



**Interim Report at March 31<sup>st</sup>, 2022**  
**(First nine months of the fiscal year 2021/2022)**

**Digital Bros S.p.A.**  
Via Tortona, 37 – 20144 Milan, Italy  
VAT IT095  
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](http://www.digitalbros.com)

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

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## **Board of Directors and Governance Structure**

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	Indipendent Director
Stefano Salbe	Executive Director <sup>(1)</sup>
Laura Soifer	Indipendent Director <sup>(2)</sup>
Dario Treves	Executive Director

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

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

## **Control and Risk Committee**

Sylvia Anna Bartyan  
Susanna Pedretti  
Laura Soifer (Chairman)

## **Remuneration Committee**

Sylvia Anna Bartyan  
Susanna Pedretti (Chairman)  
Laura Soifer

## **Board of Statutory Auditors**

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

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

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

On August 7<sup>th</sup>, 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 27<sup>th</sup>, 2021, the Shareholders' Meeting appointed EY S.p.A., Via Meravigli 12, Milan as auditors until the approval of the financial statements at June 30<sup>th</sup>, 2030.

## **Other information**

The publication of Digital Bros Group's Interim Report at March 31<sup>st</sup>, 2022 was authorized by the resolution of the Board of Directors on May 12<sup>th</sup>, 2022.

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..

## INTERIM REPORT AT MARCH 31<sup>ST</sup>, 2022

### 1. GROUP ORGANIZATION

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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 properties from developers and the distribution of video games through a traditional international retail sales network and digital marketplaces such as Steam, Sony PlayStation Network, Microsoft Xbox Live, Epic Game Store, etc..

The Group develops part of the video games in its library through the internal studios whereas, the 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 label used for worldwide publishing is 505 Games. A minor label, Hook S.r.l., publishes lower-budget projects.

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

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

- the Italian company Kunos Simulazioni S.r.l., which develops and publishes the Assetto Corsa video game;
- the Dutch company Rasplata B.V. (60%) that owns an intellectual property currently under development;
- the Czech company Ingame Studios a.s. (60%), a Brno-based studio developing the video game based on the intellectual propriety owned by Rasplata B.V.;
- the Italian company Avantgarden S.r.l., an Italian development studio with a team of around eleven people;
- the Italian company Supernova Games Studios, a Milan-based studio incorporated during the previous fiscal year and with a team of eleven people;
- the Canadian company Chrysalide Jeux et Divertissement Inc. incorporated in June 2021. The company (75% of which is held by the Group) is currently developing a brand-new video game.

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

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

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

The Australian company 505 Games Pty Ltd. was incorporated in the previous fiscal year. In January 2021 it took over 100% of the shares of Infinite Interactive Pty. and Infinity Plus Two Pty.. The Australian companies own the intellectual property of Puzzle Quest and Gems of War and provide continuous support to the video games.

The label used for publishing on a worldwide basis 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..

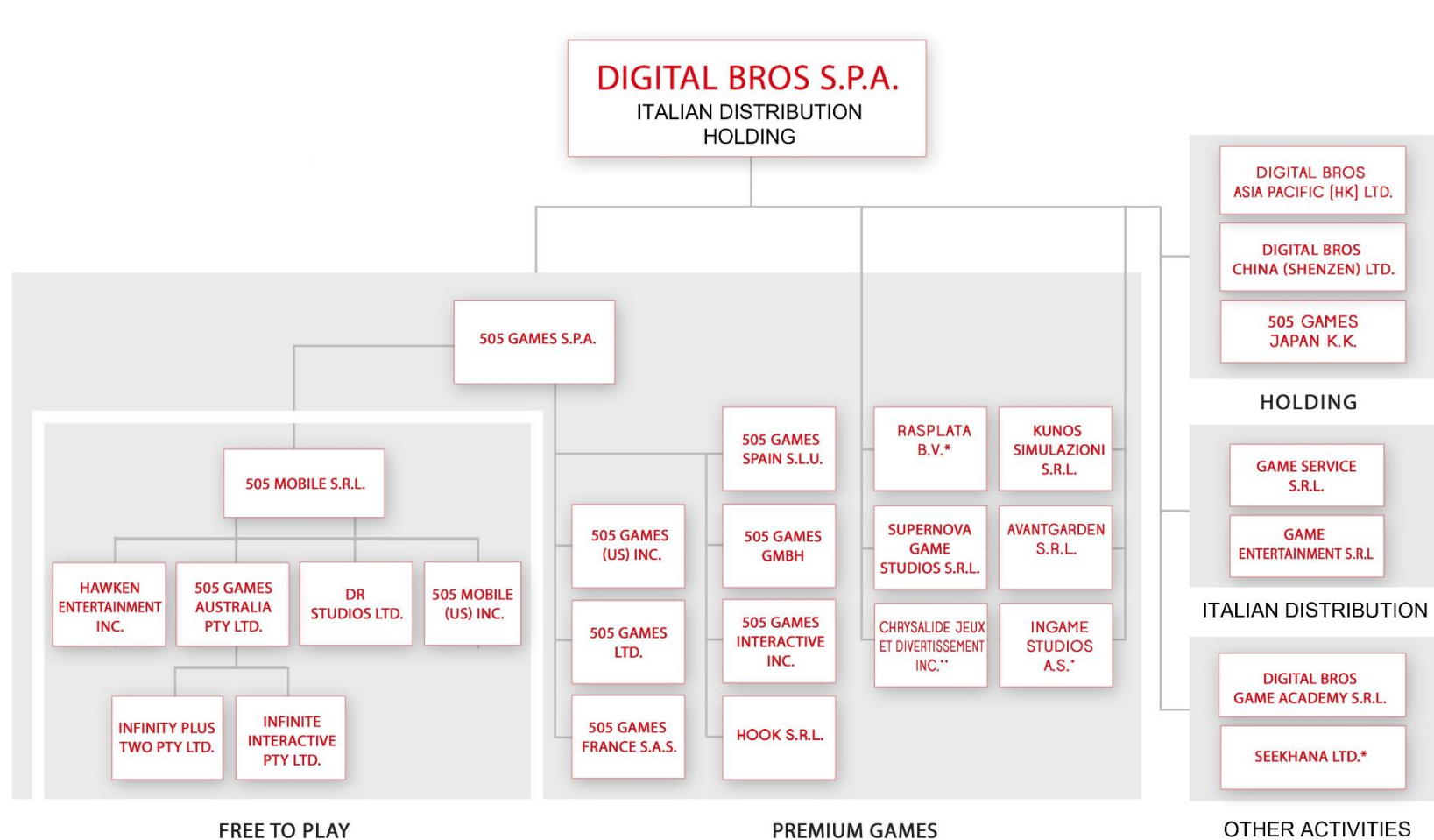
**Other Activities:** the operating segment groups all the Group's remaining activities that are consolidated together for reporting purposes. It includes the operations of the subsidiary Digital Bros Game Academy S.r.l. which organizes video game training and professional courses. The Group also holds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

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

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

The organization chart at March 31<sup>st</sup>, 2022 was as follows:

## GROUP STRUCTURE AT MARCH 31<sup>ST</sup>, 2022



(\*) 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. <sup>(2)</sup>	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.	153 Park Street, South Melbourne, Victoria, Australia	Offices
505 Games France S.a.s.	2, Chemin de la Chauderaie, Francheville, France	Offices
505 Games Japan K.K.	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. <sup>(3)</sup>	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. <sup>(1)</sup>	Moravské náměstí 249/8, Brno, Czech Republic	Offices
Kunos Simulazioni S.r.l.	Via degli Olmetti 39, Formello (Rome)	Offices
Infinity Plus Two Pty Ltd.	153 Park Street, South Melbourne Victoria, Australia	Offices
Infinite Interactive Pty Ltd.	153 Park Street, South Melbourne Victoria, Australia	Offices
505 Mobile S.r.l.	Via Tortona 37, Milan	Offices
505 Mobile (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Rasplata B.V. <sup>(1)</sup>	Churchill-laan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. <sup>(1)</sup>	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.

(3) In dissolution.

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.

A Spanish joint venture was set up last fiscal year together with the development studio MercurySteam Entertainment S.L. - MSE & DB S.L..

Arttractive S.A., a company in which the Group holds a 40% stake, was incorporated under the Polish law during the period. Arttractive S.A. is currently developing a new video game on behalf of 505 Games S.p.A.. Both companies are consolidated with the net equity method.

The dissolution of 133 W Broadway Inc. was completed during the period, and the dissolution process of Hawken Entertainment Inc. is still ongoing. In April 2022, Game Service S.r.l. entered into dissolution.

## 2. VIDEO GAMES MARKET

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

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

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

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



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

### *Developers*

Developers are the creators and programmers of a video game, usually based on an original idea, a successful brand, a movie, sports simulations etc.. It is becoming increasingly common for a highly popular video game to be used 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 defined contractually. Therefore, publishers play a key role in the value chain: they are essential to the completion of the video game, the building of a community around it and its international distribution through their direct or indirect commercial network.

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

### *Publishers*

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

### *Console manufacturers*

The console manufacturer designs and manufactures the hardware 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 disk on behalf of the publishers. The console manufacturer also operates as a video game publisher.

### *Distributors*

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

### *Retailers*

The retailer is the physical place 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 video games, the value chain involves a lower number of players, as illustrated below:



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

The digitalization of the market has led both Microsoft (with Microsoft Xbox Game Pass) and Sony (with Sony PlayStation Now) to create digital platforms on which players can access the full library of video games by paying a subscription fee. Revenues are recognized to publishers based on the utilization of their video games. More recently, Google and Amazon have set up similar platforms, Stadia and Luna respectively, while Apple has launched Apple Arcade, a platform dedicated to mobile video games. Netflix is also investing in 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 Far 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 video game is no longer limited to its launch period as it 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 seasonal promotional campaigns. A video game life cycle can also be extended through the release of additional episodes and functions (the so-called DLC, or Downloadable Contents).

### 3. ALTERNATIVE PERFORMANCE MEASURES

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The Group uses some alternative performance measures, with continuity and uniformity of representation since different fiscal years, in order to facilitate the comprehension of the consolidated profit and loss and balance sheet.

The following measures are directly showed in the statement of profit and loss:

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

The main measure used is the net financial position, as detailed in the specific section of the notes.

The definitions of the measures used by the Group, as they do not derive directly from the accounting standards applied, may not be homogeneous with those adopted by other companies and therefore comparable with them. The report does not provide any reconciliations between the interim and full year measures because they are used on a consistent base.

### 4. SEASONALITY EFFECTS

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Market seasonality is influenced by the launch of highly anticipated and popular products. The launch of a successful 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 of when the final sale to end consumer effectively occurs.

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

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

The 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**

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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 Euro 0.18 per share and appointed Ernest & Young S.p.A. as the new 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 video game for multiplatform release. The intellectual property (IP) of the video 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.

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

During the reporting period, no particular changes in relations with the Swedish company Starbreeze occurred.

The Digital Bros Group and the Starbreeze AB Group have entered multiple different transactions, summarized below:

- in May 2016, the Group sold back its PAYDAY2 rights to Starbreeze AB against a payment of USD 30 million and an earn out of USD 40 million as 33% of the net revenues from the future video game PAYDAY3;
- in April 2015, the two groups signed a contract for the development and publishing of the console version of a video game inspired by the TV series The Walking Dead. The contract provided a development budget of USD 10 million. The subsidiary 505 Games S.p.A. had paid USD 4.8 million for the development of such video game. In November 2018, Starbreeze AB launched the PC version of the video game, but the related sales were lower than expected. On February 27<sup>th</sup>, 2019, Skybound terminated the license contract for The Walking Dead and, consequently, on April 8<sup>th</sup>, 2019, the subsidiary 505 Games S.p.A. terminated the contract with Starbreeze AB for the development and publishing of the console version;
- since November 2018, Digital Bros S.p.A. has acquired 6,369,061 Starbreeze AB STAR A shares, as traded on Nasdaq Stockholm, at an average price of SEK 1.79 per share.

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

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

- on January 15<sup>th</sup>, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze AB STAR A shares held by Swedish company Varvtr AB for a consideration of around SEK 25.8 million, at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26<sup>th</sup>, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze AB for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
  - a) a convertible bond of SEK 215 million (around Euro 19.7 million) issued by Starbreeze AB for a total of Euro 16.9 million. The full conversion of the bond would lead to the issue of 131,933,742 new Starbreeze AB STAR B shares. The original conversion price of SEK 2.25 per share was recalculated at SEK 1.63 per share due to the dilution effect of the share capital increase successfully carried out by Starbreeze AB in September 2020;
  - b) a receivable of around USD 16.3 million (around Euro 14.8 million) for consideration of Euro 100 thousand. This loan falls under the Starbreeze AB corporate restructuring process and will be repaid based on the terms of payment approved by the Swedish District Court and not later than December 2024;
  - c) 3,601,083 Starbreeze AB STAR A shares and 6,018,948 Starbreeze AB STAR B shares for a total amount of Euro 2.2 million.

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

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

At March 31<sup>st</sup>, 2022, also as a result of other purchases, the Group holds 61,758,625 Starbreeze AB STAR A shares and 24,890,329 Starbreeze AB STAR B shares representing 11.96% of share capital and 28.91% of voting rights.

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

## COVID-19

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

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 for mass market products, by casual gamers and for discounted products;
- 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 teams all around the world, the remote working arrangements led to production delays. These delays were most evident on large development teams and products close to launch when teams are normally required to cooperate to a greater extent.

The digitalization of the market was further accelerated because consumers were unable to access retail stores and the Group's revenues were largely generated on digital marketplaces which enabled a significant increase in the operating margins caused by significant savings in terms of manufacturing and logistics costs.

## 6. CONSOLIDATED STATEMENT OF PROFIT AND LOSS AT MARCH 31<sup>ST</sup>, 2022

	Euro thousand	March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	83,143	100.3%	115,427	101.3%	(32,284)	-28.0%
2	Revenue adjustments	(209)	-0.3%	(1,475)	-1.3%	1,266	-85.8%
3	<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%
8	<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>
9	<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%
15	<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>
16	<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 amortization	(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.
21	<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>
22	<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 financial income	5,535	6.7%	6,281	5.5%	(746)	-11.9%
24	Interest and financial expenses	(2,162)	-2.6%	(2,952)	-2.6%	790	-26.8%
25	<b>Net interest income/(expenses)</b>	<b>3,373</b>	<b>4.1%</b>	<b>3,329</b>	<b>2.9%</b>	<b>44</b>	<b>1.3%</b>
26	<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%
29	<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>
30	<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>
	attributable to the shareholders of the Parent Company	15,544	18.7%	20,336	17.8%	(4,793)	-23.6%
	attributable to non-controlling interests	172	0.2%	(67)	-0.1%	239	n.m.
	<b>Earnings per share:</b>						
33	<b>Basic earnings per share (in Euro)</b>	<b>1.09</b>		<b>1.43</b>		<b>(0.33)</b>	<b>-23.6%</b>
34	<b>Diluted earnings per share (in Euro)</b>	<b>1.09</b>		<b>1.40</b>		<b>(0.30)</b>	<b>-22.5%</b>

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. The new version of Death Stranding was launched on March 28<sup>th</sup>, 2022. 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.

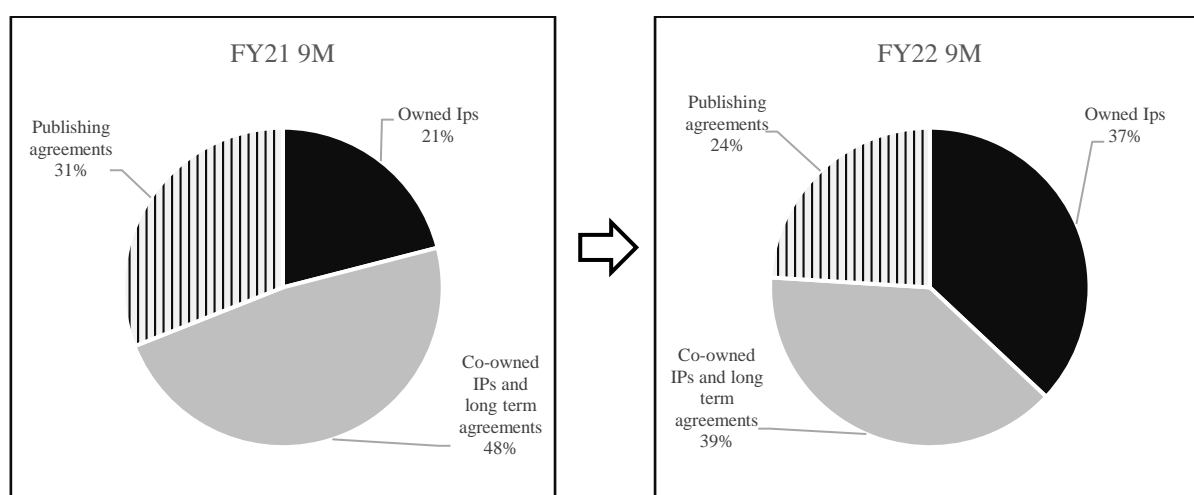
Revenue from international markets were 96% of the total revenues in the period and digital revenue were 85% of the total.

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:

Euro thousand	Gross revenue				Net revenue			
	2022	2021	Change		2022	2021	Change	
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 represented 89% of the gross revenue.

Video games developed by the internal studios and intellectual properties fully owned by the Group accounted for 37% of the total revenue in the period compared to 21% at March 31<sup>st</sup>, 2021. 39% of revenue came from the co-owned intellectual properties 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 Euro 8,455 thousand at March 31<sup>st</sup>, 2021 to Euro 5,441 thousand. A licensing agreement for the Chinese market rights of Gems of War increased last fiscal revenue by Euro 1,895 thousand.

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

Total cost of sales decreased by Euro 17,185 thousand (-38%), while gross profit decreased from Euro 68,673 thousand to Euro 54,840 thousand (-20.1%).

Other income amounted to Euro 8,122 thousand, increased by Euro 4,796 thousand due to higher video games productions. It mostly consisted of the capitalization of internal studios development of video games, that, during the reporting period, included:

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

Total operating costs amounted to Euro 31,421 thousand, increased by 20.2% compared to the previous fiscal year. Payroll costs grew by Euro 6,087 thousand following the acquisition and the incorporation of several new consolidated development studios that have significantly increased the number of people employed by the Group. Cost for services (mainly advertisement-related) decreased by Euro 985 thousand in sync with the revenue trend.

Gross operating margin (EBITDA) realized in the first nine months was Euro 31,541 thousand corresponding to 38% of the consolidated net revenue, a decrease of Euro 14,323 thousand compared to the Euro 45,864 thousand realized in the previous fiscal year.

Depreciation and amortization decreased by Euro 7,503 thousand in sync with the revenue trend.

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

Net interest income was positive for Euro 3,373 thousand, unchanged compared to the positive Euro 3,329 thousand realized in the previous fiscal year.

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

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

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

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

The net profit attributable to non-controlling interests reflected the 40% held by the minority shareholders of the Dutch company Rasplata B.V., the 40% of the English company Seekhana Ltd., the 40% of the Czech Ingame Studios a.s. and the 25% of the Canadian company Chrysalide Jeux et Divertissement Inc. It amounted to positive Euro 172 thousand.

## 7. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31<sup>ST</sup>, 2022

	Euro thousand	March 31 <sup>st</sup> , 2022	June 30 <sup>th</sup> , 2021	Change	
	<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 equivalents	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>

Total non-current assets increased by Euro 28,626 thousand. Intangible assets increased by Euro 26,008 thousand, net of the depreciation for the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Total current assets decreased by Euro 19,180 thousand mainly due to lower cash and cash equivalents for Euro 14,656 thousand and a decrease in trade receivables for Euro 5,065 thousand.

Total non-current liabilities increased by Euro 3,580 thousand because of a new medium-long term loan. Total current liabilities decreased by Euro 6,116 thousand due to lower trade payables for Euro 6,247 thousand and lower other current liabilities for Euro 4,729 thousand, partially off-set by higher current financial liabilities for Euro 6,131 thousand.

The following table contains details of the Group's net financial position at March 31<sup>st</sup>, 2022 together with comparative figures at June 30<sup>th</sup>, 2021:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>	
12	Cash and cash equivalents	20,853	35,509	(14,656)	-41.3%
13	Other current financial assets	0	0	0	n.m.
26	Current financial liabilities	(10,540)	(4,409)	(6,131)	n.m.
	<b>Current net financial position</b>	<b>10,313</b>	<b>31,100</b>	<b>(20,787)</b>	<b>-66.8%</b>
7	Non-current financial assets	19,356	18,840	516	2.7%
21	Non-current financial liabilities	(16,576)	(11,694)	(4,882)	41.7%
	<b>Non-current net financial position</b>	<b>2,780</b>	<b>7,146</b>	<b>(4,366)</b>	<b>-61.1%</b>
	<b>Total net financial position</b>	<b>13,093</b>	<b>38,246</b>	<b>(25,153)</b>	<b>-65.8%</b>

The net financial position prepared in accordance with the Guidelines on disclosure requirements under the Prospectus Regulation issued by ESMA (European Securities and Markets Authority) on March 4<sup>th</sup>, 2021 is disclosed in the Notes to the condensed consolidated financial statements at March 31<sup>st</sup>, 2022.

The net financial position amounted to Euro 13,093 thousand, compared to Euro 38,246 thousand as at June 30<sup>th</sup>, 2021, decreasing, by Euro 25,153 thousand in line with expectations. Net of the IFRS 16 effect, the net financial position amounted to Euro 18.2 million.

## 8. FINANCIAL RATIOS

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Some financial ratios are reported below:

<b>Profitability indicators:</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>
ROE (Net profit / Net equity)	12.7%	18.3%
ROI (Operating margin / Total assets)	9.0%	12.4%
ROS (Operating margin / Gross profit)	22.9%	21.6%

<b>Structure indicators:</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>
Investment flexibility (Current assets / Total assets)	28.9%	39.7%
Current ratio (Current assets / Current liabilities)	94.6%	111.0%
Quick ratio (Cash and cash equivalents and Other current financial assets / Current liabilities)	32.3%	49.1%

## 9. SEGMENT REPORTING

### Premium Games

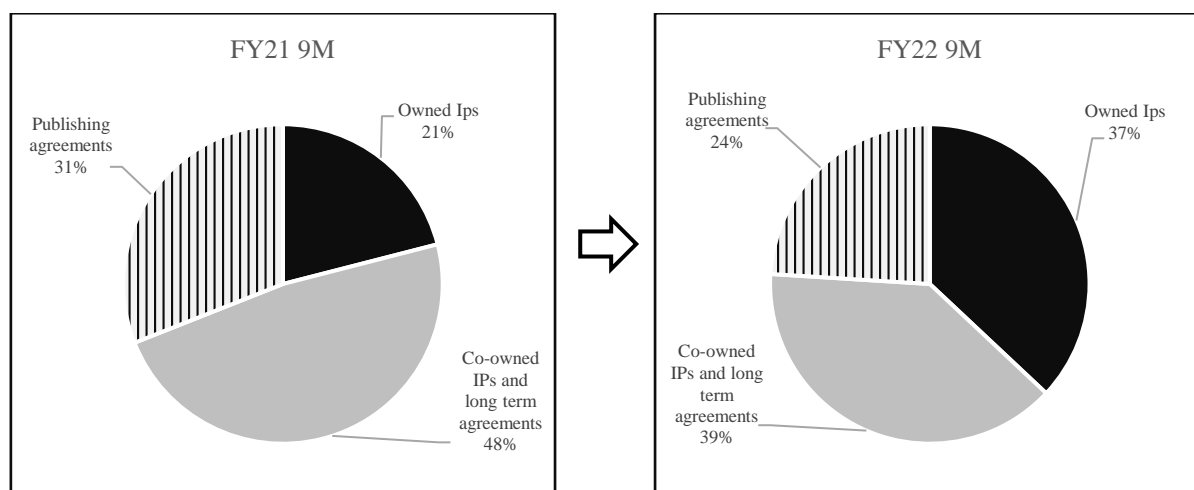
	Consolidated amounts in Euro thousand	Premium Games					
		March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	74,270	100.1%	102,842	101.2%	(28,572)	-27.8%
2	Revenue adjustments	(100)	-0.1%	(1,253)	-1.2%	1,153	n.m.
3	<b>Net revenue</b>	<b>74,170</b>	<b>100.0%</b>	<b>101,589</b>	<b>100.0%</b>	<b>(27,419)</b>	<b>-27.0%</b>
4	Purchases of products for resale	(2,375)	-3.2%	(2,526)	-2.5%	151	-5.9%
5	Purchases of services for resale	(4,368)	-5.9%	(6,804)	-6.7%	2,436	-35.8%
6	Royalties	(18,229)	-24.6%	(31,572)	-31.1%	13,343	-42.3%
7	Changes in inventories of finished products	(528)	-0.7%	(298)	-0.3%	(230)	77.1%
8	<b>Total cost of sales</b>	<b>(25,500)</b>	<b>-34.4%</b>	<b>(41,200)</b>	<b>-40.6%</b>	<b>15,700</b>	<b>-38.1%</b>
9	<b>Gross profit (3+8)</b>	<b>48,670</b>	<b>65.6%</b>	<b>60,389</b>	<b>59.4%</b>	<b>(11,719)</b>	<b>-19.4%</b>
10	Other income	5,298	7.1%	1,720	1.7%	3,578	n.m.
11	Costs for services	(3,942)	-5.3%	(5,107)	-5.0%	1,165	-22.8%
12	Lease and rental costs	(168)	-0.2%	(72)	-0.1%	(96)	n.m.
13	Payroll costs	(13,371)	-18.0%	(9,349)	-9.2%	(4,022)	43.0%
14	Other operating costs	(301)	-0.4%	(238)	-0.2%	(63)	26.2%
15	<b>Total operating costs</b>	<b>(17,782)</b>	<b>-24.0%</b>	<b>(14,766)</b>	<b>-14.5%</b>	<b>(3,016)</b>	<b>20.4%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>36,186</b>	<b>48.8%</b>	<b>47,343</b>	<b>46.6%</b>	<b>(11,157)</b>	<b>-23.6%</b>
17	Depreciation and amortization	(10,268)	-13.8%	(18,787)	-18.5%	8,519	-45.3%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(711)	-0.7%	711	n.m.
20	Impairment reversal	50	0.1%	0	0.0%	50	n.m.
21	<b>Total depreciation, amortization and impairment</b>	<b>(10,218)</b>	<b>-13.8%</b>	<b>(19,498)</b>	<b>-19.2%</b>	<b>9,280</b>	<b>-47.6%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>25,968</b>	<b>35.0%</b>	<b>27,845</b>	<b>27.4%</b>	<b>(1,877)</b>	<b>-6.7%</b>

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 during the period. The new version of Death Stranding was launched on March 28<sup>th</sup>, 2022. Revenue for the period amounted to Euro 74,270 thousand, decreasing by 27.8% compared to the previous fiscal year, when the best-selling video game Death Stranding and the Steam version of Control were initially launched.

The Premium Games operating segment represented 89% of the gross revenue.

Video games developed by the internal studios and intellectual properties fully owned by the Group accounted for 37% of the total revenue in the period compared to 21% at March 31<sup>st</sup>, 2021. 39% of revenue came from the co-owned intellectual properties 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:



A breakdown of revenue by type is provided below:

Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	
Retail distribution revenue	6,377	8,421	(2,044)	-24.3%
Digital distribution revenue	65,277	92,071	(26,794)	-29.1%
Sub-licensing revenue	2,616	2,348	268	11.4%
Revenue from services	0	2	(2)	n.m.
<b>Total Premium Games revenue</b>	<b>74,270</b>	<b>102,842</b>	<b>(28,572)</b>	<b>-27.8%</b>

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

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

Digital distribution revenue for the period ended March 31<sup>st</sup>, 2022 was broken down by console type as follows:

Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	
Sony Playstation	12,143	17,846	(5,703)	-32.0%
Microsoft XboX	11,461	10,357	1,104	10.7%
Nintendo Switch	3,467	4,240	(773)	-18.2%
<b>Total digital revenue on console</b>	<b>27,071</b>	<b>32,443</b>	<b>(5,372)</b>	<b>-16.6%</b>
Personal Computer	32,610	54,517	(21,907)	-40.2%
Mobile	5,596	5,111	485	9.5%
<b>Total digital revenue</b>	<b>65,277</b>	<b>92,071</b>	<b>(26,794)</b>	<b>-29.1%</b>

Net revenue amounted to Euro 74,170 thousand, in sync with gross revenue. Last fiscal year sales of Death Stranding and Control, which were exclusive to the PC platform, affected the actual trend.

Premium Games total cost of sales decreased by Euro 15,700 thousand (-38.1%), due to lower royalties for Euro 13,343 thousand and lower purchase of services for resale for Euro 2,436 thousand. Inventories decreased to Euro 528 thousand.

Gross profit decreased by 19.4%, from Euro 60.389 thousand to Euro 48.670 thousand at March 31<sup>st</sup>, 2021.

Other income amounted to Euro 5,298 thousand, increased by Euro 3,578 thousand due to a higher impact of video games productions. It mostly consisted of the capitalization of internal studios development of video games, that, during the reporting period, included:

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

Total operating costs amounted to Euro 17,782 thousand, increased by Euro 3,578 thousand compared to the previous fiscal year. Payroll costs grew by Euro 4,022 thousand following the acquisition and the incorporation of several new consolidated development studios that have significantly increased the number of people employed by the Group. Cost for services (mainly advertisement-related) decreased by Euro 1,165 thousand.

Gross operating margin (EBITDA) decreased by Euro 11,157 thousand, from Euro 47,343 thousand to Euro 36,186 thousand. It represented 48.8% of net revenue.

Depreciation and amortization decreased by Euro 8,519 thousand.

Operating margin (EBIT) amounted to Euro 25,968 thousand, decreasing by Euro 1,877 thousand compared to Euro 27,845 thousand at March 31<sup>st</sup>, 2021, and represented 35% of net revenue compared to the 27.4% realized in the previous fiscal year.

## Free to Play

	Consolidated amounts in Euro thousand	Free to Play					
		March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	5,441	100.0%	8,455	100.0%	(3,014)	-35.6%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>5,441</b>	<b>100.0%</b>	<b>8,455</b>	<b>100.0%</b>	<b>(3,014)</b>	<b>-35.6%</b>
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	(526)	-9.7%	(1,220)	-14.4%	694	-56.9%
6	Royalties	(130)	-2.4%	(161)	-1.9%	31	-19.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>(656)</b>	<b>-12.1%</b>	<b>(1,381)</b>	<b>-16.3%</b>	<b>725</b>	<b>-52.5%</b>
9	<b>Gross profit (3+8)</b>	<b>4,785</b>	<b>87.9%</b>	<b>7,074</b>	<b>83.7%</b>	<b>(2,289)</b>	<b>-32.4%</b>
10	Other income	2,812	51.7%	1,572	18.6%	1,240	78.8%
11	Costs for services	(717)	-13.2%	(307)	-3.6%	(410)	n.m.
12	Lease and rental costs	(62)	-1.1%	(31)	-0.4%	(31)	n.m.
13	Payroll costs	(5,650)	-103.9%	(3,739)	-44.2%	(1,911)	51.1%
14	Other operating costs	(111)	-2.0%	(92)	-1.1%	(19)	20.5%
15	<b>Total operating costs</b>	<b>(6,540)</b>	<b>-120.2%</b>	<b>(4,169)</b>	<b>-49.3%</b>	<b>(2,371)</b>	<b>56.8%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>1,057</b>	<b>19.4%</b>	<b>4,477</b>	<b>52.9%</b>	<b>(3,420)</b>	<b>-76.4%</b>
17	Depreciation and amortization	(1,456)	-26.8%	(511)	-6.0%	(945)	n.m.
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	<b>Total depreciation, amortization and impairment</b>	<b>(1,456)</b>	<b>-26.8%</b>	<b>(511)</b>	<b>-6.0%</b>	<b>(945)</b>	<b>n.m.</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(399)</b>	<b>-7.3%</b>	<b>3,966</b>	<b>46.9%</b>	<b>(4,365)</b>	<b>n.m.</b>

The Free to Play operating segment showed a 35.6% decrease from Euro 8,455 thousand at March 31<sup>st</sup>, 2021 to Euro 5,441 thousand. A licensing agreement for the Chinese market rights of Gems of War increased last fiscal revenue by Euro 1,895 thousand.

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

Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	
Gems of War	4,372	6,894	(2,522)	-36.6%
Battle Islands	619	743	(124)	-16.7%
Puzzle Quest 3	98	0	98	n.m.
Other products	352	818	(466)	-57.0%
<b>Free to Play total revenue</b>	<b>5,441</b>	<b>8,455</b>	<b>(3,014)</b>	<b>-35.6%</b>

Gems of War realized Euro 4,372 thousand revenues. This game became part of the Group's intellectual properties portfolio as a result of the acquisition of the Australian studio Infinity Plus Two in January 2021.

The mobile and personal computer versions of Puzzle Quest 3 were launched in March, while the consoles version is scheduled to hit the market next fiscal year.

Purchases of services for resale decreased by Euro 694 thousand because of lower expenditure on live support activities, following the acquisition of Infinity Plus Two Pty Ltd. that took place in the previous fiscal year. Since January 1<sup>st</sup>, 2021, the live support services performed by the Australian subsidiary were accounted as payroll costs. Details are provided below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>Change</b>
Live support	0	639	(639)
Quality assurance	42	19	23
Hosting	344	421	(77)
Other	140	141	(1)
<b>Total purchase of services for resale</b>	<b>526</b>	<b>1,220</b>	<b>(694)</b>

Other income amounted to Euro 2,812 thousand increasing by Euro 1,240 thousand compared to March 31<sup>st</sup>, 2021 due to an increased number of video games developed by the Group's internal studios, notably the future Free to Play version of Hawken developed by the subsidiary DR Studios Ltd. and Puzzle Quest 3 by the subsidiary Infinity Plus Two Pty Ltd..

Total operating costs amounted to Euro 6,540 thousand, increasing by Euro 2,371 thousand compared to the previous fiscal year. Payroll costs grew by Euro 1,911 thousand following the acquisition of the Australian companies that have significantly increased the operating segment's workforce. Cost for services also increased by Euro 410 thousand due to the preliminary marketing activities in preparation of the release of Puzzle Quest 3.

Gross operating margin (EBITDA) amounted to Euro 1,057 thousand (19.4% of net revenue) decreasing by Euro 3,420 thousand compared to Euro 4,477 thousand at March 31<sup>st</sup>, 2021.

Depreciation and amortization amounted to Euro 1,456 thousand and included the amortization of the difference between the purchase price of the Australian companies and the related shareholders' equity for Euro 1,345 thousand.

Operating margin (EBIT) amounted to negative Euro 399 thousand, compared to Euro 3,966 thousand at March 31<sup>st</sup>, 2021.

### Italian Distribution

	Consolidated amounts in Euro thousand	Italian Distribution					
		March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	2,900	103.9%	3,724	106.3%	(824)	-22.1%
2	Revenue adjustments	(109)	-3.9%	(222)	-6.4%	113	-51.1%
3	<b>Net revenue</b>	<b>2,791</b>	<b>100.0%</b>	<b>3,502</b>	<b>100.0%</b>	<b>(711)</b>	<b>-20.3%</b>
4	Purchases of products for resale	(1,545)	-55.3%	(1,926)	-55.0%	381	-19.8%
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	(393)	-14.1%	(766)	-21.9%	373	-48.7%
8	<b>Total cost of sales</b>	<b>(1,938)</b>	<b>-69.4%</b>	<b>(2,692)</b>	<b>-76.9%</b>	<b>754</b>	<b>-28.0%</b>
9	<b>Gross profit (3+8)</b>	<b>853</b>	<b>30.5%</b>	<b>810</b>	<b>23.1%</b>	<b>43</b>	<b>5.3%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(513)	-18.4%	(540)	-15.4%	27	-5.0%
12	Lease and rental costs	(16)	-0.6%	(48)	-1.4%	32	-65.7%
13	Payroll costs	(821)	-29.4%	(910)	-26.0%	89	-9.9%
14	Other operating costs	(69)	-2.5%	(125)	-3.6%	56	-45.0%
15	<b>Total operating costs</b>	<b>(1,419)</b>	<b>-50.8%</b>	<b>(1,623)</b>	<b>-46.3%</b>	<b>204</b>	<b>-12.5%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(566)</b>	<b>-20.3%</b>	<b>(813)</b>	<b>-23.2%</b>	<b>247</b>	<b>-30.5%</b>
17	Depreciation and amortization	(107)	-3.8%	(119)	-3.4%	12	-10.1%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(53)	-1.9%	0	0.0%	(53)	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	<b>Total depreciation, amortization and impairment</b>	<b>(160)</b>	<b>-5.7%</b>	<b>(119)</b>	<b>-3.4%</b>	<b>(41)</b>	<b>34.6%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(726)</b>	<b>-26.0%</b>	<b>(932)</b>	<b>-26.6%</b>	<b>206</b>	<b>-22.2%</b>

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

Gross revenue is analyzed by type as follows:

Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	
Distribution of video games for consoles	1,255	1,932	(677)	-35.1%
Distribution of trading cards	1,480	1,735	(255)	-14.8%
Distribution of other products and services	165	57	108	n.m.
<b>Italian Distribution total gross revenue</b>	<b>2,900</b>	<b>3,724</b>	<b>(824)</b>	<b>-22.1%</b>

The distribution of video games for consoles and of trading cards respectively decreased by 35.1% and 14.8%.

Total cost of sales amounted to Euro 1,938 thousand, down by Euro 754 thousand compared to March 31<sup>st</sup>, 2021 due to the decrease in purchase of products for resale and inventories in line with the decrease in the sales of the operating sector.

Total operating costs amounted to Euro 1,419 thousand, a 12.5% decrease compared to Euro 1,623 thousand registered at March 31<sup>st</sup>, 2021. As a result, the gross operating margin (EBITDA) was negative for Euro 566 thousand (negative Euro 813 thousand at March 31<sup>st</sup>, 2021). The operating margin (EBIT) was negative for Euro 726 thousand including a Euro 53 thousand provision for doubtful debts.

### Other Activities

	Consolidated amounts in Euro thousand	Other Activities					
		March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	532	100.0%	406	100.0%	126	30.9%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>532</b>	<b>100.0%</b>	<b>406</b>	<b>100.0%</b>	<b>126</b>	<b>30.9%</b>
4	Purchases of products for resale	0	0.0%	0	0.1%	0	0.0%
5	Purchases of services for resale	0	0.0%	(3)	-0.7%	3	n.m.
6	Royalties	0	0.0%	(3)	-0.7%	3	n.m.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>0</b>	<b>0.0%</b>	<b>(6)</b>	<b>-1.5%</b>	<b>6</b>	<b>n.m.</b>
9	<b>Gross profit (3+8)</b>	<b>532</b>	<b>100.0%</b>	<b>400</b>	<b>98.5%</b>	<b>132</b>	<b>32.8%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(223)	-41.9%	(115)	-28.4%	(108)	93.1%
12	Lease and rental costs	(3)	-0.5%	(2)	-0.4%	(1)	50.0%
13	Payroll costs	(419)	-78.8%	(242)	-59.5%	(177)	73.2%
14	Other operating costs	(25)	-4.6%	(34)	-8.2%	9	-26.5%
15	<b>Total operating costs</b>	<b>(670)</b>	<b>-126.0%</b>	<b>(393)</b>	<b>-96.6%</b>	<b>(277)</b>	<b>70.7%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(138)</b>	<b>-26.0%</b>	<b>7</b>	<b>1.7%</b>	<b>(145)</b>	<b>n.m.</b>
17	Depreciation and amortization	(117)	-22.0%	(62)	-15.1%	(55)	90.3%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	<b>Total depreciation, amortization and impairment</b>	<b>(117)</b>	<b>-22.0%</b>	<b>(62)</b>	<b>-15.1%</b>	<b>(55)</b>	<b>90.3%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(255)</b>	<b>-48.0%</b>	<b>(55)</b>	<b>-13.5%</b>	<b>(200)</b>	<b>n.m.</b>

Other Activities revenues increased by Euro 126 thousand from Euro 406 thousand at March 31<sup>st</sup>, 2021 to Euro 532 thousand in the period.

Total operating costs amounted to Euro 670 thousand, increasing by Euro 277 thousand compared to Euro 393 thousand at March 31<sup>st</sup>, 2021. Depreciation and amortization increased by Euro 55 thousand.

The operating loss of Euro 255 thousand at the end of the first nine months increased compared to the negative EBIT of Euro 55 thousand registered at March 31<sup>st</sup>, 2021.

## Holding

	Consolidated amounts in Euro thousand	Holding					
		March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	0	0.0%	0	0.0%	0	0.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	<b>Net revenue</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	<b>Total cost of sales</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
9	<b>Gross profit (3+8)</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
10	Other income	12	0.0%	34	0.0%	(22)	-64.3%
11	Costs for services	(1,051)	0.0%	(1,362)	0.0%	311	-22.8%
12	Lease and rental costs	(107)	0.0%	(68)	0.0%	(39)	57.9%
13	Payroll costs	(3,388)	0.0%	(3,322)	0.0%	(66)	2.0%
14	Other operating costs	(464)	0.0%	(432)	0.0%	(32)	7.5%
15	<b>Total operating costs</b>	<b>(5,010)</b>	<b>0.0%</b>	<b>(5,184)</b>	<b>0.0%</b>	<b>174</b>	<b>-3.4%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(4,998)</b>	<b>0.0%</b>	<b>(5,150)</b>	<b>0.0%</b>	<b>152</b>	<b>-3.0%</b>
17	Depreciation and amortization	(666)	0.0%	(638)	0.0%	(28)	4.4%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(13)	0.0%	(63)	0.0%	50	-80.2%
20	Impairment reversal	153	0.0%	0	0.0%	153	0.0%
21	<b>Total depreciation, amortization and impairment</b>	<b>(526)</b>	<b>0.0%</b>	<b>(701)</b>	<b>0.0%</b>	<b>175</b>	<b>-25.1%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>(5,524)</b>	<b>0.0%</b>	<b>(5,851)</b>	<b>0.0%</b>	<b>327</b>	<b>-5.6%</b>

Total operating costs amounted to Euro 5,010 thousand, decreasing by Euro 174 thousand compared to March 31<sup>st</sup>, 2021.

The operating margin (EBIT) was negative for Euro 5,524 thousand compared to a negative Euro 5,851 thousand at March 31<sup>st</sup>, 2021.

## 10. Q3 FY22 CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	Euro thousand	Q3 2021/2022		Q3 2020/2021		Change	
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%
3	<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%
8	<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>
9	<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%
15	<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>
16	<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 amortization	(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.
21	<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>
22	<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%
25	<b>Net interest income/(expenses)</b>	<b>873</b>	<b>3.2%</b>	<b>1,092</b>	<b>3.3%</b>	<b>(219)</b>	<b>-20.0%</b>
26	<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.
29	<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>
30	<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>

The third quarter gross revenue amounted to Euro 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 Euro 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 video games developed by internal studios.

Below the third quarter segment reporting analysis.

### *Premium Games*

	<i>Euro thousand</i>	<b>Premium Games</b>					
		<b>Q3 2021/2022</b>		<b>Q3 2020/2021</b>		<b>Change</b>	
1	Gross revenue	24,922	100.1%	28,103	100.0%	(3,181)	-11.3%
2	Revenue adjustments	(15)	-0.1%	(10)	0.0%	(5)	51.9%
3	<b>Net revenue</b>	<b>24,907</b>	<b>100.0%</b>	<b>28,093</b>	<b>100.0%</b>	<b>(3,186)</b>	<b>-11.3%</b>
4	Purchases of products for resale	(776)	-3.1%	(1,099)	-3.9%	323	-29.4%
5	Purchases of services for resale	(1,754)	-7.0%	(2,215)	-7.9%	461	-20.8%
6	Royalties	(4,596)	-18.5%	(10,359)	-36.9%	5,763	-55.6%
7	Changes in inventories of finished products	(24)	-0.1%	190	0.7%	(214)	n.m.
8	<b>Total cost of sales</b>	<b>(7,150)</b>	<b>-28.7%</b>	<b>(13,483)</b>	<b>-48.0%</b>	<b>6,333</b>	<b>-47.0%</b>
9	<b>Gross profit (3+8)</b>	<b>17,757</b>	<b>71.3%</b>	<b>14,610</b>	<b>52.0%</b>	<b>3,147</b>	<b>21.5%</b>
10	Other income	2,199	8.8%	509	1.8%	1,690	n.m.
11	Costs for services	(1,246)	-5.0%	(1,018)	-3.6%	(228)	22.4%
12	Lease and rental costs	(75)	-0.3%	(30)	-0.1%	(45)	n.m.
13	Payroll costs	(4,893)	-19.6%	(3,324)	-11.8%	(1,569)	47.2%
14	Other operating costs	(94)	-0.4%	(69)	-0.2%	(25)	37.2%
15	<b>Total operating costs</b>	<b>(6,308)</b>	<b>-25.3%</b>	<b>(4,441)</b>	<b>-15.8%</b>	<b>(1,867)</b>	<b>42.0%</b>
16	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>13,648</b>	<b>54.8%</b>	<b>10,678</b>	<b>38.0%</b>	<b>2,970</b>	<b>27.8%</b>
17	Depreciation and amortization	(4,094)	-16.4%	(3,997)	-14.2%	(97)	2.4%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(485)	-1.7%	485	n.m.
20	Impairment reversal	45	0.2%	0	0.0%	45	0.0%
21	<b>Total depreciation, amortization and impairment</b>	<b>(4,049)</b>	<b>-16.3%</b>	<b>(4,482)</b>	<b>-16.0%</b>	<b>433</b>	<b>-9.7%</b>
22	<b>Operating margin (EBIT) (16+21)</b>	<b>9,599</b>	<b>38.5%</b>	<b>6,196</b>	<b>22.1%</b>	<b>3,403</b>	<b>54.9%</b>

The third quarter gross revenue of the Premium Games operating segment decreased by Euro 3,181 thousand compared to March 31<sup>st</sup>, 2021, when the next-gen consoles version of Control was initially launched.

Total cost of sales decreased by Euro 6,333 thousand in sync with revenue trend. Gross profit increased by Euro 3,147 thousand to Euro 17,757 thousand compared to the Euro 14,610 thousand realized in the previous fiscal year.

Total operating costs amounted to Euro 6,308 thousand, increased by Euro 1,867 thousand compared to the previous fiscal year. Payroll costs increased by Euro 1,569 thousand following the acquisition and the incorporation of several new consolidated development studios that have significantly increased the number of people employed by the Group.

Total depreciation, amortization and impairment decreased by Euro 433 thousand due to a Euro 485 thousand decrease in asset impairment charge. The operating margin (EBIT) amounted to Euro 9,599 thousand increasing by Euro 3,403 thousand compared to Euro 6,196 thousand at March 31<sup>st</sup>, 2021, (38.5% of net revenue).

### *Free to Play*

	<i>Euro thousand</i>	<b>Free to Play</b>					
		<b>Q3 2021/2022</b>		<b>Q3 2020/2021</b>		<b>Change</b>	
1	Gross revenue	1,771	100.0%	3,971	100.0%	(2,200)	-55.4%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
<b>3</b>	<b>Net revenue</b>	<b>1,771</b>	<b>100.0%</b>	<b>3,971</b>	<b>100.0%</b>	<b>(2,200)</b>	<b>-55.4%</b>
4	Purchases of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchases of services for resale	(182)	-10.3%	(190)	-4.8%	8	-4.2%
6	Royalties	(70)	-4.0%	(9)	-0.2%	(61)	n.m.
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(252)</b>	<b>-14.3%</b>	<b>(199)</b>	<b>-5.0%</b>	<b>(53)</b>	<b>27.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>1,519</b>	<b>85.8%</b>	<b>3,772</b>	<b>95.0%</b>	<b>(2,254)</b>	<b>-59.7%</b>
10	Other income	759	42.9%	509	12.8%	250	49.1%
11	Costs for services	(426)	-24.0%	(207)	-5.2%	(219)	n.m.
12	Lease and rental costs	(20)	-1.1%	(19)	-0.5%	(1)	1.1%
13	Payroll costs	(1,846)	-104.3%	(1,508)	-38.0%	(338)	22.4%
14	Other operating costs	(38)	-2.2%	(46)	-1.1%	8	-16.6%
<b>15</b>	<b>Total operating costs</b>	<b>(2,330)</b>	<b>-131.6%</b>	<b>(1,780)</b>	<b>-44.8%</b>	<b>(550)</b>	<b>30.9%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(52)</b>	<b>-2.9%</b>	<b>2,501</b>	<b>63.0%</b>	<b>(2,553)</b>	<b>n.m.</b>
17	Depreciation and amortization	(559)	-31.6%	(448)	-11.3%	(111)	24.8%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(559)</b>	<b>-31.6%</b>	<b>(448)</b>	<b>-11.3%</b>	<b>(111)</b>	<b>24.8%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(611)</b>	<b>-34.5%</b>	<b>2,053</b>	<b>51.7%</b>	<b>(2,664)</b>	<b>n.m.</b>

The Free to Play revenue of the third quarter revenue showed a 55.4% decrease from Euro 3,971 thousand at March 31<sup>st</sup>, 2021 to Euro 1,771 thousand. A licensing agreement for the Chinese market rights of Gems of War increased last fiscal revenue by Euro 1,895 thousand.

Total cost of sales increased by Euro 53 thousand due to higher royalties for Euro 61 thousand. Gross profit decreased by Euro 2,254 thousand to Euro 1,519 thousand compared to the Euro 3,772 thousand realized in the previous fiscal year.

Total operating costs increased by Euro 550 thousand due to an increase in payroll costs for Euro 338 thousand and an increase in cost for services advertisement related for Euro 219 thousand.

Total depreciation, amortization and impairment increased by Euro 111 thousand and included goodwill for Euro 489 thousand being the amortization of the difference between the purchase price of the Australian companies and the related shareholder's equity at the moment of the acquisition..

The operating margin (EBIT) amounted to negative Euro 611 thousand, compared to positive Euro 2,053 thousand realized at March 31<sup>st</sup>, 2021.

### Italian Distribution

	<i>Euro thousand</i>	Italian Distribution					
		Q3 2021/2022		Q3 2020/2021		Change	
1	Gross revenue	711	100.1%	792	103.7%	(81)	-10.2%
2	Revenue adjustments	(1)	-0.1%	(28)	-3.7%	27	-96.8%
<b>3</b>	<b>Net revenue</b>	<b>710</b>	<b>100.0%</b>	<b>764</b>	<b>100.0%</b>	<b>(54)</b>	<b>-7.0%</b>
4	Purchases of products for resale	(340)	-47.9%	(303)	-39.7%	(37)	12.1%
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	(183)	-25.8%	(738)	-96.7%	555	-75.2%
<b>8</b>	<b>Total cost of sales</b>	<b>(523)</b>	<b>-73.6%</b>	<b>(1,041)</b>	<b>-136.3%</b>	<b>518</b>	<b>-49.8%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>187</b>	<b>26.3%</b>	<b>(277)</b>	<b>-36.3%</b>	<b>464</b>	<b>n.m.</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(114)	-16.1%	(131)	-17.1%	17	-12.7%
12	Lease and rental costs	(4)	-0.5%	(33)	-4.4%	29	-89.4%
13	Payroll costs	(237)	-33.3%	(309)	-40.4%	72	-23.3%
14	Other operating costs	(21)	-3.0%	(40)	-5.2%	19	-46.3%
<b>15</b>	<b>Total operating costs</b>	<b>(376)</b>	<b>-52.9%</b>	<b>(513)</b>	<b>-67.2%</b>	<b>137</b>	<b>-26.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(189)</b>	<b>-26.6%</b>	<b>(790)</b>	<b>-103.4%</b>	<b>601</b>	<b>-76.1%</b>
17	Depreciation and amortization	(36)	-5.0%	(39)	-5.2%	3	-9.5%
18	Allocations to provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(36)</b>	<b>-5.0%</b>	<b>(39)</b>	<b>-5.2%</b>	<b>3</b>	<b>-9.5%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(225)</b>	<b>-31.6%</b>	<b>(829)</b>	<b>-108.6%</b>	<b>604</b>	<b>-72.9%</b>

The third quarter revenue of the Italian Distribution operating segment showed a 10.2% decrease from Euro 792 thousand at March 31<sup>st</sup>, 2021 to Euro 711 thousand in sync with the decline in trading cards distribution revenue.

Total cost of sales decreased by 49.8%, from Euro 1,041 thousand to Euro 523 thousand. Gross profit amounted to Euro 187 thousand compared to the gross loss of Euro 277 thousand at March 31<sup>st</sup>, 2021. Total operating costs decreased by Euro 137 thousand, while the operating margin (EBIT) amounted to negative Euro 225 thousand, compared to negative Euro 829 thousand realized at March 31<sup>st</sup>, 2021.

The third quarter operating loss (EBIT) of the Other Activities segment amounted to Euro 118 thousand, compared to the positive EBIT of Euro 9 thousand at March 31<sup>st</sup>, 2021.

The third quarter operating loss (EBIT) of the Holding segment amounted to Euro 1,807 thousand, decreased by Euro 753 thousand compared to the operating loss of Euro 2,371 thousand of the previous fiscal year, due to lower payroll and consultancy costs.

## 11. CONTINGENT ASSETS AND LIABILITIES

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The sale of rights to PAYDAY2 by the Group to Starbreeze AB occurred in May 2016 granted 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 showed in the financial statement.

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

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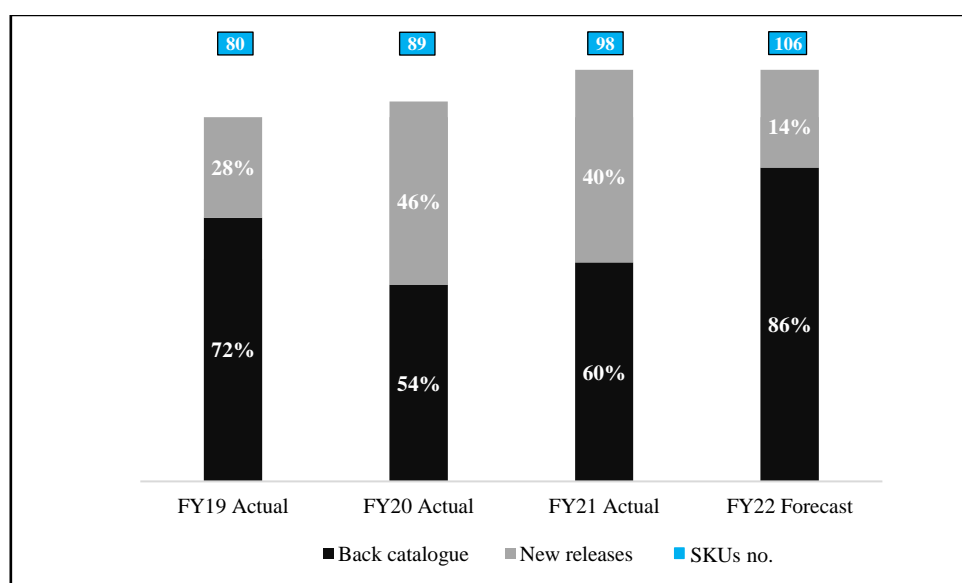
No significant event occurred after the end of the period also having considered external factors.

## 13. BUSINESS OUTLOOK

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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 Euro 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 fiscal years comparisons:



In sync with the significant investments planned for the full fiscal year, the net financial position, which was positive for Euro 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.

## 14. OTHER INFORMATION

### EMPLOYEES

The following table reports analysis of the number of employees at March 31<sup>st</sup>, 2022 with comparative figures at March 31<sup>st</sup>, 2021:

Category	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change
Managers	13	8	5
Office workers	353	228	125
Blue-collar workers and apprentices	4	6	(2)
<b>Total employees</b>	<b>370</b>	<b>242</b>	<b>128</b>

The increase in the number of office workers was the effect 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. and Supernova Games Studios S.r.l..

The following table details the number of employees of non-Italian companies at March 31<sup>st</sup>, 2022 with comparative figures at March 31<sup>st</sup>, 2021:

Category	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change
Managers	8	3	5
Office workers	267	152	115
<b>Total employees outside Italy</b>	<b>275</b>	<b>155</b>	<b>120</b>

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	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change
Managers	13	7	6
Office workers	340	214	126
Blue-collar workers and apprentices	4	7	(3)
<b>Total average employees</b>	<b>357</b>	<b>228</b>	<b>129</b>

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

Category	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change
Managers	8	2	6
Office workers	257	136	121
<b>Total average employees outside Italy</b>	<b>265</b>	<b>138</b>	<b>127</b>

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

## **ENVIRONMENTAL ISSUES**

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

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

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



## **Condensed consolidated financial statements at March 31<sup>st</sup>, 2022**

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**FINANCIAL STATEMENTS**
**Digital Bros Group**
**Consolidated statement of financial position at March 31<sup>st</sup>, 2022**

	<b>Euro thousand</b>	<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 equivalents	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

	Euro thousand	March 31 <sup>st</sup> , 2022		March 31 <sup>st</sup> , 2021		Change	
1	Gross revenue	83,143	100.3%	115,427	101.3%	(32,284)	-28.0%
2	Revenue adjustments	(209)	-0.3%	(1,475)	-1.3%	1,266	-85.8%
3	<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%
8	<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>
9	<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%
15	<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>
16	<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 amortization	(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.
21	<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>
22	<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 financial income	5,535	6.7%	6,281	5.5%	(746)	-11.9%
24	Interest and financial expenses	(2,162)	-2.6%	(2,952)	-2.6%	790	-26.8%
25	<b>Net interest income/(expenses)</b>	<b>3,373</b>	<b>4.1%</b>	<b>3,329</b>	<b>2.9%</b>	<b>44</b>	<b>1.3%</b>
26	<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%
29	<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>
30	<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>
	attributable to the shareholders of the Parent Company	15,544	18.7%	20,336	17.8%	(4,793)	-23.6%
	attributable to non-controlling interests	172	0.2%	(67)	-0.1%	239	n.m.
	<b>Earnings per share:</b>						
33	<b>Basic earnings per share (in Euro)</b>	<b>1.09</b>		<b>1.43</b>		<b>(0.33)</b>	<b>-23.6%</b>
34	<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**

<b>Euro thousand</b>	<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 measurement 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>

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

Digital Bros Group

Consolidated cash flow statement at March 31<sup>st</sup>, 2022

	Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021
<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, amortization and non-monetary costs:</i>			
Provisions and impairment losses		(66)	(753)
Amortization 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 changes in equity at March 31<sup>st</sup>, 2022

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (Loss) for the year	Total retained earnings (D)	Equity of parent company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
<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 pay-out									(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 pay-out									(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>

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## **Notes to the condensed consolidated financial statements at March 31<sup>st</sup>, 2022**

## INTRODUCTORY NOTE

Digital Bros S.p.A. Interim Report at March 31<sup>st</sup>, 2022 was approved by the Board of Directors of May 12<sup>th</sup>, 2022 which also authorized the publication of the Report and the related press release.

The Interim Report at March 31<sup>st</sup>, 2022 includes the condensed consolidated financial statements prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1<sup>st</sup>, 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 report.

The report does not include all the disclosures required for full year financial statements and should be read in conjunction with the Group's Consolidated Financial Statements at June 30<sup>th</sup>, 2021.

Digital Bros Interim Report at March 31<sup>st</sup>, 2022 has been prepared on a going concern basis. The Group has assessed no significant uncertainties about the going concern.

The content and other general information, as well as the use of estimates, are available in the notes to the consolidated financial statements at June 30<sup>th</sup>, 2021.

## FINANCIAL STATEMENTS

The Group consolidated financial statements at March 31<sup>st</sup>, 2022 together with comparative figures at June 30<sup>th</sup>, 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 28,626 thousand.

Intangible assets increased by Euro 26,008 thousand, net of the depreciation of the period, due to the significant investment plan implemented by the Group in order to achieve its growth objectives.

Total additions on intangible assets amounted to Euro 37,226 thousand:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>
Premium Games rights	4,380	2,340
Investments on development of management systems	539	159
<b>Total investments on concessions and licenses</b>	<b>4,919</b>	<b>2,499</b>
<b>Total investments on trademarks and other intangible assets</b>	<b>13</b>	<b>0</b>
Internal development contracts in progress	1,675	2,476
Assets in progress	30,619	31,759
<b>Total additions to assets in development</b>	<b>32,294</b>	<b>34,235</b>
<b>Australian companies purchase price allocation</b>	<b>0</b>	<b>8,562</b>
<b>Total additions on intangible assets</b>	<b>37,226</b>	<b>45,296</b>

Equity investments decreased by Euro 2,800 thousand due to the adjustment of the shares held in companies listed on regulated markets to market value at March 31<sup>st</sup>, 2022. Details below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>
MSE&DB SI	6	5	1
Artactive S.A.	9	0	9
<b>Total investments in associated companies</b>	<b>15</b>	<b>5</b>	<b>10</b>
Starbreeze AB - A shares	5,496	7,635	(1,550)
Starbreeze AB - B shares	2,432	3,097	(664)
Unity Software Inc.	0	171	(171)
Noobz from Poland S.A.	447	282	20
<b>Total other investments</b>	<b>8,375</b>	<b>11,185</b>	<b>(2,810)</b>
<b>Total investments</b>	<b>8,390</b>	<b>11,190</b>	<b>(2,800)</b>

Non-current receivables and other assets included for Euro 6,547 thousand by the receivable from Starbreeze AB (purchased from Smilegate Holdings). The receivable has a nominal amount of around USD 16.3 million and was purchased for a consideration of Euro 100 thousand. The amount has been restated and Euro 2,321 thousand have been recognized as financial income. The receivable was part of the Starbreeze AB corporate restructuring process and will be paid in accordance with the payment plan agreed with the District Court in Sweden, but not later than December 2024.

The remaining part amounted to Euro 903 thousand and related to security deposits for contractual obligations.

Deferred tax assets were calculated on tax loss carryforwards and temporary differences between the carrying value and the tax deduction period. They have been estimated at the tax rates expected in the period when the asset will be realized, or the difference will be settled.

Non-current financial activities consisted entirely of the fair value measurement of the convertible bond issued by Starbreeze AB with a nominal value of SEK 215 million and maturing in December 2024, as described in the Significant Events during the Period section of the Interim Report at March 31<sup>st</sup>, 2022.

## **CURRENT ASSETS**

Total current assets decreased by Euro 19,180 thousand compared to June 30<sup>th</sup>, 2021 due to a Euro 14,656 thousand decrease in cash and cash equivalents and lower trade receivables for Euro 5,065 thousand.

Other current assets are analyzed as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>
Receivables for video game user licenses	3,645	5,112	(1,467)
Receivables for video game development operating costs	13,380	11,467	1,913
Advances to suppliers	2,808	2,359	449
Other receivables	277	341	(64)
<b>Total other current assets</b>	<b>20,110</b>	<b>19,279</b>	<b>831</b>

Receivables for video game licenses were advances paid for licenses not yet exploited or completely exploited as at the reporting date. They decreased by Euro 1,467 thousand over the period to Euro 3,645 thousand.

Receivables for video game development operating costs amounted to Euro 13,380 thousand and included advances paid for video game programming services, quality assurance and other operating costs.

#### **NON-CURRENT LIABILITIES**

Total non-current liabilities increased by Euro 3,580 thousand because of a new medium-long term loan.

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

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

Other non-current payables and liabilities amounted to Euro 4,039 thousand and was the portion of the debt due after twelve months for the purchase of the Australian companies.

#### **CURRENT LIABILITIES**

Total current liabilities decreased by Euro 6,116 thousand mainly due to lower trade payables for Euro 6,247 thousand and lower other current liabilities for Euro 4,729 thousand, partially off-set by a Euro 6,131 thousand increase in current financial liabilities.

## NET EQUITY

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

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of parent company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
<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>

### 14. Share capital

The share capital at March 31<sup>st</sup>, 2022 remained unchanged compared to June 30<sup>th</sup>, 2021 and is split 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 the reserves included Euro 247 thousand to adjust the stock option reserve, Euro 2,110 thousand (negative) to restate the reserve for fair value measurement of financial assets and Euro 15 thousand (negative) to adjust the actuarial reserve.

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

## NET FINANCIAL POSITION

The following table contains details of the Group's net financial position at March 31<sup>st</sup>, 2022 together with comparative figures at June 30<sup>th</sup>, 2021:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>
12	Cash and cash equivalents	20,853	35,509	(14,656)
13	Other current financial assets	0	0	0
26	Current financial liabilities	(10,540)	(4,409)	(6,131)
	<b>Current net financial position</b>	<b>10,313</b>	<b>31,100</b>	<b>(20,787)</b>
7	Non-current financial assets	19,356	18,840	516
21	Non-current financial liabilities	(16,576)	(11,694)	(4,882)
	<b>Non-current net financial position</b>	<b>2,780</b>	<b>7,146</b>	<b>(4,366)</b>
	<b>Total net financial position</b>	<b>13,093</b>	<b>38,246</b>	<b>(25,153)</b>

The net financial position amounted to Euro 13,093 thousand, decreasing by Euro 25,153 thousand compared to Euro 38,246 thousand as at June 30<sup>th</sup>, 2021. Net of the IFRS 16 effect, the net financial position amounted to Euro 18.2 million.

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

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>June 30<sup>th</sup>, 2021</b>	<b>Change</b>	
A.	Cash	20,853	35,509	(14,656)	-41.3%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
<b>D.</b>	<b>Liquidity (A + B + C)</b>	<b>20,853</b>	<b>35,509</b>	<b>(14,656)</b>	<b>-41.3%</b>
E.	Current financial debt (included debt instruments, but excluding current portion of non-current financial debt)	0	0	0	0.0%
F.	Current portion of non-current financial debt	10,540	4,409	6,131	n.m.
<b>G.</b>	<b>Current financial indebtedness (E + F)</b>	<b>10,540</b>	<b>4,409</b>	<b>6,131</b>	<b>n.m.</b>
<b>H.</b>	<b>Net current financial indebtedness (G - D)</b>	<b>(10,313)</b>	<b>(31,099)</b>	<b>20,786</b>	<b>-66.8%</b>
I.	Non-current financial debt (excluding current portion and debt instruments)	16,576	11,694	4,882	41.7%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current trade and other payables	0	0	0	0.0%
<b>L.</b>	<b>Non-current financial indebtedness (I + J + K)</b>	<b>16,576</b>	<b>11,694</b>	<b>4,882</b>	<b>41.7%</b>
<b>M.</b>	<b>Total financial indebtedness (H + L)</b>	<b>6,263</b>	<b>(19,405)</b>	<b>25,668</b>	<b>n.m.</b>

## PROFIT AND LOSS

### 3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period at March 31<sup>st</sup>, 2022. The Holding operating segment did not generate revenue:

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

At March 31<sup>st</sup>, 2021, the breakdown was as follows:

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

The net revenue is commented in the Interim Report at March 31<sup>st</sup>, 2022.

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

The analysis is as follows:

	Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	%
23	Interest and financial income	5,535	6,281	(746)	-11.9%
24	Interest and financial expenses	(2,162)	(2,952)	790	-26.8%
25	<b>Net financial income / (expenses)</b>	<b>3,373</b>	<b>3,329</b>	<b>44</b>	<b>1.3%</b>

Net financial income was positive for Euro 3,373 thousand compared to the Euro 3,329 thousand registered in the previous fiscal year. This the result of a Euro 790 thousand decrease in interest and financial expenses, partially offset by a Euro 746 thousand decrease in interest and financial income.

Interest and financial income may be analyzed as follows:

Euro thousand	March 31 <sup>st</sup> , 2022	March 31 <sup>st</sup> , 2021	Change	%
Financial income	3,285	3,378	(93)	-2.8%
Currency exchange gains	2,217	2,894	(677)	-23.4%
Other	33	9	24	n.m.
<b>Interest and financial income</b>	<b>5,535</b>	<b>6,281</b>	<b>(746)</b>	<b>-11.9%</b>

Interest and financial income decreased by Euro 746 thousand because of a Euro 677 thousand decrease in currency exchange gains. Financial income included Euro 2,321 thousand due to the restatement of the around USD 16.3 million loan receivable from Starbreeze AB purchased for a consideration of Euro 100 thousand.

Interest and financial expenses amounted to Euro 2,162 thousand, decreasing by Euro 790 thousand compared to March 31<sup>st</sup>, 2021 due to a Euro 1,088 thousand decrease in currency exchange losses. They are analyzed in detail as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>Change</b>	<b>%</b>
Interest expenses on current accounts and trade finance	(23)	(75)	52	-69.3%
Interest expenses to tax authorities	(23)	0	(23)	n.m.
Interest expenses on derivative products	(337)	0	(337)	n.m.
Interest expenses on loans and leases	(136)	(145)	9	-6.2%
Factoring interest expenses	0	(1)	1	n.m.
<b>Total interest expenses on sources of finance</b>	<b>(519)</b>	<b>(221)</b>	<b>(298)</b>	<b>-6,2%</b>
Currency exchange losses	(1,643)	(2,731)	1,088	-80.0%
<b>Interest and financial expenses</b>	<b>(2,162)</b>	<b>(2,952)</b>	<b>790</b>	<b>-26.8%</b>

## 29. Total taxes

Total taxes at March 31<sup>st</sup>, 2022 are detailed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>	<b>March 31<sup>st</sup>, 2021</b>	<b>Change</b>	<b>%</b>
Current tax	(6,935)	(8,908)	1,973	-22.1%
Deferred tax	214	875	(662)	-75.5%
<b>Total taxes</b>	<b>(6,721)</b>	<b>(8,033)</b>	<b>1,312</b>	<b>-16.3%</b>

The decrease in current tax is in line with the Group's operating results during the period compared to the previous.

### *Information by geographical area*

Gross revenue broken down by geographical area is detailed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>		<b>March 31<sup>st</sup>, 2021</b>		<b>Change</b>	
Europe	11,119	13%	19,558	17%	(8,439)	-43.1%
Americas	59,036	71%	81,651	71%	(22,615)	-27.7%
Rest of the world	9,556	11%	10,088	9%	(532)	-5.3%
<b>Total foreign revenue</b>	<b>79,711</b>	<b>96%</b>	<b>111,297</b>	<b>96%</b>	<b>(31,586)</b>	<b>-28.4%</b>
Italy	3,432	4%	4,130	4%	(698)	-16.9%
<b>Total consolidated gross revenue</b>	<b>83,143</b>	<b>100%</b>	<b>115,427</b>	<b>100%</b>	<b>(32,284)</b>	<b>-28.0%</b>

Total foreign revenue represented 96% of consolidated gross revenue in sync with the 96% in the previous fiscal year and decreased by Euro 31,586 thousand compared to March 31<sup>st</sup>, 2021.

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

The most significant portion of foreign revenue is generated by the Premium Games operating segment which generated foreign revenue of Euro 74,170 thousand, i.e. 93% of total foreign revenue.

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

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2022</b>		<b>March 31<sup>st</sup>, 2021</b>		<b>Change</b>	
Free to Play	5,441	7%	4,483	6%	958	21.4%
Premium Games	74,270	93%	74,739	94%	(469)	-0.6%
<b>Total gross revenue</b>	<b>79,711</b>	<b>100%</b>	<b>79,222</b>	<b>100%</b>	<b>489</b>	<b>0.6%</b>

### *Related parties transactions*

At March 31<sup>st</sup>, 2022, no unusual or extraordinary transaction with related parties has been carried out.

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

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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 24<sup>th</sup>, 1998:

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period July 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2022. No significant issues have arisen.

We also confirm that:

1. the consolidated financial statements of Digital Bros Group at March 31<sup>st</sup>, 2022:
  - a) have been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19<sup>th</sup>, 2002;
  - b) reflect the accounting books and records;
  - c) give a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Interim Report at March 31<sup>st</sup>, 2022 accompanying the consolidated financial statements includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, May 12<sup>th</sup>, 2022

Signed

Chairman of the Board of Directors

Abramo Galante

Chief Financial Officer

Stefano Salbe