



Interim Report at September 30th, 2021
(1st quarter of the financial year 2021/2022)

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 Companies House No. 290680-Vol. 7394 Chamber of Commerce 1302132

This report is available in the Investors section of the Company's website at 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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Contents

Board of Directors and Governance Structure

Q1 REPORT.....	6
1. Group organization	6
2. Video games market	10
3. Results indicators.....	12
4. Seasonality effects	12
5. Significant events of the reporting period.....	14
6. Consolidated Statement of Profit and Loss at September 30 th , 2021	15
7. Consolidated Financial Statement at September 30 th , 2021	19
8. Performance indicators	20
9. Segment reporting.....	21
10. Contingent assets And liabilities.....	30
11. Significant events occurred after September 30 th , 2021	30
12. Business outlook	30
13. Other information	32
FINANCIAL STATEMENTS	36
Consolidated financial statement September 30 th , 2021	36
Consolidated statement of profit and loss at September 30 th , 2021	37
Consolidated statement of comprehensive income at September 30 th , 2021	38
Consolidated cash flow statement at September 30 th , 2021	39
Consolidated statement of changes in equity at September 30 th , 2021	40
Notes to the condensed consolidated financial statements at September 30 th , 2021	41
STATEMENT PURSUANT TO ART. 154- BIS (5) OF THE T.U.F.....	52

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 ⁽¹⁾
Laura Soifer	Independent Director ⁽²⁾
Dario Treves	Executive Director

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

⁽²⁾ 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 28th, 2020 appointed the Board of Directors and Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will end within the Shareholders' Meeting which will approve the financial statements as at June 30th, 2023.

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

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

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

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

Other information

The publication of Digital Bros Group's Interim Report at September 30th, 2021 was authorized by a resolution of the Board of Directors on November 11th, 2021.

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

Q1 REPORT

1. GROUP ORGANIZATION

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

The Group is organized into five operational business segments:

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

Video games developed by external studios are usually either acquired with an exclusive license or assigned to the Group with 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 French, German and Spanish subsidiaries have limited their operations to local marketing and PR activities following the progressive digitalization of the market and the consequent centralization of sales.

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

The Group holds a 60% stake in the Dutch company Rasplata B.V. that owns an intellectual propriety currently under development. In July 2021, the Group acquired 60% of the Czech company Ingame Studios a.s., the Brno-based studio developing the video game based on the intellectual propriety owned by Rasplata B.V..

The Group also owns 100% of AvantGarden S.r.l., an Italian development studio with a team of around eleven people, while Hook S.r.l. and Supernova Games Studio S.r.l. were incorporated during the previous fiscal year. Hook S.r.l. is the Group's publisher dealing with Premium video games with limited development budgets, faster development time but with a potential for success due to the innovative nature of the idea (so-called Indie Games). Supernova Games Studio S.r.l. is a new video game production studio based in Milan.

In the previous year, MSE & DB S.L., a joint venture under the Spanish law, was set up with the development studio Mercury Steam Entertainment in order to jointly create a new intellectual property.

The Canadian Chrysalide Jeux et Divertissement Inc. was incorporated in June 2021. The company (75% of which is held by the Group) will develop a brand-new video game currently in pre-production.

Free to Play: the operations consist of the development and publishing of video games and/or applications that will be available for free on digital marketplaces with in-app purchases features. 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 operated 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..

The Australian 505 Games Pty Ltd. was incorporated during the previous fiscal year. In January 2021 it 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 provide continuous development to the games.

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

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

The operations are run by the parent company, Digital Bros S.p.A., under the Halifax brand, and by the subsidiary Game Entertainment S.r.l..

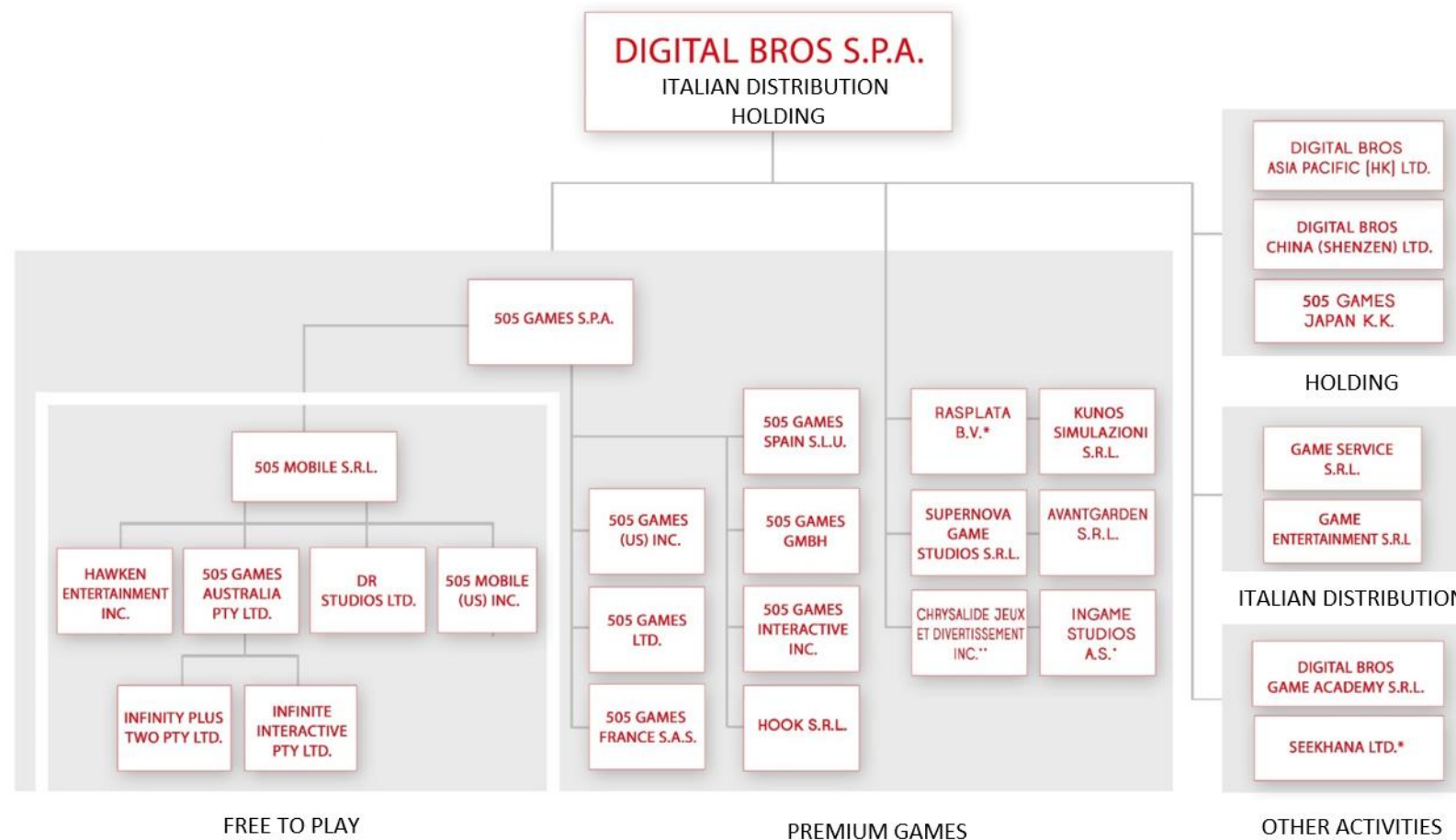
Other Activities: the operating segment considers all the Group's remaining activities that are consolidated together for reporting purposes. It includes the operations of the subsidiary Digital Bros Game Academy S.r.l. which organizes video game training and professional courses. It also includes the activities of the subsidiary Game Network S.r.l., whose activities were interrupted in June 2018, and which is in voluntary entered liquidation since October 2018. The Group also holds a 60% stake in the UK company Seekhana Ltd..

Holding: this includes all the corporate functions carried out by Digital Bros S.p.A. as in example, 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., Ingame Studios a.s. and Seekhana Ltd. which are controlled with a 60% stake, and Chrysalide Jeux et Divertissement Inc. with a 75% stake.

The organization chart at September 30th, 2021 was as follows:

GROUP STRUCTURE AT SEPTEMBER 30TH, 2021



(*) INVESTMENT AT 60%
 (**) INVESTMENT AT 75%

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

Company	Address	Activities
AvantGarden S.r.l.	Via Tortona, 37 Milan	Offices
Chrysalide Jeux et Divertissement Inc. ⁽²⁾	252 Rue Christophe Colomb Est, Québec, Canada	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.	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
Ingame Studios a.s. ⁽¹⁾	Moravské náměstí 8, Brno, Czech Republic	Offices
Kunos Simulazioni S.r.l.	Via degli Olmetti 39, Formello (Rome)	Offices
Infinity Plus Two Pty Ltd.	202 153 Park Street, South Melbourne Vic 3205	Offices
Infinite Interactive Pty Ltd.	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. ⁽¹⁾	Churchill-laan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. ⁽¹⁾	4 Linford Forum, Rockingham Drive, Milton Keynes, U.K.	Offices
Supernova Games Studios S.r.l.	Via Tortona, 37 Milan	Offices

(1) 60% consolidated.

(2) 75% consolidated.

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

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

2. VIDEO GAMES MARKET

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

The market is constantly evolving and growing, driven by the continuous technological upgrades. Gaming is no longer limited to personal computers and traditional consoles (Sony, Microsoft and Nintendo), but has expanded to mobile phones and tablet devices. Low-cost fiber connectivity availability, fiber 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. Cloud gaming is also becoming increasingly popular.

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 low quantities are sold. Across their lifecycle, console and video game prices gradually decline, while the quantities sold and the video games quality increase.

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



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

Developers

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

Even if developers sometimes retain the intellectual property, they often assign the rights to an international video game publisher for a limited period of time that is defined contractually. Therefore, publishers play a key role in the value chain: they are essential to the completion of the video game, the creation of a community around it and its international distribution through their direct or indirect commercial network.

In case of an exclusively digital distribution, the developer can directly publish and market the video game. In such scenario, the financial and operational risks for the developer increase significantly.

Publishers

The publisher is responsible for the launch of the video game, determines its global pricing and commercial and marketing policy, designs the packaging and accepts all the risks related. Publishers usually finance the video game development process and often acquire the game rights on a permanent basis.

Console manufacturers

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

Distributors

The role of 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 digitalization of the market has enabled newly established video games publishers to remain digital only and appoint the retail distribution services to a competitor publisher.

The role of the distributor is destined to lose its importance as a result of a decrease in sales of physical products. In the future, retail distribution will be concentrated on an increasingly limited number of operators.

Retailers

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

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



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

The gradual digitalization 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 gamers can access the full library of games by paying a subscription fee. Revenues are recognized

to publishers based on the utilization of their video games. More recently, Google and Amazon have set up similar platforms, Stadia and Luna respectively, while Apple has launched Apple Arcade, a platform dedicated to mobile video games. Netflix has also recently announced its entry on the market.

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, Steam and Epic Store.

Digital distribution has significantly extended the lifecycle of individual video games. The availability of a game is no longer limited to its launch period as happens in the retail channel. The product remains available on the different marketplaces for a longer period, generating a continuous flow of sales significantly influenced by 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. RESULTS INDICATORS

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

The following indicators are directly reported in the profit and loss statement: Gross profit, EBITDA and EBIT, calculated as the algebraic sum of the items above them.

Similar considerations apply to the balance sheet with the net financial position, which is 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 and therefore comparable with them. Reconciliations between the results indicators illustrated in the Q1 Report and the yearly financial statements are not necessary as the Group uses the same indicators used in the consolidated financial statements.

4. SEASONALITY EFFECTS

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

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

Digital promotional campaigns are effective and concentrate revenue during these periods. Publishers tend to plan their promotional campaigns when the consumer spending is higher i.e. the Christmas season for European markets or 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 exception for the most anticipated Free to Play titles. 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 increases net working capital investment. This is temporarily reflected by the level of net cash/debt until the time as the related sales revenue will be collected. The significant reduction in physical distribution revenues as a percentage of total consolidated revenues resulted in lower volatility of the financial position.

5. SIGNIFICANT EVENTS OF THE REPORTING PERIOD

There were no significant events during the period.

COVID-19

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

The most significant effects of the pandemic on the video games market may be summarized 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;
- inconsistent revenues from traditional distribution channels, except for the small share generated by e-commerce sales.

In terms of video game development, 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 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 their development processes. In most cases, such activities are carried out by teams whose size makes it possible to achieve a remarkable level of efficiency even when working remotely.

The gradual digitalization of the market was further accelerated because consumers were physically unable to access retail stores. Consequently, the Group's revenues were largely generated on digital marketplaces. This led to a significant increase in the operating margins caused by a drastic decline of the physical distribution, and significant savings in terms of manufacturing and logistics costs.

The higher incidence of digital revenues means greater concentration of revenues on a small number of customers. They have higher credit scores than customers involved in the traditional retail distribution and better payment terms. Accordingly, the Group did not have to record any significant incremental reserve for losses on trade receivables (IFRS 9).

6. CONSOLIDATED STATEMENT OF PROFIT AND LOSS AT SEPTEMBER 30TH, 2021

	Euro thousand	September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	25,016	100.5%	38,950	100.8%	(13,934)	-35.8%
2	Revenue adjustments	(126)	-0.5%	(301)	-0.8%	175	-58.2%
3	Net revenue	24,890	100.0%	38,649	100.0%	(13,759)	-35.6%
4	Purchase of products for resale	(981)	-3.9%	(1,210)	-3.1%	229	-18.9%
5	Purchase of services for resale	(1,507)	-6.1%	(2,200)	-5.7%	693	-31.5%
6	Royalties	(7,078)	-28.4%	(8,882)	-23.0%	1,804	-20.3%
7	Changes in inventories of finished products	(280)	-1.1%	(303)	-0.8%	23	-7.6%
8	Total cost of sales	(9,846)	-39.6%	(12,595)	-32.6%	2,749	-21.8%
9	Gross profit (3+8)	15,044	60.4%	26,054	67.4%	(11,010)	-42.3%
10	Other income	1,736	7.0%	1,127	2.9%	609	54.0%
11	Costs for services	(1,813)	-7.3%	(3,239)	-8.4%	1,426	-44.0%
12	Rent and leasing	(104)	-0.4%	(74)	-0.2%	(30)	40.7%
13	Payroll costs	(6,719)	-27.0%	(5,170)	-13.4%	(1,549)	29.9%
14	Other operating costs	(319)	-1.3%	(269)	-0.7%	(50)	18.5%
15	Total operating costs	(8,955)	-36.0%	(8,752)	-22.6%	(203)	2.3%
16	Gross operating margin (EBITDA) (9+10+15)	7,825	31.4%	18,429	47.7%	(10,604)	-57.5%
17	Depreciation and amortization	(3,316)	-13.3%	(7,986)	-20.7%	4,670	-58.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(12)	0.0%	(63)	-0.2%	51	-81.1%
20	Impairment reversal	0	0.0%	0	0.0%	0	n.m.
21	Total depreciation, amortization and impairment	(3,328)	-13.4%	(8,049)	-20.8%	4,721	-58.7%
22	Operating margin (EBIT) (16+21)	4,497	18.1%	10,380	26.9%	(5,883)	-56.7%
23	Interest and finance income	1,606	6.5%	1,751	4.5%	(145)	-8.3%
24	Interest expense and finance costs	(264)	-1.1%	(1,159)	-3.0%	895	-77.3%
25	Net interest income/(expense)	1,342	5.4%	592	1.5%	750	n.m.
26	Profit/ (loss) before tax (22+25)	5,839	23.5%	10,972	28.4%	(5,133)	-46.8%
27	Current tax	(1,920)	-7.7%	(3,356)	-8.7%	1,436	-42.8%
28	Deferred tax	95	0.4%	261	0.7%	(166)	-63.4%
29	Total taxes	(1,825)	-7.3%	(3,095)	-8.0%	1,270	-41.0%
30	Net profit/loss	4,014	16.1%	7,877	20.4%	(3,863)	-49.0%
	attributable to the shareholders of the Group	4,092	16.4%	7,886	20.4%	(3,794)	-48.1%
	attributable to minority shareholders	(78)	-0.3%	(9)	0.0%	(69)	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	0.29		0.55		(0.26)	-48.1%
34	Diluted earnings per share (in Euro)	0.28		0.54		(0.26)	-49.0%

New video games releases are planned for the second half of the fiscal year, to that extent, the revenues of the first quarter were entirely derived from the sale of back catalogue. Revenues for the quarter amounted to Euro 25,016 thousand, decreasing by 35.8% compared to the previous fiscal year, when the best-selling video game Death Stranding and the Steam version of Control were initially launched. Good performance was realized by back catalogue sales that grew by 35%, increasing by Euro 6,098 million compared to the last fiscal year quarter.

The quarterly revenues were a mix of different but existing products, being the revenues made exclusively by back catalogue revenues. The quarterly best-selling video game has been the evergreen Assetto Corsa, IP owned by the Group, which realized Euro 4 million during the period.

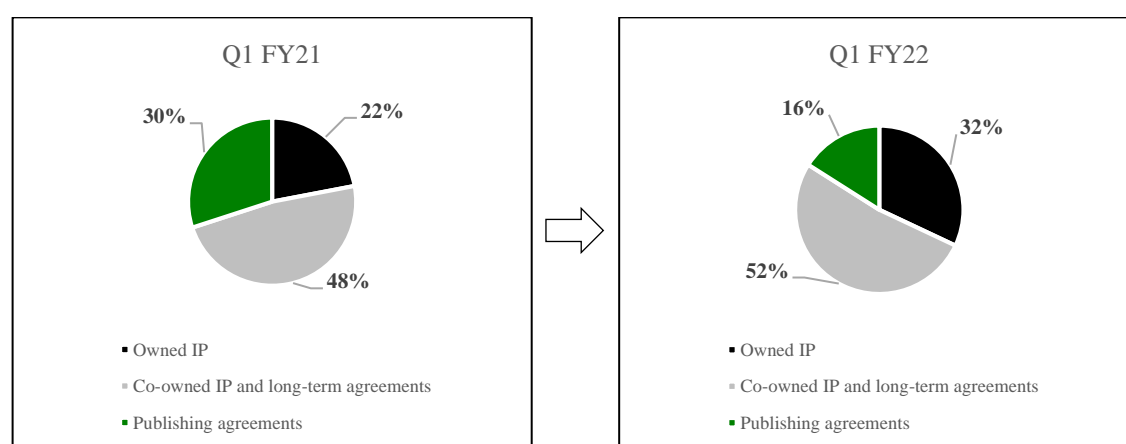
International markets revenues were 95% of the total consolidated revenues in the quarter.

Digital revenues in the quarter were 86% of the total consolidated, in sync with the results of the second half of the previous year.

A breakdown by operating segment for the period ended September 30th, 2021 compared to the period ended September 30th, 2020 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2022	2021	Change		2022	2021	Change	
Premium Games	22,525	34,995	(12,471)	-35.6%	22,439	34,826	(12,387)	-35.6%
Free to Play	1,773	2,191	(418)	-19.1%	1,773	2,191	(418)	-19.1%
Italian Distribution	599	1,709	(1,110)	-64.9%	559	1,577	(1,019)	-64.6%
Other projects	119	55	63	n.m.	119	55	63	n.m.
Total gross revenues	25,015	38,950	(13,936)	-35.8%	24,889	38,649	(13,760)	-35.6%

The Premium Games operating segment represented 90% of the consolidated gross revenues. Video games developed by the internal studios and intellectual properties owned by the Group accounted for 32% of the consolidated revenues in the period. 52% of revenues came from the sale of co-owned IPs and long-term agreements (more than ten years). A breakdown of Premium Games revenues by type of rights held by the Group at September 30th, 2021 is provided below with comparative figures at September 30th, 2020:



The Free to Play operating segment showed a 19.1% decrease, from Euro 2,191 thousand at September 30th, 2020 to Euro 1,773 thousand. The main Free to Play product launch of the current year, Puzzle Quest 3, will be globally available in the second half of the fiscal.

The Italian Distribution operating sector revenues decreased by 64.9% (from Euro 1,709 thousand down to Euro 599 thousand) in sync with the continuous decline of retail distribution and accelerated by the effects of the COVID-19 pandemic.

Cost of sales decreased by Euro 2,749 thousand, a 21.8% decrease.

Gross profit decreased from Euro 26,054 thousand at September 30th, 2020 to Euro 15,044 thousand (-42.3%).

Other income amounted to Euro 1,736 thousand, increased by Euro 609 thousand due to a greater impact of video games productions. It mostly consisted of the capitalization of internal studios development of video games to be launched. 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 of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni.

Operating costs amounted to Euro 8,955 thousand, increased by Euro 203 thousand compared to the previous year. This is due to a Euro 1,549 thousand increase in payroll costs following the acquisition and the incorporation of several new internal development studios that have significantly increased the Group's workforce. Cost of services decreased by Euro 1,426 thousand in sync with the revenues trend.

Gross operating margin / EBITDA for the quarter has been Euro 7,825 thousand corresponding to 31,4% of the net consolidated revenues, decreasing from the Euro 18,429 thousand realized in the previous year.

Depreciation and amortization decreased by Euro 4,670 thousand compared to September 30th, 2020.

The quarterly EBIT amounted to Euro 4,497 thousand decreasing by Euro 5,883 thousand compared to Euro 10,380 thousand at September 30th, 2020. The EBIT stood at 18.1% of the consolidated net revenues for the quarter (-26.9%).

The net financial income was positive for Euro 1,342 thousand, against the positive Euro 592 thousand achieved in the previous year.

Profit before tax for the period ended September 30th, 2021 amounted to Euro 5,839 thousand, a Euro 5,133 thousand decreased compared to profit before tax of Euro 10,972 thousand as at September 30th, 2020.

Net profit for the period amounted to Euro 4,014 thousand compared to Euro 7,877 thousand as at September 30th, 2020.

Net profit attributable to the Shareholders of the Group was Euro 4,092 thousand.

Basic profit per share and diluted profit per share were respectively Euro 0.29 and Euro 0.28 compared to the Euro 0.55 and Euro 0.54 profit per share as at September 30th, 2020.

The share of the results attributable to minority shareholders relates to the 40% held by the other shareholders of the Dutch company Rasplata B.V., the 40% of the English company Seekhana Ltd., the Czech studio Ingame Studios a.s. and the 25% of the Canadian company Chrysalide Jeux et Divertissement Inc. It amounted to negative Euro 78 thousand.

7. CONSOLIDATED FINANCIAL STATEMENT AT SEPTEMBER 30TH, 2021

	Euro thousand	September 30 th , 2021	June 30 th , 2021	Change	
	Non-current assets				
1	Property, plant and equipment	8,166	8,198	(32)	-0.4%
2	Investment property	0	0	0	0.0%
3	Intangible assets	73,712	66,776	6,936	10.4%
4	Equity investments	11,059	11,190	(131)	-1.2%
5	Non-current receivables and other assets	5,969	5,089	880	17.3%
6	Deferred tax assets	12,012	11,644	368	3.2%
7	Non-current financial activities	18,946	18,840	106	0.6%
	Total non-current assets	129,864	121,737	8,127	6.7%
	Current assets				
8	Inventories	5,428	5,708	(280)	-4.9%
9	Trade receivables	15,568	18,283	(2,715)	-14.9%
10	Tax receivables	2,027	1,500	527	35.1%
11	Other current assets	20,260	19,279	981	5.1%
12	Cash and cash equivalent	43,612	35,509	8,103	22.8%
13	Other financial assets	0	0	0	0.0%
	Total current assets	86,895	80,279	6,616	8.2%
	TOTAL ASSETS	216,759	202,016	14,743	7.3%
	Capital and reserves				
14	Share capital	(5,704)	(5,704)	(0)	0.0%
15	Reserves	(23,232)	(23,016)	(216)	0.9%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(86,273)	(82,181)	(4,092)	5.0%
	Equity attributable to Parent Company	(115,209)	(110,901)	(4,308)	3.9%
	Equity attributable to minority shareholders	(812)	(890)	78	-8.8%
	Total net equity	(116,021)	(111,791)	(4,230)	3.8%
	Non-current liabilities				
18	Employee benefits	(791)	(719)	(72)	9.9%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(5,512)	(5,415)	(97)	0.0%
21	Non-current financial liabilities	(20,530)	(11,694)	(8,836)	75.6%
	Total non-current liabilities	(26,914)	(17,909)	(9,005)	50.3%
	Current liabilities				
22	Trade payables	(41,543)	(47,193)	5,650	-12.0%
23	Taxes payables	(12,561)	(10,782)	(1,779)	16.5%
24	Short term provisions	(0)	(0)	0	0.0%
25	Other current liabilities	(10,097)	(9,932)	(165)	1.7%
26	Current financial liabilities	(9,623)	(4,409)	(5,214)	n.m.
	Total net working capital	(73,824)	(72,316)	(1,508)	2.1%
	TOTAL LIABILITIES	(100,738)	(90,225)	(10,513)	11.7%
	TOTAL NET EQUITY AND LIABILITIES	(216,759)	(202,016)	(14,743)	7.3%

Total non-current assets increased by Euro 8,127 thousand. Intangible assets increased by Euro 6,936 thousand, net of the amortization for the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Total current assets increased by Euro 6,616 thousand compared to June 30th, 2021 due to higher cash and cash equivalent for Euro 8,103 thousand.

Total non-current liabilities increased by Euro 9,005 thousand due to higher non-current financial liabilities, while total net working capital increased by Euro 1,508 thousand.

The following table contains details of the Group's net financial position at September 30th, 2021 together with comparative figures at June 30th, 2021:

	Euro thousand	September 30th, 2021	June 30th, 2021	Change	
12	Cash and cash equivalents	43,612	35,509	8,103	22.8%
13	Other current financial assets	0	0	0	n.m.
26	Current financial liabilities	(9,623)	(4,409)	(5,214)	n.m.
	Current net financial position	33,989	31,100	2,889	9.3%
7	Non-current financial assets	18,946	18,840	106	0.6%
21	Non-current financial liabilities	(20,530)	(11,694)	(8,836)	75.6%
	Non-current net financial position	(1,584)	7,146	(8,729)	n.m.
	Total net financial position	32,405	38,246	(5,841)	-15.3%

The net financial position amounted to Euro 32,405 thousand, compared to Euro 38,246 thousand as at June 30th, 2021, decreasing, as expected, by Euro 5,841 thousand. Excluding the IFRS 16 effect, the net financial position amounted to Euro 37 million.

8. PERFORMANCE INDICATORS

Below a few performance indicators to facilitate the comprehension of the profit and loss statement and balance sheet:

Profitability indicators:	September 30th, 2021	September 30th, 2020
ROE (Net profit / Net equity)	3,6%	7,1%
ROI (Operating margin / Total assets)	2,1%	5,1%
ROS (Operating margin / Gross revenue)	18,0%	26,7%

Structure indicators:	September 30th, 2021	September 30th, 2020
Investment flexibility (Current assets / Total assets)	40,1%	39,7%
Current ratio (Total current assets / Current liabilities)	117,7%	111,0%
Quick ratio (Cash and cash equivalent and other current financial assets / current liabilities)	59,1%	49,1%

9. SEGMENT REPORTING

Premium Games

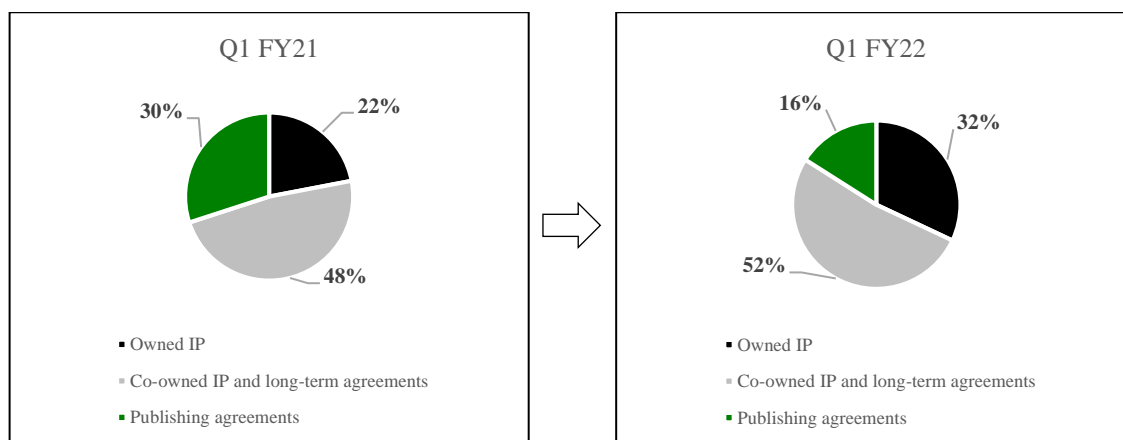
Reclassified P&L highlights

Euro thousand		Premium Games					
		September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	22,525	100.4%	34,995	100.5%	(12,470)	-35.6%
2	Revenue adjustments	(86)	-0.4%	(169)	-0.5%	83	-49.0%
3	Net revenue	22,439	100.0%	34,826	100.0%	(12,387)	-35.6%
4	Purchase of products for resale	(680)	-3.0%	(263)	-0.8%	(417)	n.m.
5	Purchase of services for resale	(1,341)	-6.0%	(1,700)	-4.9%	359	-21.1%
6	Royalties	(7,060)	-31.5%	(8,817)	-25.3%	1,757	-19.9%
7	Changes in inventories of finished products	(252)	-1.1%	(355)	-1.0%	103	-28.9%
8	Total cost of sales	(9,333)	-41.6%	(11,135)	-32.0%	1,802	-16.2%
9	Gross profit (3+8)	13,106	58.4%	23,691	68.0%	(10,585)	-44.7%
10	Other income	733	3.3%	575	1.7%	158	27.6%
11	Cost of services	(1,124)	-5.0%	(2,552)	-7.3%	1,428	-56.0%
12	Lease and rental charges	(33)	-0.1%	(26)	-0.1%	(7)	26.1%
13	Payroll costs	(3,397)	-15.1%	(2,766)	-7.9%	(631)	22.8%
14	Other operating costs	(96)	-0.4%	(67)	-0.2%	(29)	44.3%
15	Total operating costs	(4,650)	-20.7%	(5,411)	-15.5%	761	-14.1%
16	Gross operating margin (EBITDA) (9+10+15)	9,189	41.0%	18,855	54.1%	(9,666)	-51.3%
17	Depreciation and amortization	(2,602)	-11.6%	(7,662)	-22.0%	5,060	-66.0%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	(12)	-0.1%	0	0.0%	(12)	n.m.
20	Reversal of impairment adjustments and non-monetary income	0	0.0%	0	0.0%	0	0.0%
21	Total non-monetary income and operating costs	(2,614)	-11.6%	(7,662)	-22.0%	5,048	-65.9%
22	Operating margin (EBIT) (16+21)	6,575	29.3%	11,193	32.1%	(4,618)	-41.3%

New video games releases are planned for the second half of the fiscal year, to that extent, the revenues of the first quarter were entirely derived from the sale of back catalogue. Revenues for the quarter amounted to Euro 25,016 thousand, decreasing by 35.8% compared to the previous fiscal year, when the best-selling video game Death Stranding and the Steam version of Control were initially launched.

The quarterly revenues were a mix of different but existing products, being the revenues made exclusively by back catalogue revenues. The quarterly best-selling video game has been the evergreen Assetto Corsa, IP owned by the Group, which realized Euro 4 million during the period.

The Premium Games operating segment represented 90% of the consolidated gross revenues. Video games developed by the internal studios and intellectual properties owned by the Group accounted for 32% of the consolidated revenues in the period. 52% of revenues came from the sale of co-owned IPs and long-term agreements (more than ten years). A breakdown of Premium Games revenues by type of rights held by the Group at September 30th, 2021 is provided below with comparative figures at September 30th, 2020:



A breakdown of revenue by type is provided below:

Euro Thousand	September 30 th , 2021	September 30 th , 2020	Change	
Retail distribution revenue	2,151	2,200	(49)	-2.2%
Digital distribution revenue	19,782	30,833	(11,051)	-35.8%
Sub-licensing revenue	592	1,960	(1,368)	-69.8%
Revenue from services	0	2	(2)	n.m.
Total Premium Games revenue	22,525	34,995	(12,470)	-35.6%

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

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

Digital distribution revenue at September 30th, 2021 may be broken down by console type as follows:

Euro Thousand	September 30 th , 2021	September 30 th , 2020	Change	
Sony PlayStation	4,505	4,362	143	3.3%
Microsoft Xbox	2,230	2,538	(308)	-12.1%
Nintendo Switch	1,049	1,033	16	1.5%
Total digital console	7,784	7,933	(149)	-1.9%
Personal Computer	10,456	22,194	(11,738)	-52.9%
Mobile	1,542	706	836	n.s.
Total digital distribution revenue	19,782	30,833	(11,051)	-35.8%

Net revenues amounted to Euro 22,439 thousand, in sync with the quarterly gross revenues. The significant decrease in Personal Computer revenues is due to the fact that the two significant video games of last year were launched exclusively on this platform.

The total cost of sales of the Premium Games operating segment has decreased by Euro 1,802 thousand (-16.2%), due to higher royalties for Euro 1,757 thousand and lower purchase of services for resale for Euro 359 thousand, partially offset by Euro 417 thousand higher purchase of products for resale. Inventories decreased by Euro 252 thousand.

Gross profit decreased by 44.7%, from Euro 23.691 thousand to Euro 13.106 thousand at September 30th, 2021.

Other income amounted to Euro 733 thousand, increased by Euro 158 thousand due to a greater impact of video games productions. It mostly consisted of the capitalization of internal studios development of video games to be launched. In particular, during the reporting period, these activities included the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l..

Operating costs amounted to Euro 4,650 thousand, increased by Euro 1,428 thousand compared to the previous year and due to lower cost of services/advertisement expenditure. Payroll costs increased by Euro 631 thousand following the acquisition and the incorporation of several new internal development studios that have significantly increased the Group's workforce.

Gross operating margin / EBITDA decreased by Euro 9,666 thousand, from Euro 18,855 thousand to Euro 9,189 thousand. It represented 41% of net revenues.

Depreciation and amortization decreased by Euro 5,060 thousand compared to September 30th, 2020.

Operating margin / EBIT amounted to Euro 6,575 thousand, decreasing by Euro 4,618 thousand compared to Euro 11,193 thousand at September 30th, 2020, and represents 29.3% of net revenues compared to the 32.1% realized in the previous year.

Free to Play

Reclassified P&L highlights

Euro thousand		Free to Play					
		September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	1,773	100.0%	2,191	100.0%	(418)	-19.1%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	1,773	100.0%	2,191	100.0%	(418)	-19.1%
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	(166)	-9.4%	(497)	-22.7%	331	-66.5%
6	Royalties	(18)	-1.0%	(62)	-2.8%	44	-71.9%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(184)	-10.4%	(559)	-25.5%	375	-67.0%
9	Gross profit (3+8)	1,589	89.6%	1,632	74.5%	(43)	-2.6%
10	Other income	1,000	56.4%	529	24.1%	471	89.3%
11	Costs for services	(171)	-9.6%	(33)	-1.5%	(138)	n.s.
12	Lease and rental costs	(21)	-1.2%	(6)	-0.3%	(15)	n.s.
13	Payroll costs	(1,821)	-102.7%	(1,128)	-51.5%	(693)	61.4%
14	Other operating costs	(39)	-2.2%	(21)	-1.0%	(18)	81.9%
15	Total operating costs	(2,052)	-115.7%	(1,188)	-54.2%	(864)	72.7%
16	Gross operating margin (EBITDA) (9+10+15)	537	30.3%	973	44.4%	(436)	-44.8%
17	Depreciation and amortization	(449)	-25.3%	(43)	-2.0%	(406)	n.s.
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	Total non-monetary operating income and costs	(449)	-25.3%	(43)	-2.0%	(406)	n.s.
22	Operating margin (EBIT) (16+21)	88	5.0%	930	42.4%	(842)	-90.5%

The Free to Play operating segment showed a 19.1% decrease, from Euro 2,191 thousand at September 30th, 2020 to Euro 1,773 thousand. The main Free to Play product launch of the current year, Puzzle Quest 3, will be globally available in the second half of the fiscal.

Euro thousand	September 30 th , 2021	September 30 th , 2020	Change	
Gems of War	1,389	1,715	(326)	-19.0%
Battle Islands	210	246	(36)	-14.6%
Other products	174	230	(56)	-24.3%
Free to Play total revenues	1,773	2,191	(418)	-19.1%

Gems of War realized Euro 1,389 thousand revenues. 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.

Purchases of services for resale decreased by Euro 331 thousand because of lower expenditure on live support activities, following the acquisition and consequent consolidation process of Infinity Plus Two Pty Ltd. that took place in the previous fiscal year. Since that moment, live support costs were accounted as payroll costs. Details are provided below:

Euro thousand	September 30th, 2021	September 30th, 2020	Change
Live support	0	316	(316)
Quality assurance	11	7	4
Hosting	112	138	(26)
Other	43	36	7
Total purchase of services for resale	166	497	(331)

Other income increased by Euro 471 thousand compared to September 30th, 2020 due to an increased number of video games developed by the Group's internal studios, mainly the future Free to Play version of Hawken developed by the subsidiary DR Studios.

Operating costs amounted to Euro 2,052 thousand, increased by Euro 864 thousand compared to the previous year. This is due to a Euro 693 thousand increase in payroll costs following the acquisition of the Australian companies that have significantly increased the Group's workforce. Cost of services also increased by Euro 138 thousand due to higher advertising expenditure.

Gross operating margin/EBITDA amounted to Euro 537 thousand (30,3% of net revenues) decreasing by Euro 436 thousand compared to Euro 973 thousand at September 30th, 2020.

Depreciation and amortization amounted to Euro 449 thousand and included the amortization of the difference between the purchase price of the Australian companies and the related shareholder's equity for Euro 428 thousand.

The operating margin/EBIT amounted to Euro 88 thousand, compared to Euro 930 thousand at September 30th, 2020.

Italian Distribution

Reclassified P&L highlights

	Euro thousand	Italian Distribution					
		September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	599	107.1%	1,709	108.4%	(1,110)	-65.0%
2	Revenue adjustments	(40)	-7.1%	(132)	-8.4%	92	-69.8%
3	Net revenue	559	100.0%	1,577	100.0%	(1,018)	-64.5%
4	Purchases of products for resale	(301)	-53.8%	(947)	-60.0%	646	-68.2%
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	(28)	-5.0%	52	3.3%	(80)	n.s.
8	Total cost of sales	(329)	-58.8%	(895)	-56.8%	566	-63.3%
9	Gross profit (3+8)	230	41.2%	682	43.2%	(452)	-66.2%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(143)	-25.6%	(211)	-13.4%	68	-32.3%
12	Lease and rental costs	(7)	-1.3%	(7)	-0.4%	0	1.2%
13	Payroll costs	(249)	-44.5%	(269)	-17.1%	20	-7.5%
14	Other operating costs	(34)	-6.1%	(43)	-2.7%	9	-20.8%
15	Total operating costs	(433)	-77.4%	(530)	-33.6%	97	-18.2%
16	Gross operating margin (EBITDA) (9+10+15)	(203)	-36.3%	152	9.6%	(355)	n.s.
17	Depreciation and amortization	(38)	-6.9%	(41)	-2.6%	3	-5.4%
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	Total non-monetary operating income and costs	(38)	-6.9%	(41)	-2.6%	3	-5.4%
22	Operating margin (EBIT) (16+21)	(241)	-43.1%	111	7.0%	(352)	n.s.

The Italian Distribution operating sector revenues decreased by 65% (from Euro 1,709 thousand down to Euro 599 thousand), impacted by the continuing decline of retail distribution and accelerated by the effects of the COVID-19 pandemic.

Gross revenue is analyzed by type as follows:

Euro thousand	September 30 th , 2021	September 30 th , 2020	Change	
Distribution of video games for consoles	205	1,041	(836)	-80.3%
Distribution of trading cards	394	644	(250)	-38.8%
Distribution of other products and services	0	24	(24)	n.m.
Italian Distribution total gross revenue	599	1,709	(1,110)	-65.0%

The distribution of video games for consoles and of trading cards respectively decreased by 80.3% and 38.8%.

Total cost of sales amounted to Euro 329 thousand, down by Euro 566 thousand compared to September 30th, 2020 due to the decrease in purchase of products for resale in line with the decrease in sales of the operating sector.

Total operating costs amounted to Euro 433 thousand, a 18.2% decrease compared to Euro 530 thousand registered at September 30th, 2020. As a result, the gross operating margin/EBITDA is negative for Euro 203 thousand while the operating margin/EBIT is negative for Euro 241 thousand.

Other Activities

Reclassified P&L highlights

Euro thousand		Other Activities					
		September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	119	100.0%	55	100.0%	64	n.s.
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	119	100.0%	55	100.0%	64	n.s.
4	Purchases of products for resale	0	0.0%	0	0.7%	0	0.0%
5	Purchases of services for resale	0	0.0%	(3)	-4.8%	3	n.s.
6	Royalties	0	0.0%	(3)	-4.9%	3	n.s.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	(6)	-10.8%	6	n.s.
9	Gross profit (3+8)	119	100.0%	49	89.2%	70	n.s.
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(70)	-58.7%	(26)	-47.0%	(44)	n.s.
12	Lease and rental costs	(2)	-1.4%	(0)	-0.4%	(1)	-66.6%
13	Payroll costs	(122)	-102.2%	(71)	-129.5%	(51)	70.4%
14	Other operating costs	(8)	-6.8%	(9)	-17.0%	1	-13.2%
15	Total operating costs	(202)	-169.9%	(106)	-191.9%	(96)	91.2%
16	Gross operating margin (EBITDA) (9+10+15)	(83)	-69.9%	(57)	-102.8%	(26)	46.9%
17	Depreciation and amortization	(9)	-7.2%	(26)	-47.6%	17	-67.4%
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	Total non-monetary operating income and costs	(9)	-7.2%	(26)	-47.6%	17	-67.4%
22	Operating margin (EBIT) (16+21)	(92)	-77.1%	(83)	-150.3%	(9)	10.7%

Other Activities revenues increased by Euro 64 thousand, from Euro 55 thousand at September 30th, 2020 to Euro 119 thousand in the reporting period.

Total operating costs amounted to Euro 202 thousand, increasing by Euro 96 thousand compared to Euro 106 thousand at September 30th, 2020. Depreciation and amortization decreased by Euro 17 thousand.

There is an operating loss of Euro 92 thousand, slightly increased compared to the negative EBIT of Euro 83 thousand registered at September 30th, 2020.

Holding

Reclassified P&L highlights

Euro thousand		Holding					
		September 30 th , 2021		September 30 th , 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	Net revenue	0	0.0%	0	0.0%	0	0.0%
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	0	0.0%	0	0.0%	0	0.0%
10	Other income	3	0.0%	23	0.0%	(20)	-88.0%
11	Costs for services	(305)	0.0%	(417)	0.0%	112	-26.8%
12	Lease and rental costs	(41)	0.0%	(35)	0.0%	(6)	18.6%
13	Payroll costs	(1,130)	0.0%	(936)	0.0%	(194)	20.8%
14	Other operating costs	(142)	0.0%	(129)	0.0%	(13)	10.2%
15	Total operating costs	(1,618)	0.0%	(1,517)	0.0%	(101)	6.7%
16	Gross operating margin (EBITDA) (9+10+15)	(1,615)	0.0%	(1,494)	0.0%	(121)	8.1%
17	Depreciation and amortization	(218)	0.0%	(214)	0.0%	(4)	1.9%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Impairment adjustments to assets	0	0.0%	(63)	0.0%	63	n.s.
20	Reversal of impairment adjustments	0	0.0%	0	0.0%	0	0.0%
21	Total non-monetary operating costs	(218)	0.0%	(277)	0.0%	59	-21.4%
22	Operating margin (EBIT) (16+21)	(1,833)	0.0%	(1,771)	0.0%	(62)	3.5%

Total operating costs amounted to Euro 1,618 thousand, increasing by Euro 101 thousand compared to September 30th, 2020, due to higher payroll costs following the increase in the Group's coordination activities.

Operating margin/EBIT was negative for Euro 1,833 thousand compared to a negative figure of Euro 1,771 thousand at September 30th, 2020.

10. CONTINGENT ASSETS AND LIABILITIES

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 realize 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. SIGNIFICANT EVENTS OCCURED AFTER SEPTEMBER 30TH, 2021

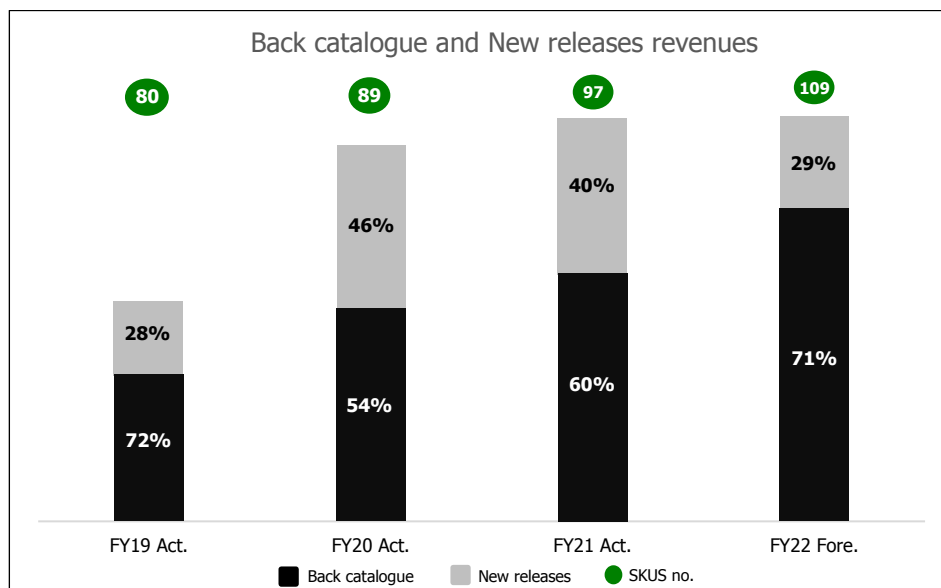
On October 27th, 2021, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2020-2021, a dividend distribution of Euro 0.18 per share and appointed Ernest & Young S.p.A. as the new external auditor for the period 2022-2030, until the approval of the Financial Statements at June 30th, 2030.

12. BUSINESS OUTLOOK

The significant investment plan implemented will persist over the coming years: the Group has in excess of Euro 69 million outstanding investments on 23 intellectual properties already committed. In addition, further investments are represented significantly by internal development productions with the most recent additions being the Australian developer Infinity Plus Two, Chrysalide Jeux et Divertissement (Canada) and Supernova Games Studios (Italy). During the quarter, the Group further increased the number of internal studios by acquiring the 60% of the Czech development studio Ingame Studio a.s., currently working on a highly anticipated video game which is planned for launch in the fourth quarter.

In the full fiscal year 2022, the Group expects to match the record hitting revenues levels realized in the previous fiscal year, even if most of the investments planned will hit the market starting from the following fiscal year onwards. The current fiscal revenues are back-ended in sync with the Premium Games product releases, as well as the worldwide launch of the Free to Play video games Puzzle Quest 3 and Portal Knights, all are expected in the second half of the year.

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



Operating margins are expected to remain in line with the outstanding results achieved in the last fiscal year, Euro 30 million EBIT, and in sync with the revenues trend.

As a result of the significant investments planned in the period, the net financial position, which was above Euro 38 million positive at the end of the previous year, is expected to decrease during the first three quarters. Cash flow creation will return in the last quarter following the launch of the publisher's most anticipated video game.

13. OTHER INFORMATION

EMPLOYEES

The following table contains analysis of the number of employees at September 30th, 2021 with comparative figures at September 30th, 2020:

Category	September 30 th , 2021	September 30 th , 2020	Change
Managers	9	7	2
Office workers	316	206	110
Blue-collar workers and apprentices	5	6	(1)
Total employees	330	219	111

The increase in the number of office workers is the result of the acquisition of Infinity Plus Two Pty Ltd., Infinite Interactive Pty Ltd. and Ingame Studios a.s. and of the incorporation of Chrysalide Jeux et Divertissement Inc..

The following table contains details of the number of employees of non-Italian companies at September 30th, 2021 with comparative figures at September 30th, 2020:

Category	September 30 th , 2021	September 30 th , 2020	Change
Managers	4	2	2
Office workers	235	128	107
Total employees outside Italy	239	130	109

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

Category	Average no in 2022	Average no in 2021	Change
Managers	9	7	2
Office workers	315	206	109
Blue-collar workers and apprentices	5	6	(1)
Total employees	329	219	110

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

Category	Average no in 2022	Average no in 2021	Change
Managers	2	2	0
Office workers	233	128	105
Total employees outside Italy	235	130	105

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

ENVIRONMENT

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

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

The Group also undertakes to update obsolete equipment as much as possible and to recycle all components correctly. To reduce paper waste, the Group records everything in a digital format and prints out documents only if required by the Law or if the particular nature of the work in question requires it. Consumables such as printer toner and similar waste are sorted at the source and returned to the supplier. The Group is committed to replace physical travel with digital communications (i.e. video conferencing) to improve its' sustainability both from an environmental and a cost reduction standpoint.



Condensed consolidated financial statements at September 30th, 2021

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FINANCIAL STATEMENTS

Digital Bros Group

Consolidated financial statement September 30th, 2021

	Euro Thousand	September 30 th , 2021	June 30 th , 2021	Change	
	Non-current assets				
1	Property, plant and equipment	8,166	8,198	(32)	-0.4%
2	Investment property	0	0	0	0.0%
3	Intangible assets	73,712	66,776	6,936	10.4%
4	Equity investments	11,059	11,190	(131)	-1.2%
5	Non-current receivables and other assets	5,969	5,089	880	17.3%
6	Deferred tax assets	12,012	11,644	368	3.2%
7	Non-current financial activities	18,946	18,840	106	0.6%
	Total non-current assets	129,864	121,737	8,127	6.7%
	Current assets				
8	Inventories	5,428	5,708	(280)	-4.9%
9	Trade receivables	15,568	18,283	(2,715)	-14.9%
10	Tax receivables	2,027	1,500	527	35.1%
11	Other current assets	20,260	19,279	981	5.1%
12	Cash and cash equivalent	43,612	35,509	8,103	22.8%
13	Other financial assets	0	0	0	0.0%
	Total current assets	86,895	80,279	6,616	8.2%
	TOTAL ASSETS	216,759	202,016	14,743	7.3%
	Capital and reserves				
14	Share capital	(5,704)	(5,704)	(0)	0.0%
15	Reserves	(23,232)	(23,016)	(216)	0.9%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(86,273)	(82,181)	(4,092)	5.0%
	Equity attributable to Parent Company	(115,209)	(110,901)	(4,308)	3.9%
	Equity attributable to minority shareholders	(812)	(890)	78	-8.8%
	Total net equity	(116,021)	(111,791)	(4,230)	3.8%
	Non-current liabilities				
18	Employee benefits	(791)	(719)	(72)	9.9%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(5,512)	(5,415)	(97)	0.0%
21	Non-current financial liabilities	(20,530)	(11,694)	(8,836)	75.6%
	Total non-current liabilities	(26,914)	(17,909)	(9,005)	50.3%
	Current liabilities				
22	Trade payables	(41,543)	(47,193)	5,650	-12.0%
23	Taxes payables	(12,561)	(10,782)	(1,779)	16.5%
24	Short term provisions	(0)	(0)	0	0.0%
25	Other current liabilities	(10,097)	(9,932)	(165)	1.7%
26	Current financial liabilities	(9,623)	(4,409)	(5,214)	n.m.
	Total net working capital	(73,824)	(72,316)	(1,508)	2.1%
	TOTAL LIABILITIES	(100,738)	(90,225)	(10,513)	11.7%
	TOTAL NET EQUITY AND LIABILITIES	(216,759)	(202,016)	(14,743)	7.3%

Digital Bros Group
Consolidated statement of profit and loss at September 30th, 2021

	Euro Thousand	September 30 th , 2021		September 30 th , 2020		Change	
1	Gross revenue	25,016	100.5%	38,950	100.8%	(13,934)	-35.8%
2	Revenue adjustments	(126)	-0.5%	(301)	-0.8%	175	-58.2%
3	Net revenue	24,890	100.0%	38,649	100.0%	(13,759)	-35.6%
4	Purchase of products for resale	(981)	-3.9%	(1,210)	-3.1%	229	-18.9%
5	Purchase of services for resale	(1,507)	-6.1%	(2,200)	-5.7%	693	-31.5%
6	Royalties	(7,078)	-28.4%	(8,882)	-23.0%	1,804	-20.3%
7	Changes in inventories of finished products	(280)	-1.1%	(303)	-0.8%	23	-7.6%
8	Total cost of sales	(9,846)	-39.6%	(12,595)	-32.6%	2,749	-21.8%
9	Gross profit (3+8)	15,044	60.4%	26,054	67.4%	(11,010)	-42.3%
10	Other income	1,736	7.0%	1,127	2.9%	609	54.0%
11	Costs for services	(1,813)	-7.3%	(3,239)	-8.4%	1,426	-44.0%
12	Rent and Leasing	(104)	-0.4%	(74)	-0.2%	(30)	40.7%
13	Payroll costs	(6,719)	-27.0%	(5,170)	-13.4%	(1,549)	29.9%
14	Other operating costs	(319)	-1.3%	(269)	-0.7%	(50)	18.5%
15	Total operating costs	(8,955)	-36.0%	(8,752)	-22.6%	(203)	2.3%
16	Gross operating margin (EBITDA) (9+10+15)	7,825	31.4%	18,429	47.7%	(10,604)	-57.5%
17	Depreciation and amortization	(3,316)	-13.3%	(7,986)	-20.7%	4,670	-58.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(12)	0.0%	(63)	-0.2%	51	-81.1%
20	Impairment reversal	0	0.0%	0	0.0%	0	n.m.
21	Total depreciation, amortization and impairment	(3,328)	-13.4%	(8,049)	-20.8%	4,721	-58.7%
22	Operating margin (EBIT) (16+21)	4,497	18.1%	10,380	26.9%	(5,883)	-56.7%
23	Interest and finance income	1,606	6.5%	1,751	4.5%	(145)	-8.3%
24	Interest expense and finance costs	(264)	-1.1%	(1,159)	-3.0%	895	-77.3%
25	Net interest income/(expense)	1,342	5.4%	592	1.5%	750	n.m.
26	Profit/ (loss) before tax (22+25)	5,839	23.5%	10,972	28.4%	(5,133)	-46.8%
27	Current tax	(1,920)	-7.7%	(3,356)	-8.7%	1,436	-42.8%
28	Deferred tax	95	0.4%	261	0.7%	(166)	-63.4%
29	Total taxes	(1,825)	-7.3%	(3,095)	-8.0%	1,270	-41.0%
30	Net profit/loss	4,014	16.1%	7,877	20.4%	(3,863)	-49.0%
	attributable to the shareholders of the Group	4,092	16.4%	7,886	20.4%	(3,794)	-48.1%
	attributable to minority shareholders	(78)	-0.3%	(9)	0.0%	(69)	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	0.29		0.55		(0.26)	-48.1%
34	Diluted earnings per share (in Euro)	0.28		0.54		(0.26)	-49.0%

Digital Bros Group**Consolidated statement of comprehensive income at September 30th, 2021**

Euro Thousand	September 30th, 2021	September 30th, 2020	Change
Profit (Loss) for the period (A)	4,014	7,877	(3,863)
Items that will not be subsequently recycled through profit or loss (B)	0	0	0
Exchange differences on translation of foreign operations	234	(329)	563
Income tax relating to exchange differences on translation of foreign operations	0	0	0
Fair value measurement of shares designated as “available for sale”	(131)	1,009	(1,140)
Tax effect regarding fair value measurement of shares designated as “available for sale”	31	(242)	273
Items that will subsequently be recycled through profit or loss (C)	134	438	(304)
Total other comprehensive income D= (B)+(C)	134	438	(304)
Total comprehensive income (loss) (A)+(D)	4,148	8,315	(4,167)
Attributable to:			
Parent company shareholders	4,226	8,324	(4,098)
Minority shareholders	(78)	(9)	(69)

Digital Bros Group
Consolidated cash flow statement at September 30th, 2021

	Euro Thousand	September 30th, 2021	September 30th, 2020
A. Opening net cash/debt		35,509	8,527
B. Cash flows from operating activities			
Profit (loss) for the period		4,014	7,877
<i>Depreciation, amortization and non-monetary costs:</i>			
Provisions and impairment losses		0	(63)
Amortization of intangible assets		2,872	7,524
Depreciation of property, plant and equipment		444	462
Net change in advance taxes		(368)	187
Net change in employee benefit provisions		72	19
Net change in other non-current liabilities		216	520
SUBTOTAL B.		7,250	16,526
C. Change in net working capital			
Inventories		280	303
Trade receivables		2,715	6,149
Current tax assets		(527)	2,203
Other current assets		(981)	(4,962)
Trade payables		(5,650)	5,752
Current tax liabilities		1,779	626
Current provisions		0	0
Other current liabilities		165	(1,249)
Other non-current liabilities		97	(469)
Non-current receivables and other assets		(880)	3,985
SUBTOTAL C.		(3,002)	12,338
D. Cash flows from investing activities			
Net payments for intangible assets		(9,808)	(20,458)
Net payments for property, plant and equipment		(412)	(76)
Net payments for non-current financial assets		131	(3,974)
SUBTOTAL D.		(10,089)	(24,508)
E. Cash flows from financing activities			
Capital increases		0	0
Changes in financial liabilities		14,050	(3,900)
Changes in financial assets		(106)	(101)
SUBTOTAL E.		13,944	(4,001)
F. Changes in consolidated equity			
Dividends distributed		0	0
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
SUBTOTAL F.		0	0
G. Cash flow for the period (B+C+D+E+F)		8,103	355
H. Closing net cash/debt (A+G)		43,612	8,882

Digital Bros Group

Consolidated statement of changes in equity at September 30th, 2021

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
Total on July 1st, 2020	5,704	18,486	1,141	1,367	(1,416)	1,382	20,960	0	37,298	14,990	52,288	78,952	979	79,931
Allocation of profit for the year							0		14,990	(14,990)	0	0	0	0
Other changes						82	82				0	82		82
Comprehensive income (loss)					(329)	767	438			7,886	7,886	8,324	(9)	8,315
Total on September 30th, 2020	5,704	18,486	1,141	1,367	(1,745)	2,231	21,480	0	52,288	7,886	60,174	87,358	970	88,328
Total on July 1st, 2021	5,704	18,486	1,141	1,367	(1,339)	3,361	23,016	0	50,156	32,025	82,181	110,901	890	111,791
Allocation of profit for the year							0		32,025	(32,025)	0	0	0	0
Other changes						82	82				0	82		82
Comprehensive income (loss)					234	(100)	134			4,092	4,092	4,226	(78)	4,148
Total on September 30th, 2021	5,704	18,486	1,141	1,367	(1,105)	3,343	23,232	0	82,181	4,092	86,273	115,209	812	116,021



Notes to the condensed consolidated financial statements at September 30th, 2021

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INTRODUCTORY NOTE

Digital Bros S.p.A. Interim Report at September 30th, 2021 was approved by the Board of Directors of November 11th, 2021 which also authorized the publication of the Report and the related press release.

The Interim Report at September 30th, 2021 includes the condensed consolidated financial statements prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1st, 2021 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 reports.

The Interim Report does not include all the disclosures required for annual financial statements and should be read alongside the Group's Consolidated Financial Statements at June 30th, 2021.

Digital Bros Group Interim Report at September 30th, 2021 has 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 30th, 2021.

STATEMENT OF FINANCIAL POSITION

The consolidated financial statements of Digital Bros Group at September 30th, 2021 together with comparative figures at June 30th, 2021 are shown in the Financial Statements section. The main balance sheet components are commented below.

NON-CURRENT ASSETS

Total non-current assets increased by Euro 8,127 thousand.

Intangible assets increased by Euro 6,936 thousand, net of the amortization for the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Net payments for intangible assets amounted to Euro 9,808 thousand:

Euro thousand	September 30th, 2021	June 30th, 2021
Premium Games user rights	0	28
Investment on development of management systems	194	41
Total capex on concessions and licenses	194	69
Internal development contracts in progress	1,400	821
Assets in progress	8,214	19,568
Total additions to assets in progress	9,614	20,389
Total capex on intangible assets	9,808	20,458

Equity investments decreased by Euro 131 thousand exclusively due to the adjustment at September 30th, 2021 market value of the shares held in companies listed on regulated markets. Details are provided below:

Euro thousand	September 30th, 2021	June 30th, 2021	Change
MSE&DB SI	5	5	0
Total investments in associated companies	5	5	0
Starbreeze AB - A shares	7,622	7,635	(13)
Starbreeze AB - B shares	2,957	3,097	(140)
Unity Software Inc.	203	171	32
Noobz from Poland S.A.	272	282	(10)
Total other investments	11,054	11,185	(131)
Total investments	11,059	11,190	(131)

Non-current receivables and other assets include a receivable of Euro 5,000 thousand from Starbreeze AB that was purchased from 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 September 30th, 2021, the amount has been restated at the positive amortized cost of Euro 774 thousand. The receivable forms part of the Starbreeze AB corporate restructuring process and will be paid in accordance with the payment plan agreed by the Swedish District Court – in any case, not later than December 2024.

The residual part relates for Euro 879 thousand to security deposits for contractual obligations and for Euro 90 thousand to the Chrysalide Jeux Divertissement Inc.'s credit to the Canadian province of Québec for the video games development contributes received.

Deferred tax assets are calculated on tax loss carryforwards and on temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax basis. They have been measured at the tax rates expected to apply to the period when the asset is realized or the liability is 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.

CURRENT ASSETS

Total current assets increased by Euro 6,616 thousand compared to June 30th, 2021, due to higher cash and cash equivalents for Euro 8,103 thousand.

They are analyzed as follows:

Euro thousand	September 30th, 2021	June 30th, 2021	Change
Receivables for video game user licenses	4,502	5,112	(610)
Receivables for video game development operating costs	13,374	11,467	1,907
Advances to suppliers	2,034	2,359	(325)
Other receivables	350	341	9
Total other current assets	20,260	19,279	981

Receivables for video game user licenses consist of advances paid for licenses not yet used or completely used as at the reporting date. They decreased by Euro 610 thousand over the period to Euro 4,502 thousand.

Receivables for video game development operating costs, amounting to Euro 13,374 thousand, include expenses incurred in advances in relation to the video games programming services, the quality assurance and other operating costs.

Advances to suppliers decreased by Euro 325 thousand, mainly due to the recording of Euro 1,171 thousand in relation to the portion of withholding taxes subject to the agreement with the Italian Tax Authorities that the expects to be able to recover from suppliers.

NON-CURRENT LIABILITIES

Total non-current liabilities amounted to Euro 26,914 thousand, increasing by Euro 9,005 thousand due to higher non-current financial liabilities following the subscription of a loan granted by UniCredit S.p.A.. Please refer to the net financial position analysis for further details.

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.

At September 30th, 2021 other non-current payables and liabilities amounted to Euro 5,512 thousand and included the Euro 4,420 thousand portion of the debt due beyond twelve months for the acquisition of the Australian companies and the Euro 1,092 thousand estimated cost for the 2021-2027 Medium-Long Term Monetary Incentives Plan approved by the Shareholders' Meeting in June 2021.

CURRENT LIABILITIES

Total current liabilities amounted to Euro 73,824 thousand increasing by Euro 1,508 thousand due to higher current financial liabilities and taxes payables, partially offset by lower trade payables.

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
Total on July 1st, 2021	5,704	18,486	1,141	1,367	(1,339)	3,361	23,016	0	50,156	32,025	82,181	110,901	890	111,791
Allocation of profit for the year							0		32,025	(32,025)	0	0	0	0
Other changes						82	82				0	82		82
Comprehensive income (loss)					234	(100)	134			4,092	4,092	4,226	(78)	4,148
Total on September 30th, 2021	5,704	18,486	1,141	1,367	(1,105)	3,343	23,232	0	82,181	4,092	86,273	115,209	812	116,021

14. Share capital

Share capital at September 30th, 2021 remained unchanged compared to June 30th, 2021 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 82 thousand to restate the stock option reserve, Euro 100 thousand (negative) to restate the reserve for fair value measurement of financial assets.

No specific uses or objectives have been designated for individual equity reserves, other than those laid down by the Law.

NET FINANCIAL POSITION

The following table contains details of the Group's net financial position at September 30th, 2021 together with comparative figures at June 30th, 2021:

	Euro thousand	September 30th, 2021	June 30th, 2021	Change
12	Cash and cash equivalents	43,612	35,509	8,103
13	Other current financial assets	0	0	0
26	Current financial liabilities	(9,623)	(4,409)	(5,214)
	Current net financial position	33,989	31,100	2,889
7	Non-current financial assets	18,946	18,840	106
21	Non-current financial liabilities	(20,530)	(11,694)	(8,836)
	Non-current net financial position	(1,584)	7,146	(8,729)
	Total net financial position	32,405	38,246	(5,841)

The net financial position amounted to Euro 32,405 thousand, compared to Euro 38,246 thousand as at June 30th, 2021, decreasing, as expected, by Euro 5,841 thousand. Excluding the IFRS 16 effect, the net financial position amounted to Euro 37 million.

Current financial liabilities and non-current financial liabilities respectively increased by Euro 5,214 thousand and Euro 8,836 thousand and were partially offset by the higher cash and cash equivalents for Euro 8,103 thousand.

The increase in financial liabilities in the quarter is linked to the subscription of a Euro 15 million loan granted by UniCredit S.p.A. and maturing at September 30th, 2024 and to the Euro 5 million short-term debt and Euro 10 million medium-term debt.

For information purposes only, the following table reports the net financial position in accordance with Prospectus Regulation issued by the European Securities and Markets Authority (ESMA) on March 4th, 2021:

	Euro thousand	September 30th, 2021	June 30th, 2021	Change	
A.	Net cash/debt	43,612	35,509	8,103	22.8%
B.	Cash equivalents to liquid assets	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	43,612	35,509	8,104	22.8%
E.	Current financial liabilities (debt instrument included, but current portion of non-current financial liabilities excluded)	0	0	0	0.0%
F.	Current portion of non-current debt	9,623	4,409	5,214	n.s.
G.	Current financial indebtedness (E + F)	9,623	4,409	5,214	n.s.
H.	Net current financial indebtedness (G - D)	(33,989)	(31,099)	(2,890)	9.3%
I.	Non-current financial liabilities (current portion of non-current financial liabilities and debt instruments excluded)	20,530	11,694	8,836	75.6%
J.	Debt instruments	0	0	0	0.0%
K.	Trade payables and other non-current liabilities	0	0	0	0.0%
L.	Non-current financial indebtedness (I + J + K)	20,530	11,694	8,836	75.6%
M.	Net financial indebtedness (H + L)	(13,459)	(19,405)	5,947	-30.6%

STATEMENT OF PROFIT OR LOSS

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended September 30th, 2021. It does not include the Holding operating segment as it does not generate revenue:

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

At September 30th, 2020, the breakdown was as follows:

	Euro Thousands	Premium Games	Free to Play	Italian Distribution	Other activities	Total
1	Gross revenue	34,995	2,191	1,709	55	38,950
2	Revenue adjustments	(169)	0	(132)	0	(301)
3	Total net revenue	34,826	2,191	1,577	55	38,649

Comments on the net revenue can be found in the Q1 Report.

25. Net financial income / (expenses)

This item may be analyzed as follows:

	Euro thousand	September 30th, 2021	September 30th, 2020	Change	%
23	Interest and financial income	1,606	1,751	(145)	-8.3%
24	Interest and financial expenses	(264)	(1,159)	895	-77.3%
25	Net financial income / (expenses)	1,342	592	750	n.s.

The net financial income was positive for Euro 1,342 thousand compared to the positive Euro 592 thousand registered in the previous year. The increase is the result of a Euro 895 thousand decrease in interest and financial expenses.

Interest and financial income may be analyzed as follows:

Euro thousand	September 30th, 2021	September 30th, 2020	Change	%
Financial income	883	688	195	28.3%
Exchange gains	719	1,060	(341)	-32.2%
Other	4	3	1	33.3%
Total interest and financial income	1,606	1,751	(145)	-8.3%

Interest and financial income decreased by Euro 145 thousand due to a Euro 341 thousand decrease in exchange gains. Financial income includes Euro 774 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.

Interest and financial expenses amounted to Euro 264 thousand. They decreased by Euro 895 thousand compared to September 30th, 2020, mainly because of exchange losses for Euro 828 thousand.

Interest and financial expenses are analyzed in detail as follows:

Euro thousand	September 30 th , 2021	September 30 th , 2020	Change	%
Interest expenses on current accounts and trade finance	(8)	(37)	29	-78.4%
Interest expenses on loans and leases	(39)	(76)	37	-48.7%
Factoring interest expenses	0	(1)	1	-80.0%
Total interest expenses on sources of finance	(47)	(114)	67	-48.7%
Exchange losses	(217)	(1,045)	828	-80.0%
Total interest and financial expenses	(264)	(1,159)	895	-77.2%

29. Total taxes

Current and deferred taxes at September 30th, 2021 are detailed below:

Euro thousand	September 30 th , 2021	September 30 th , 2020	Change	%
Current taxes	(1,920)	(3,356)	1,436	-42.8%
Deferred taxes	95	261	(166)	-63.4%
Total taxes	(1,825)	(3,095)	1,270	-41.0%

The decrease in current taxes is in sync with the Group revenue trend.

Information by geographical area

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

Euro thousand	September 30 th , 2021		September 30 th , 2020		Change	
Europe	4,065	16%	7,401	19%	(3,336)	-45.1%
Americas	17,609	70%	26,425	68%	(8,816)	-33.4%
Rest of the world	2,624	10%	3,360	9%	(736)	-21.9%
Total foreign revenue	24,298	97%	37,186	95%	(12,888)	-34.7%
Italy	718	3%	1,764	5%	(1,046)	-59.3%
Total consolidated gross revenue	25,016	100%	38,950	100%	(13,934)	-35.8%

Total foreign revenue represented 97% of consolidated gross revenue compared to 95% in the previous year and decreased by Euro 12,800 thousand compared to September 30th, 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.

Premium Games represented the most significant portion of foreign revenue, generating Euro 22,525 thousand i.e. 93% of total foreign revenue.

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

Euro thousand	September 30 th , 2021		September 30 th , 2020		Change	
Premium Games	22,525	93%	34,995	94%	(12,470)	-35.6%
Free to Play	1,773	7%	2,191	6%	(418)	-19.1%
Total gross foreign revenue	24,298	100%	37,186	100%	(12,888)	-34.7%

Related parties transactions

As at September 30th, 2021 no transaction unusual in terms of characteristic or larger than those of continuing nature has been carried out.

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

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

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period July 1st, 2021 – September 30th, 2021. No significant issues have arisen.

We also confirm that:

1. Digital Bros Group Interim Report at September 30th, 2021:
 - a) has been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19th, 2002;
 - b) reflects the accounting books and records;
 - c) gives a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Q1 Report accompanying the condensed consolidated financial statements includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, November 11th, 2021

Signed

Chairman of the Board of Directors

Abramo Galante

Chief Financial Officer

Stefano Salbe