



Interim Report as of September 30th, 2023 (1st quarter of the fiscal year 2023/2024)

Digital Bros S.p.A.

Via Tortona, 37 – 20144 Milan, Italy
VAT number 09554160151

Share Capital: Euro 6.024.334,80 of which Euro 5.706.014,80 subscribed
Milan Companies House no. 290680-Vol. 7394 Chamber of Commerce no. 1302132

This report is available on the Company's website www.digitalbros.com Investor Relations /
Financial Documents section

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

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Name	Office	Risk & Control Committee	Remuneration Committee	Nomination Committee
Carlotta Ilaria D'Ercole	Director	I	M	P
Lidia Florean	Director	NE		
Abramo Galante	Chairman and CEO	E		
Davide Galante	Director	NE		
Raffaele Galante	CEO	E		
Susanna Pedretti	Director	I	M	P
Stefano Salbe ⁽¹⁾	Director	E		
Laura Soifer ⁽²⁾	Director	I	P	M
Dario Treves	Director	E		

Key:

E: Executive Director	P: President of the Committee
NE: Non-Executive Director	M: Member of the Committee
I: Independent Director	

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

⁽²⁾ Lead Independent Director

Board of Statutory Auditors

Name	Office
Maria Pia Maspes	Statutory auditor
Pietro Piccone Ferrarotti	Statutory auditor
Paolo Villa	Chairman
Andrea Serra	Substitute statutory auditor
Stefano Spiniello	Substitute statutory auditor

The Shareholders' Meeting held on October 27th, 2023 appointed the Board of Directors and the Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the Shareholders' Meeting which will approve the financial statements as at June 30th, 2026.

On October 27th, 2023, the Shareholders' Meeting appointed Abramo Galante as Chairman of the Board of Directors. On November 9th, 2023, the Board of Directors appointed Abramo Galante and Raffaele Galante as Chief Executive Officers. The Chief Executive Officers received appropriate powers of attorney.

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

Auditors

EY S.p.A.

On October 27th, 2021, the Shareholders' Meeting appointed EY S.p.A., based in Via Meravigli 12, Milan, as auditors of the Group consolidated annual and half year financial statements and Digital Bros S.p.A. annual financial statements until the approval of the financial statements as of September 30th, 2030.

Other information

The publication of Digital Bros Group's Interim Report as of September 30th, 2023 was authorized by a resolution of the Board of Directors on November 9th, 2023.

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

DIRECTORS' REPORT

1. GROUP ORGANIZATION

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

The Group is organized into five operational business segments:

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

The Group develops some video games through its internal studios. Video games developed by external studios are usually either acquired through an exclusive license or assigned to the Group with long-term worldwide rights.

The label used for worldwide publishing is 505 Games. A second label, Hook, publishes budget video games.

During the period, Premium Games operations were conducted by the subsidiary 505 Games S.p.A. which coordinates the operating segment, together with 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. Hook S.r.l. publishes budget videogames. 505 Games Interactive (US) Inc. provides consultancy services on behalf of 505 Games S.p.A..

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

- the Italian company Kunos Simulazioni S.r.l., which developed and published the Aspetto Corsa and the Aspetto Corsa Competizione video games;
- the Czech company Ingame Studios a.s. a Brno-based studio acquired in charge of the development of Crime Boss: Rockay City. in July 2021 Digital Bros first acquired 60% of the company, while in July 2023 the Group finalized the acquisition of the remaining 40%;
- the Italian company Avantgarden S.r.l., a development studio based in Milan;
- the Italian company Supernova Games Studios S.r.l., a development studio based in Milan;
- the Canadian company Chrysalide Jeux et Divertissement Inc. (75% held by the Group) which is currently developing a brand-new video game.

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

Free to Play: main operations consist of the development and publishing of video games and/or applications that are available for free on digital marketplaces with in-app purchases features. Free to Play video games usually presents less technical complexity than Premium video 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, the UK company DR Studios Ltd. which is the developer of Free to Play video games and Hawken Entertainment Inc..

In January 2021, the Australian company 505 Games Australia Pty Ltd. acquired 100% of the shares of Infinite Interactive Pty. and Infinity Plus Two Pty.. The Australian companies own the intellectual property of the video games Puzzle Quest and Gems of War and provide the live support to such products.

In July 2022, 505 Games Mobile S.r.l. acquired 100% of D3Publisher of America Inc., now 505 Go Inc., an American publisher of Free to Play video games, including spin-offs of the Puzzle Quest series.

The labels used for Free to Play worldwide publishing are 505 Mobile and 505Go!.

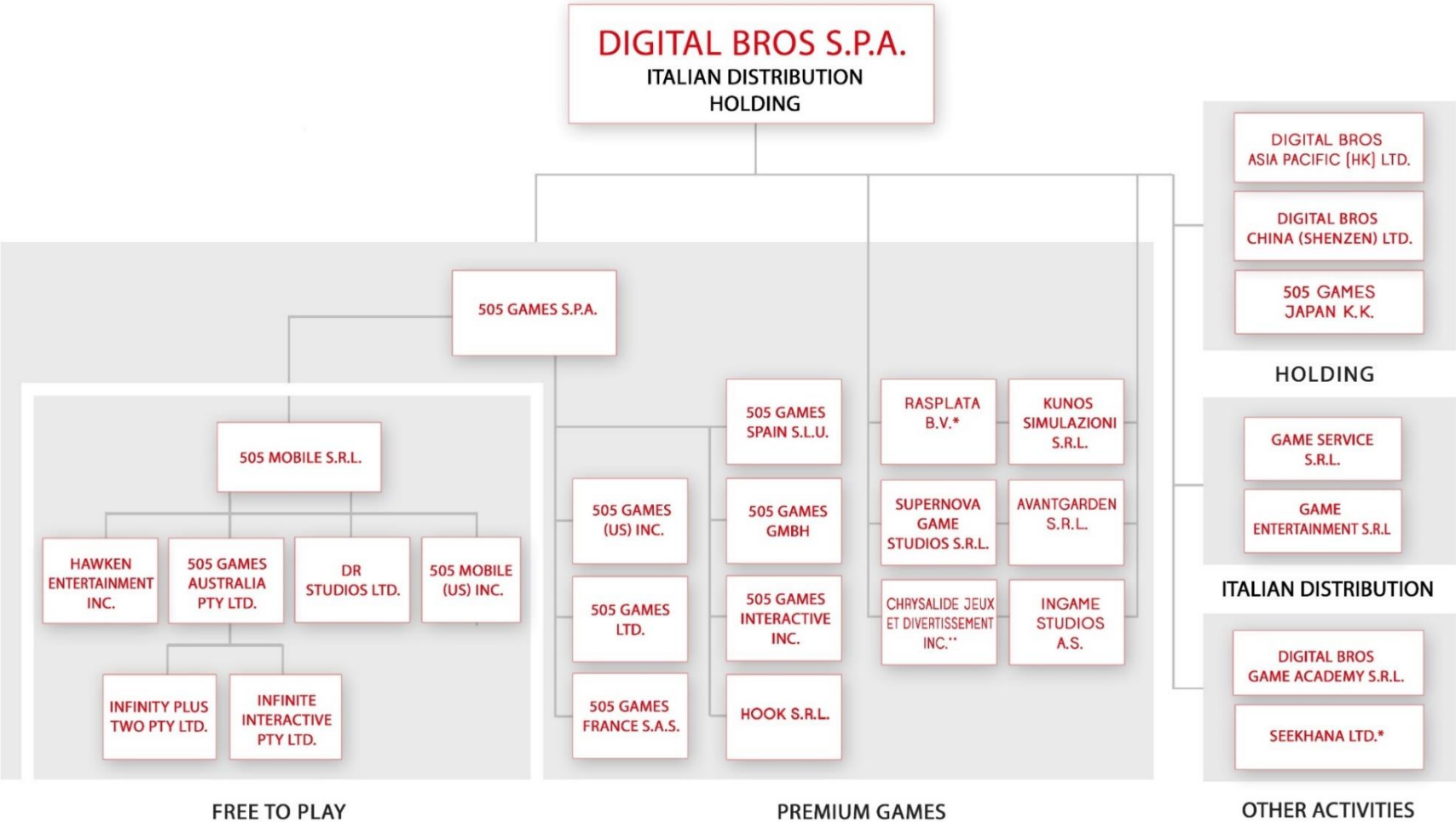
Italian Distribution: consists of the distribution in Italy of video games purchased from international publishers. The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

Other Activities: all Group's remaining activities are consolidated together for reporting purposes under the Other Activities operating segment. 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: includes all the corporate functions provided by Digital Bros S.p.A. in finance, control 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. and Seekhana Ltd. which are controlled with a 60% interest and Chrysalide Jeux et Divertissement Inc. with a 75% interest.

The organization chart of the operating companies as of September 30th, 2023 was as follows:



[*] 60% INTEREST
 [**] 75% INTEREST

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

Company	Address	Activity
AvantGarden S.r.l.	Via Tortona, 37 Milan	Offices
Chrysalide Jeux et Divertissement Inc. ⁽²⁾	300 Rue Saint Paul – Bureau 410, Quebec City, Canada	Offices
Digital Bros S.p.A.	Via Tortona, 37 Milan	Offices
Digital Bros S.p.A.	Via Boccaccio 95, Trezzano sul Naviglio (Milan)	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.	403 Silbury Boulevard, 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.	333 Collins 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.	403 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
505 Go Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	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.	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.	333 Collins Street, Melbourne Victoria, Australia	Offices
Infinite Interactive Pty Ltd.	333 Collins Street, 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. ⁽¹⁾	Churchill-iaan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. ⁽¹⁾	403 Silbury Boulevard, 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. and Seekhana Ltd. are held at 60%. Chrysalide Jeux et Divertissement Inc. is held at 75%. They have been incorporated into the consolidated financial statements through full consolidation method, acknowledging the proportion of net equity and operating results belonging to minority shareholders.

2. THE VIDEO GAMES MARKET

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 high-speed connectivity, 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. Streaming 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 retail channels. 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 vastly common for a highly popular video game to be turned 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 contractually defined period of time. Therefore, publishers are key in the value chain: they are essential to the completion of the video game, in building and fostering the video game community and its international distribution through their direct or indirect commercial networks.

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

Publishers

The publisher is responsible for the launch of the video game, defines the global commercial policy, studies the product strategic positioning and 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 or for multiple years and including licensing rights for sequels.

Console manufacturers

The console manufacturer designs and manufactures the hardware through 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 reproduces the physical disk on behalf of the publishers. The console manufacturer can also operate as a video game publisher.

Distributors

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

Retailers

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 personal computers, 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.

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 valid for a predefined period of time. Revenues are directly or indirectly recognized to publishers based on the utilization of their video games. Amazon has set up Apple Arcade, a similar platform dedicated to mobile video games.

Digital distribution has extended the lifecycle of a single video game. The availability of a video game is no longer limited to its launch period as happened in the retail channel. The product remains available on the different marketplaces for a longer period, thus generating a continuous flow of sales that can be significantly influenced by 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) that consumers can either buy or download for free on digital marketplaces.

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 Sony PlayStation Store, Microsoft’s Xbox Live, Steam and Epic Store.

3. ALTERNATIVE PERFORMANCE RATIOS

The Group relies on specific key performance ratios to simplify the comprehension of the consolidated profit and loss statement and balance sheet.

The following ratios are directly reported in the profit and loss statement:

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

The balance sheet ratio net financial position is detailed in section 5 of the Explanatory Notes.

The definitions of the ratios used by the Group, as they are not defined by any accounting standard, may not be homogeneous with those adopted by other companies and therefore comparable with them. A reconciliation between the Directors' Report and the financial statements is not needed, as the Group use indicators directly from the consolidated financial statements.

4. SEASONALITY EFFECTS

Market seasonality is influenced by the launch of highly anticipated and popular products. The launch of a successful video game in a certain period may create significant revenue increases between quarters, as sales are concentrated in the first few days from the release especially if supported by dedicated marketing campaigns.

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 from a 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 the shipment of the product to the distributor/retailer, regardless of when the final sale to the 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 a 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 significant reduction of revenues from retail distribution as a percentage of total consolidated revenues allowed for a lower volatility in the financial position.

5. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

No significant events occurred during the period.

Relationships with Starbreeze and Starbreeze shareholders

In recent years, Digital Bros Group and Starbreeze Group have entered multiple different transactions, summarized below:

- in May 2016, the Group sold back the PAYDAY2 co-publishing rights to Starbreeze 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. As of March 31st, 2023, the earn-out was not accounted for and has been considered a contingent asset;
- since November 2018, Digital Bros S.p.A. has acquired 6,369,061 Starbreeze 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, 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 3rd, 2019. On December 6th, 2019, Starbreeze successfully completed the restructuring process and presented a payment plan to its creditors.

In January and February 2020, the Group conducted the following transactions:

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtre 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 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze 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 approximately SEK 215 million issued by Starbreeze 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 STAR B shares, at the current conversion ratio. The original conversion price of SEK 2.25 per share was recalculated at SEK 1.63 per share following the share capital increase conducted by Starbreeze in September 2020. Should it not be fully or even partially converted, the bond will be repaid based on the terms of payment approved by the Swedish District Court and not later than December 2024;
 - b) a receivable of around SEK 165 million for a consideration of Euro 100 thousand. This credit falls under the Starbreeze 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 STAR A shares and 6,018,948 Starbreeze STAR B shares for a total amount of Euro 2.2 million.

On September 23rd, 2020, the Group signed a binding agreement for the pro-quota subscription of the share issue finalized in September 2020.

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.

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 November 9th, 2023, after additional conversions of multiple-vote shares into single-vote shares carried out by various 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.

6. CONSOLIDATED PROFIT AND LOSS STATEMENT AT SEPTEMBER 30TH, 2023

	Euro thousand		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	20,225	100.1%	22,387	100.1%	(2,162)	-9.7%	
2	Revenue adjustments	(29)	-0.1%	(26)	-0.1%	(3)	10.5%	
3	Net revenue	20,196	100.0%	22,361	100.0%	(2,165)	-9.7%	
4	Purchase of products for resale	(898)	-4.4%	(710)	-3.2%	(188)	26.5%	
5	Purchase of services for resale	(2,727)	-13.5%	(2,080)	-9.3%	(647)	31.1%	
6	Royalties	(4,260)	-21.1%	(4,585)	-20.5%	325	-7.1%	
7	Changes in inventories of finished products	116	0.6%	(200)	-0.9%	316	n.m.	
8	Total cost of sales	(7,769)	-38.5%	(7,575)	-33.9%	(194)	2.6%	
9	Gross profit (3+8)	12,427	61.5%	14,786	66.1%	(2,359)	-16.0%	
10	Other income	3,077	15.2%	3,851	17.2%	(774)	-20.1%	
11	Costs for services	(2,800)	-13.9%	(3,290)	-14.7%	490	-14.9%	
12	Rent and leasing	(133)	-0.7%	(193)	-0.9%	60	-30.8%	
13	Payroll costs	(9,942)	-49.2%	(9,608)	-43.0%	(334)	3.5%	
14	Other operating costs	(369)	-1.8%	(391)	-1.7%	22	-5.8%	
15	Total operating costs	(13,244)	-65.6%	(13,482)	-60.3%	238	-1.8%	
16	Gross operating margin (EBITDA) (9+10+15)	2,260	11.2%	5,155	23.1%	(2,894)	-56.1%	
17	Depreciation and amortization	(5,435)	-26.9%	(3,726)	-16.7%	(1,710)	45.9%	
18	Provisions	0	0.0%	0	0.0%	0	0.0%	
19	Asset impairment charge	0	0.0%	0	0.0%	0	n.m.	
20	Impairment reversal	0	0.0%	813	3.6%	(813)	n.m.	
21	Total depreciation, amortization and impairment adjustments	(5,435)	-26.9%	(2,913)	-13.0%	(2,523)	n.m.	
22	Operating margin (EBIT) (16+21)	(3,175)	-15.7%	2,242	10.0%	(5,417)	n.m.	
23	Interest and financial income	643	3.2%	2,798	12.5%	(2,155)	-77.0%	
24	Interest and financial expenses	(1,042)	-5.2%	(1,359)	-6.1%	317	-23.3%	
25	Net interest income/(expenses)	(399)	-2.0%	1,439	6.4%	(1,838)	n.m.	
26	Profit/ (loss) before tax (22+25)	(3,574)	-17.7%	3,681	16.5%	(7,255)	n.m.	
27	Current tax	291	1.4%	(670)	-3.0%	961	n.m.	
28	Deferred tax	166	0.8%	76	0.3%	90	n.m.	
29	Total taxes	457	2.3%	(594)	-2.7%	1,051	n.m.	
30	Net profit/loss	(3,117)	-15.4%	3,087	13.8%	(6,204)	n.m.	
	attributable to the shareholders of the Parent Company	(2,413)	-11.9%	2,996	13.4%	(5,409)	n.m.	
	attributable to non-controlling interests	(704)	-3.5%	91	0.4%	(795)	n.m.	
	Earnings per share:							
33	Basic earnings per share (in Euro)	(0,17)		0,21		(0,38)	n.m.	
34	Diluted earnings per share (in Euro)	(0,16)		0,21		(0,37)	n.m.	

Current market conditions make the release of new games into the market more challenging, especially for videogames with limited marketing budget to support the launch. Consumers are playing the same games for longer, rather than spending on new and different gaming experiences. Attracting gamers to new games intellectual properties requires greater investments in marketing than it used to.

The Group is still cautiously optimistic with respect to the medium to long-term outlook, despite the headwinds mentioned above. The Group also believes that its current investment portfolio, consisting of new versions of successful games (Ghostrunner, Assetto Corsa, Control and Bloodstained) with large development and marketing budgets, remains aligned with the current market trend, even if the gamers will continue to be selective.

In the next fiscal years, 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.

During the first quarter of fiscal year 2023-2024, the Group generated Euro 20.2 million revenues, down by 9.7% compared to the same reporting period of the last fiscal year, which can be attributed to the fact that sales volumes in the summer period are typically lower when no significant new games are launched.

The net revenue for the Premium Games operating sector as of September 30th, 2023 was at Euro 15 million, representing 74.3% of total revenue, compared with the 69.4% recorded in the first quarter of FY2022-2023. This result was split among several back catalogue products, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 5.3 million revenue in the reporting period.

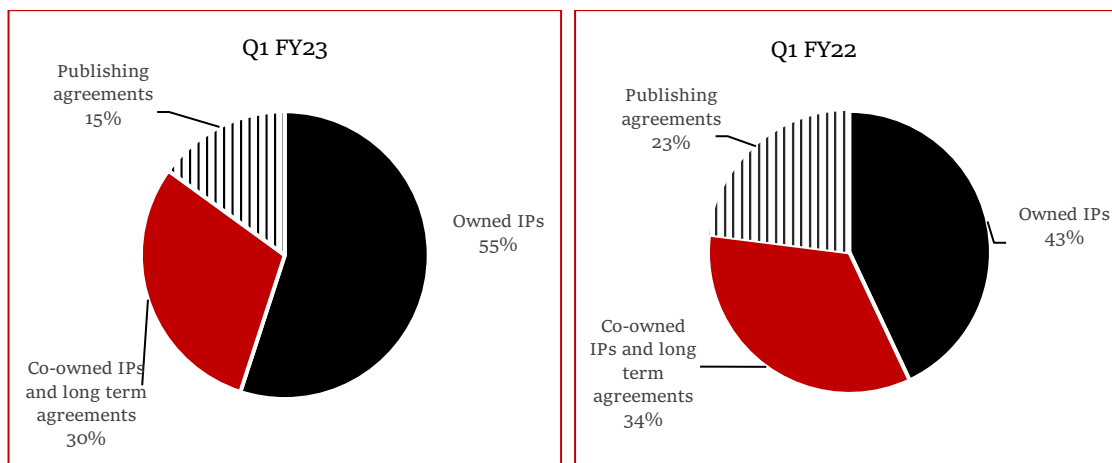
The revenue from international markets accounted for 96% of total net revenue, while digital sales amounted to 88% of the total net revenue, as already disclosed in previous reports.

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

Net revenue				
Euro thousand	September 30th, 2023	September 30th, 2022	Change €	Change %
Premium Games	15,005	15,529	(524)	-3.4%
Free to Play	4,370	5,971	(1,601)	-26.8%
Italian Distribution	703	672	31	4.6%
Other Activities	118	189	(71)	-37.7%
Total net revenue	20,196	22,361	(2,165)	-9.7%

Video games developed on Intellectual properties (IPs) owned by the Group accounted for 55% of the total revenue for the Premium Games operating segment, increasing from the 43% as of September 30th, 2022. This is in line with the ongoing transformation of the Group, with a strategy focusing about owned and co-owned IPs and long-term agreements within its IP portfolio.

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



The net revenue from the Free to Play operating sector amounted to Euro 4,370 thousand, a 26.8% decrease from the Euro 5.971 thousand of September 30th, 2022.

The revenue from the Italian Distribution segment was stable at Euro 672 thousand, compared to the Euro 703 thousand recorded in the first quarter of the previous fiscal year.

The total costs of sales amounted to Euro 7,769 thousand, unchanged with respect to September 30th, 2022, despite the decrease in the net revenue in the reporting period. The increase in the purchase of services for resale recorded in this quarter is mainly due to the live support costs following the launch of the video game Crime Boss: Rockay City, which were not recorded in the previous fiscal year.

The gross profit decreased from Euro 14,786 thousand as of September 30th, 2022, to Euro 12,427 thousand in this reporting period.

Other income amounted to Euro 3,077 thousand, down by Euro 774 thousand. The capitalization of videogame development by fully owned studios involved:

- the development of the Free to Play videogame Hawken by the subsidiary DR Studios Ltd.;
- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l., scheduled to launch in the next fiscal year;
- the development of a new video game by the subsidiary Chrysalide Jeux et Divertissement Inc..

The decrease in other income is due to the completion of the development of the video game Crime Boss: Rockay City by Ingame Studios, which was included in the first quarter of the previous fiscal year.

The operating costs amounted to Euro 13,244 thousand, consistent with the Euro 13,482 thousand of the previous fiscal year.

The gross operating margin (EBITDA) amounted to Euro 2,260 thousand, from the Euro 5,155 thousand realized in the first quarter of the previous fiscal year.

The depreciation and amortization increased by Euro 1,710 thousand following the launch of videogames in the second half of the previous fiscal year.

The operating margin (EBIT) amounted to negative Euro 3,175 thousand, decreasing from the positive Euro 2,242 thousand as of September 30th, 2022.

The net financial result was negative at Euro 399 thousand, decreasing from the positive Euro 1,439 thousand recorded in the first quarter of the previous fiscal year. As of September 30th, 2022, this item included the fair value adjustment of the financial receivable purchased from Starbreeze, which was then fully collected on July 3rd, 2023.

The loss before tax for the period amounted to Euro 3,574 thousand, decreasing from the Euro 3,681 profit realised at September 30th, 2022.

The net loss amounted to Euro 3,117 thousand compared to the profit of Euro 3,087 thousand as of September 30th, 2022.

The net loss attributable to the shareholders of the Parent Company was Euro 2,413 thousand.

The basic loss per share and diluted loss per share were Euro 0.17 and Euro 0.16 respectively, compared to the profit per share of Euro 0.21 as of September 30th, 2022.

The result attributable to the minority shareholders was negative for Euro 704 thousand. It relates to the share of the minority shareholders of the Dutch company Rasplata B.V., of the English company Seekhana Ltd., and the Canadian company Chrysalide Jeux et Divertissement Inc..

7. CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30TH, 2023

Euro thousand		September 30 th , 2023	June 30 th , 2023	Change	
Non-current assets					
1	Property, plant and equipment	9,140	9,613	(473)	-4.9%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	161,040	153,023	8,017	5.2%
4	Equity investments	16,517	11,400	5,117	44.9%
5	Non-current receivables and other assets	8,776	8,089	687	8.5%
6	Deferred tax assets	18,970	17,087	1,883	11.0%
7	Non-current financial activities	0	0	0	n.m.
	Total non-current assets	214,443	199,212	15,231	7.6%
Current assets					
8	Inventories	3,471	3,355	116	3.5%
9	Trade receivables	10,832	14,104	(3,272)	-23.2%
10	Tax receivables	4,864	3,977	887	22.3%
11	Other current assets	10,723	23,790	(13,067)	-54.9%
12	Cash and cash equivalents	4,644	9,407	(4,763)	-50.6%
13	Other current financial assets	326	11,344	(11,018)	-97.1%
	Total current assets	34,860	65,977	(31,117)	-47.2%
	TOTAL ASSETS	249,303	265,189	(15,886)	-6.0%
Shareholders' equity					
14	Share capital	(5,706)	(5,706)	0	0.0%
15	Reserves	(16,971)	(21,367)	4,396	-20.6%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(113,221)	(115,270)	2,049	-1.8%
	Equity attributable to the shareholders of the Parent Company	(135,898)	(142,343)	6,445	-4.5%
	Equity attributable to non-controlling interests	43	(1,375)	1,418	n.m.
	Total net equity	(135,855)	(143,718)	7,863	-5.5%
Non-current liabilities					
18	Employee benefits	(957)	(911)	(46)	5.0%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(1,609)	(1,824)	215	-11.8%
21	Non-current financial liabilities	(8,107)	(11,285)	3,178	-28.2%
	Total non-current liabilities	(10,754)	(14,101)	3,347	-23.7%
Current liabilities					
22	Trade payables	(44,053)	(46,837)	2,784	-5.9%
23	Tax payables	(1,995)	(2,782)	787	-28.3%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(8,224)	(8,635)	411	-4.8%
26	Current financial liabilities	(48,422)	(49,116)	694	-1.4%
	Total current liabilities	(102,694)	(107,370)	4,676	-4.4%
	TOTAL LIABILITIES	(113,448)	(121,471)	8,023	-6.6%
	TOTAL NET EQUITY AND LIABILITIES	(249,303)	(265,189)	15,886	-6.0%

The total non-current assets increase by Euro 15,231 thousand, reflecting the increase in intangible assets by Euro 8,017 thousand, net of the depreciation of the period and as a result of the significant investment plan implemented in the reporting period. The increase in Starbreeze shares by Euro 5,117 thousand is detailed in paragraph 5 of this Report, “Relationships with Starbreeze and Starbreeze shareholders”.

The total current assets decrease by Euro 31,117 thousand compared to June 30th, 2023. This reflects the lower amount of other current assets by Euro 13,067 thousand and the lower financial assets by Euro 11,018 thousand, due to the collection of the receivables from Starbreeze AB and from the conversion of the bond loan from the Swedish Group.

The non-current liabilities decrease by Euro 3,347 thousand compared to June 30th, 2023. The total current liabilities decrease by Euro 4,676 thousand.

The following table details the Group’s net financial position as of September 30th, 2023 together with comparative figures as of June 30th, 2023:

Euro thousand		September 30 th , 2023	June 30 th , 2023	Change
12	Cash and cash equivalents	4,644	9,407	(4,763)
13	Other current financial assets	326	11,344	(11,018)
26	Current financial liabilities	(48,422)	(49,116)	694
	Current net financial position	(43,452)	(28,365)	(15,087)
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(8,107)	(11,285)	3,178
	Non-current financial liabilities	(8,107)	(11,285)	3,178
	Total net financial position	(51,559)	(39,650)	(11,909)

The net financial position decreases from the Euro 39,650 thousand as of June 30th, 2023, totaling a negative Euro 51,559 thousand as of September 30th, 2023. This result is in line with expectations and consistent with the significant investment plan carried out by the Group within the reporting period. The Group will be able to manage its current liabilities generating the projected cash flow.

The total net financial position, net of the IFRS16 effect, is negative at Euro 46,571 million thousand.

8. SEGMENT REPORTING

Premium Games

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Premium Games					
		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	15,032	100,2%	15,529	100.0%	(497)	-3.2%
2	Revenue adjustments	(27)	-0,2%	0	0.0%	(27)	n.m.
3	Net revenue	15,005	100,0%	15,529	100.0%	(524)	-3.4%
4	Purchase of products for resale	(324)	-2,2%	(169)	-1.1%	(155)	91.4%
5	Purchase of services for resale	(1,725)	-11,5%	(1,185)	-7.6%	(540)	45.6%
6	Royalties	(3,128)	-20,8%	(2,913)	-18.8%	(215)	7.4%
7	Changes in inventories of finished products	100	0,7%	(127)	-0.8%	227	n.m.
8	Total cost of sales	(5,077)	-33,8%	(4,394)	-28.3%	(683)	15.6%
9	Gross profit (3+8)	9,928	66,2%	11,135	71.7%	(1,207)	-10.8%
10	Other income	2,397	16,0%	2,942	18.9%	(545)	-18.5%
11	Costs for services	(1,616)	-10,8%	(1,824)	-11.7%	208	-11.4%
12	Rent and leasing	(30)	-0,2%	(56)	-0.4%	26	-46.3%
13	Payroll costs	(6,240)	-41,6%	(5,637)	-36.3%	(603)	10.7%
14	Other operating costs	(208)	-1,4%	(134)	-0.9%	(74)	54.5%
15	Total operating costs	(8,094)	-53,9%	(7,651)	-49.3%	(443)	5.8%
16	Gross operating margin (EBITDA) (9+10+15)	4,231	28,2%	6,426	41.4%	(2,195)	-34.2%
17	Depreciation and amortization	(4,475)	-29,8%	(2,768)	-17.8%	(1,707)	61.7%
18	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	Total depreciation, amortization and impairment adjustments	(4,475)	-29,8%	(2,768)	-17.8%	(1,707)	61.7%
22	Operating margin (EBIT) (16+21)	(244)	-1,6%	3,658	23.6%	(3,902)	n.m.

Current market conditions make the release of new games into the market more challenging, especially for videogames with limited marketing budget to support the launch. Consumers are playing the same games for longer, rather than spending on new and different gaming experiences. Attracting gamers to new games intellectual properties requires greater investments in marketing than it used to.

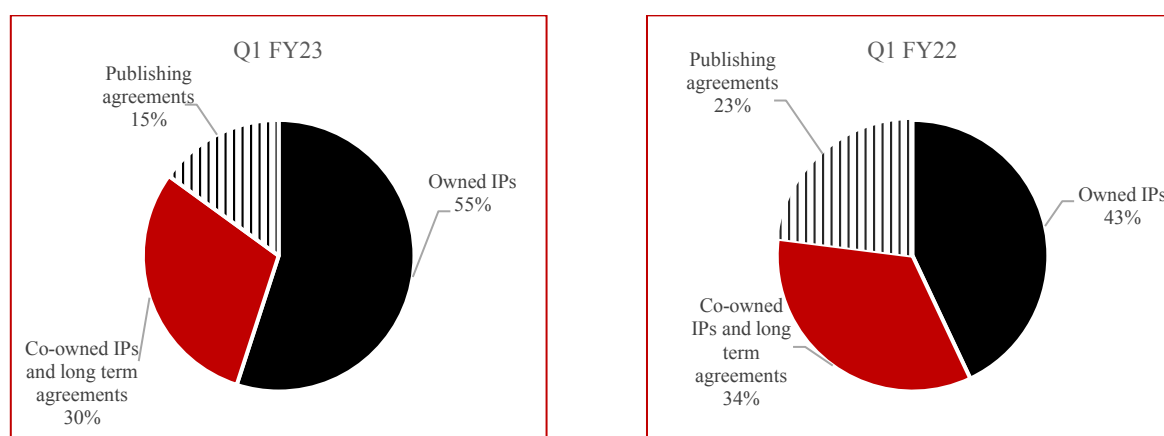
The Group is still cautiously optimistic with respect to the medium to long-term outlook, despite the headwinds mentioned above. The Group also believes that its current investment portfolio, consisting of new versions of successful games (Ghostrunner, Assetto Corsa, Control and Bloodstained) with large development and marketing budgets, remains aligned with the current market trend, even if the gamers will continue to be selective.

In the next fiscal years, 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.

The Premium Games revenue as of September 30th, 2023, amounted to Euro 15,005 thousand, representing the 74.3% of the consolidated total revenues, compared to the 69.4% at September 30th, 2022. The revenue was distributed among several back catalogue products, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 5.3 million revenue in the reporting period.

Video games developed on Intellectual properties (IPs) owned by the Group accounted for 55% of the total revenue for the Premium Games operating segment, increasing from the 43% as of September 30th, 2022. This is in line with the ongoing transformation of the Group, with a strategy focusing about owned and co-owned IPs and long-term agreements within its IP portfolio.

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



A breakdown by revenue type is provided below:

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change	
			Change	%
Retail distribution revenue	933	729	204	28.0%
Digital distribution revenue	13,428	13,719	(291)	-2.1%
Sublicensing revenue	671	1,081	(410)	-37.9%
Total Premium Games revenue	15,032	15,529	(497)	-3.2%

The revenue from the digital distribution amounted approximately to 89% of the Premium Games net revenue.

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

The revenue from digital distribution for the period ended September 30th, 2023 may be broken down by type of device as follows:

Euro thousand	September 30th, 2023	September 30th, 2022	Change	
Console	6,000	5,182	818	15.8%
Personal Computer	6,684	7,652	(968)	-12.7%
Mobile	744	885	(141)	-16.0%
Total digital distribution revenue	13,428	13,719	(291)	-2.1%

The net revenue was in line with the gross revenue trend for this operating sector.

The total cost of sales increased by Euro 683 thousand, driven by Euro 540 thousand of purchase of services for resale, mainly due to the live support costs following the launch of the video game Crime Boss: Rockay City, which were not recorded in the previous fiscal year.

The gross profit amounted to Euro 9,928 thousand, lower by Euro 1,207 thousand compared to September 30th, 2022.

The other income amounted to Euro 2,397 thousand, decreasing by Euro 545 thousand. The capitalization of videogames developed by fully owned studios involved:

- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l., scheduled to launch in the next fiscal year;
- the development of a new video game by the subsidiary Chrysalide Jeux et Divertissement Inc.

The lower result of other income was due to the launch of Crime Boss: Rockay City by Ingame Studios, which was included in this item in the previous fiscal year while it was still in the development phase.

The total operating costs amounted to Euro 8,094 thousand, slightly increasing by 5.8% compared to the first quarter of the previous fiscal year, mainly due to higher payroll costs by Euro 603 thousand coming from acquisitions and the establishment of internal development studios that increased the number of employees.

The gross operating margin (EBITDA) amounted to Euro 4,231 thousand (28.2% of net revenue), decreasing by Euro 2,195 thousand compared to Euro 6,426 thousand realized in the previous fiscal year.

The depreciation and amortization increased by Euro 1,707 thousand following the launch of videogames in the second half of the previous fiscal year.

The operating margin (EBIT) amounted to negative Euro 244 thousand, compared to the positive Euro 3,658 thousand as of September 30th, 2022.

Free to Play

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Free to Play					
		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	4,370	100.0%	5,971	100.0%	(1,601)	-26.8%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	4,370	100.0%	5,971	100.0%	(1,601)	-26.8%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(1,002)	-22.9%	(895)	-15.0%	(107)	12.0%
6	Royalties	(1,132)	-25.9%	(1,672)	-28.0%	540	-32.3%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(2,134)	-48.8%	(2,567)	-43.0%	433	-16.9%
9	Gross profit (3+8)	2,236	51.2%	3,404	57.0%	(1,168)	-34.3%
10	Other income	680	15.6%	909	15.2%	(229)	-25.2%
11	Costs for services	(481)	-11.0%	(774)	-13.0%	293	-37.8%
12	Rent and leasing	(44)	-1.0%	(91)	-1.5%	47	-51.8%
13	Payroll costs	(2,220)	-50.8%	(2,444)	-40.9%	224	-9.2%
14	Other operating costs	(24)	-0.5%	(69)	-1.2%	45	-65.8%
15	Total operating costs	(2,769)	-63.4%	(3,378)	-56.6%	609	-18.0%
16	Gross operating margin (EBITDA) (9+10+15)	147	3.4%	935	15.7%	(788)	-84.3%
17	Depreciation and amortization	(600)	-13.7%	(619)	-10.4%	19	-3.1%
18	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%	813	13.6%	(813)	n.m.
21	Total depreciation, amortization and impairment adjustments	(600)	-13.7%	194	3.2%	(794)	n.m.
22	Operating margin (EBIT) (16+21)	(453)	-10.4%	1,129	18.9%	(1,582)	n.m.

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

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change	
505 Go Inc.	3,080	4,379	(1,299)	-29.7%
Gems of War	924	1,279	(355)	-27.8%
Puzzle Quest 3	224	90	134	148.9%
Other products	142	223	(81)	-36.3%
Total Free to Play revenue	4,370	5,971	(1,601)	-26.8%

The Free to Play operating segment revenue decreased by 26.8%, from Euro 5,971 thousand as of September 30th, 2022 to the current Euro 4,370 thousand.

The revenue from video games distributed by the subsidiary 505 Go Inc. amounted to Euro 3,080 thousand, compared to the Euro 4,379 thousand of the first quarter of the previous fiscal year.

Gems of War generated Euro 924 thousand revenue. The 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 2022, while the consoles versions came to market during the last quarter of the previous fiscal year.

The total cost of sales decreased by Euro 433 thousand, driven by a contraction of Euro 540 thousand in royalties from 505 Go! Inc. videogames, partially offset by higher purchase of services for resale that amounted to Euro 107 thousand.

The other income decreased by Euro 229 thousand compared to September 30th, 2022, amounting to Euro 680 thousand, as a result of the video games development by subsidiaries. The capitalization of own work resulting from videogame development carried out by fully owned studios mainly involved the development of the Free to Play videogame Hawken by the subsidiary DR Studios Ltd..

The total operating costs amounted to Euro 2,769 thousand, decreasing by Euro 609 thousand compared to the first quarter of the previous fiscal year. The payroll costs were down by Euro 244 thousand and the cost for services decreased by Euro 293 thousand, mainly related to fewer advertising activities.

The gross operating margin (EBITDA) amounted to Euro 147 thousand (3.4% of net revenue) decreasing by Euro 788 thousand compared to Euro 935 thousand as of September 30th, 2022.

The depreciation and amortization as of September 30th, 2023 amounted to Euro 600 thousand and included Euro 440 thousand pertaining to the goodwill between the purchase price of the Australian companies and their net equity. The remaining part relates to the IFRS 16 application to the rental agreements for DR Studios Ltd. and for the Australian companies, as well as the amortization of the Group's intellectual properties for the reporting period.

The operating margin (EBIT) amounted to negative Euro 453 thousand compared to positive Euro 1,129 thousand as of September 30th, 2022.

Italian Distribution

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Italian Distribution					
		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	705	100.4%	698	103.9%	7	1.0%
2	Revenue adjustments	(2)	-0.2%	(26)	-3.9%	24	-94.3%
3	Net revenue	703	100.0%	672	100.0%	31	4.6%
4	Purchase of products for resale	(574)	-81.7%	(541)	-80.6%	(33)	6.0%
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	16	2.2%	(73)	-10.8%	89	-121.6%
8	Total cost of sales	(558)	-79.4%	(614)	-91.4%	56	-9.1%
9	Gross profit (3+8)	145	20.7%	58	8.6%	87	n.m.
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(63)	-9.0%	(74)	-11.1%	11	-14.6%
12	Rent and leasing	(4)	-0.5%	(3)	-0.4%	(1)	34.5%
13	Payroll costs	(219)	-31.2%	(200)	-29.8%	(19)	9.6%
14	Other operating costs	(11)	-1.6%	(28)	-4.1%	17	-59.2%
15	Total operating costs	(297)	-42.3%	(305)	-45.5%	8	-2.6%
16	Gross operating margin (EBITDA) (9+10+15)	(152)	-21.6%	(247)	-36.7%	95	-38.3%
17	Depreciation and amortization	(36)	-5.1%	(35)	-5.2%	(1)	3.1%
18	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	Total depreciation, amortization and impairment adjustments	(36)	-5.1%	(35)	-5.2%	(1)	3.1%
22	Operating margin (EBIT) (16+21)	(188)	-26.7%	(282)	-42.0%	94	-33.4%

The revenue from the Italian Distribution operating segment was essentially unchanged, amounting to Euro 705 thousand compared to Euro 698 thousand as of September 30th, 2022. Breakdown by revenue type is provided below:

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change	
Distribution of console video games	114	170	(56)	-32.9%
Distribution of trading cards	591	528	63	11.9%
Total Italian Distribution revenue	705	698	7	1.0%

The distribution of console video games decreased by Euro 56 thousand while the distribution of trading cards slightly increased by Euro 63 thousand.

The total cost of sales amounted to Euro 558 thousand, decreasing by Euro 56 thousand compared to of September 30th, 2022.

The total operating costs amounted to Euro 297 thousand, with no significant change compared to the Euro 305 thousand recorded as of September 30th, 2022. As a result, the gross operating margin (EBITDA) remains negative for Euro 152 thousand compared to negative Euro 247 thousand as of September 30th, 2022. The EBIT was negative for Euro 1,888 thousand compared to negative Euro 282 thousand as of September 30th, 2022.

Other Activities

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Other Activities					
		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	118	100.0%	189	100.0%	(71)	-38.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	118	100.0%	189	100.0%	(71)	-38.0%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
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	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	118	100.0%	189	100.0%	(71)	-38.0%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(85)	-72.7%	(136)	-71.8%	51	-37.2%
12	Rent and leasing	(0)	-0.2%	(2)	-0.9%	2	0.0%
13	Payroll costs	(156)	-133.1%	(136)	-71.9%	(20)	14.9%
14	Other operating costs	(7)	-6.3%	(8)	-4.2%	1	-7.3%
15	Total operating costs	(248)	-211.3%	(282)	-148.8%	34	-11.9%
16	Gross operating margin (EBITDA) (9+10+15)	(130)	-110.5%	(93)	-49.3%	(37)	38.9%
17	Depreciation and amortization	(92)	-78.3%	(87)	-46.2%	(5)	5.3%
18	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	Total depreciation, amortization and impairment adjustments	(92)	-78.3%	(87)	-46.2%	(5)	5.3%
22	Operating margin (EBIT) (16+21)	(222)	-188.8%	(180)	-95.0%	(42)	23.3%

The revenue for the Other Activities operating sector decreased by Euro 71 thousand, while the operating costs slightly decreased by Euro 34 thousand. The EBITDA was negative for Euro 130 thousand, compared to the negative Euro 93 thousand as of September 30th, 2022. The net loss was at Euro 222 thousand, compared to the previous operating loss of Euro 180 thousand as of September 30th, 2022.

Holding

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Holding					
		September 30 th , 2023		September 30 th , 2022		Change	
1	Gross revenue	0	0.0%	0	0.0%	0	0.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	 Net revenue	0	0.0%	0	0.0%	0	0.0%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
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	0	0.0%	0	0.0%	0	0.0%
8	 Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	 Gross profit (3+8)	0	0.0%	0	0.0%	0	0.0%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(555)	0.0%	(482)	0.0%	(73)	15.2%
12	Rent and leasing	(55)	0.0%	(41)	0.0%	(14)	36.5%
13	Payroll costs	(1,107)	0.0%	(1,191)	0.0%	84	-7.0%
14	Other operating costs	(119)	0.0%	(152)	0.0%	33	-22.0%
15	 Total operating costs	(1,836)	0.0%	(1,866)	0.0%	30	-1.6%
16	 Gross operating margin (EBITDA) (9+10+15)	(1,836)	0.0%	(1,866)	0.0%	30	-1.6%
17	Depreciation and amortization	(232)	0.0%	(217)	0.0%	(15)	6.8%
18	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	 Total depreciation, amortization and impairment adjustments	(232)	0.0%	(217)	0.0%	(15)	6.8%
22	 Operating margin (EBIT) (16+21)	(2,068)	0.0%	(2,083)	0.0%	15	-0.7%

The total operating costs amounted to Euro 1,836 thousand, decreasing by Euro 30 thousand compared to September 30th, 2022.

The operating margin (EBIT) was negative for Euro 2,068 thousand compared to a negative Euro 8,267 thousand as of September 30th, 2022.

9. CONTINGENT ASSETS AND LIABILITIES

As part of the deal finalized in May 2016 for the transferring of PAYDAY 2 rights to Starbreeze AB, Digital Bros will potentially receive up to USD 40 million in the form of 33% of Starbreeze net revenue from PAYDAY 3 sales. In March 2021, the Swedish company announced a publishing deal with a major international publisher for the global release of PAYDAY 3.

Digital Bros did not recognise any amount related to this transaction in this Report, since neither the amount nor the timing of the earn-out have been defined yet. This practice is adopted in compliance with the criteria set out by international accounting standards and in line with the approach adopted in the previous fiscal years.

10. SIGNIFICANT EVENTS OCCURRED AFTER SEPTEMBER 30TH, 2023

On October 27th, 2023, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2022-2023 and appointed the new members of the Board of Directors and the Board of Statutory Auditors. The new corporate bodies will remain in office until the approval of the financial statements for the fiscal year ending on June 30th, 2026.

11. BUSINESS OUTLOOK

The Group's publishing plan for this fiscal year provides the launch of Ghostrunner 2 in the second quarter and the launch of the new game Eiyuden Chronicles – Hundred Heroes in the fourth quarter. The launch of the PC version of Assetto Corsa 2 is postponed to next Summer, to enable the release of the Season 2024 pack for Assetto Corsa Competizione, the official game of the Fanatec GT World Challenge, scheduled for Spring 2024. Such rescheduling is expected not to have any significant effect on the projected revenue for this fiscal year.

The management believes that its publishing strategy based on the release of successful game sequels and new games with significant crowdfunding support should mitigate the launch-related risks and improve revenue predictability. The Group remains cautiously optimistic about its long-term publishing plans, which will involve the release of the sequels of Assetto Corsa and Control.

No significant launches are expected to occur in the Free to Play operating sector, which realized a satisfying level of revenues and margins, after the acquisition of 505 Go Inc..

The forecasted revenue and operating margins for this fiscal year are expected to grow in the second half of the fiscal year, in line with the release schedule.

The Group's investment plan will continue during this fiscal year, with investments expected to exceed Euro 50 million. As a result of this strategy, the net financial debts will further grow in the next two quarters, but it is expected to return to the same levels as of June 30th, 2023 at the end of this 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 of in full, it would result in a significant improvement in the Group's financial performance.

12. OTHER INFORMATION

EMPLOYEES

The following table details the number of employees as of September 30th, 2023 with comparative figures as at September 30th,2022:

Category	September 30th, 2023	September 30th, 2022	Change
Managers	14	14	0
Office workers	423	375	48
Blue-collar workers and apprentices	5	4	1
Total employees	442	393	49

The increase in the number of office workers reflected the overall increase in the number of Chrysalide Jeux et Divertissement Inc. employees and the increase in the workforce for 505 Games Ltd. and DR Studios Ltd..

The following table reports the number of employees of non-Italian companies as of September 30th, 2023, with comparative figures as of September 30th,2022:

Category	September 30th, 2023	September 30th, 2022	Change
Managers	8	9	(1)
Office workers	319	281	38
Total employees outside Italy	327	290	37

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 comparative figures:

Category	Average no. in 2023	Average no. in 2022	Change
Managers	14	14	0
Office workers	420	371	49
Blue-collar workers and apprentices	4	4	0
Total employees	438	389	49

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

Category	Average no. in 2023	Average no. in 2022	Change
Managers	8	9	(1)
Office workers	316	277	39
Total employees	324	286	38

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 exceptionally 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 toners 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.

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**Condensed consolidated financial
statements as of September 30th, 2023**



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Consolidated balance sheet as of September 30th, 2023

Euro thousand		September 30 th , 2023	June 30 th , 2023
	Non-current assets		
1	Property, plant and equipment	9,140	9,613
2	Investment properties	0	0
3	Intangible assets	161,040	153,023
4	Equity investments	16,517	11,400
5	Non-current receivables and other assets	8,776	8,089
6	Deferred tax assets	18,970	17,087
7	Non-current financial activities	0	0
	Total non-current assets	214,443	199,212
	Current assets		
8	Inventories	3,471	3,355
9	Trade receivables	10,832	14,104
10	Tax receivables	4,864	3,977
11	Other current assets	10,723	23,790
12	Cash and cash equivalents	4,644	9,407
13	Other current financial assets	326	11,344
	Total current assets	34,860	65,977
	TOTAL ASSETS	249,303	265,189
	Shareholders' equity		
14	Share capital	(5,706)	(5,706)
15	Reserves	(16,971)	(21,367)
16	Treasury shares	0	0
17	Retained earnings	(113,221)	(115,270)
	Equity attributable to the shareholders of the Parent Company	(135,898)	(142,343)
	Equity attributable to non-controlling interests	43	(1,375)
	Total net equity	(135,855)	(143,718)
	Non-current liabilities		
18	Employee benefits	(957)	(911)
19	Non-current provisions	(81)	(81)
20	Other non-current payables and liabilities	(1,609)	(1,824)
21	Non-current financial liabilities	(8,107)	(11,285)
	Total non-current liabilities	(10,754)	(14,101)
	Current liabilities		
22	Trade payables	(44,053)	(46,837)
23	Tax payables	(1,995)	(2,782)
24	Short term provisions	0	0
25	Other current liabilities	(8,224)	(8,635)
26	Current financial liabilities	(48,422)	(49,116)
	Total current liabilities	(102,694)	(107,370)
	TOTAL LIABILITIES	(113,448)	(121,471)
	TOTAL NET EQUITY AND LIABILITIES	(249,303)	(265,189)

Consolidated profit and loss statement for the period ended September 30th, 2023

	Euro thousand	September 30th, 2023	September 30th, 2022
1	Gross revenue	20,225	22,387
2	Revenue adjustments	(29)	(26)
3	Net revenue	20,196	22,361
4	Purchase of products for resale	(898)	(710)
5	Purchase of services for resale	(2,727)	(2,080)
6	Royalties	(4,260)	(4,585)
7	Changes in inventories of finished products	116	(200)
8	Total cost of sales	(7,769)	(7,575)
9	Gross profit (3+8)	12,427	14,786
10	Other income	3,077	3,851
11	Costs for services	(2,800)	(3,290)
12	Rent and leasing	(133)	(193)
13	Payroll costs	(9,942)	(9,608)
14	Other operating costs	(369)	(391)
15	Total operating costs	(13,244)	(13,482)
16	Gross operating margin (EBITDA) (9+10+15)	2,260	5,155
17	Depreciation and amortization	(5,435)	(3,726)
18	Provisions	0	0
19	Asset impairment charge	0	0
20	Impairment reversal	0	813
21	Total depreciation, amortization and impairment adjustments	(5,435)	(2,913)
22	Operating margin (EBIT) (16+21)	(3,175)	2,242
23	Interest and financial income	643	2,798
24	Interest and financial expenses	(1,042)	(1,359)
25	Net interest income/(expenses)	(399)	1,439
26	Profit/ (loss) before tax (22+25)	(3,574)	3,681
27	Current tax	291	(670)
28	Deferred tax	166	76
29	Total taxes	457	(594)
30	Net profit/loss	(3,117)	3,087
	attributable to the shareholders of the Parent Company	(2,413)	2,996
	attributable to non-controlling interests	(704)	91
	Earnings per share:		
33	Basic earnings per share (in Euro)	(0.17)	0.21
34	Diluted earnings per share (in Euro)	(0.16)	0.21

Consolidated comprehensive income statement as of September 30th, 2023

Euro thousand	September 30th, 2023	September 30th, 2022
Profit (loss) for the period (A)	(3,117)	3,087
Actuarial gain (loss)	(6,111)	139
Income tax relating to actuarial gain (loss)	1,467	(33)
Changes in the fair value	(4,644)	106
Tax effect regarding fair value measurement of financial assets	209	581
Items that will not be subsequently reclassified to profit or loss (B)	209	581
Exchange differences on translation of foreign operations	(4,435)	687
Items that will subsequently be reclassified to profit or loss (C)	(7,552)	3,774
Total other comprehensive income D= (B)+(C)		
Total comprehensive income (loss) (A)+(D)	(6,848)	3,683
Attributable to:	(704)	91
Shareholders of the Parent Company	(3,117)	3,087
Non-controlling interests	(6,111)	139

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 September 30th, 2023

Euro thousand	September 30 th , 2023	September 30 th , 2022
A. Opening net cash/debt	9,407	10,961
B. Cash flows from operating activities		
Profit (loss) for the period	(3,117)	3,087
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	0	0
Amortization of intangible assets	4,783	3,098
Depreciation of property, plant and equipment	652	628
Net change in tax advance	(1,883)	(4,986)
Net change in employee benefit provisions	46	50
Net change in other non-current liabilities	(4,746)	743
SUBTOTAL B.	(4,265)	2,620
C. Change in net working capital		
Inventories	(116)	200
Trade receivables	3,272	6,600
Current tax assets	(887)	1,381
Other current assets	13,067	(332)
Trade payables	(2,784)	(9,426)
Current tax liabilities	(787)	907
Current provisions	0	0
Other current liabilities	(411)	1,654
Other non-current liabilities	(215)	109
Non-current receivables and other assets	(687)	(4,529)
SUBTOTAL C.	10,452	(3,436)
D. Cash flows from investing activities		
Net payments for intangible assets	(12,800)	(16,458)
Net payments for property, plant and equipment	(179)	(464)
Net payments for non-current financial assets	(5,117)	(139)
SUBTOTAL D.	(18,096)	(17,061)
E. Cash flows from financing activities		
Capital increases	0	1
Changes in financial liabilities	(3,872)	15,584
Changes in financial assets	11,018	37
SUBTOTAL E.	7,146	15,622
F. Changes in consolidated equity		
Dividends paid	0	0
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
SUBTOTAL F.	0	0
G. Cash flow for the period (B+C+D+E+F)	(4,763)	(2,255)
H. Closing net cash/debt (A+G)	4,644	8,706

Consolidated statement of changes in equity as of September 30th, 2023

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	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, 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
Other changes						40	40		(5)		(5)	35		35
Comprehensive income (loss)					581	106	687			2,996	2,996	3,683	91	3,774
Total on September 30th, 2022	5,706	18,528	1,141	1,367	(30)	1,772	22,778	0	108,155	2,996	111,151	139,635	1,514	141,149
Total on July 1st, 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
Capital increases							0				0	0		0
Allocation of previous year result							0		9,683	(9,683)	0	0	0	0
Other changes						39	39		364		364	403	(714)	(311)
Comprehensive income (loss)					209	(4,644)	(4,435)			(2,413)	(2,413)	(6,848)	(704)	(7,552)
Total on September 30th, 2023	5,706	18,528	1,141	1,367	(704)	(3,361)	16,971	0	115,634	(2,413)	113,221	135,898	(43)	135,855



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**Notes to the condensed consolidated
financial statements as of September 30th,
2023**



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INTRODUCTORY NOTE

The condensed consolidated financial statements as of September 30th, 2023 were approved by the Board of Directors on November 9th, 2023. The Board of Directors authorized the dissemination of the main results through the publication of a press release on November 9th, 2023.

The condensed consolidated financial statements were prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1st, 2022 as adopted by the European Union. More precisely, the condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34 on interim financial reports.

The Interim Report does not include all the disclosures required for annual financial statements and should be read in conjunction with the Group's consolidated financial statements as of June 30th, 2023.

Digital Bros Group Interim Report as of September 30th, 2023 has been prepared on a going concern basis. The Group has assessed no significant uncertainties regarding 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 as of June 30th, 2023.

Accounting standards, amendments, and interpretations of IFRS applicable from July 1st, 2022

With regards to the application of the accounting standards applied by Digital Bros Group, please refer to the consolidated financial statements as of June 30th, 2023, available on the corporate website.

In accordance to the EU Regulation, the accounting standards adopted by the Group do not take into account laws and interpretations published by IASB and IFRIC on June 30th, 2023 that have not been approved by the European Union yet.

Standards and interpretations that have been enacted but that have not come to force as of date of preparation of this document, will be adopted by the Group only once they will be effective.

NON-CURRENT ASSETS

The total non current assets increased by Euro 15,231 thousand as of September 30th, 2023. This is driven by the increase in investments in intangible assets by Euro 8,017 thousand, net of the amortization for the period, as a result of the significant investment plan carried out by the Group and because of the increase in equity investments by Euro 5,117 thousand.

The detail of the increase in intangible assets, compared to the first quarter of the last fiscal year are as follows:

Euro thousand	September 30 th , 2023	September 30 th , 2022
Premium Games rights	164	1,585
Management systems	25	19
Total investments on concessions and licences (1)	189	1,604
Total investments on trademarks (2)	2	0
Total assets in development by internal studios (3)	3,929	4,993
Total assets in development for third-parties Ips (4)	8,680	9,861
Total investments to assets in development (5) = (3+4)	12,609	14,854
Total investments on intangible assets (1)+(2)+(5)	12,800	16,458

The total investments in equity increased by Euro 5,117 thousand, primarily due to the subscription of new Starbreeze shares and their adjustment to market value as of September 30th, 2023. Details below:

Euro thousand	September 30 th , 2023	June 30 th , 2023	Change
MSE&DB SI	5	5	0
Artactive S.A.	9	9	0
Total investments in associated companies (A)	14	14	0
Starbreeze AB - A shares	4,709	7,845	(3,136)
Starbreeze AB - B shares	11,567	3,390	8,177
Noobz from Poland S.A.	227	151	76
Total other investments (B)	16,503	11,386	5,117
Total equity investments (A+B)	16,517	11,400	5,117

Changes in Starbreeze shares are detailed in the “Significant events during the reporting period” paragraph in the Directors’ Report.

The total non-current receivables and other assets amounted to Euro 8,776 thousand and increased by Euro 687 thousand compared to June 30th, 2023:

Euro thousand	September 30th 2023	June 30th 2023	Changes
Receivable from Starbreeze AB	4,425	4,425	0
Royalties receivables	3,474	2,785	689
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	237	239	(2)
Guarantee deposits – other	5	5	0
Total non-current receivables and other assets	8,776	8,089	687

As of September 30th, 2023, the item receivable from Starbreeze AB, solely relates to the costs paid for the development of the videogame The Walking Dead by 505 Games S.p.A., for which the Group requested reimbursement.

The royalty receivables consisted of the advance royalties payment made by 505 Games S.p.A. and 505 Go Inc., which are expected to be used after more than twelve months.

The remaining part relates to guarantee deposits for contractual obligations.

The deferred tax assets are calculated on taxes loss carryforwards and on temporary differences between the carrying value and the tax value. They have been estimated at the tax rates expected in the period when the assets will be realized or settled. As of September 30th, 2023, the balance is at Euro 18,970 thousand, increased by Euro 1,883 thousand compared to June 30th, 2023 resulting from the recognition of the deferred tax assets related to the adjustment to market value of the Starbreeze shares as of September 30th,2023.

CURRENT ASSETS

The total current assets decreased by Euro 31,117 thousand compared to June 30th, 2023, due to a decrease in other current assets for Euro 13,067 thousand and lower other financial assets for Euro 11,018 thousand.

Other current assets are as follows:

Euro thousand	September 30th, 2023	June 30th, 2023	Change
Receivable from Starbreeze AB	0	12,706	(12,706)
Receivables for video game user licensing rights	3,699	3,866	(167)
Advances for video game development operating costs	4,360	5,020	(660)
Advances to suppliers	2,526	2,054	472
Other receivables	138	144	(6)
Total other current assets	10,723	23,790	(13,067)

The receivable from Starbreeze AB was fully collected on July 3rd, 2023.

The receivables for video game user licensing rights include the advances paid for the acquisition of video game licenses, whose exploitation has not yet started or been completed at the end of the reporting period. They decreased by Euro 167 thousand to Euro 3,699 thousand.

The advances for video game development operating costs are at Euro 4,360 thousand and consist of the costs incurred in advance to develop video games, in particular those related to services for the programming of video games, quality assurance and other operating costs related to the development of video games such as ratings and localization.

NON-CURRENT LIABILITIES

The total non-current current liabilities decreased by Euro 3,347 thousand compared to June 30th, 2023, due to a decrease in the non-current financial liabilities.

The other non-current payables and liabilities amount to Euro 1,609 thousand and consist of:

- the portion of the loan due beyond twelve months for the purchase of the Australian companies, amounting to Euro 642 thousand;
- the remaining portion of the loan used for the acquisition of 505 Go Inc, amounting to Euro 967 thousand.

The employee benefits reflected the actuarial value at the closing date of the Group's liability to employees, as calculated by an independent actuary, pursuant to IAS 19.

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

The non-current financial liabilities include instalment loans beyond 12 months and the other non-current financial liabilities, amounting to total Euro 8,107 thousand.

CURRENT LIABILITIES

The total current liabilities amount to Euro 102,694 thousand, decreased by Euro 4,676, due to lower trade payables for Euro 2,784 thousand.

The total trade payables amounted to Euro 44,053 thousand as of September 30th, 2023, mostly payables to developers for royalties.

The other current liabilities amount to Euro 8,224 thousand and include Euro 4,039 thousand relating to advance payments from customers related to sub-licensing contracts on the Group's intellectual properties.

The residual part includes the payables to employees for the holiday accrual and days off at the end of the reporting period, the amounts accrued for the deferred portion of short term bonuses and their social security contributions.

NET EQUITY

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

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	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, 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
Capital increases							0				0	0		0
Allocation of previous year result							0		9,683	(9,683)	0	0	0	0
Other changes						39	39		364		364	403	(714)	(311)
Comprehensive income (loss)					209	(4,644)	(4,435)			(2,413)	(2,413)	(6,848)	(704)	(7,552)
Total on September 30th, 2023	5,706	18,528	1,141	1,367	(704)	(3,361)	16,971	0	115,634	(2,413)	113,221	135,898	(43)	135,855

14. Share capital

The share capital as of September 30th, 2023 is unchanged compared to June 30th, 2023. It is split into 14,265,037 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,706,014.80. No other shares of any nature were issued. There are no rights, liens or restrictions associated with the ordinary shares.

15. Reserves

The change in Other reserves included a Euro 39 thousand increase to adjust the stock option reserve and the decrease of the reserve for fair value measurement of financial assets for Euro 4,644 thousand.

17. Retained earnings (losses)

The change in Retained earnings includes:

- Euro 9,683 thousand for the allocation of profit of the previous fiscal year.

- Euro 364 thousand for the recognition of the net equity of the minority shareholders of Ingame Studios a.s. as of June 30th, 2023 for Euro 714 thousand Euro, net of the purchase price of the remaining 40% of the company which amounted to Euro 350 thousand.

NET FINANCIAL POSITION

The following table contains details of the Group's net financial position as of September 30th, 2023 together with comparative figures as of June 30th, 2023:

	Euro thousand	September 30th, 2023	June 30th, 2023	Change
12	Cash and cash equivalents	4,644	9,407	(4,763)
13	Other current financial assets	326	11,344	(11,018)
26	Current financial liabilities	(48,422)	(49,116)	694
	Current net financial position	(43,452)	(28,365)	(15,087)
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(8,107)	(11,285)	3,178
	Non-current net financial position	(8,107)	(11,285)	3,178
	Total net financial position	(51,559)	(39,650)	(11,909)

As expected, the net financial position decreased by Euro 11,909 thousand from negative Euro 39,650 thousand as of June 30th, 2023 to negative Euro 51,559 thousand, due to the significant investment plan implemented by the Group. The Group will be able to manage the current liabilities with the generation of projected cash flow.

Net of IFRS 16, the net financial position amounted to negative Euro 46,571 thousand.

Information on the net financial position in accordance with the Guidelines on disclosure requirements pursuant to the regulation on the prospectus issued by ESMA (European Securities and Markets Authority) on March 4th, 2021 can be found below.

	Euro thousand	September 30th, 2023	June 30th, 2023	Change	
A.	Cash	4,644	9,407	(4,763)	-50.6%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	4,644	9,407	(4,763)	-50.6%
E.	Current financial debt (included debt instrument, but excluding current portion of non-current financial debt)	0	0	0	0.0%
F.	Current portion of non-current financial debt	48,422	49,116	(694)	0.0%
G.	Current financial indebtedness (E + F)	48,422	49,116	(694)	-1.4%
H.	Net current financial indebtedness (G - D)	43,778	39,709	4,069	10.2%
I.	Non-current financial liabilities (excluding current portion and debt instruments)	8,107	11,285	(3,178)	28.2%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current trade and other payables	0	0	0	0.0%
L.	Non-current financial indebtedness (I + J + K)	8,107	11,285	(3,178)	-28.2%
M.	Total financial indebtedness (H + L)	51,885	50,994	891	1.7%

PROFIT AND LOSS STATEMENT

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended on September 30th, 2023. The Holding operating segment did not generate revenue:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	4,370	15,032	705	118	20,225
2	Revenue adjustments	0	(27)	(2)	0	(29)
3	Total net revenue	4,370	15,005	703	118	20,196

As of September 30th, 2022, the breakdown was as follows:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	5,971	15,529	698	189	22,387
2	Revenue adjustments	0	0	(26)	0	(26)
3	Total net revenue	5,971	15,529	672	189	22,361

The total net revenue is commented in the Directors' Report.

25. Net financial result

The analysis is as follows:

	Euro thousand	September 30 th , 2023	September 30 th , 2022	Change €	Change %
23	Interest and financial income	643	2,798	(2,155)	-77.0%
24	Interest and financial expense	(1,042)	(1,359)	317	-23.3%
25	Net financial income / (expenses)	(399)	1,439	(1,838)	n.m.

The net financial result was negative for Euro 399 thousand compared to positive Euro 1,439 thousand registered in the first quarter of the fiscal year, due to a Euro 2,155 thousand decrease in interest and financial income, only partially offset by lower interest and financial expense for Euro 317 thousand.

Interest and financial income may be analyzed as follows:

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change €	Change %
Currency exchange gains	546	1,702	(1,156)	-67.9%
Financial income	0	1,096	(1,096)	-100.0%
Interest on derivative products	93	0	93	n.m.
Other	4	0	4	n.m.
Total interest and financial income	643	2,798	(2,155)	-77.0%

As of September 30th, 2022 the total interest and financial income included Euro 966 thousand for the restatement of the receivable amounting to USD 20 million to Starbreeze, purchased for an amount of Euro 100 thousand, fully collected on July 3rd, 2023.

The interest and financial expenses amounted to Euro 1,042 thousand, decreasing by Euro 1,359 thousand compared to September 30th, 2022, as a result of lower currency exchange losses, partially offset by higher interest expenses on sources of finance. Interest and financial expenses are analyzed in detail as follows:

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change €	Change %
Interest expenses on current accounts and trade finance	(329)	(55)	(274)	n.m.
Interest expenses on loans and leases	(349)	(72)	(277)	n.m.
Total interest expenses on sources of finance	(678)	(127)	(551)	n.m.
Currency exchange losses	(364)	(1,232)	868	-70.5%
Total interest expenses	(1,042)	(1,359)	317	-23.3%

29. Total taxes

Current and deferred taxes as of September 30th, 2023 are detailed below:

Euro thousand	September 30 th , 2023	September 30 th , 2022	Change €	Change %
Current taxes	291	(670)	961	n.m..
Deferred taxes	166	76	90	n.m..
Total taxes	457	(594)	1,051	n.m..

The decrease in total taxes is driven by a lower taxable base of the Italian companies.

Information by geographical area

The gross revenue may be broken down by geographical area as follows:

Euro thousand	September 30 th , 2023		September 30 th , 2022		Change	
Europa	696	3%	851	15%	(155)	-18.2%
Americas	14,569	72%	15,960	70%	(1,391)	-8.7%
Rest of the World	4,130	20%	4,678	10%	(548)	-11.7%
Total foreign revenue	19,395	96%	21,488	95%	(2,094)	-9.7%
Italy	830	4%	899	5%	(69)	-7.7%
Total consolidated gross revenue	20,225	100%	22,387	100%	(2,163)	-9.7%

In line with the result of the first quarter of the previous fiscal year, the total foreign revenue represented 96% of consolidated gross revenue and decreased by Euro 2,094 thousand compared to September 30th, 2022. The 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 the subsidiary 505 Games S.p.A. in the Far East.

Premium Games represented the most significant portion of foreign revenue, generating Euro 15,032 thousand i.e. 77% of total foreign revenue.

Euro thousand	September 30 th , 2023		September 30 th , 2022		Change	
Premium Games	4,370	23%	5,971	7%	(1,601)	-26.8%
Free to Play	15,025	77%	15,529	93%	(504)	-3.2%
Total gross foreign revenue	19,395	100%	21,500	100%	(2,105)	-9.8%

Related parties transactions

As of September 30th, 2023, no unusual or extraordinary related parties transactions has been carried out.

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

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

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the Interim Report for the period July 1st, 2023 – September 30th, 2023. No significant issues have arisen.

We also confirm that:

1. the Interim Report of Digital Bros Group as of September 30th, 2023:
 - a) has been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19th, 2002;
 - b) reflects the accounting books and records;
 - c) gives a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Directors' Report as of September 30th, 2023 accompanying the Interim Report includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, November 9th, 2023

Signed

Chairman of the Board of Directors

Chief Financial Officer

Abramo Galante

Stefano Salbe