



## **Interim Report as of March 31<sup>st</sup>, 2024**

**(First nine months 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](http://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
Abramo Galante	Chairman and CEO	E		
Davide Galante	Director	NE		
Raffaele Galante	CEO	E		
Susanna Pedretti	Director	I	M	P
Stefano Salbe <sup>(1)</sup>	Director	E		
Laura Soifer <sup>(2)</sup>	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	

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

<sup>(2)</sup> 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 27<sup>th</sup>, 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 of June 30<sup>th</sup>, 2026. On January 24<sup>th</sup>, 2024, the Group's Director Lidia Florean sadly passed away. On May 14<sup>th</sup>, 2024, The Board of Directors decided to abstain from the co-option of a new Board member. A consensus on a new nominee was not achieved and the Board assessed that the current structure of eight members allows for an effective management control of the Group in its current complexity. Further decision about the co-option will be referred to the next Shareholders' Meeting.

On October 27<sup>th</sup>, 2023, the Shareholders' Meeting appointed Abramo Galante as Chairman of the Board of Directors. On November 9<sup>th</sup>, 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 7<sup>th</sup>, 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 27<sup>th</sup>, 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 30<sup>th</sup>, 2030.

### **Other information**

The publication of Digital Bros Group's Interim Report as of March 31<sup>st</sup>, 2024 was authorized by a resolution of the Board of Directors on May 14<sup>th</sup>, 2024.

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 Ltd. and 505 Games (US) Inc. which operate respectively in the UK and in the U.S. Hook S.r.l. publishes budget videogames. 505 Games Interactive (US) Inc. provides consultancy services on behalf of 505 Games S.p.A..

505 Games France S.a.s., 505 Games Spain Slu and 505 Games GmbH carried out marketing activities for their local markets during the first half of the fiscal year but were subject to the reorganization process to decrease the Group's operating costs during the third quarter of the fiscal year.

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

- the Italian company Kunos Simulazioni S.r.l., which developed and published the Assetto Corsa and the Assetto 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.

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!.

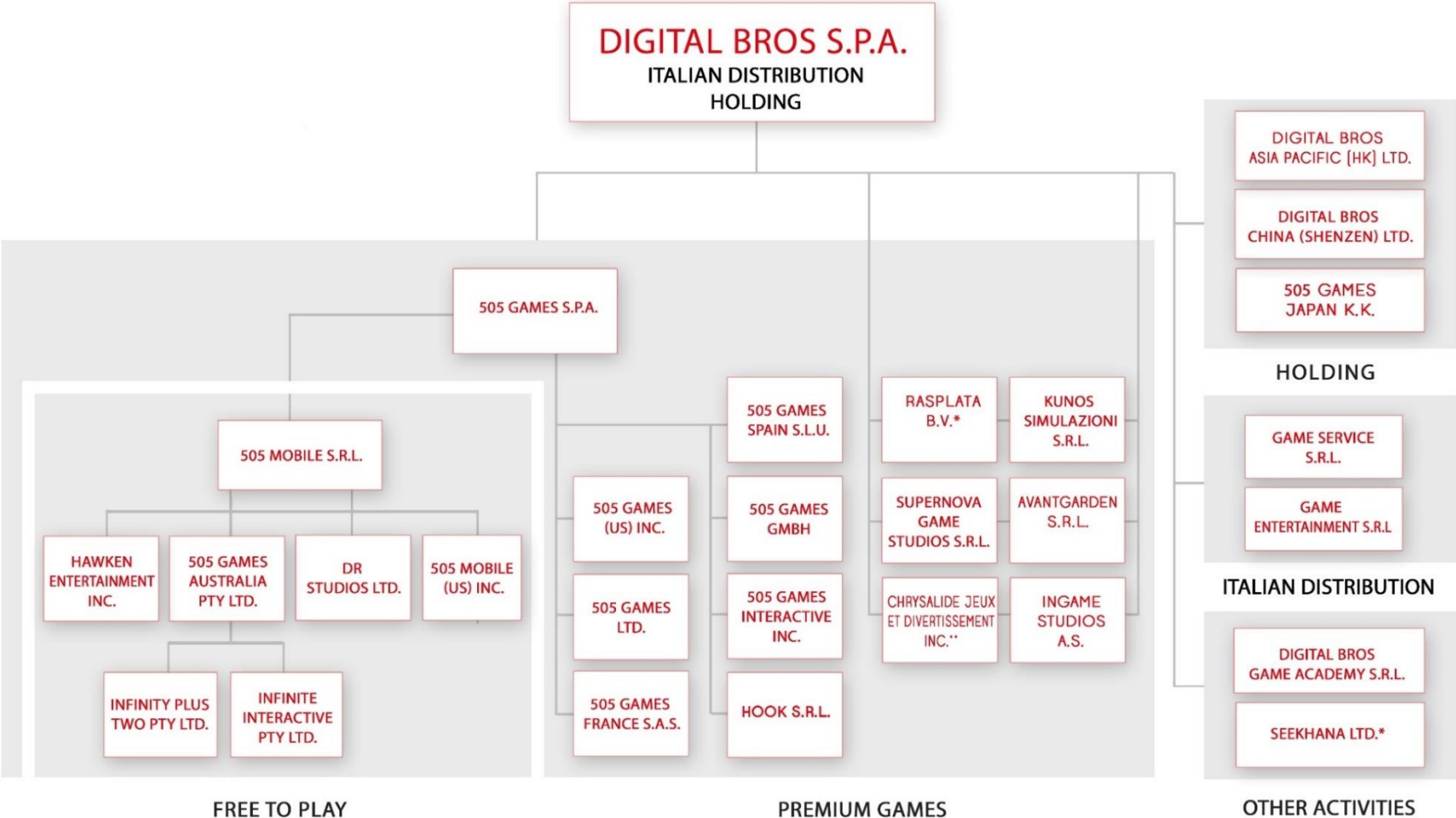
**Italian Distribution:** consists of the distribution in Italy of video games purchased from international publishers. The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

**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 March 31st, 2024 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. <sup>(2)</sup>	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. <sup>(1)</sup>	Churchill-iaan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. <sup>(1)</sup>	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
Supernova Games Studios S.r.l.	Via Tortona, 37 Milan	Offices

<sup>(1)</sup> 60% consolidated

<sup>(2)</sup> 75% consolidated

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 growth achieved by the video game industry during the pandemic created an overall optimism and most competitors entered into new productions, also increasing the average investment per game. In 2023, a record 50,000 new video games were launched within a very competitive marketplace, making it harder to meet the expected volume and revenue targets. Most players in the market had to reconsider their strategies in terms of portfolio investments and marketing spending to facing this competitive environment. As a result, an extensive number of layoffs, studios closures and the cancellation of new projects were announced starting from the second half of 2023, until today.

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. 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. Revenue 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 revenue 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 revenue 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 revenue 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 in physical distribution revenue as a percentage of total consolidated revenue resulted in a lower volatility of the financial position.

## 5. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The significant events occurred during the reporting period are listed below:

- The Shareholders' Meeting held on October 27<sup>th</sup>, 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 of June 30<sup>th</sup>, 2026.
- On November 14<sup>th</sup>, 2023, having reconsidered the number of projects under development to adapt to the new competitive scenario, the Group announced an organizational review that represents a reduction of approximately 30% of its global workforce, predominantly within its development studios and, to a lesser extent, in its publishing units, both Premium and Free to Play.
- On February 28<sup>th</sup>, 2024, 505 Games S.p.A. entered into an agreement with Remedy Entertainment to revert all publishing, distribution, and marketing rights related to the Control franchise to the Finnish developer, for a total repayment of minimum Euro 15.7 million, with a potential minor premium. This corresponds to the investment made to date by 505 Games for the development of the video games Condor and Control 2. 505 Games will continue as the exclusive publisher of Control until December 31<sup>st</sup>, 2024, executing the existing sublicensing deals under their original terms.

### Relationship 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 revenue from the future video game PAYDAY3. At the end of the reporting period, the earn-out was not accounted for and has been considered as 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 3<sup>rd</sup>, 2019. On December 6<sup>th</sup>, 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 15<sup>th</sup>, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtré AB for a consideration of around SEK 25.8 million, at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26<sup>th</sup>, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze 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;
  - b) a receivable of around SEK 165 million for a consideration of Euro 100 thousand. This credit fell under the Starbreeze restructuring process and provided for repayment based on the terms of payment approved by the Swedish District Court and no 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 April 28<sup>th</sup>, 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).

On July 3<sup>rd</sup>, 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 10<sup>th</sup>, 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 19<sup>th</sup>, 2023, the Company requested the full conversion of the convertible bond, into 148.3 million Starbreeze B shares.

As of May 14<sup>th</sup>, 2024, 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 39.67% of 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 recognized its shares as other investments, as it has in previous periods. Adjustments to this classification and valuation will be performed if any substantial changes in the relationship between the two groups will occur.

6. CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED MARCH 31<sup>ST</sup>, 2024

	Euro thousand	March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		Change	
1	Gross revenue	75,842	100.1%	89,228	100.1%	(13,386)	-15.0%
2	Revenue adjustments	(42)	-0.1%	(51)	-0.1%	9	-17.4%
<b>3</b>	<b>Net revenue</b>	<b>75,800</b>	<b>100.0%</b>	<b>89,177</b>	<b>100.0%</b>	<b>(13,377)</b>	<b>-15.0%</b>
4	Purchase of products for resale	(1,581)	-2.1%	(2,176)	-2.4%	595	-27.4%
5	Purchase of services for resale	(7,604)	-10.0%	(6,814)	-7.6%	(790)	11.6%
6	Royalties	(15,636)	-20.6%	(18,097)	-20.3%	2,461	-13.6%
7	Changes in inventories of finished products	(287)	-0.4%	(548)	-0.6%	261	-47.5%
<b>8</b>	<b>Total cost of sales</b>	<b>(25,108)</b>	<b>-33.1%</b>	<b>(27,635)</b>	<b>-31.0%</b>	<b>2,527</b>	<b>-9.1%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>50,692</b>	<b>66.9%</b>	<b>61,542</b>	<b>69.0%</b>	<b>(10,850)</b>	<b>-17.6%</b>
10	Other income	8,218	10.8%	12,653	14.2%	(4,435)	-35.1%
11	Costs for services	(8,241)	-10.9%	(10,529)	-11.8%	2,288	-21.7%
12	Rent and leasing	(333)	-0.4%	(449)	-0.5%	116	-25.8%
13	Payroll costs	(29,087)	-38.4%	(31,426)	-35.2%	2,339	-7.4%
14	Other operating costs	(1,013)	-1.3%	(1,321)	-1.5%	308	-23.4%
<b>15</b>	<b>Total operating costs</b>	<b>(38,674)</b>	<b>-51.0%</b>	<b>(43,725)</b>	<b>-49.0%</b>	<b>5,051</b>	<b>-11.6%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>20,236</b>	<b>26.7%</b>	<b>30,470</b>	<b>34.2%</b>	<b>(10,234)</b>	<b>-33.6%</b>
17	Depreciation and amortization	(23,478)	-31.0%	(12,755)	-14.3%	(10,723)	84.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(779)	-1.0%	(580)	-0.7%	(199)	34.3%
20	Impairment reversal	896	1.2%	813	0.9%	83	10.2%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(23,361)</b>	<b>-30.8%</b>	<b>(12,522)</b>	<b>-14.0%</b>	<b>(10,839)</b>	<b>86.6%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(3,125)</b>	<b>-4.1%</b>	<b>17,948</b>	<b>20.1%</b>	<b>(21,073)</b>	<b>n.m.</b>
23	Interest and financial income	1,665	2.2%	8,583	9.6%	(6,918)	-80.6%
24	Interest and financial expenses	(3,952)	-5.2%	(4,908)	-5.5%	956	-19.5%
<b>25</b>	<b>Net interest income/(expenses)</b>	<b>(2,287)</b>	<b>-3.0%</b>	<b>3,675</b>	<b>4.1%</b>	<b>(5,962)</b>	<b>n.m.</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>(5,412)</b>	<b>-7.1%</b>	<b>21,623</b>	<b>24.2%</b>	<b>(27,035)</b>	<b>n.m.</b>
27	Current tax	(657)	-0.9%	(5,724)	-6.4%	5,067	-88.5%
28	Deferred tax	(611)	-0.8%	(188)	-0.2%	(423)	n.m.
<b>29</b>	<b>Total taxes</b>	<b>(1,268)</b>	<b>-1.7%</b>	<b>(5,912)</b>	<b>-6.6%</b>	<b>4,644</b>	<b>-78.6%</b>
<b>30</b>	<b>Net profit/loss</b>	<b>(6,680)</b>	<b>-8.8%</b>	<b>15,711</b>	<b>17.6%</b>	<b>(22,391)</b>	<b>n.m.</b>
	attributable to the shareholders of the Parent Company	(2,896)	-3.8%	14,911	16.7%	(17,807)	n.m.
	attributable to non-controlling interests	(3,784)	-5.0%	800	0.9%	(4,584)	n.m.
	<b>Earnings per share:</b>						
<b>33</b>	<b>Basic earnings per share (in Euro)</b>	<b>(0,20)</b>		<b>1,05</b>		<b>(1,25)</b>	<b>n.m.</b>
<b>34</b>	<b>Diluted earnings per share (in Euro)</b>	<b>(0,20)</b>		<b>1,01</b>		<b>(1,21)</b>	<b>n.m.</b>



During the first nine months of the current fiscal year, Digital Bros implemented a strategic review of its operations in accordance with the latest market conditions, reviewing its pipeline and organizational structure accordingly. Releasing new games in the current market is more challenging than ever before, consumers are tending to play the same games for longer, rather than spending time on new and different gaming experiences, further attracting gamers to new releases requires greater investments in marketing than in the past.

Following the optimism resulting from the growth achieved across the whole video game industry during the pandemic, the Group implemented a significant investment plan, in line with most of its competitors. In 2023, a record number of new video games were launched within a very competitive marketplace, making it harder to meet the expected volume and revenue targets, requiring the Group to review its publishing strategy.

The review of the Group's pipeline was based upon the expected return on investment of each title, prioritizing high margin titles with greater revenue predictability, as well as owned Intellectual Properties to leverage on their long-term value creation for the Group. As a result, the Group reduced a number of lower budgets projects but also some larger budget titles with lower expected margins for the Group and with longer development periods, such as the new releases within the Control franchise.

Due to the reduction of the overall number of titles, the Group reduced its workforce accordingly. This reduction also reflects the lower number of staff required by the internal studios after the launch of Crime Boss Rockay City and Puzzle Quest 3, which have both transitioned to their live support phase.

The reorganization plan started in the second quarter. The reorganization will deliver improved profit margin for the Group within the fourth quarter of the current fiscal year and will ensure the long-term sustainability of the Group's structure.

The Group's total workforce went from 435 people as of June 30th, 2023, to 305 as of March 31st, 2024. The total cost of the restructuring plan as of March 31st, 2024, amounted to Euro 1,364 thousand, which is expected to be lower than the projected savings for the current fiscal year.

The Group's revenue amounted to Euro 75.8 million, down by 15% compared to the first nine months of FY23, when the total revenue amounted to Euro 89.2 million. Two new video games were released in the reporting period, Ghostrunner 2 and Brothers: A Tale of Two Sons Remake.

The net revenue from the Premium Games operating segment amounted to Euro 59.6 million, representing 78.6% of net revenue, compared to the 77.7% as of March 31<sup>st</sup>, 2023. This was spread across different intellectual properties, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 19.1 million revenue in the reporting period.

Revenue from international markets and digital sales respectively accounted for 97% and 92% of the total net revenue, in line with the previous fiscal year.

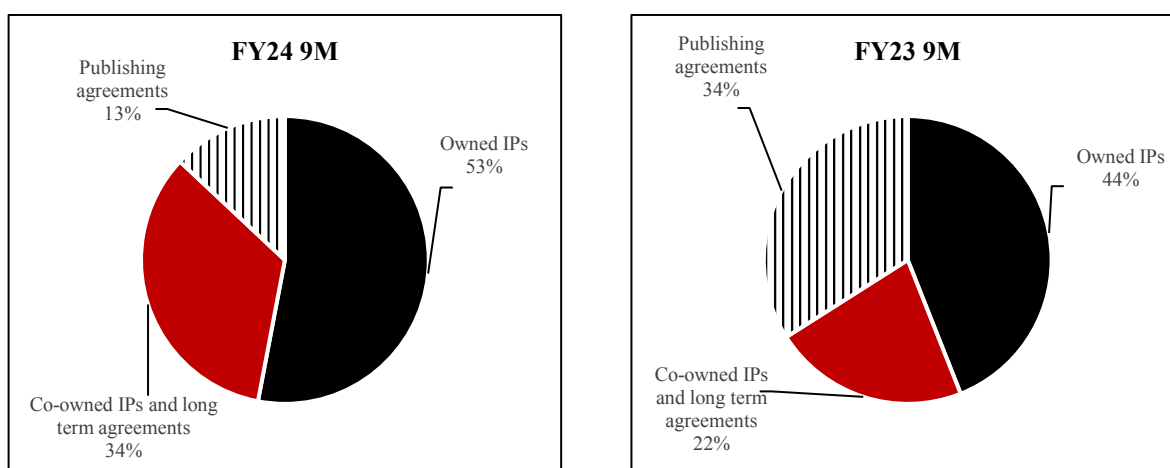
The breakdown of net revenue by operating segment for the nine-month period ended March 31<sup>st</sup>, 2024 compared to the period ended March 31<sup>st</sup>, 2023 is provided below:

## Net revenue

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change €	Change %
Premium Games	59,603	69,349	(9,746)	-14.1%
Free to Play	14,084	17,235	(3,151)	-18.3%
Italian Distribution	1,372	1,888	(516)	-27.3%
Other Activities	741	705	36	5.1%
<b>Total net revenue</b>	<b>75,800</b>	<b>89,177</b>	<b>(13,377)</b>	<b>-15.0%</b>

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 53% of the total revenue for the operating segment from 44% as of March 31<sup>st</sup>, 2023. This is in line with the new Group's ongoing transformation, with a strategy focused on owned Intellectual Properties within its video game portfolio.

A breakdown of Premium Games revenue by the type of rights held by the Group as of March 31<sup>st</sup>, 2024 is provided below with comparative figures as of March 31<sup>st</sup>, 2023:



Net revenue from the Free to Play operating segment amounted to Euro 14,084 thousand, an 18.3% decrease from the Euro 17,235 thousand as of March 31<sup>st</sup>, 2023.

Net revenue from the Italian Distribution operating sector decreased by Euro 516 thousand, from Euro 1,888 thousand to Euro 1,372 thousand as of March 31<sup>st</sup>, 2024.

The total cost of sales amounted to Euro 25,108 thousand, a 9.1% decrease compared with the Euro 27,635 thousand of March 31<sup>st</sup>, 2023.

Gross profit as of March 31<sup>st</sup>, 2024 amounted to Euro 50,692 thousand, decreasing from the Euro 61,542 realized as of March 31<sup>st</sup>, 2023.

Other income amounted to Euro 8,218 thousand, decreasing by Euro 4,435 thousand. The capitalization of internal studios development of video games included:

- the Free to Play game 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;

- a new video game that is being developed by the subsidiary Chrysalide Jeux et Divertissement Inc..

The lower amount of other income was due to the decrease in the capitalization of internal work for the development of video games after the launch of Crime Boss: Rockay City by the subsidiary Ingame Studios, which was still in production during the first nine months of the previous fiscal year.

Total operating costs amounted to Euro 38.674 thousand, decreased by 11.6% compared to the Euro 43,725 of the same reporting period in the previous fiscal year. As of March 31st, 2024, total operating costs included non-recurring restructuring costs for Euro 1,364 thousand.

The gross operating margin (EBITDA) for the period represented 26.7% of net revenue and amounted to Euro 20,236 thousand, compared with the Euro 30,470 thousand realized as of March 31<sup>st</sup>, 2023.

Depreciation and amortization amounted to Euro 23,478 thousand, increasing by Euro 12,755 thousand, due to the launch of video games during the second part of the previous fiscal year.

The operating margin (EBIT) was negative for Euro 3,125 thousand, compared with the positive Euro 17,948 thousand attained in the first nine months of the previous fiscal year.

The net interest expense amounted to Euro 2,287 thousand compared to the net interest income of Euro 3,675 thousand realized in the first nine months of the previous fiscal year. As of March 31<sup>st</sup>, 2023, this item included the fair value adjustment of the financial receivable purchased from Starbreeze, which was then fully collected on July 3<sup>rd</sup>, 2023.

The loss before tax for the period ended March 31<sup>st</sup>, 2024 amounted to Euro 5,412 thousand, compared to the Euro 21,623 thousand profit before tax as of March 31<sup>st</sup>, 2023.

The consolidated net loss for the period amounted to Euro 6,680 thousand, compared with the net profit of Euro 15,711 thousand as of March 31<sup>st</sup>, 2023. The net loss is expected to be fully covered by this fiscal year-end.

The net loss attributable to the Shareholders of the Parent Company amounts to Euro 2,896 thousand.

The basic loss per share and diluted loss per share were at Euro 0.20, compared with the basic earnings per share of Euro 1.05 and the diluted earnings per share of Euro 1.01 as of March 31<sup>st</sup>, 2023.

The net loss attributable to non-controlling interests amounted to Euro 3,784 thousand, increasing due to the loss realized by the Dutch subsidiary Rasplata B.V..

## 7. CONSOLIDATED BALANCE SHEET AS OF MARCH 31<sup>ST</sup>, 2024

Euro thousand		March 31 <sup>st</sup> , 2024	June 30 <sup>th</sup> , 2023	Change	
<b>Non-current assets</b>					
1	Property, plant and equipment	8,024	9,613	(1,589)	-16.5%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	142,346	153,023	(10,677)	-7.0%
4	Equity investments	6,908	11,400	(4,492)	-39.4%
5	Non-current receivables and other assets	8,209	8,089	120	1.5%
6	Deferred tax assets	20,367	17,087	3,280	19.2%
7	Non-current financial activities	0	0	0	n.m.
	<b>Total non-current assets</b>	<b>185,854</b>	<b>199,212</b>	<b>(13,358)</b>	<b>-6.7%</b>
<b>Current assets</b>					
8	Inventories	3,068	3,355	(287)	-8.5%
9	Trade receivables	15,403	14,104	1,299	9.2%
10	Tax receivables	4,815	3,977	838	21.1%
11	Other current assets	18,726	23,790	(5,064)	-21.3%
12	Cash and cash equivalents	4,010	9,407	(5,397)	-57.4%
13	Other current financial assets	144	11,344	(11,200)	-98.7%
	<b>Total current assets</b>	<b>46,166</b>	<b>65,977</b>	<b>(19,811)</b>	<b>-30.0%</b>
	<b>TOTAL ASSETS</b>	<b>232,020</b>	<b>265,189</b>	<b>(33,169)</b>	<b>-12.5%</b>
<b>Shareholders' equity</b>					
14	Share capital	(5,706)	(5,706)	0	0.0%
15	Reserves	(9,407)	(21,367)	11,960	-56.0%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(112,744)	(115,270)	2,526	-2.2%
	<b>Equity attributable to the shareholders of the Parent Company</b>	<b>(127,857)</b>	<b>(142,343)</b>	<b>14,486</b>	<b>-10.2%</b>
	<b>Equity attributable to non-controlling interests</b>	<b>3,123</b>	<b>(1,375)</b>	<b>4,498</b>	<b>n.m.</b>
	<b>Total net equity</b>	<b>(124,734)</b>	<b>(143,718)</b>	<b>18,984</b>	<b>-13.2%</b>
<b>Non-current liabilities</b>					
18	Employee benefits	(954)	(911)	(43)	4.7%
19	Non-current provisions	(404)	(81)	(323)	0.0%
20	Other non-current payables and liabilities	(1,576)	(1,824)	248	-13.6%
21	Non-current financial liabilities	(6,108)	(11,285)	5,177	-45.9%
	<b>Total non-current liabilities</b>	<b>(9,042)</b>	<b>(14,101)</b>	<b>5,059</b>	<b>-35.9%</b>
<b>Current liabilities</b>					
22	Trade payables	(45,269)	(46,837)	1,568	-3.3%
23	Tax payables	(1,367)	(2,782)	1,415	-50.9%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(7,944)	(8,635)	691	-8.0%
26	Current financial liabilities	(43,664)	(49,116)	5,452	-11.1%
	<b>Total current liabilities</b>	<b>(98,244)</b>	<b>(107,370)</b>	<b>9,126</b>	<b>-8.5%</b>
	<b>TOTAL LIABILITIES</b>	<b>(107,286)</b>	<b>(121,471)</b>	<b>14,185</b>	<b>-11.7%</b>
	<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>(232,020)</b>	<b>(265,189)</b>	<b>33,169</b>	<b>-12.5%</b>

Total non-current assets decrease by Euro 13,358 thousand, mainly due to the decrease of intangible assets for Euro 10,677 thousand net of the depreciation of the period and as a result of the above-mentioned agreement between the subsidiary 505 Games S.p.A. and Remedy Entertainment to revert all publishing, distribution and marketing rights related to the Control franchise to the Finnish developer. Equity investments decrease by Euro 4,492 thousand, mainly due to the adjustment of the Starbreeze A and B shares to market value as of March 31<sup>st</sup>, 2024.

Total current assets decrease by Euro 19,811 thousand compared to June 30<sup>th</sup>, 2023, mainly due to the lower financial assets by Euro 11,200 thousand, following the collection of the receivables from Starbreeze AB and from the conversion of the bond loan from the Swedish developer.

Total non-current liabilities decrease by Euro 4,678 thousand compared to June 30<sup>th</sup>, 2023, while the total current liabilities decreased by Euro 9,507 thousand.

The following table details the Group's net financial position as of March 31<sup>st</sup>, 2024 together with comparative figures as of June 30<sup>th</sup>, 2023:

Euro thousand		March 31 <sup>st</sup> , 2024	June 30 <sup>th</sup> , 2023	Change
12	Cash and cash equivalents	4,010	9,407	(5,397)
13	Other current financial assets	144	11,344	(11,200)
26	Current financial liabilities	(43,664)	(49,116)	5,452
	<b>Current net financial position</b>	<b>(39,510)</b>	<b>(28,365)</b>	<b>(11,145)</b>
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(6,108)	(11,285)	5,177
	<b>Non-current financial liabilities</b>	<b>(6,108)</b>	<b>(11,285)</b>	<b>5,177</b>
	<b>Total net financial position</b>	<b>(45,618)</b>	<b>(39,650)</b>	<b>(5,968)</b>

The net financial debt is at Euro 45,618 thousand, decreasing by 4,867 thousand compared to the previous quarter end. The net financial debt increased by Euro 5,968 thousand compared to June 30<sup>th</sup>, 2023 due to the significant investments of the period. Digital Bros will be able to manage its current liabilities with the future cash flow, benefiting from the corrective actions implemented by the Group (reduction in investment and the reorganization plan).

The total net financial position, net of the IFRS16 effect, is negative at Euro 41,350 thousand.

## 8. SEGMENT REPORTING

### Premium Games

#### Reclassified P&L highlights

Consolidated amounts in Euro thousand		Premium Games					
		March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		Change	
1	Gross revenue	59,615	100,0%	69,349	100,0%	(9,734)	-14.0%
2	Revenue adjustments	(12)	0,0%	0	0,0%	(12)	n.m.
<b>3</b>	<b>Net revenue</b>	<b>59,603</b>	<b>100,0%</b>	<b>69,349</b>	<b>100,0%</b>	<b>(9,746)</b>	<b>-14.1%</b>
4	Purchase of products for resale	(621)	-1,0%	(864)	-1,0%	243	-28.1%
5	Purchase of services for resale	(4,605)	-7,7%	(4,041)	-5,6%	(564)	14.0%
6	Royalties	(11,505)	-19,3%	(13,386)	-23,0%	1,881	-14.1%
7	Changes in inventories of finished products	(16)	0,0%	(276)	-0,5%	260	-94.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(16,747)</b>	<b>-28,1%</b>	<b>(18,567)</b>	<b>-26,8%</b>	<b>1,820</b>	<b>-9.8%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>42,856</b>	<b>71,9%</b>	<b>50,782</b>	<b>73,2%</b>	<b>(7,926)</b>	<b>-15.6%</b>
10	Other income	6,408	10,8%	9,902	13,4%	(3,494)	-35.3%
11	Costs for services	(4,143)	-7,0%	(5,941)	-9,3%	1,798	-30.3%
12	Rent and leasing	(65)	-0,1%	(90)	-0,1%	25	-28.3%
13	Payroll costs	(17,934)	-30,1%	(18,679)	-26,2%	745	-4.0%
14	Other operating costs	(540)	-0,9%	(706)	-0,6%	166	-23.5%
<b>15</b>	<b>Total operating costs</b>	<b>(22,682)</b>	<b>-38,1%</b>	<b>(25,416)</b>	<b>-36,6%</b>	<b>2,734</b>	<b>-10.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>26,582</b>	<b>44,6%</b>	<b>35,268</b>	<b>50,9%</b>	<b>(8,686)</b>	<b>-24.6%</b>
17	Depreciation and amortization	(20,543)	-34,5%	(9,853)	-12,3%	(10,690)	n.m.
18	Provisions	0	0,0%	0	0,0%	0	0.0%
19	Asset impairment charge	(779)	-1,3%	(565)	-1,2%	(214)	38.1%
20	Impairment reversal	889	1,5%	0	0,0%	889	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(20,433)</b>	<b>-34,3%</b>	<b>(10,418)</b>	<b>-15,0%</b>	<b>(10,015)</b>	<b>96.1%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>6,149</b>	<b>10,3%</b>	<b>24,850</b>	<b>33,6%</b>	<b>(18,701)</b>	<b>-75.3%</b>

During the first nine months of the current fiscal year, Digital Bros implemented a strategic review of its operations in accordance with the latest market conditions, reviewing its pipeline and organizational structure accordingly. Releasing new games in the current market is more challenging than ever before, consumers are tending to play the same games for longer, rather than spending time on new and different gaming experiences, further attracting gamers to new releases requires greater investments in marketing than in the past.

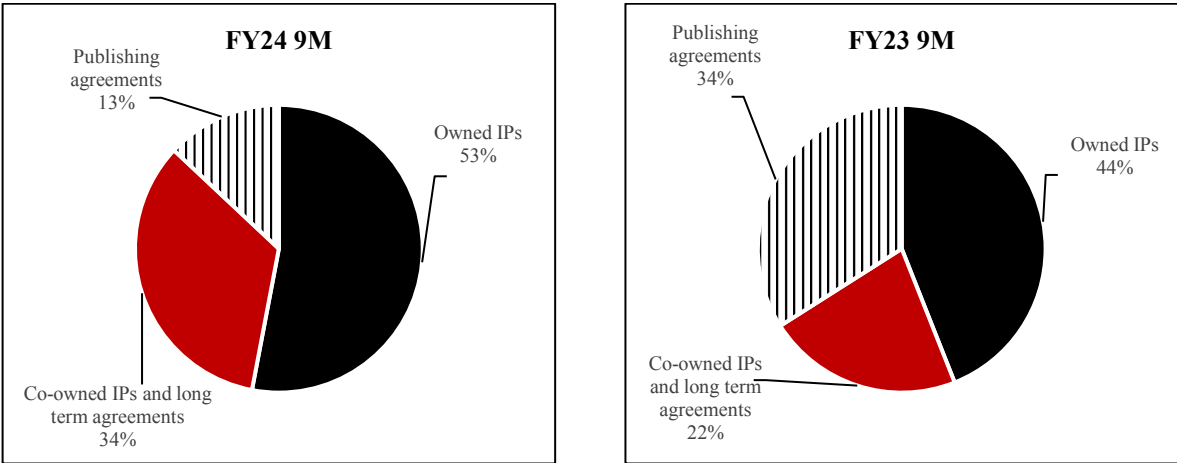
Following the optimism resulting from the growth achieved across the whole video game industry during the pandemic, the Group implemented a significant investment plan, in line with most of its competitors. In 2023, a record number of new video games were launched within a very competitive marketplace, making it harder to meet the expected volume and revenue targets, requiring the Group to review its publishing strategy.

The review of the Group’s pipeline was based upon the expected return on investment of each title, prioritizing high margin titles with greater revenue predictability, as well as owned Intellectual Properties to leverage on their long-term value creation for the Group. As a result, the Group reduced a number of lower budgets projects but also some larger budget titles with lower expected margins for the Group and with longer development periods, such as the new releases within the Control franchise.

The Premium Games revenue as of March 31<sup>st</sup>, 2024, amounted to Euro 59.6 million, representing the 78.6% of the consolidated net revenue. This was spread across different intellectual properties, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 19.1 million revenue in the reporting period.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 53% of the total revenue for the operating segment from 44% as of March 31<sup>st</sup>, 2023. This is in line with the new Group’s strategy, focused on its owned Intellectual Properties within its video game portfolio.

A breakdown of Premium Games revenue by the type of rights held by the Group as of March 31<sup>st</sup>, 2024 is provided below with comparative figures as of March 31<sup>st</sup>, 2023:



A breakdown by type is provided below:

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change	
Retail distribution revenue	2,210	2,335	(125)	-5.4%
Digital distribution revenue	55,509	64,487	(8,978)	-13.9%
Sublicensing revenue	1,896	2,527	(631)	-25.0%
<b>Total Premium Games revenue</b>	<b>59,615</b>	<b>69,349</b>	<b>(9,734)</b>	<b>-14.0%</b>

Digital distribution revenue amounted approximately to 93% of the operating segment gross revenue.

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

Digital distribution revenue for the period ended March 31<sup>st</sup>, 2024 may be broken down by console type as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>March 31<sup>st</sup>, 2023</b>	<b>Change</b>	
Console	24,882	21,912	2,970	13.6%
Personal Computer	27,367	40,025	(12,658)	-31.6%
Mobile	3,260	2,550	710	27.9%
<b>Total digital distribution revenue</b>	<b>55,509</b>	<b>64,487</b>	<b>(8,978)</b>	<b>-13.9%</b>

Net revenues were in line with the gross revenue trend.

The total cost of sales decreased by Euro 1,820 thousand, mainly due to lower royalties for Euro 1,881 thousand. The purchase of services for resale increased by Euro 564 thousand, due to the live support costs of the video game Crime Boss: Rockay City, following its launch in the second half of the previous fiscal year.

Gross profit amounted to Euro 42,856 thousand, decreasing by Euro 7,926 thousand compared to March 31<sup>st</sup>, 2023.

The other income amounted to Euro 6,408 thousand, decreasing by Euro 3,494 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 amount of other income resulted from the decrease in the capitalization of internal work for the development of video games after the launch of Crime Boss: Rockay City by the subsidiary Ingame Studios, which was still in production during the first nine months of the previous fiscal year.

The total operating costs amounted to Euro 22,682 thousand, decreasing by Euro 2,734 thousand compared to March 31<sup>st</sup>, 2023. This is mainly due to the decrease of the cost for services for Euro 1,798 thousand.

The gross operating margin (EBITDA) amounted to Euro 26,582 thousand, reflecting 44.6% of net revenue and decreasing by Euro 8,686 thousand compared to Euro 35,268 thousand realized as of March 31<sup>st</sup>, 2023.

Depreciation and amortization increased by Euro 10,690 thousand, due to the new games launched in the second half of FY23.

The operating margin (EBIT) amounted to Euro 6,149 thousand, compared to Euro 24,850 thousand realized as of March 31<sup>st</sup>, 2023.



## Free to Play

### Reclassified P&L highlights

Consolidated amounts in Euro thousand		Free to Play					
		March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		Change	
1	Gross revenue	14,084	100.0%	17,235	100.0%	(3,151)	-18.3%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
<b>3</b>	<b>Net revenue</b>	<b>14,084</b>	<b>100.0%</b>	<b>17,235</b>	<b>100.0%</b>	<b>(3,151)</b>	<b>-18.3%</b>
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(2,999)	-21.3%	(2,773)	-14.7%	(226)	8.1%
6	Royalties	(4,131)	-29.3%	(4,711)	-27.5%	580	-12.3%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(7,130)</b>	<b>-50.6%</b>	<b>(7,484)</b>	<b>-42.1%</b>	<b>354</b>	<b>-4.7%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>6,954</b>	<b>49.4%</b>	<b>9,751</b>	<b>57.9%</b>	<b>(2,797)</b>	<b>-28.7%</b>
10	Other income	1,810	12.8%	2,751	15.1%	(941)	-34.2%
11	Costs for services	(2,226)	-15.8%	(2,438)	-13.5%	212	-8.7%
12	Rent and leasing	(85)	-0.6%	(152)	-1.0%	67	-44.2%
13	Payroll costs	(6,406)	-45.5%	(7,519)	-42.7%	1,113	-14.8%
14	Other operating costs	(102)	-0.7%	(145)	-0.8%	43	-29.9%
<b>15</b>	<b>Total operating costs</b>	<b>(8,819)</b>	<b>-62.6%</b>	<b>(10,254)</b>	<b>-58.0%</b>	<b>1,435</b>	<b>-14.0%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(55)</b>	<b>-0.4%</b>	<b>2,248</b>	<b>15.0%</b>	<b>(2,303)</b>	<b>n.m.</b>
17	Depreciation and amortization	(1,890)	-13.4%	(1,859)	-9.6%	(31)	1.6%
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	6.5%	(813)	n.m.
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(1,890)</b>	<b>-13.4%</b>	<b>(1,046)</b>	<b>-3.1%</b>	<b>(844)</b>	<b>80.6%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(1,945)</b>	<b>-13.8%</b>	<b>1,202</b>	<b>11.9%</b>	<b>(3,147)</b>	<b>n.m.</b>

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

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change	
505 Go Inc.	10,221	12,746	(2,525)	-19.8%
Gems of War	2,752	3,658	(906)	-24.8%
Puzzle Quest 3	655	250	405	n.m.
Other products	456	581	(125)	-21.5%
<b>Total Free to Play revenue</b>	<b>14,084</b>	<b>17,235</b>	<b>(3,151)</b>	<b>-18.3%</b>

The Free to Play revenue amounted to Euro 14,084 thousand, an 18.3% decrease from the Euro 17,235 thousand as of March 31<sup>st</sup>, 2023.

The revenue from video games distributed by the subsidiary 505 Go Inc. amounted to Euro 10,221 thousand, compared to Euro 12,746 thousand as of March 31<sup>st</sup>, 2023.

The video game Gems of War generated revenue for Euro 2,752 thousand. The game became part of the Group's portfolio of intellectual properties with the acquisition of the Australian studio Infinity Plus Two in January 2021.

The total cost of sales decreased by Euro 354 thousand, driven by a contraction in the amount of royalties from 505 Go! Inc. videogames, partially offset by higher purchase of services for resale that amounted to Euro 226 thousand.

The other income decreased by Euro 941 thousand compared to March 31<sup>st</sup>, 2023, amounting to Euro 1,810 thousand, as a result of the video games developed by the Group's 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 8,819 thousand, decreasing by Euro 1,435 thousand compared to the first nine months of the previous fiscal year, as a result of lower payroll costs by Euro 1,113 thousand and lower cost for services by Euro 212 thousand, mainly related to fewer advertising activities.

The gross operating margin (EBITDA) amounted to Euro 55 thousand decreasing by Euro 2,303 thousand compared to Euro 2,248 thousand as of March 31<sup>st</sup>, 2023.

The depreciation and amortization as of March 31<sup>st</sup>, 2024 amounted to Euro 1,890 thousand, which included Euro 1,320 thousand related to the portion of the goodwill for the Australian companies attributable to the reporting period, which was allocated to the Puzzle Quest brand at the time of the first consolidation. 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 depreciation of the Group's intellectual properties for the reporting period.

The operating margin (EBIT) amounted to negative Euro 1,945 thousand compared to the positive Euro 1,202 thousand as of March 31<sup>st</sup>, 2023.

## Italian Distribution

### Reclassified P&L highlights

Consolidated amounts in Euro thousand		Italian Distribution					
		March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		Change	
1	Gross revenue	1,402	102.2%	1,939	103.1%	(537)	-27.7%
2	Revenue adjustments	(30)	-2.2%	(51)	-3.1%	21	-42.3%
<b>3</b>	<b>Net revenue</b>	<b>1,372</b>	<b>100.0%</b>	<b>1,888</b>	<b>100.0%</b>	<b>(515)</b>	<b>-27.3%</b>
4	Purchase of products for resale	(960)	-70.0%	(1,312)	-73.8%	352	-26.8%
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	(271)	-19.7%	(272)	-12.6%	1	0.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(1,231)</b>	<b>-89.7%</b>	<b>(1,584)</b>	<b>-86.4%</b>	<b>353</b>	<b>-22.3%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>141</b>	<b>10.3%</b>	<b>304</b>	<b>13.6%</b>	<b>(163)</b>	<b>-53.5%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(154)	-11.3%	(194)	-9.7%	40	-20.5%
12	Rent and leasing	(10)	-0.8%	(11)	-0.5%	1	-2.8%
13	Payroll costs	(737)	-53.7%	(664)	-29.1%	(73)	11.0%
14	Other operating costs	(35)	-2.6%	(33)	-2.1%	(2)	6.7%
<b>15</b>	<b>Total operating costs</b>	<b>(936)</b>	<b>-68.2%</b>	<b>(902)</b>	<b>-41.4%</b>	<b>(34)</b>	<b>3.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(795)</b>	<b>-57.9%</b>	<b>(598)</b>	<b>-27.8%</b>	<b>(197)</b>	<b>32.9%</b>
17	Depreciation and amortization	(106)	-7.7%	(108)	-4.9%	2	-2.2%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(15)	-1.0%	15	0.0%
20	Impairment reversal	7	0.5%	0	0.0%	7	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(99)</b>	<b>-7.2%</b>	<b>(123)</b>	<b>-6.0%</b>	<b>24</b>	<b>-19.6%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(894)</b>	<b>-65.1%</b>	<b>(721)</b>	<b>-33.8%</b>	<b>(173)</b>	<b>24.0%</b>

The gross revenue from the Italian Distribution operating segment decreased by Euro 537 thousand, amounting to Euro 1,402 thousand compared to Euro 1,939 thousand as of March 31<sup>st</sup>, 2023. Breakdown by revenue type is provided below:

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change	
Distribution of console video games	418	535	(117)	-21.9%
Distribution of trading cards	984	1,402	(418)	-29.8%
Distribution of other products and services	0	2	(2)	n.m.
<b>Total Italian Distribution revenue</b>	<b>1,402</b>	<b>1,939</b>	<b>(537)</b>	<b>-27.7%</b>

The distribution of console video games decreased by Euro 117 thousand while the distribution of trading cards decreased by Euro 418 thousand.

The total cost of sales amounted to Euro 1,231 thousand, decreasing by Euro 353 thousand compared to of March 31<sup>st</sup>, 2023.

The total operating costs amounted to Euro 936 thousand, a Euro 34 thousand increase that is mainly due to the above-mentioned reorganization process. As a result, the gross operating margin (EBITDA) was negative for Euro 795 thousand, compared to the negative Euro 598 thousand as of March 31<sup>st</sup>, 2023. The operating margin (EBIT) was negative at Euro 894 thousand compared to negative Euro 721 thousand as of March 31<sup>st</sup>, 2023.

## Other Activities

### Reclassified P&L highlights

Consolidated amounts in Euro thousand		Other Activities					
		March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		Change	
1	Gross revenue	741	100.0%	705	100.0%	36	5.2%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
<b>3</b>	<b>Net revenue</b>	<b>741</b>	<b>100.0%</b>	<b>705</b>	<b>100.0%</b>	<b>36</b>	<b>5.2%</b>
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%
<b>8</b>	<b>Total cost of sales</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>741</b>	<b>100.0%</b>	<b>705</b>	<b>100.0%</b>	<b>36</b>	<b>5.2%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(176)	-23.8%	(407)	-63.1%	231	-56.7%
12	Rent and leasing	0	0.1%	(3)	-0.6%	3	0.0%
13	Payroll costs	(516)	-69.7%	(435)	-56.8%	(81)	18.7%
14	Other operating costs	(27)	-3.6%	(26)	-3.2%	(1)	2.8%
<b>15</b>	<b>Total operating costs</b>	<b>(719)</b>	<b>-97.0%</b>	<b>(871)</b>	<b>-123.7%</b>	<b>152</b>	<b>-17.4%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>22</b>	<b>3.0%</b>	<b>(166)</b>	<b>-23.7%</b>	<b>188</b>	<b>-113.2%</b>
17	Depreciation and amortization	(276)	-37.2%	(262)	-36.3%	(14)	5.2%
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%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(276)</b>	<b>-37.2%</b>	<b>(262)</b>	<b>-36.3%</b>	<b>(14)</b>	<b>5.2%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(254)</b>	<b>-34.3%</b>	<b>(428)</b>	<b>-60.0%</b>	<b>174</b>	<b>-40.7%</b>

The revenue for the Other Activities operating sector increased by Euro 36 thousand, while the operating costs decreased by Euro 152 thousand. EBITDA was positive at Euro 22 thousand, compared to the negative Euro 166 thousand as of March 31<sup>st</sup>, 2023. EBIT was negative at Euro 254 thousand, compared to the negative Euro 428 thousand as of March 31<sup>st</sup>, 2023.

## Holding

### Reclassified P&L highlights

Consolidated amounts in Euro thousand		Holding					
		March 31 <sup>st</sup> , 2024		March 31 <sup>st</sup> , 2023		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%
<b>3</b>	<b>Net revenue</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
4	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%
<b>8</b>	<b>Total cost of sales</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(1,542)	0.0%	(1,549)	0.0%	7	-0.4%
12	Rent and leasing	(173)	0.0%	(193)	0.0%	20	-9.9%
13	Payroll costs	(3,494)	0.0%	(4,129)	0.0%	635	-15.4%
14	Other operating costs	(309)	0.0%	(411)	0.0%	102	-24.9%
<b>15</b>	<b>Total operating costs</b>	<b>(5,518)</b>	<b>0.0%</b>	<b>(6,282)</b>	<b>0.0%</b>	<b>764</b>	<b>-12.2%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(5,518)</b>	<b>0.0%</b>	<b>(6,282)</b>	<b>0.0%</b>	<b>764</b>	<b>-12.2%</b>
17	Depreciation and amortization	(663)	0.0%	(673)	0.0%	10	-1.5%
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%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(663)</b>	<b>0.0%</b>	<b>(673)</b>	<b>0.0%</b>	<b>10</b>	<b>-1.5%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(6,181)</b>	<b>0.0%</b>	<b>(6,955)</b>	<b>0.0%</b>	<b>774</b>	<b>-11.1%</b>

Total operating costs amounted to Euro 5,518 thousand, decreasing by Euro 764 thousand compared to Euro 6,282 thousand as of March 31<sup>st</sup>, 2023, mainly due to lower payroll costs resulting from the fact that the objectives set out by the medium and long-term incentive plan for 2021-2027 were not met.

The operating margin (EBIT) was negative at Euro 6.181 thousand compared to a negative Euro 6.955 thousand as of March 31<sup>st</sup>, 2023.

## 9. Q3 FY23 CONSOLIDATED PROFIT AND LOSS STATEMENT

	Euro thousand	Q3 2023/2024		Q3 2022/2023		Change	
1	Gross revenue	28,708	100.0%	29,391	100.0%	(683)	-2.3%
2	Revenue adjustments	(8)	0.0%	(5)	0.0%	(3)	68.1%
<b>3</b>	<b>Net revenue</b>	<b>28,700</b>	<b>100.0%</b>	<b>29,386</b>	<b>100.0%</b>	<b>(686)</b>	<b>-2.3%</b>
4	Purchase of products for resale	(59)	-0.2%	(638)	-2.2%	579	-90.8%
5	Purchase of services for resale	(2,512)	-8.8%	(2,450)	-8.3%	(62)	2.5%
6	Royalties	(6,315)	-22.0%	(4,233)	-14.4%	(2,082)	49.2%
7	Changes in inventories of finished products	(367)	-1.3%	(126)	-0.4%	(241)	n.m.
<b>8</b>	<b>Total cost of sales</b>	<b>(9,253)</b>	<b>-32.2%</b>	<b>(7,447)</b>	<b>-25.3%</b>	<b>(1,806)</b>	<b>24.3%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>19,447</b>	<b>67.8%</b>	<b>21,939</b>	<b>74.7%</b>	<b>(2,492)</b>	<b>-11.4%</b>
10	Other income	1,993	6.9%	4,682	15.9%	(2,689)	-57.4%
11	Costs for services	(2,268)	-7.9%	(3,186)	-10.8%	918	-28.8%
12	Rent and leasing	(83)	-0.3%	(140)	-0.5%	57	-40.6%
13	Payroll costs	(8,240)	-28.7%	(10,859)	-37.0%	2,619	-24.1%
14	Other operating costs	(290)	-1.0%	(543)	-1.8%	253	-46.7%
<b>15</b>	<b>Total operating costs</b>	<b>(10,881)</b>	<b>-37.9%</b>	<b>(14,728)</b>	<b>-50.1%</b>	<b>3,847</b>	<b>-26.1%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>10,559</b>	<b>36.8%</b>	<b>11,893</b>	<b>40.5%</b>	<b>(1,334)</b>	<b>-11.2%</b>
17	Depreciation and amortization	(9,035)	-31.5%	(5,292)	-18.0%	(3,743)	70.7%
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%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(9,035)</b>	<b>-31.5%</b>	<b>(5,292)</b>	<b>-18.0%</b>	<b>(3,743)</b>	<b>70.7%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>1,524</b>	<b>5.3%</b>	<b>6,601</b>	<b>22.5%</b>	<b>(5,077)</b>	<b>-76.9%</b>
23	Interest and financial income	276	1.0%	1,048	3.6%	(772)	-73.7%
24	Interest and financial expenses	(1,384)	-4.8%	(1,180)	-4.0%	(204)	17.3%
<b>25</b>	<b>Net interest income/(expenses)</b>	<b>(1,108)</b>	<b>-3.9%</b>	<b>(132)</b>	<b>-0.4%</b>	<b>(976)</b>	<b>n.m.</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>416</b>	<b>1.4%</b>	<b>6,469</b>	<b>22.0%</b>	<b>(6,053)</b>	<b>-93.6%</b>
27	Current tax	(1,082)	-3.8%	(1,477)	-5.0%	395	-26.7%
28	Deferred tax	406	1.4%	(262)	-0.9%	668	n.m.
<b>29</b>	<b>Total taxes</b>	<b>(676)</b>	<b>-2.4%</b>	<b>(1,739)</b>	<b>-5.9%</b>	<b>1,062</b>	<b>-61.1%</b>
<b>30</b>	<b>Net profit/loss</b>	<b>(260)</b>	<b>-0.9%</b>	<b>4,730</b>	<b>16.1%</b>	<b>(4,990)</b>	<b>n.m.</b>
	attributable to the shareholders of the Parent Company	801	2.8%	3,620	12.3%	(2,819)	-77.9%
	attributable to non-controlling interests	(1,061)	-3.7%	1,110	3.8%	(2,171)	n.m.
	<b>Earnings per share:</b>						
<b>33</b>	<b>Basic earnings per share (in Euro)</b>	<b>0.06</b>		<b>0.26</b>		<b>(0.20)</b>	<b>-78.7%</b>
<b>34</b>	<b>Diluted earnings per share (in Euro)</b>	<b>0.05</b>		<b>0.24</b>		<b>(0.19)</b>	<b>-76.9%</b>

The third quarter net revenue amounted to Euro 28,700 thousand, a 2.3% decrease compared to the same quarter last fiscal year.

The total cost of sales increased by Euro 1,806 thousand, due to a Euro 2,082 thousand increase in royalties. This was reflected in a gross profit decrease of Euro 2,492 thousand, which amounted to Euro 19,447 thousand compared to the Euro 21,939 thousand as of March 31<sup>st</sup>, 2023. The total operating costs decreased from Euro 14,728 thousand to actual Euro 10,881 thousand, benefitting from lower payroll costs resulting from the restructuring. The quarterly gross operating margin (EBITDA) amounted to Euro 10,559 thousand, compared to Euro 11,983 thousand achieved in Q3 last fiscal year. Depreciation and amortization increased by Euro 3,743, from Euro 5,292 thousand to Euro 9,035 thousand as of March 31<sup>st</sup>, 2024.

Net loss for the quarter amounted to Euro 260 thousand compared to net profit of Euro 4,730 thousand realized during the third quarter of the previous fiscal year.

Below Premium Games operating segment analysis for the third quarter:

Consolidated amounts in Euro thousand		Premium Games					
		Q3 2023/2024		Q3 2022/2023		Change	
1	Gross revenue	23,752	100.0%	23,953	100.1%	(201)	-0.8%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
<b>3</b>	<b>Net revenue</b>	<b>23,752</b>	<b>100.0%</b>	<b>23,953</b>	<b>100.0%</b>	<b>(201)</b>	<b>-0.8%</b>
4	Purchase of products for resale	(56)	-0.2%	(405)	-3.1%	349	-86.2%
5	Purchase of services for resale	(1,540)	-6.5%	(1,506)	-7.0%	(34)	2.2%
6	Royalties	(4,678)	-19.7%	(2,941)	-18.5%	(1,737)	59.1%
7	Changes in inventories of finished products	(73)	-0.3%	(37)	-0.1%	(36)	98.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(6,347)</b>	<b>-26.7%</b>	<b>(4,889)</b>	<b>-28.7%</b>	<b>(1,458)</b>	<b>29.8%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>17,405</b>	<b>73.3%</b>	<b>19,064</b>	<b>71.3%</b>	<b>(1,659)</b>	<b>-8.7%</b>
10	Other income	1,609	6.8%	3,817	8.8%	(2,208)	-57.8%
11	Costs for services	(938)	-3.9%	(1,735)	-5.0%	797	-45.9%
12	Rent and leasing	(8)	0.0%	(45)	-0.3%	37	-81.8%
13	Payroll costs	(5,220)	-22.0%	(6,792)	-19.6%	1,572	-23.1%
14	Other operating costs	(137)	-0.6%	(391)	-0.4%	254	-65.0%
<b>15</b>	<b>Total operating costs</b>	<b>(6,303)</b>	<b>-26.5%</b>	<b>(8,963)</b>	<b>-25.3%</b>	<b>2,660</b>	<b>-29.7%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>12,711</b>	<b>53.5%</b>	<b>13,918</b>	<b>54.8%</b>	<b>(1,207)</b>	<b>-8.7%</b>
17	Depreciation and amortization	(8,035)	-33.8%	(4,279)	-16.4%	(3,756)	87.8%
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%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(8,035)</b>	<b>-33.8%</b>	<b>(4,279)</b>	<b>-16.3%</b>	<b>(3,756)</b>	<b>87.8%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>4,676</b>	<b>19.7%</b>	<b>9,639</b>	<b>38.5%</b>	<b>(4,963)</b>	<b>-51.5%</b>

In Q3, the gross revenue generated by the Premium Games operating segment amounted to Euro 23,752 thousand, in line with the same quarter of the last fiscal year.

The total cost of sales decreased by Euro 1,458 thousand, while the quarterly gross profit went from Euro 19,064 thousand to actual Euro 17,405 thousand.

The total operating costs amounted to Euro 6,303 thousand, decreased by Euro 2,660 thousand benefitting from the lower payroll costs for Euro 1,572 thousand resulting from the above-mentioned reorganization plan.

The total depreciation, amortization and impairment adjustments increased by Euro 3,756 thousand, thus resulting in a Euro 4,676 thousand EBIT (19.7% of net revenue) compared to Euro 9,745 thousand as at March 31<sup>st</sup>, 2023.

Below the third quarter Free to Play operating segment analysis:

Consolidated amounts in Euro thousand		Free to Play					
		Q3 2023/2024		Q3 2022/2023		Change	
1	Gross revenue	4,451	100.0%	4,779	100.0%	(328)	-6.9%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
<b>3</b>	<b>Net revenue</b>	<b>4,451</b>	<b>100.0%</b>	<b>4,779</b>	<b>100.0%</b>	<b>(328)</b>	<b>-6.9%</b>
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(972)	-21.8%	(944)	-10.3%	(28)	3.0%
6	Royalties	(1,637)	-36.8%	(1,292)	-4.0%	(345)	26.7%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
<b>8</b>	<b>Total cost of sales</b>	<b>(2,609)</b>	<b>-58.6%</b>	<b>(2,236)</b>	<b>-14.3%</b>	<b>(373)</b>	<b>16.7%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>1,842</b>	<b>41.4%</b>	<b>2,543</b>	<b>85.8%</b>	<b>(701)</b>	<b>-27.6%</b>
10	Other income	384	8.6%	865	42.9%	(481)	-55.6%
11	Costs for services	(794)	-17.8%	(753)	-24.0%	(41)	5.5%
12	Rent and leasing	(15)	-0.3%	(30)	-1.1%	15	-51.3%
13	Payroll costs	(1,546)	-34.7%	(2,203)	-104.3%	657	-29.8%
14	Other operating costs	(47)	-1.0%	(43)	-2.2%	(4)	8.3%
<b>15</b>	<b>Total operating costs</b>	<b>(2,402)</b>	<b>-54.0%</b>	<b>(3,029)</b>	<b>-131.6%</b>	<b>627</b>	<b>-20.7%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(176)</b>	<b>-3.9%</b>	<b>379</b>	<b>-2.9%</b>	<b>(555)</b>	<b>n.m.</b>
17	Depreciation and amortization	(656)	-14.7%	(660)	-31.6%	4	-0.6%
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%
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(656)</b>	<b>-14.7%</b>	<b>(660)</b>	<b>-31.6%</b>	<b>4</b>	<b>-0.6%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(832)</b>	<b>-18.7%</b>	<b>(281)</b>	<b>-34.5%</b>	<b>(551)</b>	<b>n.m.</b>

The Free to Play operating segment generated revenue for Euro 4,451 thousand, slightly decreasing from Euro 4,779 thousand as of March 31<sup>st</sup>, 2023



The total cost of sales amounted to Euro 2,609 thousand compared to Euro 2,236 thousand as of March 31<sup>st</sup>, 2023.

The gross operating margin (EBITDA) was negative at Euro 176 thousand compared to positive Euro 379 thousand as of March 31<sup>st</sup>, 2023.

Depreciation and amortization as of March 31<sup>st</sup>, 2024 amounted to Euro 656 thousand and included Euro 440 thousand pertaining to the difference between the purchase price of the Australian companies and their net equity. The remainder mainly related to the IFRS 16 application to rental contracts together with the amortization for the period of the Group's intellectual properties.

The operating margin (EBIT) was negative at Euro 832 thousand, compared to negative Euro 281 thousand realized in the third quarter of last fiscal year.

## 10. 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 is entitled to potentially receive up to USD 40 million in the form of 33% of Starbreeze's net revenue from the net sales of PAYDAY 3. 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 complies with the criteria set out by international accounting standards and in line with the approach adopted in the previous fiscal years.

## 11. SUBSEQUENT EVENTS

No significant event occurred after the end of the reporting period.

## 12. BUSINESS OUTLOOK

In April 2024, the Group launched the new Downloadable Content (DLC) for Assetto Corsa Competizione (Nürburgring 24H pack), developed by its subsidiary Kunos Simulazioni, which introduced the iconic Nürburgring Nordscheifle circuit in the Fanatec GT World Challenge championship. During the same month, the Group also released the new video game Eiyuden Chronicle – Hundred Heroes, a Japanese role-playing game backed by a highly successful crowdfunding campaign.

The Group's release schedule for Q4 finally completes with the launch of the new version of the video game Crime Boss: Rockay City, scheduled for June 2024.

Promotional campaigns across the main digital marketplaces will only start a few days before the fiscal year-end. The timing of these campaigns will affect the Group's ability to meet the expected revenue within the current fiscal year. The overall amount of expected revenue of the campaigns remains unaffected but will be mostly concentrated during the month of July. The healthy performance of recently launched products support a positive outlook.

As a result, the Group has cautiously revised its estimates from the previous forecast but the positive outlook for revenue growth at fiscal year-end is confirmed. The expected EBIT margin for the full fiscal year will be positive but lower than the EBIT achieved as of June 30<sup>th</sup>, 2023, as previously communicated.

The Group's net financial debt is expected to further decrease at fiscal year-end, returning to the same level as of June 30th, 2023. The expected increase in Q4 sales and the lower level of investment, particularly after the agreement with Remedy Entertainment, will contribute to the improvement of the Group's financial position.

### 13. OTHER INFORMATION

#### EMPLOYEES

The following table details the number of employees as of March 31<sup>st</sup>, 2024 with comparative figures as at March 31<sup>st</sup>, 2023:

Category	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change
Managers	14	14	0
Office workers	286	411	(125)
Blue-collar workers and apprentices	5	5	0
<b>Total employees</b>	<b>305</b>	<b>430</b>	<b>(125)</b>

The significant decrease in the number of employees reflects the organizational review announced in November 2023, which will represent a 30% reduction in the global workforce. The predominant portion of such reduction was concentrated within the Group studios, while the reduction in the publishing units was marginal.

The following table reports the number of employees of non-Italian companies as of March 31<sup>st</sup>, 2024 with comparative figures as of March 31<sup>st</sup>, 2023:

Category	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change
Managers	8	8	0
Office workers	187	311	(124)
<b>Total employees outside Italy</b>	<b>195</b>	<b>319</b>	<b>(124)</b>

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

Category	Average no. in 2024	Average no. in 2023	Change
Managers	14	14	0
Office workers	369	391	(22)
Blue-collar workers and apprentices	4	5	(1)
<b>Total employees</b>	<b>387</b>	<b>410</b>	<b>(23)</b>

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

Category	Average no. in 2024	Average no. in 2023	Change
Managers	8	9	(1)
Office workers	265	292	(27)
<b>Total employees</b>	<b>273</b>	<b>301</b>	<b>(28)</b>

The 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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PLAY SPORT



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## **Interim Report as of March 31st, 2024**

### **FINANCIAL STATEMENTS**

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## Consolidated balance sheet as of March 31<sup>st</sup>, 2024

Euro thousand		March 31 <sup>st</sup> , 2024	June 30 <sup>th</sup> , 2023
	<b>Non-current assets</b>		
1	Property, plant and equipment	8,024	9,613
2	Investment properties	0	0
3	Intangible assets	142,346	153,023
4	Equity investments	6,908	11,400
5	Non-current receivables and other assets	8,209	8,089
6	Deferred tax assets	20,367	17,087
7	Non-current financial activities	0	0
	<b>Total non-current assets</b>	<b>185,854</b>	<b>199,212</b>
	<b>Current assets</b>		
8	Inventories	3,068	3,355
9	Trade receivables	15,403	14,104
10	Tax receivables	4,815	3,977
11	Other current assets	18,726	23,790
12	Cash and cash equivalents	4,010	9,407
13	Other current financial assets	144	11,344
	<b>Total current assets</b>	<b>46,166</b>	<b>65,977</b>
	<b>TOTAL ASSETS</b>	<b>232,020</b>	<b>265,189</b>
	<b>Shareholders' equity</b>		
14	Share capital	(5,706)	(5,706)
15	Reserves	(9,407)	(21,367)
16	Treasury shares	0	0
17	Retained earnings	(112,744)	(115,270)
	<b>Equity attributable to the shareholders of the Parent Company</b>	<b>(127,857)</b>	<b>(142,343)</b>
	<b>Equity attributable to non-controlling interests</b>	<b>3,123</b>	<b>(1,375)</b>
	<b>Total net equity</b>	<b>(124,734)</b>	<b>(143,718)</b>
	<b>Non-current liabilities</b>		
18	Employee benefits	(954)	(911)
19	Non-current provisions	(404)	(81)
20	Other non-current payables and liabilities	(1,576)	(1,824)
21	Non-current financial liabilities	(6,489)	(11,285)
	<b>Total non-current liabilities</b>	<b>(9,423)</b>	<b>(14,101)</b>
	<b>Current liabilities</b>		
22	Trade payables	(45,269)	(46,837)
23	Tax payables	(1,367)	(2,782)
24	Short term provisions	0	0
25	Other current liabilities	(7,944)	(8,635)
26	Current financial liabilities	(43,283)	(49,116)
	<b>Total current liabilities</b>	<b>(97,863)</b>	<b>(107,370)</b>
	<b>TOTAL LIABILITIES</b>	<b>(107,286)</b>	<b>(121,471)</b>
	<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>(232,020)</b>	<b>(265,189)</b>

## Consolidated profit and loss statement for the period ended March 31<sup>st</sup>, 2024

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>March 31<sup>st</sup>, 2023</b>
1	Gross revenue	75,842	89,228
2	Revenue adjustments	(42)	(51)
<b>3</b>	<b>Net revenue</b>	<b>75,800</b>	<b>89,177</b>
4	Purchase of products for resale	(1,581)	(2,176)
5	Purchase of services for resale	(7,604)	(6,814)
6	Royalties	(15,636)	(18,097)
7	Changes in inventories of finished products	(287)	(548)
<b>8</b>	<b>Total cost of sales</b>	<b>(25,108)</b>	<b>(27,635)</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>50,692</b>	<b>61,542</b>
10	Other income	8,218	12,653
11	Costs for services	(8,241)	(10,529)
12	Rent and leasing	(333)	(449)
13	Payroll costs	(29,087)	(31,426)
14	Other operating costs	(1,013)	(1,321)
<b>15</b>	<b>Total operating costs</b>	<b>(38,674)</b>	<b>(43,725)</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>20,236</b>	<b>30,470</b>
17	Depreciation and amortization	(23,478)	(12,755)
18	Provisions	0	0
19	Asset impairment charge	(779)	(580)
20	Impairment reversal	896	813
<b>21</b>	<b>Total depreciation, amortization and impairment adjustments</b>	<b>(23,361)</b>	<b>(12,522)</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(3,125)</b>	<b>17,948</b>
23	Interest and financial income	1,665	8,583
24	Interest and financial expenses	(3,952)	(4,908)
<b>25</b>	<b>Net interest income/(expenses)</b>	<b>(2,287)</b>	<b>3,675</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>(5,412)</b>	<b>21,623</b>
27	Current tax	(657)	(5,724)
28	Deferred tax	(611)	(188)
<b>29</b>	<b>Total taxes</b>	<b>(1,268)</b>	<b>(5,912)</b>
<b>30</b>	<b>Net profit/loss</b>	<b>(6,680)</b>	<b>15,711</b>
	attributable to the shareholders of the Parent Company	(2,896)	14,911
	attributable to non-controlling interests	(3,784)	800
	<b>Earnings per share:</b>		
<b>33</b>	<b>Basic earnings per share (in Euro)</b>	<b>(0.20)</b>	<b>1.05</b>
<b>34</b>	<b>Diluted earnings per share (in Euro)</b>	<b>(0.20)</b>	<b>1.01</b>

## Consolidated comprehensive income statement as of March 31<sup>st</sup>, 2024

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>March 31<sup>st</sup>, 2023</b>
<b>Profit (loss) for the period (A)</b>	<b>(6,680)</b>	<b>15,711</b>
Actuarial gain (loss)	(5)	(3)
Income tax relating to actuarial gain (loss)	1	1
Changes in the fair value	(15,889)	7,115
Tax effect regarding fair value measurement of financial assets	3,813	(1,708)
<b>Items that will not be subsequently reclassified to profit or loss (B)</b>	<b>(12,080)</b>	<b>5,405</b>
Exchange differences on translation of foreign operations	2	(593)
<b>Items that will subsequently be reclassified to profit or loss (C)</b>	<b>2</b>	<b>(593)</b>
<b>Total other comprehensive income D= (B)+(C)</b>	<b>(12,078)</b>	<b>4,812</b>
<b>Total comprehensive income (loss) (A)+(D)</b>	<b>(18,758)</b>	<b>20,523</b>
Attributable to:		
<b>Shareholders of the Parent Company</b>	<b>(14,974)</b>	<b>19,723</b>
<b>Non-controlling interests</b>	<b>(3,784)</b>	<b>800</b>

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 March 31<sup>st</sup>, 2024

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023
<b>A. Opening net cash/debt</b>	<b>9,407</b>	<b>10,961</b>
<b>B. Cash flows from operating activities</b>		
Profit (loss) for the period	(6,680)	15,711
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	779	(580)
Amortization of intangible assets	21,516	10,775
Depreciation of property, plant and equipment	1,962	1,980
Net change in tax advance	(3,280)	(2,468)
Net change in other provisions	323	0
Net change in employee benefit provisions	43	115
Net change in other non-current liabilities	(12,304)	4,946
<b>SUBTOTAL B.</b>	<b>2,359</b>	<b>30,479</b>
<b>C. Change in net working capital</b>		
Inventories	287	548
Trade receivables	(1,299)	7,200
Current tax assets	(838)	328
Other current assets	5,064	54
Trade payables	(1,568)	(300)
Current tax liabilities	(1,415)	2,250
Current provisions	0	0
Other current liabilities	(691)	3,266
Other non-current liabilities	(248)	2,947
Non-current receivables and other assets	(120)	(3,775)
<b>SUBTOTAL C.</b>	<b>(828)</b>	<b>12,518</b>
<b>D. Cash flows from investing activities</b>		
Net payments for intangible assets	(11,618)	(56,405)
Net payments for property, plant and equipment	(373)	(1,722)
Net payments for non-current financial assets	4,492	(6,967)
Changes in financial assets	11,200	0
<b>SUBTOTAL D.</b>	<b>3,701</b>	<b>(65,094)</b>
<b>E. Cash flows from financing activities</b>		
Capital increases	0	1
Changes in financial liabilities	(10,629)	25,776
Changes in financial assets	0	(3,956)
<b>SUBTOTAL E.</b>	<b>(10,629)</b>	<b>21,821</b>
<b>F. Changes in consolidated equity</b>		
Dividends paid	0	(2,568)
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
<b>SUBTOTAL F.</b>	<b>0</b>	<b>(2,568)</b>
<b>G. Cash flow for the period (B+C+D+E+F)</b>	<b>(5,397)</b>	<b>(2,844)</b>
<b>H. Closing net cash/debt (A+G)</b>	<b>4,010</b>	<b>8,117</b>

Consolidated statement of changes in equity as of March 31<sup>st</sup>, 2024

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
<b>Total on July 1<sup>st</sup>, 2022</b>	<b>5.705</b>	18.507	1.141	1.367	(611)	1.626	<b>22.030</b>	<b>0</b>	79.614	28.546	<b>108.160</b>	<b>135.895</b>	<b>1.423</b>	<b>137.318</b>
Capital increase	1	21					<b>21</b>				<b>0</b>	<b>22</b>		<b>22</b>
Allocation of previous year result							<b>0</b>		28.546	(28.546)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend paid									(2.568)		<b>(2.568)</b>	<b>(2.568)</b>		<b>(2.568)</b>
Other changes						118	<b>118</b>		(5)		<b>(5)</b>	<b>113</b>		<b>113</b>
Comprehensive income (loss)					(593)	5.405	<b>4.812</b>			14.911	<b>14.911</b>	<b>19.723</b>	<b>800</b>	<b>20.523</b>
<b>Total on March 31<sup>st</sup>, 2023</b>	<b>5.706</b>	18.528	1.141	1.367	(1.204)	7.149	<b>26.981</b>	<b>0</b>	105.587	14.911	<b>120.498</b>	<b>153.185</b>	<b>2.223</b>	<b>155.408</b>
<b>Total on July 1<sup>st</sup>, 2023</b>	<b>5.706</b>	18.528	1.141	1.367	(913)	1.244	<b>21.367</b>	<b>0</b>	105.587	9.683	<b>115.270</b>	<b>142.343</b>	<b>1.375</b>	<b>143.718</b>
Allocation of previous year result							<b>0</b>		9.683	(9.683)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other changes						118	<b>118</b>		370		<b>370</b>	<b>488</b>	<b>(714)</b>	<b>(226)</b>
Comprehensive income (loss)					2	(12.080)	<b>(12.078)</b>			(2.896)	<b>(2.896)</b>	<b>(14.974)</b>	<b>(3.784)</b>	<b>(18.758)</b>
<b>Total on March 31<sup>st</sup>, 2024</b>	<b>5.706</b>	<b>18.528</b>	<b>1.141</b>	<b>1.367</b>	<b>(911)</b>	<b>(10.718)</b>	<b>9.407</b>	<b>0</b>	<b>115.640</b>	<b>(2.896)</b>	<b>112.744</b>	<b>127.857</b>	<b>(3.123)</b>	<b>124.734</b>

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RACING ADV  
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ACTION ENERGY  
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## **Interim Report as of March 31st, 2024**

### **EXPLANATORY NOTE**

## INTRODUCTORY NOTE

Digital Bros S.p.A. Interim Report as of March 31<sup>st</sup>, 2024 was approved by the Board of Directors of May 14<sup>th</sup>, 2024 which also authorized the publication of the Report and the related press release.

The Interim Report as of March 31<sup>st</sup>, 2024 has been prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1<sup>st</sup>, 2022 as adopted by the European Union. This condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34 relating to interim financial reports.

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

Digital Bros' Interim Report as of March 31<sup>st</sup>, 2024 has been prepared on a going concern basis. The Group has assessed that no significant uncertainties to the going concern occur.

Details about the content and other general information, as well as the use of estimates, are available in the notes to the consolidated financial statements as at June 30<sup>th</sup>, 2023.

### **Accounting standards, amendments and IFRS interpretations applied from July 1<sup>st</sup>, 2023**

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

In accordance with the EU Regulation, the accounting standards adopted by the Group do not take into account laws and interpretations published by IASB and IFRIC as of June 30<sup>th</sup>, 2023, that are still pending approval by the European Union.

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.

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31<sup>ST</sup>, 2024

### NON-CURRENT ASSETS

Total non-current assets decrease by Euro 13,358 thousand, due to a decrease of intangible assets for Euro 10,677 thousand, net of the amortization for the period. This is mainly due to the above-mentioned agreement between the subsidiary 505 Games S.p.A. and Remedy Entertainment to revert all publishing, distribution and marketing rights related to the Control franchise to the Finnish developer.

Total investments on intangible assets are detailed below with prior year comparative figures:

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023
Premium Games rights	2,051	7,713
Management systems	89	224
<b>Total investments on concessions and licenses (1)</b>	<b>2,140</b>	<b>7,937</b>
<b>Total investments on trademarks and other intangible assets (2)</b>	<b>7</b>	<b>30</b>
<b>Total investments in internal studios developed videogames (3)</b>	<b>9,377</b>	<b>18,040</b>
<b>Total assets in development for third-parties IPs (4)</b>	<b>16,041</b>	<b>30,398</b>
<b>Total investments on assets in development (5)=(3)+(4)</b>	<b>25,418</b>	<b>48,438</b>
<b>Total investments on intangible assets (1)+(2)+(5)</b>	<b>27,565</b>	<b>56,405</b>

As of March 31<sup>st</sup>, 2024, the Group reclassified as current receivable Euro 10.6 million related to the agreement for the reversion of the rights for the video games Condor and Control 2. The reclassified amount, previously recognized as intangible assets, is net of the sum already collected before the quarter-end.

Total equity investments decrease by Euro 4,492 thousand, mainly due to the adjustment of the Starbreeze shares to the market value as of March 31<sup>st</sup>, 2024, as detailed below:

Euro thousand	March 31 <sup>st</sup> , 2024	June 30 <sup>th</sup> , 2023	Change
MSE&DB SI	5	5	0
Attractive S.A.	9	9	0
<b>Total investments in associated companies (A)</b>	<b>14</b>	<b>14</b>	<b>0</b>
Starbreeze – STAR A shares	2,116	7,845	(5,729)
Starbreeze – STAR B shares	4,625	3,390	1,235
Noobz from Poland s.a.	153	151	2
<b>Total other investments (B)</b>	<b>6,894</b>	<b>11,386</b>	<b>(4,492)</b>
<b>Total equity investments (A+B)</b>	<b>6,908</b>	<b>11,400</b>	<b>(4,492)</b>

The change to the investment in Starbreeze shares is detailed in the paragraph “Significant events during the period” of the Directors’ Report.

Total non-current receivables and other assets amount to Euro 8,209 thousand, increased by Euro 120 thousand compared to June 30<sup>th</sup>, 2023.

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>June 30<sup>th</sup>, 2023</b>	<b>Change</b>
Receivables from Starbreeze AB	4,425	4,425	0
Royalty receivables	2,913	2,785	128
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	231	239	(8)
Guarantee deposits – other	5	5	0
<b>Total non-current receivables and other assets</b>	<b>8,209</b>	<b>8,089</b>	<b>120</b>

As of March 31<sup>st</sup>, 2024, 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 to the Swedish studio.

Royalty receivables consist of the advance royalty payment made by 505 Games S.p.A. and 505 Go Inc., which are expected to be used beyond twelve months.

The remaining part of non-current assets is made by security 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 during which the assets will be realized or settled. As of March 31<sup>st</sup>, 2024, the balance was Euro 20,367 thousand, increased by Euro 3,280 thousand compared to June 30<sup>th</sup>, 2023, due to the recognition of deferred tax assets for Euro 3,774 thousand resulting from the recognition of the deferred tax assets related to the fair value adjustment of the Starbreeze shares, partially offset by the negative Euro 660 thousand related to the deferred taxes adjustments of 505 Games S.p.A..

## **CURRENT ASSETS**

The total current assets decrease by Euro 19,811 thousand compared to June 30<sup>th</sup>, 2023, mainly due to lower financial assets for Euro 11,200 thousand, following the collection of the receivables from Starbreeze AB and from the conversion of the bond loan from the Swedish developer.

Other current assets are analyzed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>June 30<sup>th</sup>, 2023</b>	<b>Change</b>
Receivable from Starbreeze AB	0	12,706	(12,706)
Receivables for video game user licensing rights	3,597	3,866	(269)
Advances for video game development operating costs	3,006	5,020	(2,014)
Advances to suppliers	2,380	2,054	326
Other receivables	173	144	29
Receivable from Remedy Entertainment	9,570	0	9,570
<b>Total other current assets</b>	<b>18,726</b>	<b>23,790</b>	<b>(5,064)</b>

The receivable from Starbreeze AB was fully collected on July 3<sup>rd</sup>, 2023.

The receivables for video game user licenses rights consist of advances paid for licenses not yet exploited or completely exploited as at the reporting date. They amounted to Euro 3,597 thousand, a Euro 269 thousand decrease compared to the same reporting period in the previous fiscal year.

The advances for video game development amount to Euro 3,006 thousand, which are expected to be collected in the short term. They mainly consist of the advances paid for video game programming, quality assurance and other operating costs (i.e. rating and localization).

The receivable from Remedy Entertainment results from the above-mentioned agreement with the subsidiary 505 Games S.p.A. and is expected to be collected within twelve months.

### NON-CURRENT LIABILITIES

The total non-current liabilities amount to Euro 9,423 thousand, decreasing by Euro 4,678 thousand due to lower non-current financial payables.

The other payables and non-current liabilities amount to Euro 1,576 thousand, including:

- Euro 631 thousand for the portion of the debt due after twelve months for the purchase of the Australian subsidiaries;
- Euro 945 thousand for the portion of the debt due after twelve months for the purchase of 505 Go Inc.

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

The non-current provisions solely include the provision for the sales representatives' severance indemnity.

The non-current financial liabilities amount to Euro 6,108 thousand and consisted of loans instalments due beyond twelve months and other non-current financial liabilities.

### CURRENT LIABILITIES

Total current liabilities amount to Euro 97,863 thousand decreasing by Euro 9,507 thousand due to lower current financial liabilities for Euro 5,833 thousand.

The trade payables amount to Euro 45,269 thousand, mainly consisting of payables to developers for royalties.

Other current liabilities amount to Euro 7,944 thousand, which includes Euro 4,167 thousand related to the payments received from customers for the sublicensing contracts of several intellectual properties owned by the Group.

The remaining portion consists almost exclusively of the amounts due to employees for the holiday accrual at the end of the reporting period, the future payment of the 13<sup>th</sup> and 14<sup>th</sup> month salary, the amounts accrued for the deferred portion of short-term bonuses and their relative social security contributions.



## NET EQUITY

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

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation 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
<b>Total on July 1<sup>st</sup>, 2023</b>	<b>5,706</b>	18,528	1,141	1,367	(913)	1,244	<b>21,367</b>	<b>0</b>	105,587	9,683	<b>115,270</b>	<b>142,343</b>	<b>1,375</b>	<b>143,718</b>
Allocation of previous year result							<b>0</b>		9,683	(9,683)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other changes						118	<b>118</b>		370		<b>370</b>	<b>488</b>	<b>(714)</b>	<b>(226)</b>
Comprehensive income (loss)					2	(12,080)	<b>(12,078)</b>			(2,896)	<b>(2,896)</b>	<b>(14,974)</b>	<b>(3,784)</b>	<b>(18,758)</b>
<b>Total on March 31<sup>st</sup>, 2024</b>	<b>5,706</b>	18,528	1,141	1,367	(911)	(10,718)	<b>9,407</b>	<b>0</b>	115,640	(2,896)	<b>112,744</b>	<b>127,857</b>	<b>(3,123)</b>	<b>124,734</b>

### 14. Share capital

The share capital as of March 31<sup>st</sup>, 2024 is unchanged with respect to the amount on June 30<sup>th</sup>, 2023. It is composed of 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 relates to an increase of Euro 118 thousand consisting of the stock option reserve adjustment and to a decrease of Euro 12,080 thousand resulting from:

- Euro 11,948 thousand decrease of the fair value adjustment reserve for the Group's stake in the Swedish company Starbreeze AB;
- Euro 128 thousand increase of the cash flow hedge reserve;
- Euro 4 thousand decrease of the actuarial reserve.

## NET FINANCIAL POSITION

The following table contains details of the Group's net financial position as of March 31<sup>st</sup>, 2024 together with comparative figures as of June 30<sup>th</sup>, 2023:

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>June 30<sup>th</sup>, 2023</b>	<b>Change</b>
12	Cash and cash equivalents	4,010	9,407	(5,397)
13	Other current financial assets	144	11,344	(11,200)
26	Current financial liabilities	(43,664)	(49,116)	5,452
	<b>Current net financial position</b>	<b>(39,510)</b>	<b>(28,365)</b>	<b>(11,145)</b>
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(6,108)	(11,285)	5,177
	<b>Non-current financial liabilities</b>	<b>(6,108)</b>	<b>(11,285)</b>	<b>5,177</b>
	<b>Total net financial position</b>	<b>(45,618)</b>	<b>(39,650)</b>	<b>(5,968)</b>

The net financial debt is at Euro 45,618 thousand, decreasing by 4,867 thousand compared to the previous quarter end. The net financial debt increased by Euro 5,968 thousand compared to June 30<sup>th</sup>, 2023 due to the significant investments of the period. Digital Bros will be able to manage its current liabilities with the future cash flow, benefiting from the corrective actions implemented by the Group (reduction in investment and the reorganization plan).

The total net financial position, net of the IFRS16 effect, is negative at Euro 41,350 thousand.

The net financial position prepared in accordance with the Guidelines on disclosure requirements pursuant to the regulation on the table issued by ESMA (European Securities and Markets Authority) on March 4<sup>th</sup>, 2021 is disclosed below.

	<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>June 30<sup>th</sup>, 2023</b>	<b>Change</b>	
A.	Cash	4,010	9,407	(5,397)	-57.4%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
<b>D.</b>	<b>Liquidity (A + B + C)</b>	<b>4,010</b>	<b>9,407</b>	<b>(5,397)</b>	<b>-57.4%</b>
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	43,664	49,116	(5,452)	-11.1%
<b>G.</b>	<b>Current financial indebtedness (E + F)</b>	<b>43,664</b>	<b>49,116</b>	<b>(5,452)</b>	<b>-11.1%</b>
<b>H.</b>	<b>Net current financial indebtedness (G - D)</b>	<b>39,654</b>	<b>39,709</b>	<b>(55)</b>	<b>-0.1%</b>
I.	Non-current financial liabilities (excluding current portion and debt instruments)	6,108	11,285	(5,177)	-45.1%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current trade and other payables	0	0	0	0.0%
<b>L.</b>	<b>Non-current financial indebtedness (I + J + K)</b>	<b>6,108</b>	<b>11,285</b>	<b>(5,177)</b>	<b>-45.9%</b>
<b>M.</b>	<b>Total financial indebtedness (H + L)</b>	<b>45,762</b>	<b>50,994</b>	<b>(5,232)</b>	<b>-10.3%</b>

## PROFIT AND LOSS STATEMENT

### 3. Net revenue

The following table contains a breakdown of revenue by operating segment as of March 31<sup>st</sup>, 2024, except for the Holding operating segment, which did not generate revenue.

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	14.084	59.615	1.402	741	75.842
2	Revenue adjustments	0	(12)	(30)	0	(42)
<b>3</b>	<b>Total net revenue</b>	<b>14.084</b>	<b>59.603</b>	<b>1.372</b>	<b>741</b>	<b>75.800</b>

At March 31<sup>st</sup>, 2023, the breakdown was as follows:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	17,235	69,349	1,939	705	89,228
2	Revenue adjustments	0	0	(51)	0	(51)
<b>3</b>	<b>Total net revenue</b>	<b>17,235</b>	<b>69,349</b>	<b>1,888</b>	<b>705</b>	<b>89,177</b>

The Director's Report provides an in-depth comment on net revenue.

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

The analysis is as follows:

	Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change €	Change %
23	Interest and financial income	1,665	8,583	(6,918)	-80.6%
24	Interest and financial expense	(3,952)	(4,908)	956	-19.5%
<b>25</b>	<b>Net financial income / (expenses)</b>	<b>(2,287)</b>	<b>3,675</b>	<b>(5,962)</b>	<b>n.m.</b>

The net financial expenses amounted to 2,287 thousand compared to the net financial income of Euro 3,675 thousand registered in the previous fiscal year, due to a Euro 6,918 thousand decrease in interest and financial income, only partially offset by a Euro 956 thousand increase in interest and financial expense.

Interest and financial income may be analyzed as follows:

Euro thousand	March 31 <sup>st</sup> , 2024	March 31 <sup>st</sup> , 2023	Change €	Change %
Currency exchange gains	1,287	2,907	(1,620)	-55.7%
Financial income	0	5,352	(5,352)	n.m.
Interest on derivative products	369	306	63	20.6%
Other	9	18	(9)	-50.0%
<b>Total interest and financial income</b>	<b>1,665</b>	<b>8,583</b>	<b>(6,918)</b>	<b>-80.6%</b>

The total interest and financial income as of March 31<sup>st</sup>, 2023 included Euro 4,583 thousand related to the restatement of the USD 20 million receivable to Starbreeze AB, collected in full on July 3<sup>rd</sup>, 2023.

The total interest expenses amounted to Euro 3,952 thousand, decreasing by Euro 956 thousand, mainly due to lower currency exchange losses, only partially offset by higher interest expenses on sources of financing.

Interest and financial expenses are analyzed in detail as follows:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>March 31<sup>st</sup>, 2023</b>	<b>Change €</b>	<b>Change %</b>
Interest expenses on current accounts and trade finance	(1,383)	(594)	(789)	n.m.
Tax authorities interest expenses	(16)	(5)	(11)	n.m.
Interest expenses on loans and leases	(1,099)	(437)	(662)	n.m.
<b>Total interest expenses on sources of finance</b>	<b>(2,498)</b>	<b>(1,036)</b>	<b>(1,462)</b>	<b>n.m.</b>
Currency exchange losses	(1,454)	(3,872)	2,418	-62.4%
<b>Total interest expenses</b>	<b>(3,952)</b>	<b>(4,908)</b>	<b>956</b>	<b>-19.5%</b>

## 29. Taxation

Total taxes as at March 31<sup>st</sup>, 2024 are detailed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>	<b>March 31<sup>st</sup>, 2023</b>	<b>Change €</b>	<b>Change %</b>
Current taxes	(657)	(5,724)	5,067	-88.5%
Deferred taxes	(611)	(188)	(423)	n.m.
<b>Total taxes</b>	<b>(1,268)</b>	<b>(5,912)</b>	<b>4,644</b>	<b>-78.6%</b>

The decrease in total taxes relates to a lower tax base for the Italian companies.

## Information by geographical area

Gross revenue broken down by geographical area is detailed below:

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>		<b>March 31<sup>st</sup>, 2023</b>		<b>Change</b>	
Europe	2,626	3%	2,705	3%	(79)	-2.9%
Americas	57,353	76%	70,383	78%	(13,030)	-18.5%
Rest of the world	13,412	18%	13,208	15%	204	1.5%
<b>Total foreign revenue</b>	<b>73,391</b>	<b>97%</b>	<b>86,296</b>	<b>96%</b>	<b>(12,905)</b>	<b>-15.0%</b>
Italy	2,451	3%	2,932	4%	(481)	-16.4%
<b>Total consolidated gross revenue</b>	<b>75,842</b>	<b>100%</b>	<b>89,228</b>	<b>100%</b>	<b>(13,386)</b>	<b>-15.0%</b>

Total foreign revenue represented 97% of consolidated gross revenue, in line with the first nine months of the previous fiscal year, decreased by Euro 12,905 thousand compared to March 31<sup>st</sup>, 2023.

The revenue generated in the rest of the world mainly consist of the sales made by the subsidiary 505 Games S.p.A. in the Far East.

The most significant portion of foreign revenue is generated by the Premium Games operating segment which generated foreign revenue of Euro 59,307 thousand, representing 81% of total foreign revenue.

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

<b>Euro thousand</b>	<b>March 31<sup>st</sup>, 2024</b>		<b>March 31<sup>st</sup>, 2023</b>		<b>Change</b>	
Free to Play	14,084	19%	17,235	22%	(3,151)	-18.3%
Premium Games	59,307	81%	69,349	78%	(10,042)	-14.5%
<b>Total gross foreign revenue</b>	<b>73,391</b>	<b>100%</b>	<b>86,584</b>	<b>100%</b>	<b>(13,193)</b>	<b>-15.2%</b>

## Related parties transactions

As of March 31<sup>st</sup>, 2024, 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 24<sup>th</sup>, 1998:

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period July 1<sup>st</sup>, 2023 – May 31<sup>st</sup>, 2024. No significant issues have arisen.

We also confirm that:

1. the consolidated financial statements of Digital Bros Group as at May 31<sup>st</sup>, 2024:
  - a) have been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19<sup>th</sup>, 2002;
  - b) reflect the accounting books and records;
  - c) give a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Directors' Report as at May 31<sup>st</sup>, 2024 accompanying the consolidated financial statements includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, May 14<sup>th</sup>, 2024

Signed

Chairman of the Board of Directors

Chief Financial Officer

Abramo Galante

Stefano Salbe