13,227)	(6,369)	(6,858)	n.m.
	<b>Total non-current liabilities</b>	<b>(19,273)</b>	<b>(7,578)</b>	<b>(11,695)</b>	<b>n.m.</b>
	<b>Current liabilities</b>				
22	Trade payables	(42,849)	(41,140)	(1,709)	4.2%
23	Taxes payables	(9,561)	(5,473)	(4,088)	74.7%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(4,288)	(4,721)	433	-9.2%
26	Current financial liabilities	(3,857)	(16,807)	12,950	-77.1%
	<b>Total net working capital</b>	<b>(60,555)</b>	<b>(68,141)</b>	<b>7,586</b>	<b>-11.1%</b>
	<b>TOTAL LIABILITIES</b>	<b>(79,828)</b>	<b>(75,719)</b>	<b>(4,109)</b>	<b>5.4%</b>
	<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>(181,716)</b>	<b>(155,650)</b>	<b>(26,066)</b>	<b>16.7%</b>

Total non-current assets increased by Euro 32,311 thousand.

The significant investment plan implemented by the Group in order to achieve its growth objectives increased the intangible assets by Euro 26,517 thousand due to investments in new IPs and long-term rights held by the Group, net of the amortization for the period.

Equity investments increased by Euro 8,318 thousand due to further purchases of Starbreeze AB shares as described in the Significant Events during the Period section of the Q3 Report.

Non-current receivables and other assets decreased by Euro 2,440 thousand following the collection of the USD 10 million receivable deriving from the sale of Pipeworks Inc. which at June 30<sup>th</sup>, 2020 had a maturity of more than twelve months but was fully collected in advance in October 2020.

Total current assets decreased by Euro 6,245 thousand mainly due to lower other current assets for Euro 12,239 thousand following the above-mentioned collection of the receivable deriving from the sale of Pipeworks Inc., and lower trade receivables for Euro 4,918 thousand and partially offset by higher cash and cash equivalents for Euro 12,380 thousand.

Total non-current liabilities increased by Euro 11,695 thousand following the recognition of the portion of the debt with maturity beyond twelve months for the acquisition of the Australian companies and the subscription of three new loans by the Parent Company and 505 Games S.p.A. for a total value of Euro 8,722 thousand.

Total net working capital decreased by Euro 7,586 thousand.

The following table contains details of the Group's net financial position at March 31<sup>st</sup>, 2021 together with comparative figures at June 30<sup>th</sup>, 2020:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>	<b>Change</b>	
12	Cash and cash equivalents	20,907	8,527	12,380	n.m.
13	Other current financial assets	0	0	0	0,0%
26	Current financial liabilities	(3,857)	(16,807)	12,950	-77.1%
	<b>Current net financial position</b>	<b>17,050</b>	<b>(8,280)</b>	<b>25,330</b>	<b>n.m.</b>
7	Non-current financial assets	18,951	17,251	1,700	9.8%
21	Non-current financial liabilities	(13,227)	(6,369)	(6,858)	n.m.
	<b>Non-current net financial position</b>	<b>5,724</b>	<b>10,882</b>	<b>(5,158)</b>	<b>-47.4%</b>
	<b>Total net financial position</b>	<b>22,774</b>	<b>2,602</b>	<b>20,172</b>	<b>n.m.</b>

The net financial position amounted to Euro 22,774 thousand, significantly improved compared to Euro 2,602 thousand as at June 30<sup>th</sup>, 2020. Excluding the IFRS 16 effect, the net financial position was positive for Euro 28 million, improving by Euro 20 million compared to the positive Euro 8 million at June 30<sup>th</sup>, 2020.

## 8. SEGMENT REPORTING

### Premium Games

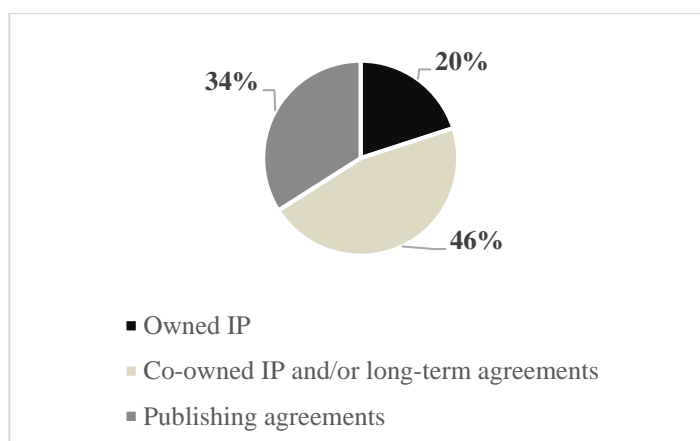
#### Reclassified P&L highlights

	Euro thousand	Premium Games					
		March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		Change	
1	Gross revenue	102,842	101.2%	86,764	106.8%	16,078	18.5%
2	Revenue adjustments	(1,253)	-1.2%	(5,489)	-6.8%	4,236	-77.2%
3	<b>Net revenue</b>	<b>101,589</b>	<b>100.0%</b>	<b>81,275</b>	<b>100.0%</b>	<b>20,314</b>	<b>25.0%</b>
4	Purchase of products for resale	(2,526)	-2.5%	(9,842)	-12.1%	7,316	-74.3%
5	Purchase of services for resale	(6,804)	-6.7%	(4,648)	-5.7%	(2,156)	46.4%
6	Royalties	(31,572)	-31.1%	(26,618)	-32.8%	(4,954)	18.6%
7	Changes in inventories of finished products	(298)	-0.3%	1,287	1.6%	(1,585)	n.m.
8	<b>Total cost of sales</b>	<b>(41,200)</b>	<b>-40.6%</b>	<b>(39,821)</b>	<b>-49.0%</b>	<b>(1,379)</b>	<b>3.5%</b>
9	<b>Gross profit (3+8)</b>	<b>60,389</b>	<b>59.4%</b>	<b>41,454</b>	<b>51.0%</b>	<b>18,935</b>	<b>45.7%</b>
10	Other income	1,720	1.7%	749	0.9%	971	n.m.
11	Cost of services	(5,107)	-5.0%	(8,940)	-11.0%	3,833	-42.9%
12	Lease and rental charges	(72)	-0.1%	(56)	-0.1%	(16)	28.2%
13	Labour costs	(9,349)	-9.2%	(8,051)	-9.9%	(1,298)	16.1%
14	Other operating costs	(238)	-0.2%	(321)	-0.4%	83	-25.8%
15	<b>Total operating costs</b>	<b>(14,766)</b>	<b>-14.5%</b>	<b>(17,368)</b>	<b>-21.4%</b>	<b>2,602</b>	<b>-15.0%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>47,343</b>	<b>46.6%</b>	<b>24,835</b>	<b>30.6%</b>	<b>22,508</b>	<b>90.6%</b>
17	Depreciation and amortisation	(18,787)	-18.5%	(7,684)	-9.5%	(11,103)	n.m.
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	(711)	-0.7%	(767)	-0.9%	56	-7.3%
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	187	0.2%	(187)	n.m.
21	<b>Total non-monetary income and operating costs</b>	<b>(19,498)</b>	<b>-19.2%</b>	<b>(8,264)</b>	<b>-10.2%</b>	<b>(11,234)</b>	<b>n.m.</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>27,845</b>	<b>27.4%</b>	<b>16,571</b>	<b>20.4%</b>	<b>11,274</b>	<b>68.0%</b>

The revenues of the period came from the launch of videogames for personal computers: in July Death Stranding, followed in August by the publishing of the Steam version of Control, while in October, the video game Ghostrunner was launched on all platforms. The publishing of video games for personal computers is almost exclusively digital, therefore the Group was not affected by the shutdown of retail due to the spread of the COVID-19 pandemic.

The Premium Games operating segment represents 89% of the consolidated gross revenues and significantly increased the gross revenues of the period by Euro 16,078 thousand and net revenues, up by Euro 20,314 thousand, as a result of the sales of Death Stranding, the Steam and next-gen versions of Control, the Ghostrunner video game, but also the continuing performance of Assetto Corsa's editions.

A breakdown of Premium Games revenues by type of rights held by the Group on each video game at March 31<sup>st</sup>, 2021 is provided below:



Video games developed by the internal studios and intellectual properties owned by the Group accounted for 20% of consolidated revenues in the period and are represented by the revenues generated by two intellectual properties. 46% of revenues came from the sale of intellectual properties on which the Group holds co-ownership rights and / or multi-year rights exceeding ten years. Five intellectual properties were the main part of this group.

A breakdown of gross revenue by video game in the Premium Games segment is provided below:

Euro thousand	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change	
Death Stranding	25,622	0	25,622	n.m.
Control	27,616	30,036	(2,420)	-8.1%
Assetto Corsa	13,032	6,108	6,924	n.m.
Ghostrunner	8,155	0	8,155	n.m.
Terraria	6,621	9,681	(3,060)	-31.6%
Bloodstained	4,474	9,917	(5,443)	-54.9%
PAYDAY2	3,326	3,109	217	7.0%
Journey to the Savage Planet	2,031	10,889	(8,858)	-81.3%
Other products	10,665	11,092	(427)	-3.8%
Retail products	1,300	5,932	(4,632)	-78.1%
<b>Premium games total gross revenues</b>	<b>102,842</b>	<b>86,764</b>	<b>16,078</b>	<b>18.5%</b>

A breakdown of revenue by type is provided below:

Euro Thousand	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change	
Retail distribution revenue	8,421	28,494	(20,073)	-70.4%
Digital distribution revenue	92,071	53,061	39,010	73.5%
Sub-licensing revenue	2,348	4,941	(2,593)	-52.5%
Revenue from services	2	268	(266)	-99.3%
<b>Total Premium Games revenue</b>	<b>102,842</b>	<b>86,764</b>	<b>16,078</b>	<b>18.5%</b>



Retail distribution revenue decreased by Euro 20,073 thousand in the period, dropping from the 33% of the previous period to the actual 8% on total revenues. Digital distribution amounted to Euro 39,010 thousand, from 61% to 90% of the total revenue of the operating sector.

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

Digital distribution revenue for the period ended March 31<sup>st</sup>, 2021 may be broken down by console type as follows:

<b>Euro Thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	
Sony Playstation	17,846	16,942	904	5.3%
Microsoft XboX	10,357	8,982	1,375	15.3%
Nintendo Switch	4,240	4,619	(379)	-8.2%
<b>Total console</b>	<b>32,443</b>	<b>30,543</b>	<b>1,900</b>	<b>6.2%</b>
Personal Computer	54,517	19,965	34,552	n.m.
Mobile	5,111	2,553	2,558	n.m.
<b>Total digital distribution revenue</b>	<b>92,071</b>	<b>53,061</b>	<b>39,010</b>	<b>73.5%</b>

In line with the gross revenue trend, net revenue amounted to Euro 101,589 thousand, increased by 25% compared to March 31<sup>st</sup>, 2020, because of lower revenue adjustments typical of the retail distribution.

Total cost of sales of the Premium Games operating segment has decreased by Euro 1,379 thousand, due to lower purchases of products for resale for Euro 7,316 thousand and partially offset by higher royalties for Euro 4,954 thousand and lower changes in inventories of finished products for Euro 1,585 thousand, in line with the significant contraction of revenues generated by the traditional retail distribution.

Gross profit increased by Euro 18,935 thousand.

Other income amounted at Euro 1,720 thousand and consists almost entirely of capitalized costs for in-house development of video games, in particular the new version of Assetto Corsa developed by the subsidiary Kunos Simulazioni.

Total operating costs decreased by Euro 2,602 thousand due to lower advertising expenditure, and partially offset by higher labour costs for Euro 1,298 thousand.

Gross operating margin / EBITDA increased by Euro 22,508 thousand. It represented 46% of net revenue compared to 28.6% in the previous period.

Depreciation and amortisation increased by Euro 11,103 thousand compared to March 31<sup>st</sup>, 2020 due to higher costs associated with the amortisation of intellectual properties published and owned by the Group.

Operating margin / EBIT amounted to Euro 27,845 thousand, increased by Euro 11,274 thousand compared to Euro 16,571 thousand at March 31<sup>st</sup>, 2020, and represents 27.4% of net revenues. Digital sales show better profitability rates due to a shorter value chain, less operational complexity and better payment conditions by the customers; this has led to profitability rates much higher than in the past and in line with what was recorded in the second half of the previous year.

## Free to Play

### Reclassified P&L highlights

Euro thousand		Free to Play					
		March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		Change	
1	Gross revenue	8,455	100.0%	5,117	100.0%	3,338	65.2%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>8,455</b>	<b>100.0%</b>	<b>5,117</b>	<b>100.0%</b>	<b>3,338</b>	<b>65.2%</b>
4	Purchases of products for resale	(0)	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	(1,220)	-14.4%	(1,636)	-32.0%	416	-25.4%
6	Royalties	(161)	-1.9%	(244)	-4.8%	83	-34.1%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>(1,381)</b>	<b>-16.3%</b>	<b>(1,880)</b>	<b>-36.7%</b>	<b>499</b>	<b>-26.5%</b>
9	<b>Gross profit (3+8)</b>	<b>7,074</b>	<b>83.7%</b>	<b>3,237</b>	<b>63.3%</b>	<b>3,837</b>	<b>n.m.</b>
10	Other income	1,572	18.6%	1,555	30.4%	17	1.1%
11	Costs for services	(307)	-3.6%	(232)	-4.5%	(75)	32.0%
12	Lease and rental costs	(31)	-0.4%	(13)	-0.3%	(18)	n.m.
13	Labour costs	(3,739)	-44.2%	(3,324)	-65.0%	(415)	12.5%
14	Other operating costs	(92)	-1.1%	(66)	-1.3%	(26)	39.8%
15	<b>Total operating costs</b>	<b>(4,169)</b>	<b>-49.3%</b>	<b>(3,635)</b>	<b>-71.0%</b>	<b>(534)</b>	<b>14.7%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>4,477</b>	<b>52.9%</b>	<b>1,157</b>	<b>22.6%</b>	<b>3,320</b>	<b>n.m.</b>
17	Depreciation and amortisation	(511)	-6.0%	(893)	-17.5%	382	-42.8%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	(346)	-6.8%	346	n.m.
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary operating income and costs</b>	<b>(511)</b>	<b>-6.0%</b>	<b>(1,239)</b>	<b>-24.2%</b>	<b>728</b>	<b>-58.8%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>3,966</b>	<b>46.9%</b>	<b>(82)</b>	<b>-1.6%</b>	<b>4,048</b>	<b>n.m.</b>

The Free to Play operating segment revenues showed a 65.2% increase, from Euro 5,117 thousand to Euro 8,445 thousand. Gems of War, a Free to Play video game launched by the Group more than five years ago and constantly updated and improved, is continuously outperforming quarter after quarter. This game became part of the Group's IP portfolio as a result of the acquisition of the Australian studio Infinity Plus Two in January 2021.

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	
Gems of War	6,894	3,968	2,926	73.7%
Battle Islands	743	614	129	21.0%
Prominence Poker	469	494	(25)	-5.1%
Hawken 2	165	0	165	n.m.
Other products	184	41	143	n.m.
<b>Free to Play Total revenues</b>	<b>8,455</b>	<b>5,117</b>	<b>3,338</b>	<b>65.2%</b>

During the period, the intellectual property of Prominence Poker was sold for USD 265 thousand. A licensing agreement for the Chinese market rights of the Gems of War video game was also finalized and resulted in revenues of Euro 1,895 thousand. As a result of a sub-licensing contract, the Group generated Euro 165 thousand in revenues for the Hawken 2 video game, although its launch is expected at the end of the current fiscal year.

Purchases of services for resale have decreased by Euro 416 thousand because of lesser expenditure on quality assurance and live support activities. The reduction in live support costs is an effect of the acquisition and consequent consolidation process of Infinity Plus Two Pty. Ltd. that took place during the quarter. Consequently, live support costs were reclassified under labour costs. Details are provided below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>
Live support	639	1,023	(384)
Quality assurance	19	95	(76)
Hosting	421	388	33
Other	141	130	11
<b>Total purchase of services for resale</b>	<b>1,220</b>	<b>1,636</b>	<b>(416)</b>

Live support consists of game development and improvement after the initial launch in order to ensure players remain interested thanks to additional content that is added periodically.

Other income increased by Euro 17 thousand compared to March 31<sup>st</sup>, 2020. It mainly comprises the internal development costs incurred by the Group for the development of the future Free to Play version of the Hawken video game whose launch is scheduled for the last quarter of the fiscal year.

Total operating costs amounted to Euro 4,169 thousand, increased compared to Euro 534 thousand of the previous year. This is due to a Euro 415 thousand increase in labour costs caused by the acquisition of the Australian companies consolidated in the quarter.

Gross operating margin / EBITDA amounted to Euro 4,477 thousand and increased by Euro 3,320 thousand compared to March 31<sup>st</sup>, 2020.

Depreciation and amortisation for the period amounted to Euro 511 thousand and included the portion pertaining to the difference between the purchase price of the Australian companies and the related shareholders' equity for Euro 428 thousand. Nonetheless, depreciation and amortisation decreased by Euro 382 thousand due to completion of the amortisation period of several products.

The operating margin / EBIT of the operating segment amounted to Euro 3,966 thousand, an improvement of Euro 4,048 thousand on the operating loss of Euro 82 thousand registered in the previous fiscal year.

### *Italian Distribution*

#### *Reclassified P&L highlights*

	Euro thousand	Italian Distribution					
		March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		Change	
1	Gross revenue	3,724	106.3%	6,811	108.1%	(3,087)	-45.3%
2	Revenue adjustments	(222)	-6.4%	(513)	-8.1%	291	-56.7%
3	<b>Net revenue</b>	<b>3,502</b>	<b>100.0%</b>	<b>6,298</b>	<b>100.0%</b>	<b>(2,796)</b>	<b>-44.4%</b>
4	Purchases of products for resale	(1,926)	-55.0%	(4,318)	-68.6%	2,392	-55.4%
5	Purchases of services for resale	0	0.0%	(128)	-2.0%	128	n.m.
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	(766)	-21.9%	(773)	-12.3%	7	-1.0%
8	<b>Total cost of sales</b>	<b>(2,692)</b>	<b>-76.9%</b>	<b>(5,219)</b>	<b>-82.9%</b>	<b>2,527</b>	<b>-48.4%</b>
9	<b>Gross profit (3+8)</b>	<b>810</b>	<b>23.1%</b>	<b>1,079</b>	<b>17.1%</b>	<b>(269)</b>	<b>-25.0%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(540)	-15.4%	(1,026)	-16.3%	486	-47.3%
12	Lease and rental costs	(48)	-1.4%	(22)	-0.3%	(26)	n.m.
13	Labour costs	(910)	-26.0%	(1,041)	-16.5%	131	-12.5%
14	Other operating costs	(125)	-3.6%	(150)	-2.4%	25	-16.5%
15	<b>Total operating costs</b>	<b>(1,623)</b>	<b>-46.3%</b>	<b>(2,239)</b>	<b>-35.6%</b>	<b>616</b>	<b>-27.5%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(813)</b>	<b>-23.2%</b>	<b>(1,160)</b>	<b>-18.4%</b>	<b>347</b>	<b>-29.9%</b>
17	Depreciation and amortisation	(119)	-3.4%	(129)	-2.0%	10	-7.9%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	(44)	-0.7%	44	n.m.
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary operating income and costs</b>	<b>(119)</b>	<b>-3.4%</b>	<b>(173)</b>	<b>-2.7%</b>	<b>54</b>	<b>-31.3%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(932)</b>	<b>-26.6%</b>	<b>(1,333)</b>	<b>-21.2%</b>	<b>401</b>	<b>-30.1%</b>

The Italian Distribution operating sector revenues decreased by 45.3% (from Euro 6,811 thousand down to Euro 3,724 thousand), impacted by the continuing decline retail distribution and accelerated by the effects of the COVID-19 pandemic.

Gross revenue is analysed by type as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	
Distribution of video games for consoles	1,932	5,139	(3,207)	-62.4%
Distribution of trading cards	1,735	1,280	455	35.5%
Distribution of other products and services	57	392	(335)	-85.5%
<b>Italian Distribution total gross revenue</b>	<b>3,724</b>	<b>6,811</b>	<b>(3,087)</b>	<b>-45.3%</b>

Compared to the console video games distribution (down by 62.4%), the trading cards distribution revenue increased by 35.5%, thanks to a renewed interest in trading cards.

Total cost of sales amounted to Euro 2,692 thousand, down by Euro 2,527 thousand compared to March 31<sup>st</sup>, 2020 due to the decrease in purchase of products for resale in line with the general decrease in sales of the operating sector. The continuous reduction in changes in inventories of finished products is in line with the prospective reduction in the segment's revenues.

Total operating costs amounted to Euro 1,623 thousand and have decreased by Euro 616 thousand compared to Euro 2,239 thousand registered at March 31<sup>st</sup>, 2020. As a result, the gross operating margin / EBITDA is negative for Euro 813 thousand (an improvement of Euro 347 thousand compared to the previous period) while the operating margin / EBIT is negative for Euro 930 thousand, increased by Euro 401 thousand compared to March 31<sup>st</sup>, 2020.

## Other Activities

### Reclassified P&L highlights

	Euro thousand	Other Activities					
		March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		Change	
1	Gross revenue	406	100.0%	451	100.0%	(45)	-9.8%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>406</b>	<b>100.0%</b>	<b>451</b>	<b>100.0%</b>	<b>(45)</b>	<b>-9.8%</b>
4	Purchases of products for resale	0	0.1%	0	0.1%	(0)	0.0%
5	Purchases of services for resale	(3)	-0.7%	(9)	-1.9%	6	-69.7%
6	Royalties	(3)	-0.7%	(21)	-4.6%	18	66.6%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>(6)</b>	<b>-1.5%</b>	<b>(30)</b>	<b>-6.7%</b>	<b>24</b>	<b>-80.2%</b>
9	<b>Gross profit (3+8)</b>	<b>400</b>	<b>98.5%</b>	<b>421</b>	<b>93.3%</b>	<b>(21)</b>	<b>-4.8%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(115)	-28.4%	(122)	-27.0%	7	-5.3%
12	Lease and rental costs	(2)	-0.4%	(1)	-0.3%	(1)	-66.6%
13	Labour costs	(242)	-59.5%	(239)	-53.0%	(3)	1.3%
14	Other operating costs	(34)	-8.2%	(29)	-6.3%	(5)	17.3%
15	<b>Total operating costs</b>	<b>(393)</b>	<b>-96.6%</b>	<b>(391)</b>	<b>-86.8%</b>	<b>(2)</b>	<b>0.3%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>7</b>	<b>1.7%</b>	<b>30</b>	<b>6.7%</b>	<b>(23)</b>	<b>-77.4%</b>
17	Depreciation and amortisation	(62)	-15.1%	(81)	-18.0%	19	-24.0%
18	Allocation to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	0	0.0%	0	0.0%
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary operating income and costs</b>	<b>(62)</b>	<b>-15.1%</b>	<b>(81)</b>	<b>-18.0%</b>	<b>19</b>	<b>-24.0%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(55)</b>	<b>-13.5%</b>	<b>(51)</b>	<b>-11.3%</b>	<b>(4)</b>	<b>7.7%</b>

In the reporting period, the revenue of the Other Activities operating segment decreased by Euro 45 thousand from Euro 451 thousand to Euro 406 thousand. Digital Bros Game Academy S.r.l. courses for the new academic year started in October 2020.

Total operating costs amounted to Euro 393 thousand in line with March 31<sup>st</sup>, 2020.

There is an operating loss /EBIT of Euro 55 thousand, unchanged compared to the operating loss of Euro 51 thousand at March 31<sup>st</sup>, 2020.

## Holding

### Reclassified P&L highlights

Euro thousand		Holding					
		March 31 <sup>st</sup> , 2021		March 31 <sup>st</sup> , 2020		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	<b>Net revenue</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
9	<b>Gross profit (3+8)</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
10	Other income	34	0.0%	71	0.0%	(37)	-52.0%
11	Costs for services	(1,362)	0.0%	(1,216)	0.0%	(146)	12.0%
12	Lease and rental costs	(68)	0.0%	(91)	0.0%	23	-25.4%
13	Labour costs	(3,322)	0.0%	(2,703)	0.0%	(619)	22.9%
14	Other operating costs	(432)	0.0%	(358)	0.0%	(74)	20.7%
15	<b>Total operating costs</b>	<b>(5,184)</b>	<b>0.0%</b>	<b>(4,368)</b>	<b>0.0%</b>	<b>(816)</b>	<b>18.7%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(5,150)</b>	<b>0.0%</b>	<b>(4,297)</b>	<b>0.0%</b>	<b>(853)</b>	<b>19.9%</b>
17	Depreciation and amortisation	(638)	0.0%	(618)	0.0%	(20)	3.2%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	(63)	0.0%	(32)	0.0%	(31)	98.2%
20	Reversal of impairment adjustments	0	0.0%	49	0.0%	(49)	0.0%
21	<b>Total non-monetary operating costs</b>	<b>(701)</b>	<b>0.0%</b>	<b>(601)</b>	<b>0.0%</b>	<b>(100)</b>	<b>16.6%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(5,851)</b>	<b>0.0%</b>	<b>(4,898)</b>	<b>0.0%</b>	<b>(953)</b>	<b>19.5%</b>

Total operating costs amounted to Euro 5,184 thousand, increased by Euro 816 thousand compared to March 31<sup>st</sup>, 2020, due to higher personnel costs following the increase in the Group's coordination activities and the increase in costs for services against higher costs for professionals incurred for due diligence activities.

Operating margin / EBIT was negative for Euro 5,851 thousand compared to a negative figure of Euro 4,898 thousand at March 31<sup>st</sup>, 2020.

## 9. CONSOLIDATED INCOME STATEMENT FOR FY20/21 Q3

Results of the third quarter compared to the prior year were as follows:

	Euro Thousand	Q3 2020/2021		Q3 2019/2020		Change	
1	Gross revenue	33,046	100.1%	31,293	102.1%	1,753	5.6%
2	Revenue adjustments	(38)	-0.1%	(637)	-2.1%	599	-94.0%
3	<b>Net revenue</b>	<b>33,008</b>	<b>100.0%</b>	<b>30,656</b>	<b>100.0%</b>	<b>2,352</b>	<b>7.7%</b>
4	Purchase of products for resale	(1,402)	-4.2%	(1,323)	-4.3%	(79)	6.0%
5	Purchase of services for resale	(2,406)	-7.3%	(2,375)	-7.7%	(31)	1.3%
6	Royalties	(10,368)	-31.4%	(8,188)	-26.7%	(2,180)	26.6%
7	Changes in inventories of finished products	(549)	-1.7%	(878)	-2.9%	329	-37.4%
8	<b>Total cost of sales</b>	<b>(14,725)</b>	<b>-44.6%</b>	<b>(12,764)</b>	<b>-41.6%</b>	<b>(1,961)</b>	<b>15.4%</b>
9	<b>Gross profit (3+8)</b>	<b>18,283</b>	<b>55.4%</b>	<b>17,892</b>	<b>58.4%</b>	<b>391</b>	<b>2.2%</b>
10	Other income	1,032	3.1%	989	3.2%	43	4.4%
11	Costs for services	(2,055)	-6.2%	(2,781)	-9.1%	726	-26.1%
12	Rent and Leasing	(88)	-0.3%	(42)	-0.1%	(46)	n.m.
13	Payroll costs	(6,602)	-20.0%	(5,345)	-17.4%	(1,257)	23.5%
14	Other operating costs	(311)	-0.9%	(301)	-1.0%	(10)	3.0%
15	<b>Total operating costs</b>	<b>(9,056)</b>	<b>-27.4%</b>	<b>(8,469)</b>	<b>-27.6%</b>	<b>(587)</b>	<b>6.9%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>10,259</b>	<b>31.1%</b>	<b>10,412</b>	<b>34.0%</b>	<b>(153)</b>	<b>-1.5%</b>
17	Depreciation and amortisation	(4,717)	-14.3%	(4,266)	-13.9%	(451)	10.6%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(485)	-1.5%	(20)	-0.1%	(465)	n.m.
20	Impairment reversal	0	0.0%	32	0.1%	(32)	n.m.
21	<b>Total depreciation, amortization and impairment</b>	<b>(5,202)</b>	<b>-15.8%</b>	<b>(4,254)</b>	<b>-13.9%</b>	<b>(948)</b>	<b>22.3%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>5,057</b>	<b>15.3%</b>	<b>6,158</b>	<b>20.1%</b>	<b>(1,101)</b>	<b>-17.9%</b>
23	Interest and finance income	1,687	5.1%	981	3.2%	706	71.9%
24	Interest and finance expense	(595)	-1.8%	(856)	-2.8%	261	-30.4%
25	<b>Net interest income/(expense)</b>	<b>1,092</b>	<b>3.3%</b>	<b>125</b>	<b>0.4%</b>	<b>967</b>	<b>n.m.</b>
26	<b>Profit/ (loss) before tax (22+25)</b>	<b>6,149</b>	<b>18.6%</b>	<b>6,283</b>	<b>20.5%</b>	<b>(134)</b>	<b>-2.1%</b>
27	Current tax	(2,108)	-6.4%	(2,028)	-6.6%	(80)	3.9%
28	Deferred tax	378	1.1%	188	0.6%	190	n.m.
29	<b>Total taxes</b>	<b>(1,730)</b>	<b>-5.2%</b>	<b>(1,840)</b>	<b>-6.0%</b>	<b>110</b>	<b>-6.0%</b>
30	<b>Net profit/loss (26+29)</b>	<b>4,419</b>	<b>13.4%</b>	<b>4,443</b>	<b>14.5%</b>	<b>(24)</b>	<b>-0.5%</b>
	attributable to the shareholders of the Group	4,430	13.4%	4,451	14.5%	(21)	-0.5%
	attributable to minority shareholders	(11)	0.0%	(8)	0.0%	(3)	35.0%



### Q3 SEGMENT REPORTING

#### Premium Games

Euro thousand		Premium Games					
		Q3 2020/2021		Q3 2019/2020		Change	
1	Gross revenue	28,103	100.0%	28,721	102.4%	(618)	-2.2%
2	Revenue adjustments	(10)	0.0%	(667)	-2.4%	657	-98.5%
3	<b>Net revenue</b>	<b>28,093</b>	<b>100.0%</b>	<b>28,054</b>	<b>100.0%</b>	<b>39</b>	<b>0.1%</b>
4	Purchase of products for resale	(1,099)	-3.9%	(1,018)	-3.6%	(81)	7.9%
5	Purchase of services for resale	(2,215)	-7.9%	(1,824)	-6.5%	(391)	21.4%
6	Royalties	(10,359)	-36.9%	(8,126)	-29.0%	(2,233)	27.5%
7	Changes in inventories of finished products	190	0.7%	(556)	-2.0%	746	n.m.
8	<b>Total cost of sales</b>	<b>(13,483)</b>	<b>-48.0%</b>	<b>(11,524)</b>	<b>-41.1%</b>	<b>(1,959)</b>	<b>17.0%</b>
9	<b>Gross profit (3+8)</b>	<b>14,610</b>	<b>52.0%</b>	<b>16,530</b>	<b>58.9%</b>	<b>(1,920)</b>	<b>-11.6%</b>
10	Other income	509	1.8%	447	1.6%	62	13.9%
11	Cost of services	(1,018)	-3.6%	(2,124)	-7.6%	1,106	n.m.
12	Lease and rental charges	(30)	-0.1%	(29)	-0.1%	(1)	5.0%
13	Labour costs	(3,324)	-11.8%	(2,813)	-10.0%	(511)	18.2%
14	Other operating costs	(69)	-0.2%	(94)	-0.3%	25	-26.6%
15	<b>Total operating costs</b>	<b>(4,441)</b>	<b>-15.8%</b>	<b>(5,060)</b>	<b>-18.0%</b>	<b>619</b>	<b>-12.2%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>10,678</b>	<b>38.0%</b>	<b>11,917</b>	<b>42.5%</b>	<b>(1,239)</b>	<b>-10.4%</b>
17	Depreciation and amortisation	(3,997)	-14.2%	(3,687)	-13.1%	(310)	8.4%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	(485)	-1.7%	0	0.0%	(485)	n.m.
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary income and operating costs</b>	<b>(4,482)</b>	<b>-16.0%</b>	<b>(3,687)</b>	<b>-13.1%</b>	<b>(795)</b>	<b>21.5%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>6,196</b>	<b>22.1%</b>	<b>8,230</b>	<b>29.3%</b>	<b>(2,034)</b>	<b>-24.7%</b>

Q3 gross revenues of the Premium Games segment slightly decreased by Euro 618 thousand compared to March 31<sup>st</sup>, 2020. Net revenues increased by Euro 39 thousand, from Euro 28,054 thousand to Euro 28,093 thousand. The revenues of the quarter derived from the launch of the next-gen versions of Control, whereas the previous fiscal year revenues benefitted from the launch of the videogame Journey to the Savage Planet.

Total cost of sales increased by Euro 1,959 thousand, generating a gross profit of Euro 14,610 thousand, decreasing by Euro 1,920 thousand compared to the Euro 16,530 thousand realized in the previous year.

Total operating costs decreased by Euro 619 thousand, whereas depreciation and amortization increased by Euro 310 thousand. This generated an operating margin (EBIT) of Euro 6,196 thousand corresponding to 22.1% of the total gross consolidated revenues, decreasing by Euro 2,030 thousand from Euro 8,230 thousand realized in the previous year.

## Free to Play

	Euro thousand	Free to Play					
		Q3 2020/2021		Q3 2019/2020		Change	
1	Gross revenue	3,971	100.0%	1,779	100.0%	2,192	n.m.
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>3,971</b>	<b>100.0%</b>	<b>1,779</b>	<b>100.0%</b>	<b>2,192</b>	<b>n.m.</b>
4	Purchases of products for resale	(0)	0.0%	0	0.0%	(0)	0.0%
5	Purchases of services for resale	(190)	-4.8%	(536)	-30.1%	346	-64.5%
6	Royalties	(9)	-0.2%	(55)	-3.1%	46	-83.3%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>(199)</b>	<b>-5.0%</b>	<b>(590)</b>	<b>-33.1%</b>	<b>391</b>	<b>-66.3%</b>
9	<b>Gross profit (3+8)</b>	<b>3,772</b>	<b>95.0%</b>	<b>1,188</b>	<b>66.7%</b>	<b>2,584</b>	<b>n.m.</b>
10	Other income	509	12.8%	520	29.3%	(11)	-2.1%
11	Costs for services	(207)	-5.2%	(96)	-5.4%	(111)	n.m.
12	Lease and rental costs	(19)	-0.5%	(3)	-0.2%	(16)	n.m.
13	Labour costs	(1,508)	-38.0%	(1,157)	-65.0%	(351)	30.3%
14	Other operating costs	(46)	-1.1%	(24)	-1.3%	(22)	91.8%
15	<b>Total operating costs</b>	<b>(1,780)</b>	<b>-44.8%</b>	<b>(1,280)</b>	<b>-71.9%</b>	<b>(500)</b>	<b>39.0%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>2,501</b>	<b>63.0%</b>	<b>428</b>	<b>24.0%</b>	<b>2,073</b>	<b>n.m.</b>
17	Depreciation and amortisation	(448)	-11.3%	(269)	-15.1%	(179)	66.3%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	0	0.0%	0	0.0%
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary operating income and costs</b>	<b>(448)</b>	<b>-11.3%</b>	<b>(269)</b>	<b>-15.1%</b>	<b>(179)</b>	<b>66.3%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>2,053</b>	<b>51.7%</b>	<b>159</b>	<b>9.0%</b>	<b>1,894</b>	<b>n.m.</b>

Q3 revenues of the Free to Play operating segment amounted to Euro 3,971 thousand. Free to Play revenues more than doubled compared to the Euro 1,779 thousand at March 31<sup>st</sup>, 2020, following the license agreement for the rights of the Gems of War video game for the Chinese market, which generated revenues for Euro 1,895 thousand.

Total cost of sales decreased by Euro 391 thousand following the Euro 346 thousand decrease in the purchase of services for resale. The gross profit for the third quarter amounted to Euro 3,772 thousand, improved by Euro 2,584 thousand compared to the Euro 1,188 thousand realized in the previous year.

Total operating costs increased by Euro 500 thousand mainly due to the increase in personnel costs for Euro 351 thousand.

Depreciation and amortization increased by Euro 179 thousand and included Euro 428 thousand representing the portion pertaining to the period of the difference between the purchase price of the Australian companies and the related shareholders' equity.

The operating margin (EBIT) amounted to Euro 2,053 thousand, equal to 51.7% of gross revenues, an improvement compared to the operating margin of Euro 159 thousand achieved in the previous year.

### *Italian Distribution*

#### *Reclassified P&L highlights*

	Euro thousand	Italian Distribution					
		Q3 2020/2021		Q3 2019/2020		Change	
1	Gross revenue	792	103.7%	626	95.4%	166	26.5%
2	Revenue adjustments	(28)	-3.7%	30	4.6%	(58)	n.m.
3	<b>Net revenue</b>	764	100.0%	656	100.0%	108	16.4%
4	Purchases of products for resale	(303)	-39.7%	(305)	-46.6%	2	-0.7%
5	Purchases of services for resale	0	0.0%	(12)	-1.8%	12	n.m.
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	(738)	-96.7%	(322)	-49.1%	(416)	n.m.
8	<b>Total cost of sales</b>	(1,041)	-136.3%	(639)	-97.5%	(402)	62.8%
9	<b>Gross profit (3+8)</b>	(277)	-36.3%	17	2.5%	(294)	n.m.
10	Other income	(0)	0.0%	0	0.0%	0	0.0%
11	Costs for services	(131)	-17.1%	(167)	-25.4%	36	-21.6%
12	Lease and rental costs	(33)	-4.4%	(8)	-1.2%	(25)	n.m.
13	Labour costs	(309)	-40.4%	(350)	-53.3%	41	-11.8%
14	Other operating costs	(40)	-5.2%	(48)	-7.4%	8	-18.2%
15	<b>Total operating costs</b>	(513)	-67.2%	(573)	-87.4%	60	-10.4%
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	(790)	-103.4%	(556)	-84.7%	(234)	42.1%
17	Depreciation and amortisation	(39)	-5.2%	(44)	-6.8%	5	-10.9%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	(12)	-1.8%	12	n.m.
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	<b>Total non-monetary operating income and costs</b>	(39)	-5.2%	(56)	-8.5%	17	-29.3%
22	<b>Operating margin (EBIT) (16+21)</b>	(829)	-108.6%	(612)	-93.2%	(217)	35.5%

Gross revenues in the quarter increased by 26.5%, from Euro 626 thousand to Euro 792 thousand, mainly due to the increase in revenues from the distribution of trading cards.

Total cost of sales increased by Euro 402 thousand, resulting in a gross loss of Euro 277 thousand compared to the Euro 17 thousand at March 31<sup>st</sup>, 2020.

Total operating costs decreased by Euro 60 thousand thus determining a negative operating margin (EBIT) of Euro 827 thousand, an increase of Euro 215 thousand compared to the negative Euro 612 thousand at March 31<sup>st</sup>, 2020.

The operating margin (EBIT) of the Other Activities segment amounted to Euro 9 thousand, improved by Euro 1 thousand compared to March 31<sup>st</sup>, 2020. The operating loss (EBIT) of the Holding segment amounted to Euro 2,371 thousand, increased by Euro 753 thousand compared to the operating loss of Euro 1,618 thousand of the previous fiscal year, due to higher labour and consultancy costs.

## **10. CONTINGENT ASSETS AND LIABILITIES**

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The sale of rights to PAYDAY2 by the Group to Starbreeze AB in May 2016 gave the Group the possibility to earn out maximum of USD 40 million to be calculated as 33% of the net revenue that Starbreeze AB will realise on the sales 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 recorded in the financial statement.

## **11. SUBSEQUENT EVENTS**

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There were no significant subsequent events.

## **12. OUTLOOK**

The fourth quarter of the year is expected to be in line with the quarter just ended. Last quarter sales will focus on products already launched which, as a result of target promotions, are continuously generating a stream of revenues. Non-significant video games launches are expected in the next quarter.

Fourth quarter's costs are expected to slightly grow compared to the previous, without creating a drastic decrease in quarter profitability.

Following the third quarter positive trend and the forecasts for the last quarter, the management expects an increase in revenues for the total fiscal year and a further increase in operating profit at the end of the year, significantly above the previous.

The Group continues to reinvest a large portion of the free cash flow generated in the acquisition and development of new intellectual properties. The intellectual properties portfolio of the Group widened with the acquisition of Ghostrunner rights in April. Despite the continuous investments plan, the net financial position at the end of the fiscal year is expected to further improve.

The Group will continue to monitor the effects deriving from the spread of the COVID-19 pandemic, adopting appropriate mitigation measures as necessary, and reporting to the market on any issues not already adequately considered

### 13. OTHER INFORMATION

#### EMPLOYEES

The following table contains analysis of the number of employees at March 31<sup>st</sup>, 2021 with comparative figures at March 31<sup>st</sup>, 2020:

Category	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change
Managers	8	7	1
Office workers	228	203	25
Blue-collar workers and apprentices	6	6	0
<b>Total employees</b>	<b>242</b>	<b>216</b>	<b>26</b>

The increase in the number of office workers is the result of the acquisition of Infinity Plus Two Pty Ltd. and Infinite Interactive Pty Ltd. on January 7<sup>th</sup>, 2021.

The following table contains details of the number of employees of non-Italian companies at March 31<sup>st</sup>, 2021 with comparative figures at March 31<sup>st</sup>, 2020:

Category	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change
Managers	3	2	1
Office workers	152	127	25
<b>Total employees outside Italy</b>	<b>155</b>	<b>129</b>	<b>26</b>

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

Category	Average no in 2021	Average no in 2020	Change
Managers	7	7	0
Office workers	214	184	30
Blue-collar workers and apprentices	7	6	1
<b>Total employees</b>	<b>228</b>	<b>197</b>	<b>31</b>

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

Category	Average no in 2021	Average no in 2020	Change
Managers	2	2	0
Office workers	136	122	13
<b>Total employees outside Italy</b>	<b>138</b>	<b>125</b>	<b>13</b>

The increase in the average number of the Italian companies' office workers is the result of the acquisition of AvantGarden S.r.l. on March 30<sup>th</sup>, 2020, while the increase in the average number of the non-Italian companies' office workers derives from the development of international activities.

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 two Italian studios currently consolidated - Kunos Simulazioni S.r.l. and AvantGarden S.r.l. – are contracted under the national collective employment agreement for the mechanical engineering industry.

#### ENVIRONMENT

At March 31<sup>st</sup>, 2021, there were no environmental issues.



## **Condensed consolidated financial statements at March 31<sup>st</sup>, 2021**

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## FINANCIAL STATEMENTS

### Digital Bros Group

Consolidated financial statements at March 31<sup>st</sup>, 2021

	Euro Thousand	March 31 <sup>st</sup> , 2021	June 30 <sup>th</sup> , 2020	Change	
	<b>Non-current Assets</b>				
1	Property, plant and equipment	8,516	8,837	(321)	-3.6%
2	Investment property	0	0	0	0.0%
3	Intangible assets	59,765	33,248	26,517	79.8%
4	Equity investments	13,806	5,488	8,318	n.m.
5	Non-current receivables and other assets	4,304	6,744	(2,440)	-36.2%
6	Deferred tax assets	2,019	3,482	(1,463)	-42.0%
7	Non-current financial assets	18,951	17,251	1,700	9.8%
	<b>Total non-current assets</b>	<b>107,361</b>	<b>75,050</b>	<b>32,311</b>	<b>43.1%</b>
	<b>Current assets</b>				
8	Inventories	6,925	7,989	(1,064)	-13.3%
9	Trade receivables	23,250	28,168	(4,918)	-17.5%
10	Tax receivables	2,696	3,100	(404)	-13.0%
11	Other current assets	20,577	32,816	(12,239)	-37.3%
12	Cash and cash equivalent	20,907	8,527	12,380	n.m.
13	Other current financial assets	0	0	0	0.0%
	<b>Total current assets</b>	<b>74,355</b>	<b>80,600</b>	<b>(6,245)</b>	<b>-7.7%</b>
	<b>TOTAL ASSETS</b>	<b>181,716</b>	<b>155,650</b>	<b>26,066</b>	<b>16.7%</b>
	<b>Capital and reserves</b>				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(24,780)	(20,960)	(3,820)	18.2%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(70,492)	(52,288)	(18,204)	34.8%
	<b>Equity attributable to Parent Company</b>	<b>(100,976)</b>	<b>(78,952)</b>	<b>(22,024)</b>	<b>27.9%</b>
	<b>Equity attributable to minority shareholders</b>	<b>(912)</b>	<b>(979)</b>	<b>67</b>	<b>-6.8%</b>
	<b>Total Net equity</b>	<b>(101,888)</b>	<b>(79,931)</b>	<b>(21,957)</b>	<b>27.5%</b>
	<b>Non-current liabilities</b>				
18	Employee benefits	(759)	(659)	(100)	15.1%
19	Non-current provisions	(81)	(81)	0	0.2%
20	Other non-current payables and liabilities	(5,206)	(469)	(4,737)	n.m.
21	Non-current financial liabilities	(13,227)	(6,369)	(6,858)	n.m.
	<b>Total non-current liabilities</b>	<b>(19,273)</b>	<b>(7,578)</b>	<b>(11,695)</b>	<b>n.m.</b>
	<b>Current liabilities</b>				
22	Trade payables	(42,849)	(41,140)	(1,709)	4.2%
23	Taxes payables	(9,561)	(5,473)	(4,088)	74.7%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(4,288)	(4,721)	433	-9.2%
26	Current financial liabilities	(3,857)	(16,807)	12,950	-77.1%
	<b>Total net working capital</b>	<b>(60,555)</b>	<b>(68,141)</b>	<b>7,586</b>	<b>-11.1%</b>
	<b>TOTAL LIABILITIES</b>	<b>(79,828)</b>	<b>(75,719)</b>	<b>(4,109)</b>	<b>5.4%</b>
	<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>(181,716)</b>	<b>(155,650)</b>	<b>(26,066)</b>	<b>16.7%</b>



**Digital Bros Group**
**Consolidated income statement at March 31<sup>st</sup>, 2021**

	<b>Euro Thousand</b>	<b>March 31<sup>st</sup>, 2021</b>		<b>March 31<sup>st</sup>, 2020</b>		<b>Change</b>	
1	Gross revenue	115,427	101.3%	99,143	106.4%	16,284	16.4%
2	Revenue adjustments	(1,475)	-1.3%	(6,002)	-6.4%	4,527	-75.4%
3	<b>Net revenue</b>	<b>113,952</b>	<b>100.0%</b>	<b>93,141</b>	<b>100.0%</b>	<b>20,811</b>	<b>22.3%</b>
4	Purchase of products for resale	(4,452)	-3.9%	(14,160)	-15.2%	9,708	-68.6%
5	Purchase of services for resale	(8,027)	-7.0%	(6,421)	-6.9%	(1,606)	25.0%
6	Royalties	(31,736)	-27.9%	(26,883)	-28.9%	(4,853)	18.1%
7	Changes in inventories of finished products	(1,064)	-0.9%	514	0.6%	(1,578)	n.m.
8	<b>Total cost of sales</b>	<b>(45,279)</b>	<b>-39.7%</b>	<b>(46,950)</b>	<b>-50.4%</b>	<b>1,671</b>	<b>-3.6%</b>
9	<b>Gross profit (3+8)</b>	<b>68,673</b>	<b>60.3%</b>	<b>46,191</b>	<b>49.6%</b>	<b>22,482</b>	<b>48.7%</b>
10	Other income	3,326	2.9%	2,375	2.6%	951	40.0%
11	Costs for services	(7,431)	-6.5%	(11,536)	-12.4%	4,105	-35.6%
12	Rent and Leasing	(221)	-0.2%	(183)	-0.2%	(38)	20.3%
13	Payroll costs	(17,562)	-15.4%	(15,358)	-16.5%	(2,204)	14.4%
14	Other operating costs	(921)	-0.8%	(924)	-1.0%	3	-0.3%
15	<b>Total operating costs</b>	<b>(26,135)</b>	<b>-22.9%</b>	<b>(28,001)</b>	<b>-30.1%</b>	<b>1,866</b>	<b>-6.7%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>45,864</b>	<b>40.2%</b>	<b>20,565</b>	<b>22.1%</b>	<b>25,299</b>	<b>n.m.</b>
17	Depreciation and amortisation	(20,117)	-17.7%	(9,405)	-10.1%	(10,712)	n.m.
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(774)	-0.7%	(1,189)	-1.3%	415	-34.9%
20	Impairment reversal	0	0.0%	236	0.3%	(236)	n.m.
21	<b>Total depreciation, amortization and impairment</b>	<b>(20,891)</b>	<b>-18.3%</b>	<b>(10,358)</b>	<b>-11.1%</b>	<b>(10,533)</b>	<b>n.m.</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>24,973</b>	<b>21.9%</b>	<b>10,207</b>	<b>11.0%</b>	<b>14,766</b>	<b>n.m.</b>
23	Interest and finance income	6,281	5.5%	2,521	2.7%	3,760	n.m.
24	Interest and finance expense	(2,952)	-2.6%	(2,796)	-3.0%	(156)	5.6%
25	<b>Net interest income/(expense)</b>	<b>3,329</b>	<b>2.9%</b>	<b>(275)</b>	<b>-0.3%</b>	<b>3,604</b>	<b>n.m.</b>
26	<b>Profit/ (loss) before tax (22+25)</b>	<b>28,302</b>	<b>24.8%</b>	<b>9,932</b>	<b>10.7%</b>	<b>18,370</b>	<b>n.m.</b>
27	Current tax	(8,908)	-7.8%	(3,114)	-3.3%	(5,794)	n.m.
28	Deferred tax	875	0.8%	(437)	-0.5%	1,312	n.m.
29	<b>Total taxes</b>	<b>(8,033)</b>	<b>-7.0%</b>	<b>(3,551)</b>	<b>-3.8%</b>	<b>(4,482)</b>	<b>n.m.</b>
30	<b>Net profit/loss</b>	<b>20,269</b>	<b>17.8%</b>	<b>6,381</b>	<b>6.9%</b>	<b>13,887</b>	<b>n.m.</b>
	attributable to the shareholders of the Group	20,336	17.8%	6,389	6.9%	13,946	n.m.
	attributable to minority shareholders	(67)	-0.1%	(8)	0.0%	(59)	n.m.
	<b>Earnings per share</b>						
33	<b>Total basic earnings per share (in Euro)</b>	<b>1.43</b>		<b>0.45</b>		<b>0.98</b>	<b>n.m.</b>
34	<b>Diluted earnings per share (in Euro)</b>	<b>1.40</b>		<b>0.45</b>		<b>0.95</b>	<b>n.m.</b>

**Digital Bros Group****Consolidated statement of comprehensive income at March 31<sup>st</sup>, 2021**

<b>Euro Thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>
<b>Profit (Loss) for the period (A)</b>	<b>20,269</b>	<b>6,381</b>	<b>13,888</b>
<b>Items that will not be subsequently recycled through profit or loss (B)</b>	<b>0</b>		<b>0</b>
Actuarial gain (loss)	(11)	9	(20)
Income tax relating to actuarial gain (loss)	3	(2)	5
Exchange differences on translation of foreign operations	46	301	(255)
Income tax relating to exchange differences on translation of foreign operations	0	0	0
Fair value measurement of shares designated as “available for sale”	4,653	(1,168)	5,821
Tax effect regarding fair value measurement of shares designated as “available for sale”	(1,117)	280	(1,397)
<b>Items that will subsequently be recycled through profit or loss (C)</b>	<b>3,574</b>	<b>(580)</b>	<b>4,154</b>
<b>Total other comprehensive income D= (B)+(C)</b>	<b>3,574</b>	<b>(580)</b>	<b>4,154</b>
<b>Total comprehensive income (loss) (A)+(D)</b>	<b>23,843</b>	<b>5,801</b>	<b>18,042</b>
Attributable to:			
<b>Shareholders of the Group</b>	<b>23,910</b>	<b>5,809</b>	<b>18,101</b>
<b>Minority shareholders</b>	<b>(67)</b>	<b>(8)</b>	<b>(59)</b>

**Digital Bros Group**
**Consolidated cash flow statement at March 31<sup>st</sup>, 2021**

	<b>Euro Thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>
<b>A. Opening net cash/debt</b>		<b>8,527</b>	<b>4,767</b>
<b>B. Cash flows from operating activities</b>			
Profit (loss) for the period		20,269	6,381
<i>Depreciation, amortisation and non-monetary costs:</i>			
Provisions and impairment losses		(753)	1,189
Amortisation of intangible assets		18,779	7,993
Depreciation of property, plant and equipment		1,338	1,412
Net change in deferred tax assets		1,463	57
Net change in employee benefit provisions		100	73
Net change in other non-current liabilities		3,827	332
<b>SUBTOTAL B.</b>		<b>45,023</b>	<b>17,437</b>
<b>C. Change in net working capital</b>			
Inventories		1,064	(514)
Trade receivables		4,908	4,125
Current tax assets		404	597
Other current assets		13,002	(5,112)
Trade payables		1,709	12,223
Current tax liabilities		4,088	4,194
Current provisions		(0)	(856)
Other current liabilities		(433)	5,764
Other non-current liabilities		4,737	(444)
Non-current receivables and other assets		2,440	3,620
<b>SUBTOTAL C.</b>		<b>31,919</b>	<b>23,597</b>
<b>D. Cash flows from investing activities</b>			
Net payments for intangible assets		(45,296)	(20,949)
Net payments for property, plant and equipment		(1,017)	(6,945)
Net payments for non-current financial assets		(8,318)	(2,786)
<b>SUBTOTAL D.</b>		<b>(54,631)</b>	<b>(30,680)</b>
<b>E. Cash flows from financing activities</b>			
Capital increases		0	0
Changes in financial liabilities		(6,092)	8,968
Changes in financial assets		(1,700)	(14,958)
<b>SUBTOTAL E.</b>		<b>(7,792)</b>	<b>(5,990)</b>
<b>F. Changes in consolidated equity</b>			
Dividends distributed		(2,139)	0
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
<b>SUBTOTAL F.</b>		<b>(2,139)</b>	<b>0</b>
<b>G. Cash flow for the period (B+C+D+E+F)</b>		<b>12,380</b>	<b>4,364</b>
<b>H. Closing net cash/debt (A+G)</b>		<b>20,907</b>	<b>9,131</b>

**Digital Bros Group**

**Consolidated statement of changes in equity**

<b>Euro thousand</b>	<b>Share capital (A)</b>	<b>Share premium reserve</b>	<b>Legal reserve</b>	<b>IAS transition reserve</b>	<b>Translation reserve</b>	<b>Other reserves</b>	<b>Total reserves (B)</b>	<b>Treasury shares (C)</b>	<b>Retained earnings (Accumulated losses)</b>	<b>Profit (Loss) for the year</b>	<b>Total retained earnings (D)</b>	<b>Equity of parent company shareholders (A+B+C+D)</b>	<b>Equity of non-controlling interests</b>	<b>Total equity</b>
<b>Total on July 1<sup>st</sup>, 2019</b>	<b>5,704</b>	18,486	1,141	1,367	(1,350)	1,579	<b>21,223</b>	<b>0</b>	38,811	(1,513)	<b>37,298</b>	<b>64,225</b>	<b>0</b>	<b>64,225</b>
Allocation of profit for the year							<b>0</b>		(1,513)	1,513	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other changes					(20)	248	<b>228</b>			20	<b>20</b>	<b>248</b>	<b>664</b>	<b>912</b>
Comprehensive income (loss)					301	(881)	<b>(580)</b>			6,389	<b>6,389</b>	<b>5,809</b>	<b>(8)</b>	<b>5,801</b>
<b>Total on March 31<sup>st</sup>, 2020</b>	<b>5,704</b>	18,486	1,141	1,367	(1,069)	946	<b>20,871</b>	<b>0</b>	37,298	6,409	<b>43,707</b>	<b>70,282</b>	<b>656</b>	<b>70,938</b>
<b>Total on July 1<sup>st</sup>, 2020</b>	<b>5,704</b>	18,486	1,141	1,367	(1,416)	1,382	<b>20,960</b>	<b>0</b>	37,298	14,990	<b>52,288</b>	<b>78,952</b>	<b>979</b>	<b>79,931</b>
Allocation of profit for the year							<b>0</b>		14,990	(14,990)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend distribution									(2,139)		<b>(2,139)</b>	<b>(2,139)</b>		<b>(2,139)</b>
Other changes						246	<b>246</b>		7		<b>7</b>	<b>253</b>		<b>253</b>
Comprehensive income (loss)					46	3,528	<b>3,574</b>			20,336	<b>20,336</b>	<b>23,910</b>	<b>(67)</b>	<b>23,843</b>
<b>Total on March 31<sup>st</sup>, 2021</b>	<b>5,704</b>	18,486	1,141	1,367	(1,370)	5,156	<b>24,780</b>	<b>0</b>	50,156	20,336	<b>70,492</b>	<b>100,976</b>	<b>912</b>	<b>101,888</b>



## **Notes to the condensed consolidated financial statements at March 31<sup>st</sup>, 2021**

## 1. INTRODUCTORY NOTE

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Digital Bros S.p.A. Interim Report at March 31<sup>st</sup>, 2021 was approved by the Board of Directors of May 10<sup>th</sup>, 2021 which also authorized the publication of the Report and the related press release.

The Interim Report at March 31<sup>st</sup>, 2021 includes the condensed consolidated financial statements prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1<sup>st</sup>, 2020 as adopted by the European Union. The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34 relating to interim financial report.

The Interim Report does not include all the disclosures required for annual financial statements and should be read together with the Group's consolidated financial statements for the year ended June 30<sup>th</sup>, 2020.

The Interim Report at March 31<sup>st</sup>, 2021 of Digital Bros Group have been prepared on a going concern basis. In fact, the Group has assessed that there are no significant uncertainties regarding the going concern.

Details of form and content and other general information, as well as the use of estimates, should be made to the notes to the consolidated financial statements for the year ended June 30<sup>th</sup>, 2020.

### **FINANCIAL STATEMENTS**

The consolidated financial statements of Digital Bros Group for the period ended March 31<sup>st</sup>, 2021 together with comparative figures at June 30<sup>th</sup>, 2020 is shown in the Financial Statements section. The main balance sheet components are commented below.

### **NON-CURRENT ASSETS**

Total non-current assets increased by Euro 32,311 thousand.

The significant investment plan undertaken by the Group in order to pursue its growth objectives increased the intangible assets up by Euro 26,517 thousand due to investments in new IPs and multi-years rights held by the Group, net of the amortization for the period.

Net payments for intangible assets amounted to Euro 45,296 thousand:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>
Premium Games user rights	2,340	6,692
Investments on development of management systems	159	173
<b>Total investments on concessions and licences</b>	<b>2,499</b>	<b>6,865</b>
Internal development contracts in progress	2,476	8,164
Assets in progress	31,759	6,715
<b>Total additions to assets in progress</b>	<b>34,235</b>	<b>14,879</b>
<b>Australian companies purchase price allocation</b>	<b>8,562</b>	<b>0</b>
<b>Total investments on intangible assets</b>	<b>45,296</b>	<b>21,744</b>

The Group's equity investments in associated companies increased by Euro 8,318 thousand due to the pro-quota subscription of the capital increase issued by the Swedish company Starbreeze AB in September 2020 and the fair value of Unity Software Inc. shares for Euro 621 thousand. Details are provided below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>	<b>Change</b>
MSE&DB SI	5	0	5
<b>Total jointly controlled companies</b>	<b>5</b>	<b>0</b>	<b>5</b>
Starbreeze AB - A shares	9,048	3,676	5,372
Starbreeze AB - B shares	3,683	1,363	2,320
Unity Software Inc.	788	167	621
Noobz from Poland S.A.	282	282	0
<b>Total Other investments</b>	<b>13,801</b>	<b>5,488</b>	<b>8,313</b>
<b>Total investments</b>	<b>13,806</b>	<b>5,488</b>	<b>8,318</b>

Non-current receivables and other assets amounted to Euro 4,304 thousand, decreasing by Euro 2,440 thousand compared to June 30<sup>th</sup>, 2020.

As at March 31<sup>st</sup>, 2021, they included a receivable of Euro 3,453 thousand from Starbreeze AB that was purchased from the company Smilegate Holdings. The receivable has a nominal amount of around USD 16.3 million and was purchased for consideration of Euro 100 thousand. As at March 31<sup>st</sup>, 2021, the amount has been restated at the positive amortised cost of positive Euro 2,321 thousand. The receivable forms part of the Starbreeze AB corporate restructuring process and will be paid in accordance with the payment plan agreed with the District Court in Sweden – in any case, not later than December 2024.

The non-current receivables and other assets decrease is determined by the full collection of the receivable for the sale of the Pipeworks Inc.. At June 30<sup>th</sup>, 2020, the portion of the total receivable of USD 10 million deriving from the sale of the American subsidiary had a maturity of more than twelve months, but was fully collected in October 2020, in advance of the contractual deadline.

The residual part relates to security deposits for contractual obligations.

Deferred tax assets are calculated on tax loss carryforwards and temporary differences between the carrying amount of an asset or liability in the financial statement and its tax basis. They have been measured at the tax rates expected to apply in the period when the asset will expected to be realized or the liability will be settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

Non-current financial assets consist entirely of the fair value measurement of the convertible bonds issued by Starbreeze AB with a nominal value of SEK 215 million and maturing in December 2024, as described in the Significant Events during the Period section of the Q3 Report.

## CURRENT ASSETS

Total current assets decreased by Euro 6,245 thousand mainly due to lower trade receivables for Euro 4,918 thousand and lower other current assets for Euro 12,239 thousand, partially offset by higher cash and cash equivalent for Euro 12,380 thousand. They are analysed as follows:

Euro Thousand	March 31 <sup>st</sup> , 2021	June 30 <sup>th</sup> , 2020	Change
Receivables for video game licenses	6,292	10,371	(4,079)
Receivables for video game development operating costs	11,799	14,651	(2,852)
Receivable for sale of Pipeworks Inc.	0	4,770	(4,770)
Advances to suppliers	2,486	3,024	(538)
<b>Total other current assets</b>	<b>20,577</b>	<b>32,816</b>	<b>(9,765)</b>

Receivables for video game licenses consist of advances paid for licenses not yet used or completely used as at the reporting date. They decreased by Euro 4,079 thousand over the period to Euro 6,292 thousand.

Receivables for video game development operating costs, amounting to Euro 11,799 thousand, include expenses incurred in advances in relation to the video game programming services, the quality assurance and the other operating costs.

The change in the receivable for the sale of Pipeworks Inc. relates to the collection of the short-term portion of the total receivable of USD 10 million deriving from the disposal of the former American subsidiary.

## NON-CURRENT LIABILITIES

Total non-current liabilities increased by Euro 11,695 thousand mainly due to higher other non-current payables and liabilities for Euro 4,737 thousand and higher non-current financial liabilities for Euro 6,858 thousand.

The other non-current payables and liabilities increase derives from recognition of the portion of the debt with maturity beyond twelve months for the acquisition of the Australian companies.

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

Non-current provisions consist entirely of the agents' termination indemnity provision.

Non-current financial liabilities increased by Euro 6,858 thousand following three new loans subscribed by the Parent Company and 505 Games S.p.A. for a total value of Euro 8,722 thousand. For further details please consult the Net Financial Position analysis.

## CURRENT LIABILITIES

Total net working capital decreased by Euro 7,586 thousand mainly due to lower current financial liabilities for Euro 12,950 thousand, partially offset by higher tax payables for Euro 4,088 thousand in line with the Group's revenue trend for the period.



## 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	Translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings (Accumulated losses)	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
<b>Total on July 1<sup>st</sup>, 2020</b>	<b>5,704</b>	18,486	1,141	1,367	(1,416)	1,382	<b>20,960</b>	0	37,298	14,990	<b>52,288</b>	<b>78,952</b>	<b>979</b>	<b>79,931</b>
Allocation of profit for the year							<b>0</b>		14,990	(14,990)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend distribution									(2,139)		<b>(2,139)</b>	<b>(2,139)</b>		<b>(2,139)</b>
Other changes						246	<b>246</b>		7		<b>7</b>	<b>253</b>		<b>253</b>
Comprehensive income (loss)					46	3,528	<b>3,574</b>			20,336	<b>20,336</b>	<b>23,910</b>	<b>(67)</b>	<b>23,843</b>
<b>Total on March 31<sup>st</sup>, 2021</b>	<b>5,704</b>	18,486	1,141	1,367	(1,370)	5,156	<b>24,780</b>	0	50,156	20,336	<b>70,492</b>	<b>100,976</b>	<b>912</b>	<b>101,888</b>

### 14. Share capital

Share capital at March 31<sup>st</sup>, 2021 remained unchanged compared to June 30<sup>th</sup>, 2020 and is divided into 14,260,837 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,704,334.80. 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 includes Euro 46 thousand to restate the stock option reserve, Euro 3,536 thousand (positive) to restate the reserve for fair value measurement of financial assets and Euro 8 thousand (negative) to restate the actuarial reserve.

No specific uses or objectives have been designated for equity reserves, other than provided by Law.

## NET FINANCIAL POSITION

The following table contains details of the Group's net financial position at March 31<sup>st</sup>, 2021 together with comparative figures at June 30<sup>th</sup>, 2020:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>	<b>Change</b>
12	Cash and cash equivalents	20,907	8,527	12,380
13	Other current financial assets	0	0	0
26	Current financial liabilities	(3,857)	(16,807)	12,950
	<b>Current net financial position</b>	<b>17,050</b>	<b>(8,280)</b>	<b>25,330</b>
7	Non-current financial assets	18,951	17,251	1,700
21	Non-current financial liabilities	(13,227)	(6,369)	(6,858)
	<b>Non-current net financial position</b>	<b>5,724</b>	<b>10,882</b>	<b>(5,158)</b>
	<b>Total net financial position</b>	<b>22,774</b>	<b>2,602</b>	<b>20,172</b>

The net financial position was positive for Euro 22,774 thousand, significantly improved compared to Euro 2,602 thousand as at June 30<sup>th</sup>, 2020. Excluding the IFRS 16 effect, the net financial position amounted to Euro 28 million, improving by Euro 20 million compared to the positive Euro 8 million at June 30<sup>th</sup>, 2020.

The decrease in current financial liabilities is mainly due to the payment, occurred on February 23<sup>rd</sup>, 2021, of the Euro 10 million debt to Smilegate Holdings relating to the portion of the purchase price of the assets previously held in Starbreeze AB by the Korean company.

The increase in non-current financial liabilities is mainly due to the portion maturing beyond twelve months of three new loans:

- a loan of Euro 5 million granted by Intesa SanPaolo S.p.A. to the Parent Company with a portion within twelve months of Euro 1,653 thousand and beyond twelve months of Euro 3,347 thousand;
- a loan of Euro 1,375 thousand granted by Unicredit S.p.A. to the Parent Company with full maturity beyond twelve months;
- a loan of Euro 4 million granted by Unicredit S.p.A. to the Parent Company with full maturity beyond twelve months.

For information purposes only, the following table sets out the net financial position in accordance with DEM/6064293 of July 28<sup>th</sup>, 2006:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>June 30<sup>th</sup>, 2020</b>	<b>Change</b>	
A.	Cash	4	5	(1)	-20.0%
B.	Cash equivalents (details)	20,903	8,522	12,381	n.m.
<b>C.</b>	<b>Liquidity (A) + (B)</b>	20,907	8,527	12,380	n.m.
<b>D.</b>	<b>Current and non-current financial receivables</b>	0	0	0	0.0%
E.	Current bank borrowing	0	547	(547)	n.m.
F.	Current portion of non-current debt	2,656	5,153	(2,497)	-48.5%
G.	Other current financial liabilities	1,201	11,107	(9,906)	-89.2%
<b>H.</b>	<b>Current financial indebtedness (E)+(F)+(G)</b>	3,857	16,807	(12,950)	-77.1%
<b>I.</b>	<b>Net current financial indebtedness (H) – (D) – (C)</b>	(17,050)	(8,971)	(8,079)	90.1%
J.	Non-current bank borrowing	8,974	1,906	7,068	n.m.
K.	Other non-current financial liabilities	4,253	4,463	(210)	-4.7%
<b>L.</b>	<b>Non-current financial indebtedness (J) + (K)</b>	13,227	6,369	6,858	n.m.
<b>M.</b>	<b>Net financial indebtedness (I) + (L)</b>	(3,823)	(2,602)	(1,221)	n.m.

## CONSOLIDATE INCOME STATEMENT

### 3. Net revenue

A breakdown of revenue by operating segment for the period ended March 31<sup>st</sup>, 2021 is provided below. It does not include the Holding operating segment as it does not generate revenue:

	Euro Thousands	Free to Play	Premium Games	Italian Distribution	Other activities	Total
1	Gross revenue	8,455	102,842	3,724	406	115,427
2	Revenue adjustments	0	(1,253)	(222)	0	(1,475)
3	<b>Total net revenue</b>	<b>8,455</b>	<b>101,589</b>	<b>3,502</b>	<b>406</b>	<b>113,952</b>

At March 31<sup>st</sup>, 2020, the breakdown was as follows:

	Euro Thousands	Free to Play	Premium Games	Italian Distribution	Other activities	Total
1	Gross revenue	5,117	86,764	6,811	451	99,143
2	Revenue adjustments	0	(5,489)	(513)	0	(6,002)
3	<b>Total net revenue</b>	<b>5,117</b>	<b>81,275</b>	<b>6,298</b>	<b>451</b>	<b>93,141</b>

Comments about revenues can be found in the Q3 Report.

### 25. Net interest income/(expense)

This item may be analysed as follows:

	Euro thousand	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change	%
23	Interest and financial income	6,281	2,521	3,760	n.m.
24	Interest and financial expenses	(2,952)	(2,796)	(156)	5.6%
25	<b>Net financial income / (expenses)</b>	<b>3,329</b>	<b>(275)</b>	<b>3,604</b>	<b>n.m.</b>

The net financial income was positive for Euro 3,329 thousand compared to the negative Euro 275 thousand registered in the previous year. The increase is the result of a Euro 3,760 thousand increase in interest and financial income, only partially offset by higher interest and financial expenses for Euro 156 thousand.

Interest and financial income may be analysed as follows:

Euro thousand	March 31 <sup>st</sup> , 2021	March 31 <sup>st</sup> , 2020	Change	%
Financial income	3,378	1,010	2,368	n.m.
Exchange gains	2,894	1,503	1,391	92.5%
Other	9	8	1	12.5%
<b>Interest and financial income</b>	<b>6,281</b>	<b>2,521</b>	<b>3,760</b>	<b>n.m.</b>

Interest and financial income increased by Euro 3,760 thousand because of a Euro 2,368 thousand rise in financial income and higher exchange gains for Euro 1,391 thousand. Financial income includes Euro 2,322 thousand due to the restatement of the around USD 16.3 million loan receivable from Starbreeze AB as acquired for consideration of Euro 100 thousand, as well as Euro 899 thousand fair value measurement of the convertible bond issued by Starbreeze AB.

Interest and financial expenses amounted to Euro 2,952 thousand. They increased by Euro 156 thousand compared to March 31<sup>st</sup>, 2020, mainly because of exchange losses for Euro 1,586 thousand. As at March 31<sup>st</sup>, 2020 the item included Euro 580 thousand following 505 Games S.p.A. conciliation agreement with the Italian Tax Authorities.

Interest and financial expenses are analysed in detail as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	<b>%</b>
Interest expenses on current accounts and trade finance	(75)	(205)	130	-63.4%
Interest expenses to tax authorities	0	(587)	587	n.m.
Interest expenses on loans and leases	(145)	(357)	212	-59.4%
Factoring interest expenses	(1)	(6)	5	-80.0%
<b>Total interest expenses on sources of finance</b>	<b>(221)</b>	<b>(1,155)</b>	<b>934</b>	<b>-59.4%</b>
Exchange losses	(2,731)	(1,145)	(1,586)	n.m.
Equity valuation of investments	0	(496)	496	n.m.
<b>Total interest and financial expenses</b>	<b>(2,952)</b>	<b>(2,796)</b>	<b>(156)</b>	<b>5.6%</b>

## 29. Total taxes

Total taxes at March 31<sup>st</sup>, 2021 are detailed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>March 31<sup>st</sup>, 2020</b>	<b>Change</b>	<b>%</b>
Current taxes	(8,908)	(3,114)	(5,794)	n.m.
Deferred taxes	875	(437)	1,312	n.m.
<b>Total taxes</b>	<b>(8,033)</b>	<b>(3,551)</b>	<b>(4,482)</b>	<b>n.m.</b>

The increase in current taxes is in line with the Group's revenue trend for the period.

### ***Information by geographical area***

Gross revenue by client broken by geographical area are as follow:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>		<b>March 31<sup>st</sup>, 2020</b>		<b>Change</b>	
Europe	19,558	17%	18,966	19%	592	3.1%
Americas	81,651	70%	59,890	61%	21,761	36.3%
Rest of the world	10,088	9%	13,025	13%	(2,937)	-22.5%
<b>Total non-Italian revenue</b>	<b>111,297</b>	<b>96%</b>	<b>91,881</b>	<b>93%</b>	<b>19,417</b>	<b>21.1%</b>
Italy	4,130	4%	7,262	7%	(3,132)	-43.1%
<b>Total consolidated gross revenue</b>	<b>115,427</b>	<b>100%</b>	<b>99,143</b>	<b>100%</b>	<b>16,285</b>	<b>16.4%</b>

Non-Italian revenue represented 96% of consolidated gross revenue compared to 93% in the previous year and increased by Euro 19,417 thousand compared to March 31<sup>st</sup>, 2020.

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

The most significant portion of non-Italian revenue is generated by the Premium Games operating segment which generated foreign revenue of Euro 102,842 thousand, 92% of total non-Italian revenue.

Details of gross non-Italian revenue by operating segment are provided below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2021</b>		<b>March 31<sup>st</sup>, 2020</b>		<b>Change</b>	
Free to Play	8,455	8%	5,117	5%	3,338	65,2%
Premium Games	102,842	92%	86,764	95%	16,078	18,5%
<b>Total gross revenue</b>	<b>111,297</b>	<b>100%</b>	<b>91,881</b>	<b>100%</b>	<b>19,416</b>	<b>21,1%</b>

### ***Related parties transactions***

At March 31<sup>st</sup>, 2021 no unusual or extraordinary transaction with related parties has been carried out.

## STATEMENT PURSUANT TO ART. 154- BIS (5) OF THE CONSOLIDATED FINANCE ACT

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We, the undersigned, Abramo Galante, Chairman of the Board of Directors and Stefano Salbe, 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 24<sup>th</sup>, 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 1<sup>st</sup>, 2020 – March 31<sup>st</sup>, 2021. No significant issues have arisen.

We also confirm that:

1. the consolidated financial statements of Digital Bros Group for the period ended March 31<sup>st</sup>, 2021:
  - 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 19<sup>th</sup>, 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 Q3 Report accompanying the consolidated and separate 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 10<sup>th</sup>, 2021

Signed

Chairman of the Board of Directors  
Abramo Galante

Financial Reporting Manager  
Stefano Salbe