

PRESS RELEASE

The Board of Directors of Digital Bros Group approves the Draft Financial Statements as of June 30th, 2023

FY2022- 2023 FULL YEAR RESULTS:

- REVENUE AT EURO 118 MILLION
 - EBITDA AT EURO 43.5 MILLION, 36.8% OF NET REVENUE
 - EBIT AT EURO 19.3 MILLION, 16.4% OF NET REVENUE, AFFECTED BY WRITE-OFFS FOR 7.7 MILLION
 - NET PROFIT OF EURO 9.6 MILLION
 - NET FINANCIAL POSITION NEGATIVE FOR EURO 39.6 MILLION
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- *Consolidated net revenue of Euro 118 million, a 10.8%, decrease compared to Euro 132.2 million on June 30th, 2022, still 2 million better than pre-closing forecast*
 - *EBITDA at Euro 43.5 million compared to Euro 31.5 million on June 30th, 2022*
 - *EBIT at Euro 19.3 million compared to Euro 36.7 million on June 30th, 2022, after Euro 7.7 million write-offs related to the underperforming launch of videogames in the second half of FY 2022-2023*
 - *Net profit of Euro 9.6 million compared to 28.7 million on June 30th, 2022*
 - *Net financial position is negative at 39.6 million euros (34.3 million euros net of the IFRS16 effect), due to significant investments during FY 2022-2023*



Milan, September 27th, 2023 - The Board of Directors of the Digital Bros Group (DIB:MI), videogames company listed on the Euronext STAR Milan (ISIN: IT0001469995) and part of the FTSE Italia Small Cap index and Euronext Tech Leaders, today approved the Draft Financial Statements for the fiscal year 2022/2023 (July 1st, 2022 - June 30th, 2023).

Results for FY 2022-2023

Euro thousand	June 30 th , 2023	June 30 th , 2022	Change €	Change %
Net revenue	118,000	132,238	(14,238)	-10.8%
Gross operating margin (EBITDA)	43,435	54,128	(10,675)	-19.7%
Operating margin (EBIT)	19,332	35,960	(16,628)	-46.2%
Profit / (loss) before tax	13,724	40,161	(26,437)	-65.8%
Net profit / (net loss)	9,635	28,656	(19,021)	-66.4%

Digital Bros Group's key consolidated results for the fiscal year 2022-2023, together with prior year comparatives, are as follows:

- Consolidated gross revenue of Euro 118 million, down by 10.8%, compared to Euro 132.2 million on June 30th, 2022;
- EBITDA of Euro 43.4 million (36.8% of the consolidated net revenue) compared to Euro 54.1 million on June 30th, 2022;
- EBIT of Euro 19.3million (16.4% of the consolidated net revenue) compared to Euro 36 million on June 30th, 2022; despite Euro 7.7 million depreciation related to the launch of videogames in the second half of FY 2022-2023;
- Profit before tax of Euro 13.7 million compared to Euro 40.2 million on June 30th, 2022;
- Net profit of Euro 9.6 million compared to Euro 28.7 million on June 30th, 2022.

RESULTS BY OPERATING SEGMENT

Current market conditions are making the release of new games into the market somewhat challenging. This is evident for videogames with limited marketing budget to support the launch and the creation of a consumer base. With a tightening economy, consumers are playing the same games for longer, rather than spending on new and different experiences. This trend makes it more challenging to attract gamers to new games intellectual properties, requiring strong efforts in terms of marketing investments.

The Group is cautiously optimistic with respect to the medium to long-term outlook, despite the factors mentioned above. The current investment portfolio consists of new versions of successful games (Ghostrunner, Assetto Corsa, Control and Bloodstained) as well as new products with large production and marketing budgets and looks aligned with the current market headwinds, even if they will persist. In the next fiscal year, the Group will launch sequels of previously successful games, as well as introducing new games coming from crowdfunding campaigns and backed by robust investments in marketing from marketplaces.

During the reporting period, the Group generated Euro 118 million revenues, down by 10.8% compared to the previous fiscal year, better than pre-closing forecast by 2 million Euros.

EBIT resulted at 19.3 million Euros, in the expected pre-closing range (19-21 million). This result is net of approximately 7.7 million Euros in write-offs related to lower than expected performance of recently launched videogames Miasma, Hawken and Stray Blade in the second half of FY 2022-2023. The impairment tests of such products showed the need for specific write-offs.

Total gross revenues fell at Euro 14.3 million, due to a 23.3% contraction in Premium Games revenues. On the other hand, Free to Play segment registered a 14.9 million increase, driven by the newly acquired 505 Go Inc., which allowed this operating sector to triple its revenues.

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

A breakdown of net revenue by operating segment for the period ended June 30th, 2023, compared to the period ended June 30th, 2022, is provided below:

Net revenue

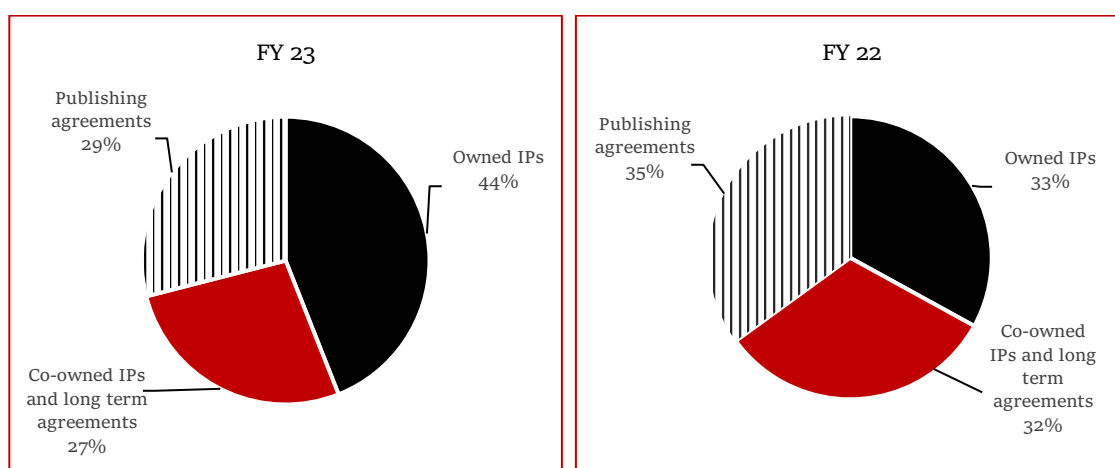
Euro thousand	June 30 th , 2023	June 30 th , 2022	Change €	Change %
Premium Games	92,319	120,308	(27,989)	-23.3%
Free to Play	22,046	7,132	14,914	n.s.
Italian Distribution	2,599	4,043	(1,443)	-35.7%
Other Activities	968	755	213	28.2%
Total net revenue	117,932	132,238	(14,306)	-10.8%

The net revenues for the Premium Games operating sector as of June 30th, 2023, were 92,319 thousand Euros and distributed across a substantial number of Intellectual Properties. A significant contribution of approximately 24.6 million Euros come from the different editions Assetto Corsa, developed by the fully owned studio Kunos Simulazioni.

The Premium Games operating segment represented 78.3% of the consolidated net revenue compared to 91% for the previous fiscal year, due to the incremental weight of the Free to Play revenue.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 44% of the total revenues for the operating segment from 35% as of June 30th, 2022.

A breakdown of Premium Games revenue by the type of rights held by the Group as of June 30th, 2023 is provided below with comparative figures as of June 30th, 2022:



Net revenues from the Free to Play operating sector have more than tripled, increasing by Euro 14,914 thousand, rising from 7,132 thousand Euros to 22,046 thousand Euro. This growth was driven by the 16,332 thousand Euro generated by video games published by the newly acquired 505 Go Inc..

The Italian Distribution operating sector revenues decreased by Euro 1,443 thousand from Euro 4,043 thousand to Euro 2,599 thousand as of June 30th, 2023, confirming the declining trend of the previous fiscal years.

Total costs of sales amounted to Euro 35,706 thousand, down by 21.5% compared to the previous fiscal year, curbing the gross profit declined (-5.2%), from Euro 86,777 thousand to Euro 82,226 thousand.

Operating costs amounted to Euro 56,298 thousand, an increase of 27.3% compared to the previous fiscal year. This increase is primarily due to incremental payroll costs related to a larger number of people from recent acquisitions and from the growth of internal development studios. Additionally, there was an increase in service costs due to higher advertising investments related to expenses for 505 Go Inc. and support for the launches of the video games Crime Boss: Rockay City and Miasma.

Gross operating margin (EBITDA) amounted to Euro 43,453 thousand, corresponding to 36.8% of the consolidated net revenue, slightly decreasing by Euro 10,675 thousand from the Euro 54,128 thousand realized in the previous fiscal year.

Depreciation and amortization decreased by Euro 343 thousand. Asset impairment charge amounted to Euro 7,700 thousand and reflected the write offs related to the launches of certain videogames in the second half of FY 2022-2023. The impairment tests of such products, based on lower expectations after launch, created the need for specific write-offs.

Impairment reversal consisted of the difference between the price paid for the acquisition of 505 Go Inc. and the net equity at the moment of the first consolidation, as well as the adjustment of the debt for the earn-out to be paid in connection with the acquisition of the Australian companies.

Operating margin (EBIT) amounted to Euro 19,332 thousand, corresponding to 16.4% of the consolidated net revenue, compared to Euro 35,960 thousand as of June 30th, 2022.

The net financial result was negative at Euro 5,608 thousand, a decrease compared to Euro 4,201 thousand realized in the previous fiscal year. This reflects the inclusion of the fair value adjustment of the Starbreeze convertible bond considered in the interest expenses. The bond loan was then converted for Euro 6,462 thousand in June 2023, net of the financial income resulting from the fair value adjustment of the financial receivable purchased from Starbreeze, which was then received at Euro 3,979 on July 3rd, 2023.

Profit before tax for the period ended June 30th, 2023 amounted to Euro 13,724 thousand, a Euro 26,437 thousand decrease compared to profit before tax of Euro 40,161 thousand as of June 30th, 2022.

Net profit amounted to Euro 9,635 thousand compared to Euro 28,656 thousand as of June 30th, 2022.

Net profit attributable to the shareholders of the Parent Company was Euro 9,683 thousand.

Basic earnings per share and diluted earnings per share respectively were Euro 0.68 and Euro 0.66 compared to Euro 2.0 and 1.97 earnings per share as of June 30th, 2022.

NET FINANCIAL POSITION

The net financial position decreased by Euro 43,355 thousand from positive Euro 3,707 thousand as of June 30th, 2022, totaling a negative Euro 39,648 thousand at the end of the fiscal year and in line with the expected investment plan performed by the Group. The total net financial position, net of financial debts recorded due to the application of IFRS 16, was negative at 34,266 thousand euros.

PARENT COMPANY DIGITAL BROS S.p.A.

As of June 30th, 2023, gross revenue of the parent company Digital Bros S.p.A, amounted to Euro 7,877 thousand, down by 14.7% compared to Euro 9,235 thousand realized in the previous fiscal year.

Net profit amounted to Euro 4,933 thousand compared to net profit of Euro 7,325 thousand as of June 30th, 2022.

The Parent Company will enhance the Group coordination activities, which will result in a growth of Other revenues. The positive performance of its subsidiaries, Kunos Simulazioni S.r.l. and 505 Games S.p.A., will enable to keep dividends in line with previous fiscal year.

TREASURY SHARES

As of June 30th, 2023, Digital Bros S.p.A. did not hold any treasury shares, and no transactions have been made in the period, in accordance with Art. 2428 paragraph 2.3 of the Italian Civil Code.

PROPOSAL FOR THE ALLOCATION OF EARNINGS

The Board of Directors proposes to the Shareholders' Meeting to allocate Euro 294 to the Legal Reserve and to allocate the remaining difference of Euro 4,933 thousand to Retained Earnings.

NOTICE OF ANNUAL GENERAL MEETING

On September 27th, 2023, the Board of Directors resolved to call the annual Shareholders' Meeting on October 27th, 2022, at 9.00 a.m. (one call only).

The Shareholders' Meeting is convened to:

- approve the financial statements for the fiscal year 2022-2023, the Directors' Report, the Statutory Auditors Report, the Auditors' Report and the destination of the profit for the fiscal year 2022-2023;
- approve the Remuneration and fees paid report pursuant to art. 123-ter of the Legislative Decree no. 58/98 and art. 84-quater of the Issuers' Regulation, with a non-binding resolution on the second section;
- authorize the negotiation of treasury shares.

The Shareholders' meeting is also called to appoint the new Board of Directors and the new Board of Statutory Auditors.

The documentation for shareholders will be made available to the public in accordance with the Law.

SIGNIFICANT EVENT DURING THE PERIOD

On April 28th, 2023, Starbreeze announced a rights issue of approximately Swedish Kronor ("SEK") 450 million, Digital Bros Group has committed to:

1. underwrite the pro-rata share of the rights issue, corresponding to approximately SEK 54 million;
2. underwrite an incremental commitment for a maximum of SEK 100 million of unsubscribed rights, following the capital increase process;
3. convert the total outstanding convertible loan of approximately SEK 215 million held by Digital Bros in Starbreeze B shares within 30 days from the closing of the capital increase process and after having received the recalculation of the revised conversion price.

As part of the overall agreement, Starbreeze has committed to using the proceeds from the capital increase primarily for the payment of the credit of SEK 150 million to Digital Bros, originally amounting to SEK 165 million, and net of the effective use of the commitment described at point 2).

As of June 30th, 2023, the company holds 113.2 million Starbreeze A shares and 48.6 million Starbreeze B shares as a result of the pro quota subscription outlined in point 1) and a negligible use of the commitment mentioned in point 2) above. This number of shares represents 11.96% of the capital and 29.16% of the voting rights.

The Group assesses to have no significant influence over Starbreeze, considering its governance structure, and despite the ongoing contractual relationships and the stake held in the Swedish company. Consequently, it has classified the shares as other investments, as it has in previous periods. Adjustments to this classification and valuation would be performed if any substantial changes in the relationship between the two groups will occur.

After the end of the fiscal year, on July 3rd, 2023, the Group successfully received its credit of 150 million SEK. On the same date, 3.3 million multiple-vote Starbreeze A shares were subscribed (equivalent to approximately 2.5 million Swedish Kronor) as a result of the guarantee provided for the unsubscribed options.

On July 10th, 2023, the Company requested the conversion of approximately 29.5 million multiple-vote Starbreeze A shares into single-vote Starbreeze B shares. This process was carried out to reduce its voting stake, in order to comply with EU regulations on mandatory takeover bids and in response to conversion requests from other Starbreeze shareholders and to comply with EU regulations, while also weighing in the effects of subsequent conversion of convertible bonds.

On July 19th, 2023, the Company requested the full conversion of the convertible bond, into 148.3 million Starbreeze B shares.

As of September 27th, 2023, after additional conversions of multiple-vote shares into single-vote shares by different shareholders, the Group now holds 87 million Starbreeze A shares and 223.4 million Starbreeze B shares. This accounts for 21% of the total capital and 38.8% of voting rights.

SIGNIFICANT EVENTS OCCURRED AFTER JUNE 30TH, 2023

The only significant events occurred after June 30th, 2023, are related to the relationships with Starbreeze and have been detailed in the previous section.

BUSINESS OUTLOOK

The strategy of the Group for the next fiscal year includes the launch of Ghostrunner 2 in the second quarter and the release of the PC version of the sequel of Assetto Corsa, along with console and PC versions of the new game Eiyuden Chronicles in the fourth quarter. These publishing decisions are expected to be less affected by the market headwinds that negatively impacted the gaming sector, due to the release of successful game sequels and new games with significant crowdfunding and marketplace marketing support.

The Group remains cautiously optimistic about its long-term publishing plans, involving the release of console versions of Assetto Corsa and the launch of Control 2, sequel to the greatly successful videogame Control. There are no significant launches expected to occur in the Free to Play operating sector, which arrived to an acceptable level of revenues and margins following the acquisition of 505 Go Inc..

Forecasted revenues and operating margins for the next fiscal year are expected to grow, with the increase concentrated in the second half of the fiscal year.

The Group's investment plan will continue in the next fiscal year, with investments expected to exceed Euro 50 million. As a result of this strategy, the net financial debts will further increase along FY 2023-2024 but it is expected to lower to current levels at the end of the next fiscal year.

The Group has an earn-out agreement for 33% of PAYDAY3's net revenues, capped at 40 million US dollars. The game was developed by Starbreeze and released on September 21st, 2023. As of today, Digital Bros is unable to assess the timing and the amount it will receive. If the game overperforms to trigger the earn-out in part or in full, it would result in a significant improvement in the Group's financial performance.

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

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

This press release is available on the websites www.digitalbros.com and www.1info.it.

DIGITAL BROS GROUP

Listed on the Euronext STAR Milan and part of Euronext Tech Leaders, Digital Bros Group is a global company that has been operating since 1989 as a developer, publisher and distributor of video games through its brand 505 Games. The Group markets its contents on both retail and digital channels, Digital Bros Group is active around the world through its own direct operations in Italy, United States, UK, France, Spain, Germany, Czech Republic, China, Japan, Australia and Canada with 430 employees.

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DIGITAL BROS GROUP- FINANCIAL STATEMENTS

Consolidated statement of financial position as of June 30th, 2023

	Euro thousand	June 30 th , 2023	June 30 th , 2022	Change	
	Non-current assets				
1	Property, plant and equipment	9,613	10,353	(740)	-7.1%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	153,023	104,089	48,934	47.0%
4	Equity investments	11,400	7,511	3,889	51.8%
5	Non-current receivables and other assets	8,089	14,072	(5,983)	-42.5%
6	Deferred tax assets	17,087	12,829	4,258	33.2%
7	Non-current financial activities	0	18,257	(18,257)	n.s.
	Total non-current assets	199,212	167,111	32,101	19.2%
	Current assets				
8	Inventories	3,355	4,173	(818)	-19.6%
9	Trade receivables	14,104	27,781	(13,677)	-49.2%
10	Tax receivables	3,977	2,926	1,051	35.9%
11	Other current assets	23,790	13,030	10,760	82.6%
12	Cash and cash equivalents	9,407	10,961	(1,554)	-14.2%
13	Other current financial assets	11,344	329	11,015	n.s.
	Total current assets	65,977	59,200	6,777	11.4%
	TOTAL ASSETS	265,189	226,311	38,878	17.2%
	Shareholders' equity				
14	Share capital	(5,706)	(5,705)	(1)	0.0%
15	Reserves	(21,367)	(22,030)	663	-3.0%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(115,270)	(108,160)	(7,110)	6.6%
	Equity attributable to the shareholders of the Parent Company	(142,343)	(135,895)	(6,448)	4.7%
	Equity attributable to non-controlling interests	(1,375)	(1,423)	48	-3.4%
	Total net equity	(143,718)	(137,318)	(6,400)	4.7%
	Non-current liabilities				
18	Employee benefits	(911)	(761)	(150)	19.7%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(1,824)	(1,954)	130	-6.7%
21	Non-current financial liabilities	(11,285)	(15,213)	3,928	-25.8%
	Total non-current liabilities	(14,101)	(18,009)	3,908	-21.7%
	Current liabilities				
22	Trade payables	(46,837)	(52,125)	5,288	-10.1%
23	Tax payables	(2,782)	(3,575)	793	-22.2%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(8,635)	(4,657)	(3,978)	85.4%
26	Current financial liabilities	(49,116)	(10,627)	(38,489)	n.s.
	Total current liabilities	(107,370)	(70,984)	(36,386)	51.3%
	TOTAL LIABILITIES	(121,471)	(88,993)	(32,478)	36.5%
	TOTAL NET EQUITY AND LIABILITIES	(265,189)	(226,311)	(38,878)	17.2%

Consolidated statement of profit and loss as of June 30th, 2023

Euro thousand		June 30 th , 2023		June 30 th , 2022		Change	
1	Gross revenue	118,000	100.1%	132,238	100.0%	(14,238)	-10.8%
2	Revenue adjustments	(68)	-0.1%	0	0.0%	(68)	n.s.
3	Net revenue	117,932	100.0%	132,238	100.0%	(14,306)	-10.8%
4	Purchase of products for resale	(2,954)	-2.5%	(4,607)	-3.5%	1,653	-35.9%
5	Purchase of services for resale	(9,042)	-7.7%	(6,733)	-5.1%	(2,309)	34.3%
6	Royalties	(22,892)	-19.4%	(32,586)	-24.6%	9,694	-29.7%
7	Changes in inventories of finished products	(818)	-0.7%	(1,535)	-1.2%	717	-46.7%
8	Total cost of sales	(35,706)	-30.3%	(45,461)	-34.4%	9,755	-21.5%
9	Gross profit (3+8)	82,226	69.7%	86,777	65.6%	(4,551)	-5.2%
10	Other income	17,525	14.9%	11,584	8.8%	5,941	51.3%
11	Costs for services	(14,975)	-12.7%	(8,562)	-6.5%	(6,413)	74.9%
12	Rent and leasing	(621)	-0.5%	(497)	-0.4%	(124)	25.0%
13	Payroll costs	(38,915)	-33.0%	(33,867)	-25.6%	(5,048)	14.9%
14	Other operating costs	(1,787)	-1.5%	(1,307)	-1.0%	(480)	36.7%
15	Total operating costs	(56,298)	-47.7%	(44,233)	-33.4%	(12,065)	27.3%
16	Gross operating margin (EBITDA) (9+10+15)	43,453	36.8%	54,128	40.9%	(10,675)	-19.7%
17	Depreciation and amortization	(18,687)	-15.8%	(19,030)	-14.4%	343	-1.8%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(7,700)	-6.5%	(1,708)	-1.3%	(5,992)	n.s.
20	Impairment reversal	2,266	1.9%	2,570	1.9%	(304)	-11.8%
21	Total depreciation, amortization and impairment adjustments	(24,121)	-20.5%	(18,168)	-13.7%	(5,953)	32.8%
22	Operating margin (EBIT) (16+21)	19,332	16.4%	35,960	27.2%	(16,628)	-46.2%
23	Interest and financial income	7,428	6.3%	8,349	6.3%	(921)	-11.0%
24	Interest and financial expenses	(13,036)	-11.1%	(4,148)	-3.1%	(8,888)	n.s.
25	Net interest income/(expenses)	(5,608)	-4.8%	4,201	3.2%	(9,809)	n.s.
26	Profit/ (loss) before tax (22+25)	13,724	11.6%	40,161	30.4%	(26,437)	-65.8%
27	Current tax	(4,332)	-3.7%	(10,929)	-8.3%	6,596	-60.4%
28	Deferred tax	243	0.2%	(576)	-0.4%	819	n.s.
29	Total taxes	(4,089)	-3.5%	(11,505)	-8.7%	7,416	-64.5%
30	Net profit/loss (26+29)	9,635	8.2%	28,656	21.7%	(19,021)	-66.4%
	attributable to the shareholders of the Parent Company	9,683	8.2%	28,546	21.6%	(18,863)	-66.1%
	attributable to non-controlling interests	(48)	0.0%	110	0.1%	(158)	n.s.
	Earnings per share:						
33	Basic earnings per share (in Euro)	0.68		2.00		(1.32)	-66.1%
34	Diluted earnings per share (in Euro)	0.66		1.97		(1.31)	-66.6%

Consolidated statement of comprehensive income as of June 30th, 2023

Euro thousand	June 30th, 2023	June 30th, 2022
Profit (Loss) for the period (A)	9,635	28,656
Actuarial gain (loss)	(11)	39
Income tax relating to actuarial gain (loss)	3	(9)
Changes in the fair value	(699)	(3,390)
Tax effect regarding fair value measurement of financial assets	168	813
Items that will not be subsequently reclassified to profit or loss (B)	(539)	(2,547)
Exchange differences on translation of foreign operations	(302)	728
Items that will subsequently be reclassified to profit or loss (C)	(302)	728
Total other comprehensive income D= (B)+(C)	(841)	(1,819)
Total comprehensive income (loss) (A)+(D)	8,794	26,924
Attributable to:		
Shareholders of the Parent Company	8,842	26,727
Non-controlling interests	(48)	110

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

Consolidated cash flow statement as of June 30th, 2023

Euro thousand	June 30 th , 2023	June 30 th , 2022
A. Opening net cash/debt	10,961	35,509
B. Cash flows from operating activities		
Profit (loss) for the period	9,635	28,656
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	7,700	1,694
Amortization of intangible assets	15,990	16,872
Depreciation of property, plant and equipment	2,697	2,158
Net change in tax advance	(4,258)	(1,185)
Net change in employee benefit provisions	150	42
Net change in other non-current liabilities	(668)	(564)
SUBTOTAL B.	31,246	47,673
C. Change in net working capital		
Inventories	818	1,535
Trade receivables	13,532	(9,562)
Current tax assets	(1,051)	(1,426)
Other current assets	(10,760)	5,719
Trade payables	(5,288)	4,932
Current tax liabilities	(793)	(7,207)
Current provisions	0	(0)
Other current liabilities	3,978	(5,275)
Other non-current liabilities	(130)	(3,461)
Non-current receivables and other assets	5,983	(8,983)
SUBTOTAL C.	6,289	(23,728)
D. Cash flows from investing activities		
Net payments for intangible assets	(72,479)	(55,284)
Net payments for property, plant and equipment	(1,957)	(4,313)
Net payments for non-current financial assets	(3,889)	3,679
SUBTOTAL D.	(78,325)	(55,918)
E. Cash flows from financing activities		
Capital increases	1	1
Changes in financial liabilities	34,561	9,737
Changes in financial assets	7,242	254
SUBTOTAL E.	41,804	9,992
F. Changes in consolidated equity		
Dividends paid	(2,568)	(2,567)
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
SUBTOTAL F.	(2,568)	(2,567)
G. Cash flow for the period (B+C+D+E+F)	(1,554)	(24,548)
H. Closing net cash/debt (A+G)	9,407	10,961

Consolidated profit and loss statement per operating segment as of June 30th, 2023

Euro thousand		Free to Play	Premium Games	Italian Distribution	Other Activities	Holding	Total
1	Gross revenue	22,046	92,319	2,667	968	0	118,000
2	Revenue adjustments	0	0	(68)	0	0	(68)
3	Net revenue	22,046	92,319	2,599	968	0	117,932
4	Purchase of products for resale	0	(1,194)	(1,760)	0	0	(2,954)
5	Purchase of services for resale	(3,677)	(5,365)	0	0	0	(9,042)
6	Royalties	(6,234)	(16,658)	0	0	0	(22,892)
7	Changes in inventories of finished products	0	(354)	(464)	0	0	(818)
8	Total cost of sales	(9,911)	(23,571)	(2,224)	0	0	(35,706)
9	Gross profit (3+8)	12,135	68,748	375	968	0	82,226
10	Other income	3,675	13,850	(0)	0	(0)	17,525
11	Costs for services	(3,142)	(9,066)	(273)	(492)	(2,002)	(14,975)
12	Rent and leasing	(174)	(168)	(16)	(3)	(260)	(621)
13	Payroll costs	(9,009)	(24,203)	(872)	(607)	(4,224)	(38,915)
14	Other operating costs	(187)	(978)	(45)	(36)	(541)	(1,787)
15	Total operating costs	(12,512)	(34,415)	(1,206)	(1,138)	(7,027)	(56,298)
16	Gross operating margin (EBITDA) (9+10+15)	3,298	48,183	(831)	(170)	(7,027)	43,453
17	Depreciation and amortization	(2,399)	(14,869)	(145)	(351)	(923)	(18,687)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(2,228)	(5,448)	(24)	0	0	(7,700)
20	Impairment reversal	2,247	19	0	0	0	2,266
21	Total depreciation, amortization and impairment adjustments	(2,380)	(20,298)	(169)	(351)	(923)	(24,121)
22	Operating margin (EBIT) (16+21)	918	27,885	(1,000)	(521)	(7,950)	19,332

Consolidated statement of profit and loss per operating segment as of June 30th, 20223

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
Total on July 1st, 2021	5,704	18,486	1,141	1,367	(1,339)	3,361	23,016	0	50,156	32,025	82,181	110,901	890	111,791
Capital increase	1	21					21				0	22		22
Allocation of previous year result							0		32,025	(32,025)	0	0	0	0
Dividend pay-out							0		(2,567)		(2,567)	(2,567)		(2,567)
Other changes						812	812				0	812	423	1,235
Comprehensive income (loss)					728	(2,547)	(1,819)			28,546	28,546	26,727	110	26,837
Total on June 30th, 2022	5,705	18,507	1,141	1,367	(611)	1,626	22,030	0	79,614	28,546	108,160	135,895	1,423	137,318
Total on July 1st, 2022	5,705	18,507	1,141	1,367	(611)	1,626	22,030	0	79,614	28,546	108,160	135,895	1,423	137,318
Capital increase	1	21					21				0	22		22
Allocation of previous year result							0		28,546	(28,546)	0	0	0	0
Dividend pay-out									(2,568)		(2,568)	(2,568)		(2,568)
Other changes						157	157		(5)		(5)	152		152
Comprehensive income (loss)					(302)	(539)	(841)			9,683	9,683	8,842	(48)	8,794
Total on June 30th, 2023	5,706	18,528	1,141	1,367	(913)	1,244	21,367	0	105,587	9,683	115,270	142,343	1,375	143,718

FINANCIAL STATEMENTS - DIGITAL BROS S,p,A,

Statement of financial position as of June 30th, 2023

	Migliaia di Euro	30 giugno 2023	30 giugno 2022	Variazioni	
	Non-current assets				
1	Property, plant and equipment	5,081	5,802	(721)	-12.4%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	146	166	(20)	-12.1%
4	Equity investments	29,855	25,825	4,030	15.6%
5	Non-current receivables and other assets	641	9,367	(8,726)	-93.2%
6	Deferred tax assets	1,032	1,061	(29)	-2.7%
7	Non-current financial activities	0	18,257	(18,257)	n.s.
	Total non-current assets	36,755	60,478	(23,723)	-39.2%
	Current assets				
8	Inventories	2,429	2,893	(464)	-16.0%
9	Trade receivables	721	547	174	31.8%
10	Tax receivables	47,141	32,206	14,935	46.4%
11	Other current assets	2,233	776	1,457	n.s.
12	Cash and cash equivalents	13,211	506	12,705	n.s.
13	Other current financial assets	163	384	(221)	-57.5%
14	Total current assets	11,051	28	11,023	n.s.
	Current assets	76,949	37,340	39,609	n.s.
	TOTALE ATTIVITA'	113,704	97,818	15,886	16.2%
	Shareholders' equity				
15	Share capital	(5,706)	(5,705)	(1)	0.0%
16	Reserves	(20,598)	(20,968)	370	-1.8%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings	(33,895)	(31,530)	(2,365)	7.5%
	Total net equity	(60,199)	(58,203)	(1,996)	3.4%
	Non-current liabilities				
19	Employee benefits	(353)	(346)	(7)	1.9%
20	Non-current provisions	(81)	(81)	0	0.0%
21	Other non-current payables and liabilities	0	0	0	n.s.
22	Non-current financial liabilities	(2,465)	(4,795)	2,330	-48.6%
	Total non-current liabilities	(2,899)	(5,222)	2,323	-44.5%
	Current liabilities				
23	Current liabilities	(1,206)	(1,955)	749	-38.3%
24	Trade payables	(37,815)	(28,105)	(9,710)	34.5%
25	Tax payables	(283)	(295)	12	-4.1%
26	Short term provisions	0	0	0	n.s.
27	Other current liabilities	(770)	(1,280)	510	-39.8%
28	Current financial liabilities	(10,532)	(2,758)	(7,774)	n.s.
	Total current liabilities	(50,606)	(34,393)	(16,213)	47.1%
	TOTAL LIABILITIES	(53,505)	(39,615)	(13,890)	35.1%
	TOTAL NET EQUITY AND LIABILITIES	(113,704)	(97,818)	(15,886)	16.2%

Statement of profit and loss as of June 30th, 2023

Euro thousand		June 30th, 2023		June 30th, 2022		Change	
1	Gross revenue	7,877	100.9%	9,235	100.0%	(1,358)	-14.7%
2	Revenue adjustments	(68)	-0.9%	0	0.0%	(68)	n.s.
3	Net revenue	7,809	100.0%	9,235	100.0%	(1,436)	-15.4%
4	Purchase of products for resale	(1,760)	-22.5%	(4,340)	-47.0%	2,580	-59.4%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	(464)	-5.9%	1,399	15.1%	(1,861)	n.s.
8	Total cost of sales	(2,224)	-28.5%	(2,941)	-31.8%	717	-24.4%
9	Gross profit (3+8)	5,585	71.5%	6,294	68.2%	(709)	-11.3%
10	Other income	178	2.3%	168	1.8%	10	6.0%
11	Cost for services	(2,286)	-29.3%	(2,170)	-23.5%	(116)	5.4%
12	Rent and leasing	(228)	-2.9%	(155)	-1.7%	(73)	47.3%
13	Payroll costs	(4,287)	-54.9%	(5,763)	-62.4%	1,476	-25.6%
14	Other operating costs	(553)	-7.1%	(500)	-5.4%	(53)	10.6%
15	Total operating costs	(7,354)	-94.2%	(8,588)	-93.0%	1,234	-14.4%
16	Gross operating margin (EBITDA) (9+10+15)	(1,591)	-20.4%	(2,126)	-23.0%	535	-25.2%
17	Depreciation and amortization	(927)	-11.9%	(908)	-9.8%	(19)	2.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(299)	-3.8%	(615)	-6.7%	316	n.s.
20	Impairment reversal	0	0.0%	87	0.9%	(87)	n.s.
21	Total depreciation, amortization and impairment	(1,226)	-15.7%	(1,436)	-15.6%	210	-14.7%
22	Operating margin (EBIT) (16+21)	(2,817)	-36.1%	(3,562)	-38.6%	745	-20.9%
23	Interest and finance income	15,665	200.6%	13,520	146.4%	2,145	15.9%
24	Interest and financial expenses	(8,928)	-114.3%	(1,984)	-21.5%	(6,944)	n.s.
25	Net finance income / (expense)	6,737	86.3%	11,536	124.9%	(4,799)	-41.6%
26	Profit/(loss) before tax (22+25)	3,920	50.2%	7,974	86.4%	(4,054)	-50.8%
27	Current tax	1,216	15.6%	(818)	-8.9%	2,034	n.s.
28	Deferred tax	(203)	-2.6%	169	1.8%	(372)	n.s.
29	Total taxes	1,013	13.0%	(649)	-7.0%	1,662	n.s.
30	Profit/(loss) for the period (26+29)	4,933	63.2%	7,325	79.3%	(2,392)	-32.7%

Statement of profit and loss as of June 30th, 2022

Euro thousand	June 30 th ,2023	June 30 th , 2022	Change
Euro thousand	4,933	7,325	(2,392)
Profit (Loss) for the period (A)	(11)	39	(50)
Actuarial gain (loss)	3	(9)	12
Income tax relating to actuarial gain (loss)	(710)	(3,632)	2,922
Changes in the fair value	170	872	(702)
Tax effect regarding fair value measurement of financial assets	(548)	(2,730)	2,182
Items that will not be subsequently reclassified to profit or loss (B)	4,385	4,595	(210)

Cash flows statement as of June 30th, 2023

Euro thousand		June 30 th ,2023	June 30 th ,2022
A.	Opening net cash/debt	384	1,038
B.	Cash flows from operating activities		
	Profit (loss) for the period attributable to the Group	4,933	7,325
	<i>Depreciation, amortization and non-monetary costs:</i>		
	Provisions and impairment losses	299	602
	Amortization of intangible assets	117	100
	Depreciation of property, plant and equipment	810	808
	Net change in tax advance	29	(1,030)
	Net change in other provisions	0	0
	Net change in employee benefit provisions	7	(45)
	Net change in other non-current liabilities	(370)	(1,897)
	Cash flows from operating activities	5,824	5,863
C.	Change in net working capital		
	Inventories	464	(1,399)
	Trade receivables	(198)	281
	Receivables due from subsidiaries	(14,935)	(5,112)
	Current tax assets	(1,457)	(186)
	Other current assets	(12,705)	18
	Trade payables	(749)	511
	Payables from subsidiaries	9,710	11,668
	Current tax liabilities	(12)	(5,126)
	Current provisions	0	116
	Other current liabilities	(510)	323
	Other non-current liabilities	0	(505)
	Non-current receivables and other assets	8,726	(4,499)
	SUBTOTAL C.	(11,666)	(3,910)
D.	Cash flows from investing activities		
	Net payments for intangible assets	(97)	(103)
	Net payments for property, plant and equipment	(89)	(34)
	Net payments for non-current financial assets	(4,305)	2,938
	SUBTOTAL D.	(4,491)	2,801
E.	Cash flows from financing activities		
	Capital increases	1	1
	Changes in financial liabilities	5,444	(3,397)
	Changes in financial assets	7,234	555
	SUBTOTAL E.	12,679	(2,841)
F.	Changes in consolidated equity		
	Dividends pay-out	(2,568)	(2,567)
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	0	0
	SUBTOTAL F.	(2,568)	(2,567)
G.	Cash flow for the period (B+C+D+E+F+G)	(221)	(654)
H.	Closing net cash/debt (A+G)	163	384