

# Digital Bros

  
 digital entertainment

## PRESS RELEASE

*The Board of Directors of Digital Bros Group approves the Interim Report at March 31<sup>st</sup>, 2022*

### NINE MONTHS ENDED MARCH 31<sup>ST</sup>, 2022 RESULTS:

- REVENUE AT €83.1 MILLION
- 96% OF REVENUE ON INTERNATIONAL MARKETS
- 85% DIGITAL REVENUE
- EBIT AT €19.1 MILLION, 23% OF NET REVENUE
- NET PROFIT OF €15.7 MILLION
- POSITIVE NET FINANCIAL POSITION OF €13.1 MILLION
- EBIT FOR THE FULL FISCAL YEAR EXPECTED TO EXCEED FY21 OUTSTANDING RESULTS

### THIRD QUARTER RESULTS:

- REVENUE AT €27.6 MILLION (-16.4%)
- EBIT AT €6.8 MILLION (+32.5%)

- ✓ *Consolidated ytd gross revenue of €83.1 million, down by 28% compared to €115.4 million on March 31<sup>st</sup>, 2021, when the best-selling games Death Stranding and the Steam version of Control were initially launched*
- ✓ *96% of revenues realized on international markets and 85% on digital marketplaces*
- ✓ *EBITDA at €31.5 million, compared to €45.9 million on March 31<sup>st</sup>, 2021*
- ✓ *EBIT of €19.1 million, 23% of consolidated net revenues, compared to €25 million on March 31<sup>st</sup>, 2021*
- ✓ *Profit before tax of €22.4 million, compared to €28.3 million on March 31<sup>st</sup>, 2021*
- ✓ *Net profit of €15.7 million, compared to €20.3 million on March 31<sup>st</sup>, 2021*
- ✓ *Net financial position positive of €13.1 million (€18.2 million gross of the IFRS 16 effect)*
- ✓ *Net operating margins for the full fiscal year expected to exceed the outstanding results realized in the last fiscal despite expected decrease in revenue*
- ✓ *Q3 EBIT of €6.8 million, increased by 35.2% compared to €5.1 million on March 31<sup>st</sup>, 2021*

Milan, May 12<sup>th</sup>, 2022 – The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the Euronext STAR segment of Borsa Italiana and operates in the videogames market, **today approved the Interim Report at March 31<sup>st</sup>, 2022** (first nine months of the fiscal year from July 1<sup>st</sup>, 2021 to June 30<sup>th</sup>, 2022).

<b>RESULTS FOR THE FIRST NINE MONTHS OF FISCAL YEAR 2021-2022 (FROM 01.07.2021 TO 31.03.2022)</b>				
<i>Euro thousand</i>	<b>31.03.22</b>	<b>31.03.21</b>	<b>Change</b>	<b>Change %</b>
<b>Gross revenue</b>	83,143	115,427	(32,284)	-28.0%
<b>Gross operating margin (EBITDA)</b>	31,541	45,864	(14,323)	-31.2%
<b>Operating margin (EBIT)</b>	19,064	24,973	(5,909)	-23.7%
<b>Profit before tax</b>	22,437	28,302	(5,866)	-20.7%
<b>Net profit</b>	15,716	20,269	(4,554)	-22.5%

Digital Bros Group's key consolidated results for the first nine months of fiscal year 2021-2022, together with prior period comparatives, are as follows:

- **Consolidated gross revenue** of €83.1 million, compared to €115.4 million on March 31<sup>st</sup>, 2021 (-28%);
- **EBITDA** of €31.5 million, compared to €45.9 million on March 31<sup>st</sup>, 2021;
- **EBIT** of €19.1 million, compared to €25 million on March 31<sup>st</sup>, 2021;
- **Profit before tax** of €22.4 million, compared to €28.3 million on March 31<sup>st</sup>, 2021;
- **Net profit** increased to €15.7 million, compared to €20.3 million on March 31<sup>st</sup>, 2021.

Digital Bros Group's key consolidated results for the third quarter of fiscal year 2021-2022, together with prior period comparatives, are as follows:

<b>RESULTS FOR THE THIRD QUARTER OF FISCAL YEAR 2021-2022 (FROM 01.01.2022 TO 31.03.2022)</b>				
<i>Euro thousand</i>	<b>31.03.22</b>	<b>31.03.21</b>	<b>Change</b>	<b>Change %</b>
<b>Gross revenue</b>	27,625	33,046	(5,421)	-16.4%
<b>Gross operating margin (EBITDA)</b>	11,824	10,259	1,565	15.3%
<b>Operating margin (EBIT)</b>	6,838	5,057	1,781	35.2%
<b>Profit before tax</b>	7,711	6,149	1,562	25.4%
<b>Net profit</b>	5,326	4,419	907	20.5%

- **Consolidated gross revenue** of €27.6 million, decreased by 16.4% compared to €33.1 million on March 31<sup>st</sup>, 2021;
- **EBITDA** of €11.8 million, increased by 15.3% compared to €10.3 million on March 31<sup>st</sup>, 2021;
- **EBIT** of €19.1 million, increased by 35.2% compared to €5.1 million on March 31<sup>st</sup>, 2021;
- **Profit before tax** of €7.7 million, increased by 25.4% compared to €6.2 million on March 31<sup>st</sup>, 2021;
- **Net profit** increased to €5.3 million, increased by 20.5% compared to €4.4 million on March 31<sup>st</sup>, 2021.

## RESULTS BY OPERATING SEGMENT

In absence of any significant new releases, the first nine months revenue were a mix of different but existing back catalogue products. The best-seller videogame was the evergreen **Assetto Corsa, intellectual property owned by the Group**, which **exceeded Euro 14 million** revenue during the period. Revenue for the period amounted to Euro 83,143 thousand, decreasing by 28% compared to the previous fiscal year, when the best-selling video game Death Stranding and the Steam version of Control were initially launched.

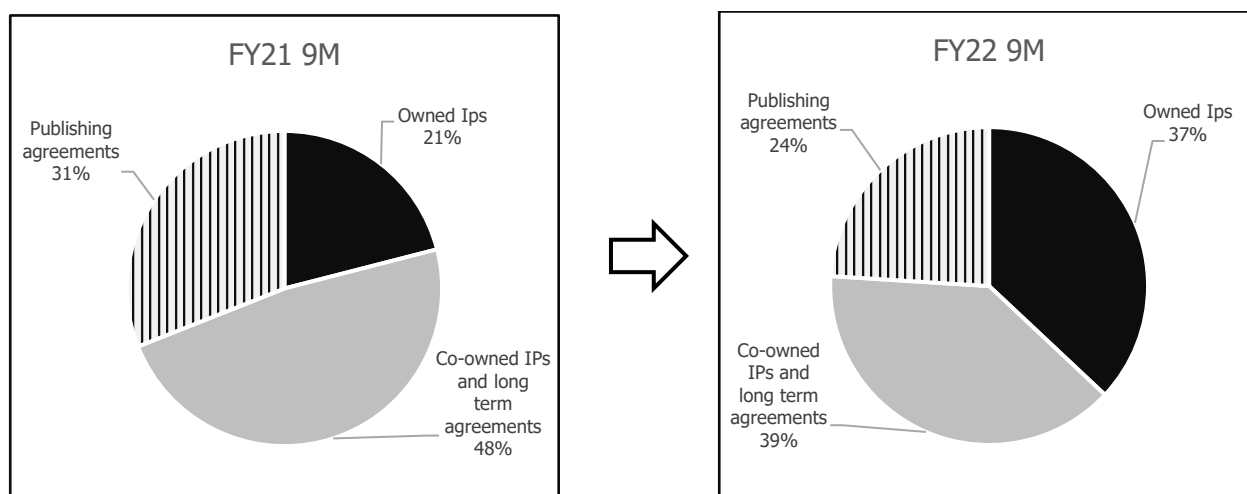
Revenue from international markets were 96% of the total revenues in the period and digital revenue in the period were 85% of the total.

A breakdown by operating segment for the period ended March 31<sup>st</sup>, 2022 compared to the period ended March 31<sup>st</sup>, 2021 is provided below:

<b>Euro thousand</b>	<b>Gross revenue</b>				<b>Net revenue</b>			
	<b>2022</b>	<b>2021</b>	<b>Change</b>		<b>2022</b>	<b>2021</b>	<b>Change</b>	
Premium Games	74,270	102,842	(28,572)	-27.8%	74,170	101,589	(27,419)	-27.0%
Free to Play	5,441	8,455	(3,014)	-35.6%	5,441	8,455	(3,014)	-35.6%
Italian Distribution	2,900	3,724	(824)	-22.1%	2,791	3,502	(711)	-20.3%
Other Activities	532	406	127	31.3%	532	406	127	31.3%
<b>Total gross revenue</b>	<b>83,143</b>	<b>115,427</b>	<b>(32,284)</b>	<b>-28.0%</b>	<b>82,934</b>	<b>113,952</b>	<b>(31,018)</b>	<b>-27.2%</b>

The **Premium Games** operating segment represents 89% of the consolidated gross revenue.

Video games developed by the internal studios and through intellectual properties fully owned by the Group accounted for 37% of the total revenue in the period from 21% at March 31<sup>st</sup>, 2021. 39% of revenue came from the co-owned IPs and long-term agreements (more than ten years), compared to 48% at March 31<sup>st</sup>, 2021. A breakdown of Premium Games revenue by the type of rights held by the Group at March 31<sup>st</sup>, 2022 is provided below with comparative figures at March 31<sup>st</sup>, 2021:



The **Free to Play** operating segment showed a 35.6% decrease from €8,455 thousand at March 31<sup>st</sup>, 2021 to €5,441 thousand. Last fiscal year, a licensing agreement for the Chinese market rights of Gems of War resulted in Euro 1,895 thousand revenue, not repeated in the current fiscal. The mobile and personal computer versions of Puzzle Quest 3 were launched in March, while the consoles version is scheduled to be available during the first half of the next fiscal year.

The **Italian Distribution** operating sector revenue decreased by 22.1% (from €3,724 thousand down to €2,900 thousand), due to the continuous decline of retail distribution, and accelerated by the effects of the COVID-19 pandemic.

Digital Bros Group's revenue and earnings by operating segments for the period are as follows:

Euro thousand	Premium Games	Free to Play	Italian Distribution	Other Activities	Holding	Total
Gross revenue	74,270	5,441	2,900	532	0	83,143
EBITDA	36,186	1,057	(566)	(138)	(4,998)	31,541
EBIT	25,968	(399)	(726)	(255)	(5,524)	19,064

The **EBITDA** realized in the first nine months of the fiscal year has been €31,541 thousand corresponding to 38% of the consolidated net revenue, a decrease of €14,323 thousand compared to the €45.864 thousand realized in the previous fiscal year.

**Depreciation and amortization** decreased by €7,503 thousand in line with the revenue trend.

The **EBIT** amounted to €19,064 thousand decreasing by €5,909 thousand compared to €24,973 thousand as at March 31<sup>st</sup>, 2021. **The EBIT stood at 23% of the consolidated net revenue for the period.**

**Net interest income** was positive for €3,373 thousand, in line with €3,329 thousand realized in the previous fiscal year.

**Profit before tax** for the period ended March 31<sup>st</sup>, 2022 amounted to €22,437 thousand, a decrease of €5,866 thousand compared to profit before tax of €28,302 thousand as at March 31<sup>st</sup>, 2021.

**Net profit** for the period amounted to €15,716 thousand compared to €20,269 thousand as at March 31<sup>st</sup>, 2021.

**Net profit attributable to the shareholders of the Parent Company** was €15,544 thousand.

**Net profit attributable to non-controlling interests** was €172 thousand.

**Basic earnings per share** and **diluted earnings per share** were €1.09 compared to the €1.43 and €1.40 profit per share as at March 31<sup>st</sup>, 2021.

### **THIRD QUARTER JANUARY 2022 – MARCH 2022**

The third quarter gross revenue amounted to €27,625 thousand, a 16.4% decrease compared to the previous fiscal year. The new version of the video game Death Stranding was launched on March 28<sup>th</sup>, 2022, thus generating a limited revenue stream in the quarter.

Notwithstanding the revenue trend, the quarterly EBIT increased by 32.5% and amounted to €1,781 thousand, thanks to the strong performance of the international publishing operating sector. The significant growth in margins is the result of the product mix with an increased weight of the videogames developed by internal studios.

### **NET FINANCIAL POSITION**

The net financial position amounted to €13,093 thousand. As expected, it decreased from €38,246 thousand as at June 30<sup>th</sup>, 2021, by €25,153 thousand in sync with the significant investment plan conducted by the Group during the fiscal year. The net financial position gross of the IFRS 16 effect amounted to €18.2 million.

### **TREASURY SHARES**

As at March 31<sup>st</sup>, 2022 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period, pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code.

### **SIGNIFICANT EVENTS DURING THE PERIOD**

The most significant events during the period were as follows:

- On October 27<sup>th</sup>, 2021, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2020-2021, a dividend distribution of €0.18 per share and appointed Ernest & Young S.p.A. as the new external auditor for the 2022-2030 period, until the approval of the Financial Statements at June 30<sup>th</sup>, 2030;
- On November 30<sup>th</sup>, 2021, the Group announced the agreement between 505 Games S.p.A. and MercurySteam Entertainment S.L. for the co-publishing and development on a new videogame set for multiplatform release. The intellectual property (IP) of the game is co-owned by Digital Bros and MercurySteam Entertainment through the joint-venture MSE & DB S.L. set up under the Spanish Law. The initial development investment amounts to Euro 27 million.

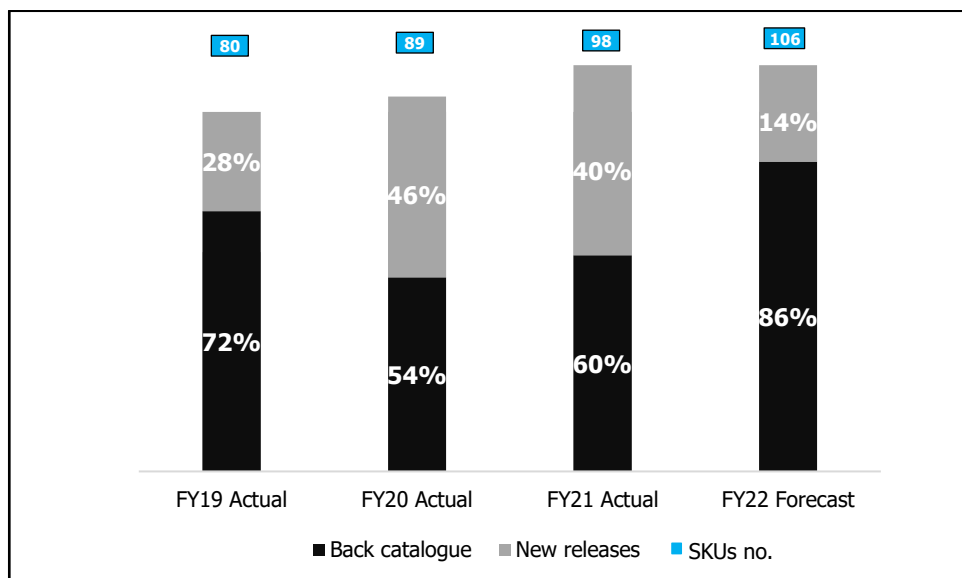
### **SIGNIFICANT EVENTS OCCURRED AFTER MARCH 31<sup>ST</sup>, 2022**

No significant event occurred after the end of the period also having considered external factors.

### **BUSINESS OUTLOOK**

Most of the videogames currently under development will hit the market starting from the fiscal year 2023 onwards. The Group has planned to invest more than €50 million during the fiscal year. For the full fiscal year 2022, the Group expects a decline in revenue without any significant new launch, but higher net operating margins (EBIT) thanks to the higher profitability of fully-owned intellectual properties and back catalogue products.

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



In sync with the significant investments planned for the full fiscal year, the net financial position, which was positive for €13.2 million at March 31<sup>st</sup>, 2022, is expected to remain positive while showing a further decrease to return back to increase starting from the first quarter of the next fiscal year.

#### ART. 154-BIS OF THE T.U.F.

*As required by paragraph 2, Art. 154-bis of the T.U.F., Digital Bros Group's Chief Financial Officer, Stefano Salbe, declares that the information contained in this press release corresponds to the Group's underlying documents, books, and accounting records.*

*This press release is available on the websites [www.digitalbros.com](http://www.digitalbros.com) and [www.1info.it](http://www.1info.it)*

#### DIGITAL BROS GROUP

Listed on the Euronext STAR segment of Borsa Italiana, Digital Bros Group is a global company that has been operating since 1989 as a developer, publisher and distributor of videogames through its brand 505 Games. The Group distributes its contents on both retail and digital channels. Digital Bros Group is active around the world through its own direct operations in Italy, United States, UK, France, Spain, Germany, Czech Republic, China, Japan, Australia and Canada with approximately 370 employees.

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**FINANCIAL STATEMENTS**  
**DIGITAL BROS GROUP**

**Consolidated statement of financial position at March 31<sup>st</sup>, 2022**

	<i>Euro thousand</i>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>	
	<b>Non-current assets</b>				
1	Property, plant and equipment	9,024	8,198	826	10.1%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	92,784	66,776	26,008	38.9%
4	Equity investments	8,390	11,190	(2,800)	-25.0%
5	Non-current receivables and other assets	7,450	5,089	2,361	46.4%
6	Deferred tax assets	13,359	11,644	1,715	14.7%
7	Non-current financial activities	19,356	18,840	516	2.7%
	<b>Total non-current assets</b>	<b>150,363</b>	<b>121,737</b>	<b>28,626</b>	<b>23.5%</b>
	<b>Current assets</b>				
8	Inventories	4,787	5,708	(921)	-16.1%
9	Trade receivables	13,218	18,283	(5,065)	-27.7%
10	Tax receivables	2,131	1,500	631	42.1%
11	Other current assets	20,110	19,279	831	4.3%
12	Cash and cash equivalent	20,853	35,509	(14,656)	-41.3%
13	Other financial assets	0	0	0	0.0%
	<b>Total current assets</b>	<b>61,099</b>	<b>80,279</b>	<b>(19,180)</b>	<b>-23.9%</b>
	<b>TOTAL ASSETS</b>	<b>211,462</b>	<b>202,016</b>	<b>9,446</b>	<b>4.7%</b>
	<b>Shareholders' equity</b>				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(21,426)	(23,016)	1,590	-6.9%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(95,158)	(82,181)	(12,977)	15.8%
	<b>Equity attributable to the shareholders of the Parent Company</b>	<b>(122,288)</b>	<b>(110,901)</b>	<b>(11,387)</b>	<b>10.3%</b>
	<b>Equity attributable to non-controlling interests</b>	<b>(1,485)</b>	<b>(890)</b>	<b>(595)</b>	<b>66.9%</b>
	<b>Total net equity</b>	<b>(123,773)</b>	<b>(111,791)</b>	<b>(11,982)</b>	<b>10.7%</b>
	<b>Non-current liabilities</b>				
18	Employee benefits	(793)	(719)	(74)	10.3%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(4,039)	(5,415)	1,376	-25.4%
21	Non-current financial liabilities	(16,576)	(11,694)	(4,882)	41.7%
	<b>Total non-current liabilities</b>	<b>(21,489)</b>	<b>(17,909)</b>	<b>(3,580)</b>	<b>20.0%</b>
	<b>Current liabilities</b>				
22	Trade payables	(40,946)	(47,193)	6,247	-13.2%
23	Taxes payables	(9,511)	(10,782)	1,271	-11.8%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(5,203)	(9,932)	4,729	-47.6%
26	Current financial liabilities	(10,540)	(4,409)	(6,131)	n.m.
	<b>Total current liabilities</b>	<b>(66,200)</b>	<b>(72,316)</b>	<b>6,116</b>	<b>-8.5%</b>
	<b>TOTAL LIABILITIES</b>	<b>(87,689)</b>	<b>(90,225)</b>	<b>2,536</b>	<b>-2.8%</b>
	<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>(211,462)</b>	<b>(202,016)</b>	<b>(9,446)</b>	<b>4.7%</b>

**DIGITAL BROS GROUP**
**Consolidated statement of profit and loss at March 31<sup>st</sup>, 2022**

	<i>Euro thousand</i>	<b>March 31<sup>st</sup>, 2022</b>		<b>March 31<sup>st</sup>, 2021</b>		<b>Change</b>	
1	Gross revenue	83,143	100.3%	115,427	101.3%	(32,284)	-28.0%
2	Revenue adjustments	(209)	-0.1%	(1,475)	-1.3%	1,266	-85.8%
<b>3</b>	<b>Net revenue</b>	<b>82,934</b>	<b>100.0%</b>	<b>113,952</b>	<b>100.0%</b>	<b>(31,018)</b>	<b>-27.2%</b>
4	Purchase of products for resale	(3,920)	-4.7%	(4,452)	-3.9%	532	-11.9%
5	Purchase of services for resale	(4,894)	-5.9%	(8,027)	-7.0%	3,133	-39.0%
6	Royalties	(18,359)	-22.1%	(31,736)	-27.9%	13,377	-42.2%
7	Changes in inventories of finished products	(921)	-1.1%	(1,064)	-0.9%	143	-13.4%
<b>8</b>	<b>Total cost of sales</b>	<b>(28,094)</b>	<b>-33.9%</b>	<b>(45,279)</b>	<b>-39.7%</b>	<b>17,185</b>	<b>-38.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>54,840</b>	<b>66.1%</b>	<b>68,673</b>	<b>60.3%</b>	<b>(13,833)</b>	<b>-20.1%</b>
10	Other income	8,122	9.8%	3,326	2.9%	4,796	n.m.
11	Costs for services	(6,446)	-7.8%	(7,431)	-6.5%	985	-13.3%
12	Rent and leasing	(356)	-0.4%	(221)	-0.2%	(135)	61.4%
13	Payroll costs	(23,649)	-28.5%	(17,562)	-15.4%	(6,087)	34.7%
14	Other operating costs	(970)	-1.2%	(921)	-0.8%	(49)	5.3%
<b>15</b>	<b>Total operating costs</b>	<b>(31,421)</b>	<b>-37.9%</b>	<b>(26,135)</b>	<b>-22.9%</b>	<b>(5,286)</b>	<b>20.2%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>31,541</b>	<b>38.0%</b>	<b>45,864</b>	<b>40.2%</b>	<b>(14,323)</b>	<b>-31.2%</b>
17	Depreciation and amortisation	(12,614)	-15.2%	(20,117)	-17.7%	7,503	-37.3%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(66)	-0.1%	(774)	-0.7%	709	-91.5%
20	Impairment reversal	203	0.2%	0	0.0%	203	n.m.
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(12,477)</b>	<b>-15.0%</b>	<b>(20,891)</b>	<b>-18.3%</b>	<b>8,413</b>	<b>-40.3%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>19,064</b>	<b>23.0%</b>	<b>24,973</b>	<b>21.9%</b>	<b>(5,909)</b>	<b>-23.7%</b>
23	Interest and finance income	5,535	6.7%	6,281	5.5%	(746)	-11.9%
24	Interest expense and finance costs	(2,162)	-2.6%	(2,952)	-2.6%	790	-26.8%
<b>25</b>	<b>Net interest income/(expense)</b>	<b>3,373</b>	<b>4.1%</b>	<b>3,329</b>	<b>2.9%</b>	<b>44</b>	<b>1.3%</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>22,437</b>	<b>27.1%</b>	<b>28,302</b>	<b>24.8%</b>	<b>(5,866)</b>	<b>-20.7%</b>
27	Current tax	(6,935)	-8.4%	(8,908)	-7.8%	1,973	-22.1%
28	Deferred tax	214	0.3%	875	0.8%	(662)	-75.5%
<b>29</b>	<b>Total taxes</b>	<b>(6,721)</b>	<b>-8.1%</b>	<b>(8,033)</b>	<b>-7.0%</b>	<b>1,312</b>	<b>-16.3%</b>
<b>30</b>	<b>Net profit/loss</b>	<b>15,716</b>	<b>19.0%</b>	<b>20,269</b>	<b>17.8%</b>	<b>(4,554)</b>	<b>-22.5%</b>
	<b>attributable to the shareholders of the Parent Company</b>	<b>15,544</b>	<b>18.7%</b>	<b>20,336</b>	<b>17.8%</b>	<b>(4,793)</b>	<b>-23.6%</b>
	<b>attributable to non-controlling interests</b>	<b>172</b>	<b>0.2%</b>	<b>(67)</b>	<b>-0.1%</b>	<b>239</b>	<b>n.m.</b>
	<b>Earnings per share:</b>						
<b>33</b>	<b>Basic earnings per share (in Euro)</b>	<b>1.09</b>		<b>1.43</b>		<b>(0.33)</b>	<b>-23.6%</b>
<b>34</b>	<b>Diluted earnings per share (in Euro)</b>	<b>1.09</b>		<b>1.40</b>		<b>(0.30)</b>	<b>-22.5%</b>

**DIGITAL BROS GROUP****Consolidated statement of comprehensive income at March 31<sup>st</sup>, 2022**

<i><b>Euro thousand</b></i>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>Change</b>
<b>Profit (Loss) for the period (A)</b>	<b>15,716</b>	<b>20,269</b>	<b>(4,553)</b>
Actuarial gain (loss)	(20)	(11)	(9)
Income tax relating to actuarial gain (loss)	5	3	2
Changes in the fair value	(2,776)	4,653	(7,429)
Tax effect regarding fair value measurment of financial assets	666	(1,117)	1,783
<b>Items that will not be subsequently reclassified to profit or loss (B)</b>	<b>(2,125)</b>	<b>3,528</b>	<b>(5,653)</b>
Exchange differences on translation of foreign operations	288	46	242
Income tax relating to exchange differences on translation of foreign operations	0	0	0
<b>Items that will subsequently be reclassified to profit or loss (C)</b>	<b>288</b>	<b>46</b>	<b>242</b>
<b>Total other comprehensive income D=(B)+(C)</b>	<b>(1,837)</b>	<b>3,574</b>	<b>(5,411)</b>
<b>Total comprehensive income (loss) (A)+(D)</b>	<b>13,879</b>	<b>23,843</b>	<b>(9,964)</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>	<b>13,707</b>	<b>23,910</b>	<b>(10,203)</b>
<b>Non-controlling interests</b>	<b>(172)</b>	<b>(67)</b>	<b>(105)</b>



**DIGITAL BROS GROUP**
**Consolidated cash flow statement at March 31<sup>st</sup>, 2022**

	<i>Euro thousand</i>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>
<b>A. Opening net cash/debt</b>		<b>35,509</b>	<b>8,527</b>
<b>B. Cash flows from operating activities</b>			
Profit (loss) for the period		15,716	20,269
<i>Depreciation, amortisation and non-monetary costs:</i>			
Provisions and impairment losses		(66)	(753)
Amortisation of intangible assets		11,218	18,779
Depreciation of property, plant and equipment		1,396	1,338
Net change in tax advance		(1,715)	1,463
Net change in employee benefit provisions		74	100
Net change in other non-current liabilities		(1,168)	3,827
<b>SUBTOTAL B.</b>		<b>25,455</b>	<b>45,023</b>
<b>C. Change in net working capital</b>			
Inventories		921	1,064
Trade receivables		5,118	4,908
Current tax assets		(631)	404
Other current assets		(831)	13,002
Trade payables		(6,247)	1,709
Current tax liabilities		(1,271)	4,088
Current provisions		(0)	0
Other current liabilities		(4,729)	(433)
Other non-current liabilities		(1,376)	4,737
Non-current receivables and other assets		(2,361)	2,440
<b>SUBTOTAL C.</b>		<b>(11,407)</b>	<b>31,919</b>
<b>D. Cash flows from investing activities</b>			
Net payments for intangible assets		(37,226)	(45,296)
Net payments for property, plant and equipment		(2,222)	(1,017)
Net payments for non-current financial assets		2,813	(8,318)
<b>SUBTOTAL D.</b>		<b>(36,635)</b>	<b>(54,631)</b>
<b>E. Cash flows from financing activities</b>			
Capital increases		0	0
Changes in financial liabilities		11,014	(6,092)
Changes in financial assets		(516)	(1,700)
<b>SUBTOTAL E.</b>		<b>10,498</b>	<b>(7,792)</b>
<b>F. Changes in consolidated equity</b>			
Dividends pay-out		(2,567)	(2,139)
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
<b>SUBTOTAL F.</b>		<b>(2,567)</b>	<b>(2,139)</b>
<b>G. Cash flow for the period (B+C+D+E+F)</b>		<b>(14,656)</b>	<b>12,380</b>
<b>H. Closing net cash/debt (A+G)</b>		<b>20,853</b>	<b>20,907</b>

**DIGITAL BROS GROUP**
**Consolidated statement of profit and loss for the third quarter**

	<i>Euro thousand</i>	<b>Q3 2021/2022</b>		<b>Q3 2020/2021</b>		<b>Change</b>	
1	Gross revenue	27,625	100.1%	33,046	100.1%	(5,421)	-16.4%
2	Revenue adjustments	(16)	-0.1%	(38)	-0.1%	22	-58.1%
<b>3</b>	<b>Net revenue</b>	<b>27,609</b>	<b>100.0%</b>	<b>33,008</b>	<b>100.0%</b>	<b>(5,399)</b>	<b>-16.4%</b>
4	Purchase of products for resale	(1,116)	-4.0%	(1,402)	-4.2%	286	-20.4%
5	Purchase of services for resale	(1,936)	-7.0%	(2,406)	-7.3%	470	-19.5%
6	Royalties	(4,666)	-16.9%	(10,368)	-31.4%	5,702	-55.0%
7	Changes in inventories of finished products	(207)	-0.8%	(549)	-1.7%	342	-62.2%
<b>8</b>	<b>Total cost of sales</b>	<b>(7,925)</b>	<b>-28.7%</b>	<b>(14,725)</b>	<b>-44.6%</b>	<b>6,800</b>	<b>-46.2%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>19,684</b>	<b>71.3%</b>	<b>18,283</b>	<b>55.4%</b>	<b>1,401</b>	<b>7.7%</b>
10	Other income	2,967	10.7%	1,032	3.1%	1,935	n.m.
11	Costs for services	(2,241)	-8.1%	(2,055)	-6.2%	(186)	9.1%
12	Rent and leasing	(123)	-0.4%	(88)	-0.3%	(35)	41.0%
13	Payroll costs	(8,147)	-29.5%	(6,602)	-20.0%	(1,545)	23.4%
14	Other operating costs	(316)	-1.1%	(311)	-0.9%	(5)	1.8%
<b>15</b>	<b>Total operating costs</b>	<b>(10,827)</b>	<b>-39.2%</b>	<b>(9,056)</b>	<b>-27.4%</b>	<b>(1,771)</b>	<b>19.6%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>11,824</b>	<b>42.8%</b>	<b>10,259</b>	<b>31.1%</b>	<b>1,565</b>	<b>15.3%</b>
17	Depreciation and amortisation	(5,023)	-18.2%	(4,717)	-14.3%	(306)	6.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(8)	0.0%	(485)	-1.5%	477	-98.4%
20	Impairment reversal	45	0.2%	0	0.0%	45	n.m.
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(4,986)</b>	<b>-18.1%</b>	<b>(5,202)</b>	<b>-15.8%</b>	<b>216</b>	<b>-4.1%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>6,838</b>	<b>24.8%</b>	<b>5,057</b>	<b>15.3%</b>	<b>1,781</b>	<b>35.2%</b>
23	Interest and financial income	1,689	6.1%	1,687	5.1%	2	0.1%
24	Interest and financial expenses	(816)	-3.0%	(595)	-1.8%	(221)	37.1%
<b>25</b>	<b>Net interest income/(expense)</b>	<b>873</b>	<b>3.2%</b>	<b>1,092</b>	<b>3.3%</b>	<b>(219)</b>	<b>-20.0%</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>7,711</b>	<b>27.9%</b>	<b>6,149</b>	<b>18.6%</b>	<b>1,562</b>	<b>25.4%</b>
27	Current tax	(2,366)	-8.6%	(2,108)	-6.4%	(258)	12.3%
28	Deferred tax	(19)	-0.1%	378	1.1%	(397)	n.m.
<b>29</b>	<b>Total taxes</b>	<b>(2,385)</b>	<b>-8.6%</b>	<b>(1,730)</b>	<b>-5.2%</b>	<b>(655)</b>	<b>37.9%</b>
<b>30</b>	<b>Net profit/loss</b>	<b>5,326</b>	<b>19.3%</b>	<b>4,419</b>	<b>13.4%</b>	<b>907</b>	<b>20.5%</b>
	<b>attributable to the shareholders of the Parent Company</b>	<b>4,919</b>	<b>17.8%</b>	<b>4,430</b>	<b>13.4%</b>	<b>489</b>	<b>11.0%</b>
	<b>attributable to non-controlling interests</b>	<b>407</b>	<b>1.5%</b>	<b>(11)</b>	<b>0.0%</b>	<b>418</b>	<b>n.m.</b>

**DIGITAL BROS GROUP**
**Consolidated statement of changes in equity at March 31<sup>st</sup>, 2022**

<i>Euro thousand</i>	<b>Share capital (A)</b>	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation	Other reserves	<b>Total reserves (B)</b>	<b>Treasury shares (C)</b>	Retained earnings	Profit (Loss) for the year	<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>, 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 previous year result							<b>0</b>		14,990	(14,990)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend payout									(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>
<b>Total on July 1<sup>st</sup>, 2021</b>	<b>5,704</b>	18,486	1,141	1,367	(1,339)	3,361	<b>23,016</b>	<b>0</b>	50,156	32,025	<b>82,181</b>	<b>110,901</b>	<b>890</b>	<b>111,791</b>
Allocation of previous year result							<b>0</b>		32,025	(32,025)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend payout									(2,567)		<b>(2,567)</b>	<b>(2,567)</b>		<b>(2,567)</b>
Other changes						247	<b>247</b>				<b>0</b>	<b>247</b>	<b>423</b>	<b>670</b>
Comprehensive income (loss)					288	(2,125)	<b>(1,837)</b>			15,544	<b>15,544</b>	<b>13,707</b>	<b>172</b>	<b>13,879</b>
<b>Total on March 31<sup>st</sup>, 2022</b>	<b>5,704</b>	18,486	1,141	1,367	(1,051)	1,483	<b>21,426</b>	<b>0</b>	79,614	15,544	<b>95,158</b>	<b>122,288</b>	<b>1,485</b>	<b>123,773</b>

**DIGITAL BROS GROUP**
**Consolidated statement of profit and loss per operating segment at March 31<sup>st</sup>, 2022**

	<i><b>Euro thousand</b></i>	<b>Premium Games</b>	<b>Free to Play</b>	<b>Italian Distribution</b>	<b>Other Activities</b>	<b>Holding</b>	<b>Total</b>
1	Gross revenue	74,270	5,441	2,900	532	0	83,143
2	Revenue adjustments	(100)	0	(109)	0	0	(209)
<b>3</b>	<b>Net revenue</b>	<b>74,170</b>	<b>5,441</b>	<b>2,791</b>	<b>532</b>	<b>0</b>	<b>82,934</b>
4	Purchase of products for resale	(2,375)	0	(1,545)	0	0	(3,920)
5	Purchase of services for resale	(4,368)	(526)	0	0	0	(4,894)
6	Royalties	(18,229)	(130)	0	0	0	(18,359)
7	Changes in inventories of finished products	(528)	0	(393)	0	0	(921)
<b>8</b>	<b>Total cost of sales</b>	<b>(25,500)</b>	<b>(656)</b>	<b>(1,938)</b>	<b>0</b>	<b>0</b>	<b>(28,094)</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>48,670</b>	<b>4,785</b>	<b>853</b>	<b>532</b>	<b>0</b>	<b>54,840</b>
10	Other income	5,298	2,812	0	0	12	8,122
11	Cost of services	(3,942)	(717)	(513)	(223)	(1,051)	(6,446)
12	Rent and leasing	(168)	(62)	(16)	(3)	(107)	(356)
13	Payroll costs	(13,371)	(5,650)	(821)	(419)	(3,388)	(23,649)
14	Other operating costs	(301)	(111)	(69)	(25)	(464)	(970)
<b>15</b>	<b>Total operating costs</b>	<b>(17,782)</b>	<b>(6,540)</b>	<b>(1,419)</b>	<b>(670)</b>	<b>(5,010)</b>	<b>(31,421)</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>36,186</b>	<b>1,057</b>	<b>(566)</b>	<b>(138)</b>	<b>(4,998)</b>	<b>31,541</b>
17	Depreciation and amortisation	(10,268)	(1,456)	(107)	(117)	(666)	(12,614)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	0	(53)	0	(13)	(66)
20	Impairment reversal	50	0	0	0	153	203
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(10,218)</b>	<b>(1,456)</b>	<b>(160)</b>	<b>(117)</b>	<b>(526)</b>	<b>(12,477)</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>25,968</b>	<b>(399)</b>	<b>(726)</b>	<b>(255)</b>	<b>(5,524)</b>	<b>19,064</b>