



Digital Bros S.p.A. financial statements as of June 30th, 2024

Digital Bros S.p.A.

Via Tortona, 37 – 20144 Milan, Italy

VAT number IT095

Share capital: Euro 6,024,334.80 of which Euro 5,706,014.80 subscribed

Milan Companies House No. 290680-Vol. 7394

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This report is available in the Investor Relations section of the Company's website at

www.digitalbros.com

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DIRECTORS' REPORT

The Company performs management and coordination activities in its capacity as Parent Company of the Digital Bros Group.

Digital Bros S.p.A., under the Halifax brand, is also in charge of the distribution of video games acquired from international publishers in Italy. The games are marketed through a direct sales network of key accounts and through an indirect sales network of sales agents. It is also the licensed distributor for Yu-Gi-Oh! trading cards in Italy.

Revenues are generated for the most part in Italy, as described in the explanatory notes to Digital Bros S.p. A's financial statements.

1. THE VIDEOGAMES 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 generated widespread optimism, prompting many competitors to initiate new productions and significantly increase 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. As a result, many companies were forced to reassess their strategies regarding portfolio investments and marketing expenditures to adapt to this competitive scenario. Consequently, starting in the second half of 2023 the market has seen waves of layoffs, studio closures, and project cancellations. This situation remains unresolved as of today.

The video games market for console follows their continuous technological evolution, as it is for all technological markets, with cyclical trends depending on the hardware lifecycle. At the launch of a new console, the prices of the hardware and the related video games are high and relatively low quantities are sold. Across their lifecycle, console and video game prices gradually decline, while the volumes and the video games quality increase.

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



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

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. Revenues are directly or indirectly recognized to publishers based on the utilization of their video games by the consumers.

Digital distribution has extended the lifecycle of a single video game. Differently from the traditional retail channel, where the game is only available once it has been launched on the market and while it is distributed by retailers, video games are now available on the different marketplaces for longer, 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 where these games are available are: the App Store for iPhone and iPad, the PlayStore for Android for Western markets and a 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 for console, Steam and Epic Store for PC.

Digital Bros S.p.A. controls a Group that is active on both on digital marketplaces and in the Free to Play segments. Because of this transition, the Parent company, which was operating directly on the traditional retail channel, has progressively experienced a decline in its core revenue, while the subsidiaries have gradually increased their revenue streams.

Such growth in digital revenues, together with the upstream integration pursued by the Group through the acquisition and establishment of development studios, led to a growing significance of the coordination activities performed by the Parent company.

2. PERFORMANCE RATIOS

The Company relies on largely used key performance ratios to simplify the comprehension of its profit and loss statement and balance sheet.

The following ratios are 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.

With regards to the balance sheet ratios, the same is valid for the net financial position, as detailed in Section 4 of the Explanatory Notes.

The ratios used by the Group could misalign with those adopted by other companies, as they are not defined by any accounting standard. Because of this, the ratios used by the Group could not be comparable with others. A reconciliation between the Directors' Report and the financial statements is not needed, as the Company uses indicators that are directly represented in its financial statements.

3. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

- The Shareholders' Meeting held on October 27th, 2023 appointed the Board of Directors and the Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the Shareholders' Meeting which will approve the financial statements as of June 30th, 2026;
- On November 14th, 2023, having reconsidered the number of projects under development to adapt to the new competitive scenario, the Group announced an organizational review, which resulted in the reduction of approximately 30% of its global workforce. Such reduction was predominantly concentrated within its development studios and, to a lesser extent, across its publishing units, both Premium and Free to Play. The reorganization costs amounted to Euro 1.4 million. The process was finalized during the reporting period;
- On February 28th, 2024, the subsidiary 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 small premium. This corresponded to the investment made at that 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 31st, 2024, executing the existing sublicensing deals under their original terms.

Relations with Starbreeze and Starbreeze shareholders

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

- in May 2016, the Group sold back the PAYDAY2 co-publishing rights to Starbreeze against a payment of USD 30 million and an earn-out of USD 40 million as 33% of the net revenues from the future video game PAYDAY3. As of June 30th, 2024 the earn-out was not accounted for and has been considered as a contingent asset, since neither the amount nor the timing of the earn-out have been defined yet, pursuant to the international accounting standards;
- since November 2018, Digital Bros S.p.A. has acquired 6,369,061 Starbreeze STAR A shares, as traded on Nasdaq Stockholm, at an average price of SEK 1.79 per share.

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

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

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvte AB for a consideration of around 25.8 million Swedish Kronor ("SEK"),

at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;

- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
 - a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million;
 - 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 28th, 2023, Starbreeze announced a rights issue of approximately SEK 450 million. Digital Bros Group 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 3rd, 2023, the Group successfully received its credit of 150 million SEK. On the same date, 3.3 million multiple-vote Starbreeze A shares were subscribed (equivalent to approximately 2.5 million Swedish Kronor) as a result of the guarantee provided for the unsubscribed options.

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

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

As of September 26th, 2024, after additional conversions of multiple-vote shares into single-vote shares carried out by various shareholders, the Group now holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares. This accounts for 21% of the total capital and 39.67% of voting rights.

As of June 30th, 2024, the Group reassessed its analysis on:

- Starbreeze AB's governance structure and Digital Bros' representation in its corporate bodies;
- Digital Bros' involvement in Starbreeze AB's decision making process;
- the existing business relationships between Digital Bros and Starbreeze AB;
- the interchange of professionals and the exchange of technical information between the two companies.

As a result of the analysis and in line with the past fiscal years, Digital Bros assessed not to have any significant influence over Starbreeze, despite holding a significant share of the voting capital.

During the last months of the reporting period different interpretations emerged between the Group and Starbreeze AB about the calculation of the earn out from the transfer of PAYDAY 2 rights to the Swedish developer and different understandings about some items related to previous agreements between the two groups. Considering the inability to reach a mutually agreed interpretation, as of June 30th, 2024, the Company has allocated Euro 1.2 million as provisions ("Provision for Starbreeze arbitration costs") to reflect the estimated arbitration costs that may arise should the matter remain unsolved. As of June 30th, 2024, the portion of the Provision for Starbreeze arbitration costs recognized in Digital Bros S.p.A.'s financial statements amounted to Euro 414 thousand.

4. PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED JUNE 30TH, 2024

The following table details the Company's results as of June 30th, 2024 together with comparative figures as of June 30th, 2023:

Euro thousand		June 30th, 2024		June 30th, 2023		Change	
1	Gross revenue	6,896	100.4%	7,877	100.9%	(981)	-12.4%
2	Revenue adjustments	(29)	-0.4%	(68)	-0.9%	39	-56.9%
3	Net revenue	6,867	100.0%	7,809	100.0%	(942)	-12.1%
4	Purchase of products for resale	(977)	-14.2%	(1,760)	-22.5%	783	-44.5%
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	(480)	-7.0%	(464)	-5.9%	(16)	3.6%
8	Total cost of sales	(1,457)	-21.2%	(2,224)	-28.5%	767	-34.5%
9	Gross profit (3+8)	5,410	78.8%	5,585	71.5%	(175)	-3.1%
10	Other income	123	1.8%	178	2.3%	(55)	-31.2%
11	Costs for services	(2,074)	-30.2%	(2,286)	-29.3%	212	-9.3%
12	Rent and leasing	(230)	-3.4%	(228)	-2.9%	(2)	1.1%
13	Payroll costs	(4,468)	-65.1%	(4,287)	-54.9%	(181)	4.2%
14	Other operating costs	(425)	-6.2%	(553)	-7.1%	128	-23.2%
15	Total operating costs	(7,197)	-104.8%	(7,354)	-94.2%	157	-2.1%
16	Gross operating margin (EBITDA) (9+10+15)	(1,664)	-24.2%	(1,591)	-20.4%	(73)	4.5%
17	Depreciation and amortization	(872)	-12.7%	(927)	-11.9%	55	-5.9%
18	Provisions	(414)	-6.0%	0	0.0%	(414)	0.0%
19	Asset impairment charge	(3,819)	-55.6%	(299)	-3.8%	(3,520)	n.m.
20	Impairment reversal	16	0.2%	0	0.0%	16	n.m.
21	Total depreciation, amortization and impairment adjustments	(5,089)	-74.1%	(1,226)	-15.7%	(3,863)	n.m.
22	Operating margin (EBIT) (16+21)	(6,753)	-98.3%	(2,817)	-36.1%	(3,936)	n.m.
23	Interest and financial income	11,594	168.8%	15,665	200.6%	(4,071)	-26.0%
24	Interest and financial expenses	(1,332)	-19.4%	(8,928)	-114.3%	7,596	-85.1%
25	Net interest income/(expenses)	10,262	149.4%	6,737	86.3%	3,525	52.3%
26	Profit/ (loss) before tax (22+25)	3,509	51.1%	3,920	50.2%	(411)	-10.5%
27	Current tax	501	7.3%	1,216	15.6%	(715)	-58.8%
28	Deferred tax	70	1.0%	(203)	-2.6%	273	n.m.
29	Total taxes	571	8.3%	1,013	13.0%	(442)	-43.6%
30	Net profit/loss (26+29)	4,080	59.4%	4,933	63.2%	(853)	-17.3%

Total gross revenue decreased by 12.4% at Euro 6,896 thousand compared to Euro 7,877 thousand as of June 30th, 2023, confirming the contraction observed in recent years.

Gross revenue is analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Revenue from video games for consoles	1,036	711	325	45.7%
Revenue from trading cards	689	1,998	(1,309)	-65.5%
Revenue from other products and services	5,171	5,168	3	0.0%
Total gross revenue	6,896	7,877	(981)	-12.1%

Revenue from other products and services include the Company's coordination activities across the Group subsidiaries, which mainly consist of management of human resources, administrative and business development services.

The purchase of products for resale decreased by 44.5%, to Euro 783 thousand. Inventories decreased by Euro 480 thousand, in line with the decreasing revenues.

Operating costs amounted to Euro 7,197 thousand, decreasing by Euro 157 thousand as a result of lower cost for services for Euro 212 thousand, partly offset by higher payroll costs for Euro 181 thousand. The increase in payroll costs reflect the reorganization plan implemented by the Company during the reporting period, which is expected to deliver savings from the next fiscal year.

The gross operating margin (EBITDA) was negative for Euro 1,664 thousand, compared to the negative Euro 1,591 thousand realized during the last fiscal year.

Total depreciation, amortization and impairment adjustments amounted to Euro 5,089 thousand, compared to Euro 1,226 thousand due to higher asset impairment charges for Euro 3,520 thousand and the Euro 414 thousand Provision for Starbreeze arbitration costs.

The operating margin (EBIT) was negative for Euro 6,753 thousand compared to the negative Euro 2,817 thousand as of June 30th, 2023.

The net financial result was positive for Euro 10,262 thousand compared to Euro 6,737 thousand as of June 30th, 2023. Such increase reflects lower interest and financial expenses for Euro 7,596 thousand, only partially offset by lower interest and financial income by Euro 4,071 thousand. As of June 30th, 2024, the item included Euro 10 million financial income related to dividends received from Kunos Simulazioni S.r.l..

Profit before tax amounted to Euro 3,509 thousand, compared to the Euro 3,920 thousand realized as of June 30th, 2023. Net profit amounted to Euro 4,080 thousand, slightly decreasing from the Euro 4,933 thousand net profit realized in the previous fiscal year.

5. BALANCE SHEET AS OF JUNE 30TH, 2024

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
Non-current assets					
1	Property, plant and equipment	4,336	5,081	(745)	-14.7%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	193	146	47	32.0%
4	Equity investments	28,382	29,855	(1,473)	-4.9%
5	Non-current receivables and other assets	641	641	0	0.0%
6	Deferred tax assets	4,215	1,032	3,183	308.4%
7	Non-current financial activities	22,370	18,337	4,033	22.0%
	Total non-current assets	60,137	55,092	5,045	9.2%
Current assets					
8	Inventories	1,949	2,429	(480)	-19.8%
9	Trade receivables	527	721	(194)	-26.9%
10	Receivables from subsidiaries	35,532	21,364	14,168	66.3%
11	Tax receivables	2,926	2,233	693	31.1%
12	Other current assets	677	13,211	(12,534)	-94.9%
13	Cash and cash equivalent	709	163	546	n.m.
14	Other current financial assets	2,316	18,491	(16,175)	-87.5%
	Total current assets	44,636	58,612	(13,976)	-23.8%
	TOTAL ASSETS	104,773	113,704	(8,931)	-7.9%
Capital and reserves					
15	Share capital	(5,706)	(5,706)	0	0.0%
16	Reserves	(11,070)	(20,598)	9,528	-46.3%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings	(37,975)	(33,895)	(4,080)	12.0%
	Total net equity	(54,751)	(60,199)	5,448	-9.1%
Non-current liabilities					
19	Employee benefits	(295)	(353)	58	-16.4%
20	Non-current provisions	(81)	(81)	0	0.0%
21	Other non-current payables and liabilities	0	0	0	0.0%
22	Non-current financial liabilities	(1,535)	(2,465)	930	-37.7%
	Total non-current liabilities	(1,911)	(2,899)	988	-34.1%
Current liabilities					
23	Trade payables	(1,328)	(1,206)	(122)	10.1%
24	Payables to subsidiaries	(39,122)	(37,815)	(1,307)	3.5%
25	Taxes payables	(129)	(283)	154	-54.6%
26	Short term provisions	(414)	0	(414)	n.m.
27	Other current liabilities	(735)	(770)	35	-4.6%
28	Current financial liabilities	(6,383)	(10,532)	4,149	n.m.
	Total current liabilities	(48,111)	(50,606)	2,495	-4.9%
	TOTAL LIABILITIES	(50,022)	(53,505)	3,483	-6.5%
	TOTAL NET EQUITY AND LIABILITIES	(104,773)	(113,704)	8,931	-7.9%

Total non-current assets increase by Euro 5,045 thousand, as a result of higher non-current assets by Euro 6,041 thousand and higher deferred tax assets by Euro 3,183 thousand.

Total current assets decrease by Euro 13,976 thousand compared to the previous fiscal year, mostly due to lower other current assets and lower other financial assets following the collection of the receivable and the conversion of the bond from Starbreeze AB. Conversely, receivables from subsidiaries increase in the reporting period.

Total current liabilities decreased by Euro 2,495 thousand compared to June 30th, 2023.

Details on the net financial position as of June 30th, 2024 compared to June 30th, 2023, are outlined below:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change
13	Cash and cash equivalents	709	163	546
14	Other current financial assets	2,316	18,491	(16,175)
28	Current financial liabilities	(6,383)	(10,532)	4,149
	Current net financial position	(3,358)	8,122	(11,480)
7	Non-current financial assets	24,378	18,337	6,041
22	Non-current financial liabilities	(1,535)	(2,465)	930
	Non-current financial liabilities	22,843	15,872	6,971
	Total net financial position	19,485	23,994	(4,509)

Further information on the net financial position, drafted according to the Guidelines on disclosure obligations under the Prospectus Regulation issued by ESMA (European Securities and Markets Authority) on March 4, 2021, is provided in the explanatory notes.

The net financial position was positive for Euro 19,485 thousand compared to the positive Euro 23,994 thousand as of June 30th, 2023, down by Euro 4,509 thousand.

The net financial position, net of financial debts under the application of IFRS 16, was positive at Euro 21,572 thousand, compared to the Euro 26,657 thousand as of June 30th, 2023.

6. FINANCIAL RATIOS

The tables below detail some key performance indicators, to facilitate the reading of the Company's economic and financial data:

Profitability ratios	June 30th, 2024	June 30th, 2023
ROE (Net profit / Net equity)	7.5%	8.2%
ROI (Operating margin / Total assets)	-6.4%	-2.5%
ROS (Operating margin / Gross profit)	-100.9%	-35.8%

Structure ratios	June 30th, 2023	June 30th, 2022
Net working capital ratio (Current assets / Total assets)	42.6%	51.5%
Current ratio (Current assets / Current liabilities)	92.8%	115.8%
Quick ratio (Cash and cash equivalents and Other current assets / Current liabilities)	88.7%	111.0%

7. INTERCOMPANY AND RELATED PARTY TRANSACTIONS AND ATYPICAL/UNUSUAL TRANSACTIONS

All intercompany and related party transactions performed with Digital Bros S.p.A. were conducted at arm's length.

Digital Bros S.p.A. charged 505 Games S.p.A. for the direct costs borne for the company and, for its portion of the indirect costs of the coordination activities for the acquisition of video games and for the financial, legal, logistics and IT services carried out by the Parent Company.

Digital Bros S.p.A. charged Digital Bros Game Academy S.r.l. for the cost of administrative, financial, legal and IT services incurred on its behalf and for the rent of the subsidiary's operational headquarters located in Via Labus, Milan.

Digital Bros S.p.A. charged Avantgarden S.r.l. for the rent of its operational headquarters located in Via Tortona, Milan.

Digital Bros S.p.A. granted a loan to Rasplata B.V. with quarterly interests.

Other minor transactions relate to the financial, legal and general services performed by Digital Bros S.p.A. on behalf of the Group's subsidiaries. The Parent Company also operates a cash pooling service, using intercompany current accounts to manage and transfer both positive and negative balances between Group companies, including the transfer of receivables. These accounts are maintained interest-free.

Italian Group companies transferred tax receivables and payables to the Parent Company, in compliance with domestic tax group arrangements.

Transactions with other related parties

Related party transactions referred to the property leased by Matov Imm. S.r.l. to Digital Bros S.p.A., owned by Abramo and Raffaele Galante.

Atypical transactions

During the reporting period, there were no atypical or unusual transactions, as defined by Consob Communication DEM 6064293 of July 28th, 2006, as in the prior fiscal year.

8. TREASURY SHARES

As of June 30th, 2024, Digital Bros S.p.A. did not hold any treasury shares and did not carry out any transactions in treasury shares during the reporting period, pursuant to Art. 2428(2)(3) of the Italian Civil Code.

9. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not engage in any research and development activity during the fiscal year.

10. OPERATIONAL RISKS, FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

The Company implements a risk identification process that involves the Board of Directors together with the first-level managers, through coordination meetings periodically held throughout the year. Such process results in a risk matrix that is drafted and regularly reviewed by the Executive Director in charge of the internal control, who also attends coordination meetings. Each identified risk is detailed in a report that includes a description, a gross risk rating based on a probability/impact matrix, and the mitigating factors and/or internal processes implemented by the Company to reduce and monitor the risk. As a result, the individual net risk rating is identified. During the fiscal year, the Control and Risk Committee reviewed the risk matrix provided by the Executive Director in charge of the internal control.

The risk matrix also assesses the potential impact on the Group's operations and financial reporting if mitigation objectives are not met.

The accuracy of the risk matrix and of the identified net risk ratings are assessed by the two CEOs, together with the Executive Director in charge of the internal control. The Board of Statutory Auditors oversees the process and the Board of Directors approves the risk matrix.

The identified risks fall into two different categories: operational and financial risks.

Operational risks

Dependence on key personnel represents Digital Bros S.p.A. most significant operational risk. The Company's success depends on the performance of certain key individuals who significantly contributed to its development, leveraging their long term experience in the games industry.

The executive directors, especially the Chairman, CEOs, and CFO, possess extensive industry experience and play a crucial role in managing the business. Losing any of these individuals without adequate replacement would negatively impact the Company's results and financial position and affect the risk detection, assessment and monitoring process.

This risk is mitigated by the fact that the two CEOs are also major shareholders in the Company and by the fact that a long-term incentive plan has been implemented for the CFO. The Board of Directors appointed its

independent directors to a Nomination Committee, established to draft and implement a succession plan for the executive directors.

Management of financial risks and financial instruments

The main financial instruments used by the Company are:

- Bank overdrafts;
- Sight and short-term bank deposits;
- Import financing;
- Export financing;
- Commercial credit lines (factoring of trade receivables and advances on notes);
- Finance leases.

The purpose of these instruments is to finance the Company's operating activities.

Credit facilities granted to the Company and utilized as of June 30th, 2024 are as follows:

Euro thousands	Facility	Disposed	Available
Bank overdrafts	1,200	0	1,200
Import financing	6,500	5,470	1,030
Advances on invoices and cash orders subject to collection	1,000	0	1,000
Total	8,700	5,470	3,230

Digital Bros S.p.A. still has a residual medium-long term loan amounting to Euro 323 thousand.

Digital Bros S.p.A. bears all the financial risks for its subsidiaries, except for other financial instruments not mentioned above, such as trade payables and receivables arising from operating activities, for which each subsidiary bears the individual financial risk.

The Company seeks to maintain a balance between short-term and medium/long-term financial instruments. The Company's core business, i.e. the sale and marketing of video games, requires investments in net working capital, which are funded through short-term credit lines. Long-term investments usually involve equity investments in development studios, funded through medium/long-term credit lines.

Given the above, medium- and long-term financial payables have a well-distributed range of maturities.

The main risks generated by the Company's financial instruments are:

- exchange rate risk;
- liquidity risk.
- interest rate risk;

Interest rate risk

The Company's exposure to the interest rate fluctuations only impacts its medium and long-term financial instruments, which were originally arranged as fixed-rate instruments or that have been converted into fixed rate instruments through dedicated derivative agreements.

The rise in interest rates is relevant for all short-term financial instruments, as the Company is unable to pass these increased costs onto its selling prices.

Mi in the adoption of a short-term cash flow procedure, together with the fact that the Company subscribed to one option for a notional value of Euro 1,375 thousand to cover changes in interest rates on the Euro 1,375 thousand loan granted by UniCredit S.p.A. on January 28th, 2021.

Liquidity risk

The liquidity risk relates to difficulties in accessing the credit market.

Developing a video game often takes several years, requiring the Company to secure additional credit lines to cover the period between the initial investment and the eventual return, once the product is launched.

The risk is mitigated by different factors:

- the Company's treasury department continuously monitors cash flows, financing needs, and liquidity requirements to ensure the effective and efficient management of financial resources, maintaining an appropriate level of available liquidity;
- the Company's capitalization provides opportunities to leverage financial debt.

Based on current short, medium, and long-term planning, as well as the available funds and those generated by operating activities, the Group is expected to meet its funding needs for capital expenditures, working capital management, and debt repayment at scheduled maturity. This planning also ensures that the Company can anticipate its funding requirements in a timely manner.

Exchange rate risk

The Company holds a significant stake in the Swedish listed company Starbreeze AB, whose share prices have historically been extremely volatile. Starbreeze shares are denominated in SEK (Swedish Kronas), meaning that the Company is exposed to the potential risk of decline in the EUR/SEK exchange rate as well as the risk related to the stock prices of Starbreeze's shares. A 10% increase or decrease in the exchange rate would result in a Euro 950 thousand effect on the profit or loss before taxes.

11. CONTINGENT ASSETS AND LIABILITIES

As of June 30th, 2024 there were no contingent assets or liabilities, in line with the previous fiscal year.

12. SUBSEQUENT EVENTS

No significant subsequent events occurred after the fiscal year-end.

13. BUSINESS OUTLOOK

The ongoing digitalization of the market, which has been evident in recent fiscal years and accelerated by the COVID-19 pandemic, has resulted in a steady decline in video game sales in Italy, a trend anticipated to continue in the foreseeable future.

During the next fiscal year, the Company will continue the coordination activities across the Group subsidiaries, which are expected to enable other revenues to increase. The strong performance of the subsidiary Kunos Simulazioni S.r.l. is expected to contribute to maintain dividends in line with previous fiscal year. The Parent Company is expected to generate a net profit also in the next fiscal year.

14. OTHER INFORMATION

EMPLOYEES

The following table details the number of employees as of June 30th, 2024 with comparative figures as at June 30th, 2023:

Category	June 30 th , 2024	June 30 th , 2023	Change
Managers	6	6	0
Office workers	25	29	(4)
Blue-collar workers and apprentices	4	4	0
Total employees	35	39	(4)

The average number of employees for the period is calculated as the mean number of employees at the end of each month. Details below, with comparative figures from the previous fiscal year:

Category	Average no. in 2024	Average no. in 2023	Change
Managers	6	5	1
Office workers	27	30	(3)
Blue-collar workers and apprentices	4	4	0
Total employees	37	39	(2)

The Company's employees are contracted under the current Confcommercio national collective employment agreement for the commercial, distribution and services sector.

ENVIRONMENTAL ISSUES

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

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

The Company updates obsolete equipment as much as possible and recycles all components correctly. The Company 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 Company 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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Digital Bros S.p.A.

Financial statements as of June 30th,2024

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Balance sheet as of June 30th, 2024

	Euro thousand	June 30 th , 2024	June 30 th , 2023
	Non-current assets		
1	Property, plant and equipment	4,336	5,081
2	Investment properties	0	0
3	Intangible assets	193	146
4	Equity investments	28,382	29,855
5	Non-current receivables and other assets	641	641
6	Deferred tax assets	4,215	1,032
7	Non-current financial activities	22,370	18,337
	Total non-current assets	60,137	55,092
	Current assets		
8	Inventories	1,949	2,429
9	Trade receivables	527	721
10	Receivables from subsidiaries	35,532	21,364
11	Tax receivables	2,926	2,233
12	Other current assets	677	13,211
13	Cash and cash equivalent	709	163
14	Other current financial assets	2,316	18,491
	Total current assets	44,636	58,612
	TOTAL ASSETS	104,773	113,704
	Capital and reserves		
15	Share capital	(5,706)	(5,706)
16	Reserves	(11,070)	(20,598)
17	Treasury shares	0	0
18	Retained earnings	(37,975)	(33,895)
	Total net equity	(54,751)	(60,199)
	Non-current liabilities		
19	Employee benefits	(295)	(353)
20	Non-current provisions	(81)	(81)
21	Other non-current payables and liabilities	0	0
22	Non-current financial liabilities	(1,535)	(2,465)
	Total non-current liabilities	(1,911)	(2,899)
	Current liabilities		
23	Trade payables	(1,328)	(1,206)
24	Payables to subsidiaries	(39,122)	(37,815)
25	Taxes payables	(129)	(283)
26	Short term provisions	(414)	0
27	Other current liabilities	(735)	(770)
28	Current financial liabilities	(6,383)	(10,532)
	Total current liabilities	(48,111)	(50,606)
	TOTAL LIABILITIES	(50,022)	(53,505)
	TOTAL NET EQUITY AND LIABILITIES	(104,773)	(113,704)

Profit and loss statement for the period ended June 30th, 2024

	Euro thousand	June 30th, 2024	June 30th, 2023
1	Gross revenue	6,896	7,877
2	Revenue adjustments	(29)	(68)
3	Net revenue	6,867	7,809
4	Purchase of products for resale	(977)	(1,760)
5	Purchase of services for resale	0	0
6	Royalties	0	0
7	Changes in inventories of finished products	(480)	(464)
8	Total cost of sales	(1,457)	(2,224)
9	Gross profit (3+8)	5,410	5,585
10	Other income	123	178
11	Costs for services	(2,074)	(2,286)
12	Rent and leasing	(230)	(228)
13	Payroll costs	(4,468)	(4,287)
14	Other operating costs	(425)	(553)
15	Total operating costs	(7,197)	(7,354)
16	Gross operating margin (EBITDA) (9+10+15)	(1,664)	(1,591)
17	Depreciation and amortization	(872)	(927)
18	Provisions	(414)	0
19	Asset impairment charge	(3,819)	(299)
20	Impairment reversal	16	0
21	Total depreciation, amortization and impairment adjustments	(5,089)	(1,226)
22	Operating margin (EBIT) (16+21)	(6,753)	(2,817)
23	Interest and financial income	11,594	15,665
24	Interest and financial expenses	(1,332)	(8,928)
25	Net interest income/(expenses)	10,262	6,737
26	Profit/ (loss) before tax (22+25)	3,509	3,920
27	Current tax	501	1,216
28	Deferred tax	70	(203)
29	Total taxes	571	1,013
30	Net profit/loss (26+29)	4,080	4,933

Comprehensive income statement as of June 30th, 2024

Euro thousand	June 30th, 2024	June 30th, 2023
Profit (loss) for the period (A)	4,080	4,933
Actuarial gain (loss)	9	(11)
Income tax relating to actuarial gain (loss)	(2)	3
Changes in the fair value	(12,959)	(710)
Tax effect regarding fair value measurement of financial assets	3,110	170
Items that will not be subsequently reclassified to profit or loss (B)	(9,842)	(548)
Total comprehensive income (loss) (A)+(B)	(5,762)	4,385

Cash flow statement as of June 30th, 2024

Euro thousand	June 30 th , 2024	June 30 th , 2023
A. Opening net cash/debt	163	384
B. Cash flows from operating activities		
Profit (loss) for the period	4,080	4,933
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	3,810	299
Amortization of intangible assets	98	117
Depreciation of property, plant and equipment	774	810
Net change in deferred tax assets	(3,183)	29
Net change in other provisions	0	0
Net change in employee benefit provisions	(58)	7
Nonmonetary changes in net equity	(9,528)	(370)
SUBTOTAL B.	(4,007)	5,825
C. Change in net working capital		
Inventories	480	464
Trade receivables	116	(198)
Receivables due from subsidiaries	(14,168)	(4,561)
Tax receivables	(693)	(1,457)
Other current assets	12,534	(12,705)
Trade payables	122	(749)
Payables to subsidiaries	1,307	9,710
Current tax liabilities	(154)	(12)
Current provisions	414	(0)
Other current liabilities	(35)	(510)
Other non-current liabilities	0	0
Non-current receivables and other assets	0	8,726
SUBTOTAL C.	(77)	(1,292)
D. Cash flows from investing activities		
Net investment in intangible assets	(145)	(97)
Net investment in property, plant and equipment	(29)	(89)
Net investment in non-current financial assets	1,114	(4,305)
Changes in financial assets	8,769	(3,140)
SUBTOTAL D.	9,709	(7,631)
E. Cash flows from financing activities		
Capital increases	0	1
Change in financial liabilities	(5,079)	5,444
SUBTOTAL E.	(5,079)	5,445
F. Changes in consolidated equity		
Dividends paid	0	(2,568)
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
SUBTOTAL F.	0	(2,568)
G. Cash flow for the period (B+C+D+E+F)	546	(221)
H. Closing net cash/debt (A+G)	709	163

Statement of changes in equity as of June 30th, 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)
Total on July 1st, 2022	5,705	18,507	1,141	(142)	(60)	1,522	20,968	0	24,205	7,325	31,530	58,203
	1	21					21				0	22
Capital increase							0		7,325	(7,325)	0	0
Allocation of previous year result							0		(2,568)		(2,568)	(2,568)
Dividend paid						157	157				0	157
Other changes					(8)	(540)	(548)			4,933	4,933	4,385
Comprehensive income (loss)												
Total on June 30th, 2023	5,706	18,528	1,141	(142)	(68)	1,139	20,598	0	28,962	4,933	33,895	60,199
Total on July 1st, 2023												
Allocation of previous year result							0		4,933	(4,933)	0	0
Other changes						314	314				0	314
Comprehensive income (loss)					7	(9,849)	(9,842)			4,080	4,080	(5,762)
Total on June 30th, 2024	5,706	18,528	1,141	(142)	(61)	(8,396)	11,070	0	33,895	4,080	37,975	54,751

A) not available;

B) available - can be used to cover losses. Only the share premium reserve is distributable if the legal reserve has reached the limit established by Art. 2430 (one fifth of the share capital);

D) available - can be used to cover losses, for capital increases and for the distribution of dividends.

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Digital Bros S.p.A.

**Financial statements
as of June 30th 2024**

Explanatory Notes

1. CONTENT AND OTHER GENERAL INFORMATION

The main activities carried out by Digital Bros S.p.A. are described in the Directors' Report.

Digital Bros S.p.A. financial statements as of June 30, 2024, have been prepared on a going concern basis. The risks and uncertainties outlined in the Directors' Report do not pose any uncertainty regarding the Group's ability to continue operating as a going concern.

The financial statements are presented in Euro, and all values are rounded to the nearest thousand euros, unless otherwise stated.

The financial statements also include comparative information with respect to the previous fiscal period.

Drafting principles

Digital Bros S.p.A. financial statement as of on June 30th, 2024 were drafted according to Article 154-ter of Legislative Decree No. 58 of February 24, 1998, and subsequent amendments and additions. They also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), based on the publication in the Official Journal of the European Communities (OJEC). The term "IFRS" also includes the International Accounting Standards (IAS) currently in force, as well as all interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC). All amounts in the financial statements are expressed as Euro thousands, unless otherwise stated.

Digital Bros S.p.A. financial statements as of June 30th, 2024 have been prepared in accordance with IAS/IFRS and with the related interpretations (SIC/IFRIC) endorsed by the European Commission as of the reporting date.

The financial statements and the notes thereto also include the disclosures required by Consob Resolution 15519 of July 27th, 2006 and Consob Communication 6064293 of July 28th, 2006.

The financial statements include:

- the balance sheet as of June 30th, 2024 with comparative figures as of June 30th, 2023 (the annual reporting date for the previous consolidated financial statements);
- the profit and loss statement for the period ended June 30th, 2024 with comparative figures as of June 30th, 2023;
- the comprehensive income statement as of 30th, 2024 with comparative figures as of June 30th, 2023;
- the cash flow statement as of 30th, 2024 with comparative figures as of J June 30th, 2023;
- the statement of changes in net equity as of 30th, 2024 with comparative figures as of June 30th, 2023.

The left-hand column of the balance sheet indicates the number of the relevant Note.

The balance sheet components are allocated to the following five categories:

- non-current assets;
- current assets;
- equity;
- current liabilities;
- non-current liabilities.

Non-current assets consist of all assets that are long-term in nature, such as property, plant and equipment used for more than one year, equity investments and receivables that are due in subsequent periods. They also include deferred tax assets regardless of when they might be realised.

Current assets consist of items of a short-term nature such as inventories, trade receivables, cash and cash equivalents and other current financial assets.

Equity consists of share capital, reserves and retained earnings (profit for the fiscal year plus prior fiscal year profits not allocated to specific reserves by the Shareholders General Meeting).

Non-current liabilities include all provisions not expected to be used within the next twelve months as well as post-employment benefits, particularly for employee termination indemnities in the Parent Company and its Italian subsidiaries, as well as payables that due beyond June 30th, 2025.

Current liabilities include liabilities due by June 30th, 2025, mainly trade payables, tax liabilities and current financial liabilities.

The net financial position is composed of two parts, the net current financial position and the non-current components.

The profit and loss statement was drafted in a multi-step format, with expenses detailed by nature and consists of four intermediate profit levels:

- gross profit, the difference between net revenue and total cost of sales;
- gross operating margin (EBITDA), the difference between gross profit and total operating costs, plus other income;
- operating margin (EBIT), the difference between gross operating margin and total depreciation, amortization and impairment adjustments;
- profit before tax, the difference between the operating margin and net financial income (expenses).

The consolidated cash flow statement was prepared using the indirect method, whereby profit is adjusted for the effects of transactions with a non-cash nature, changes in net working capital, cash flows from financing and investing activities and changes in the consolidated equity.

The overall changes for the period consist of the sum of the following items:

- cash flows from operating activities;
- changes in the net working capital;
- cash flows from investing activities;

- cash flows from financing activities;
- changes in the consolidated equity.

The changes in equity comply with IAS/IFRS and outline the changes occurred between July 1st, 2023 and June 30th, 2024.

2. ACCOUNTING STANDARDS

The assessment criteria used for drafting the financial statements as of June 30th, 2024, are consistent with those used for the draft of the financial statements as of June 30th, 2023, except for the new accounting introduced from July 1st, 2023.

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of depreciation and impairment. No assets have been revalued in previous years. No borrowing costs have been capitalised.

Leasehold improvements and costs incurred after the acquisition are capitalised only in the event that they increase the future economic benefits associated with the asset. All other costs are recognised in the profit and loss statement when incurred.

Depreciation is computed on a straight-line basis over the assets' estimated useful life or based on the duration of the lease, as follows:

Buildings	3%
Plant and machinery	12%-25%
Industrial and commercial equipment	20%
Other assets	20%-25%

Assets under finance leases are recognised for their lower fair value at inception of the lease and the present value of the minimum lease payments payable over the entire lease term, whereunder all risks and rewards of ownership are transferred to the Group. The corresponding lease obligation is recognised under financial liabilities. Depreciation is applied linearly over the estimated useful life of each asset category.

Land is not depreciated but impairment adjustments are made if recoverable amount i.e., the greater of fair value and value in use, falls below the recognized cost.

The book value of the items under property, plant and equipment is eliminated at the time of disposal (i.e. on the date on which the purchaser obtains control) or when no future economic benefit is expected from its use or disposal. The profit / loss from the disposal of the asset (calculated as the difference between the net book value of the asset and the consideration received) is recognized in the profit and loss statement when the item is eliminated from the accounts.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and, when needed, corrected at each year-end.

Right of use for leased assets

The right of use for leased assets is recorded as assets on the effective date of the leasing contract, or the date on which a lessor makes the underlying asset available to the lessee. In some circumstances, the lease agreement may contain different components, requiring the effective date to be determined for each individual lease component.

This item is initially valued at cost and includes the present value of the Liability for leased assets, the payments for leases made before or on the effective date of the agreement, as well as any other initial direct cost. The item can subsequently be further adjusted in order to reflect any restatements of assets / liabilities for leased assets.

The right of use for leased assets is amortized at each fiscal year at the lesser of the contractual duration and the residual useful life of the underlying asset.

The Company's leasing contracts usually do not provide for the transfer of ownership of the underlying asset and therefore amortization is carried out over the contractual term. Amortization starts on the date of the lease.

Should there be a loss in the value of the asset according to the criteria outlined in the principle of onerous contracts, the asset is written down accordingly, regardless of the amortization already accounted for.

Intangible assets

Intangible assets purchased or produced internally are capitalised in accordance with IAS 38 - Intangible Assets when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

They are recognised at purchase or production cost and those with a finite useful life are amortized on a straight-line basis over their estimated useful lives.

The amortization rates applied are as follows:

- Brands/Trademarks - 10%
- Microsoft Dynamics Navision licenses - 20%.
- Long-term licenses / User rights - 20%.

Intangible assets with finite useful lives are amortized over their estimated useful lives and amortization begins when the assets are available for use. The carrying amount is tested for recoverability in accordance with IAS 36, as explained in the "impairment of assets" paragraph below.

The criterion for amortization is determined analytically for each intangible asset, based on the expected degree of use identified once the video game is launched on the market. The residual value is validated through an impairment test, carried out at least twice per year.

The related amortization is included in depreciation and amortization in the profit and loss statement.

An intangible asset is eliminated at the time of disposal (i.e., on the date on which the buyer obtains its control) or when no future economic benefits are expected from its use or disposal. Any profit or loss resulting from the elimination of the asset (calculated as the difference between the net consideration for the disposal and the book value of the asset) is recognised in the profit and loss statement.

Equity investments

Equity investments in subsidiaries are recognized at cost and adjusted for impairment.

Any positive difference arising at the time of acquisition from third parties between the purchase cost and the Company's share of the fair value of equity is included in the carrying amount of the investment.

Equity investments in subsidiaries are tested for impairment in accordance with IAS 36 once a year, or more frequently if necessary. If there is evidence that these investments have been impaired, the related adjustment is duly recognized in the profit and loss statement. If the Company's share of a subsidiary's loss exceeds the carrying amount of the equity investment and if the Company is required to cover such loss, the carrying amount of the investment is reduced to zero and the Company's share of the additional loss is recognized as a provision in the balance sheet. If there is any subsequent indication that an impairment loss may no longer exist or may have decreased, it is reversed in the profit and loss statement up to the cost of the asset.

The gains and losses and assets and liabilities of associated companies are recorded in the financial statements using the equity method, except where the investments have been classified as held for sale.

Under this method, investments in associated companies are initially recognized at cost. The financial statements include the Company share of the profits or losses of the associated companies as recognized using the equity method until the date on which significant influence ceases to exist. An associate is a company over which the Group exercises significant influence. Significant influence means that the power to participate in the determination of the financial and management policies of the associated company without control or joint control.

Pursuant to IFRS 9, investments in companies other than subsidiaries and associates, constituting non-current financial assets which are not held for trading, are measured at fair value, except where fair value cannot be reliably determined. In such cases, the cost method is adopted. The changes in fair value are recognized in the comprehensive income statement (fair value through other comprehensive income - FVOCI) and without reclassification to the income statement of the profits or losses realized and according to the irrevocable faculty exercised by the company, and without reclassification of the profits or losses realized.

Asset impairment

IAS 36 requires intangible assets, property, plant and equipment and investments in associated companies and other entities to be tested for impairment based on discounted future cash flows.

Accordingly, at least once a year, the Company tests the recoverability of the carrying amount of the above assets. If an impairment loss is identified, the recoverable amount of the asset is estimated in order to determine the extent of the adjustment required. The Company estimates the recoverable amount of the cash-generating unit to which the asset belongs when it is not possible to estimate the recoverable amount of an individual asset.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. The value in use of an asset is estimated by discounting estimated future cash flows after taxes to their present value at a discount rate that reflects the time value of money and the risks specific to the asset.

An impairment loss is recognised if the recoverable amount is less than carrying amount. If impairment is subsequently reduced or reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment adjustment been recognised. This is except for

goodwill in relation to which impairment adjustments cannot be reversed. A reversal of an impairment adjustment is recognised immediately in profit and loss.

Inventories

Inventories of finished goods are recognized at the lower of purchase cost including ancillary expenses and realizable value, as estimated based on market trends. Cost is determined based on specific cost.

When the realizable value of inventories is lower than their purchase cost, impairment is charged directly to the unit value of the article in question.

Receivables and payables

Receivables are measured at amortized cost which coincides with their estimated realizable value. The nominal amount of receivables is brought into line with estimated realizable amount by means of a provision for doubtful accounts, taking account of the specific circumstances of each debtor.

Receivables due from customers involved in insolvency proceedings are written off in full or written down to the extent that ongoing legal action indicates they are partially collectible.

Payables are stated at nominal amount.

Employee benefits

Employee termination indemnities (*trattamento di fine rapporto* or TFR) - mandatory for Italian companies pursuant to Art. 2120 of the Civil Code - constitute deferred compensation and depend on the employees' period of employment and the amount of compensation received while in the Company's service.

Effective January 1st, 2007, significant changes were made to Italian law governing the TFR. These changes included the choice given to employees to decide where to allocate their TFR entitlement accruing (in supplementary pension schemes or in the "Treasury Fund" managed by the Social Security agency INPS). Thus, the obligation towards INPS and the payments to supplementary pension schemes qualify as defined contribution plans while the amounts remaining in TFR, in accordance with IAS 19, retain their status as defined benefit plans.

In accordance with the amendment to IAS 19, actuarial gains and losses are recognised in the comprehensive income statement as items that will not be subsequently reclassified in the profit and loss statement and are recognized in the net equity as other reserves.

Other long-term employee benefits

The valuation of other long-term benefits does not generally present the same degree of uncertainty as the valuation of post-employment benefits. For this reason, IAS 19 requires a simplified method of accounting for such benefits. Unlike the accounting required for post-employment benefits, this method does not recognize revaluations in the other components of the comprehensive income statement.

For other long-term employee benefits, an entity shall recognize the net total of the retirement cost in the profit

and loss statement.

Current and non-current provisions

The Company creates provisions for risks and charges when it has legal or constructive obligations to third parties whose exact amount and/or timing is uncertain and/or it is probable that the Company will have to employ resources to fulfil the obligation and the amount can be reliably estimated. The provisions are adjusted periodically to reflect any increases/decreases in the estimated amount of the liability.

Changes in estimates are recognized in the statement of profit and loss for the period in which the change occurs.

Financial assets and liabilities

Current financial assets, non-current financial assets and current and non-current financial liabilities are recognised in accordance with IFRS 9 – Financial Instruments.

Cash and cash equivalents include cash on hand, bank deposits, mutual fund units, other highly negotiable securities and other financial assets recognised as available-for-sale.

Current financial assets and securities are recognised based on their trading date and, upon initial recognition.

Initial measurement

Upon initial recognition, financial assets are classified based on their subsequent valuation methods: at amortized cost, i.e. at fair value through the OCI, or at fair value through in the profit and loss statement. The classification depends on the characteristics of the financial asset's contractual cash flows and the Company's business model for managing these assets.

Generally, financial assets are initially recognized at their fair value plus any transaction costs, except for trade receivables that do not contain a significant financing component or for which the Company applies the practical expedient. In these cases, trade receivables for which there is no significant financing component or for which the Group applied the practical expedient are valued at their transaction price.

Subsequent evaluation

For the purposes of subsequent valuation, financial assets are classified into four categories:

- Financial assets measured at amortized cost (debt instruments);
- Financial assets measured at fair value recognized in the comprehensive income statement ("OCI") with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at fair value recognized in the comprehensive income statement ("OCI") without reversal of accumulated profits and losses at the time of elimination (equity instruments);
- Financial asset at fair value through profit or loss.

Financial assets measured at amortized cost (debt instruments)

Financial assets measured at amortized cost are subsequently valued using the effective interest rate method and are subject to impairment testing. Any profits or losses arising from the elimination, modification, or revaluation of these assets are recognized in the profit and loss statement.

Financial assets measured at fair value through OCI (debt instruments)

For debt instruments measured at fair value through other comprehensive income (OCI), interest income, exchange rate differences, and both impairments and reversals are recognized in the profit and loss statement, following the same approach as for financial assets measured at amortized cost. The remaining changes in fair value are recorded in OCI. Upon derecognition, the cumulative fair value adjustments previously recorded in OCI are reclassified to the profit and loss statement.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments measured at fair value through other comprehensive income (OCI), provided these investments meet the definition of equity instruments under IAS 32 “Financial Instruments: Presentation” and are not held for trading. This classification is made individually for each instrument.

Gains and losses on these equity investments are not recognized in the profit and loss statement. Instead, dividends received are recognized as other income in the profit and loss statement when the right to receive payment is established, unless the Group uses the income to offset part of the cost of the financial investment, in which case the income is recognized in OCI. Equity instruments measured at fair value through OCI are not subject to impairment testing.

Financial assets measured at fair value through profit and loss

Financial assets measured at fair value and recognized in the profit and loss statements are recognized in the balance sheet statement at fair value. Net changes in fair value are recognized in the profit and loss statement for the current fiscal year.

Cancellation

Investments in financial assets are cancelled only when the contractual rights to receive the cash flows from the assets have expired (e.g., upon the final repayment of subscribed bonds) or when the Company transfers the financial asset along with all associated risks and benefits.

Financial liabilities encompass financial payables and other financial obligations, including liabilities arising from the market value valuation of derivative instruments when their value is negative.

Initial assessment

At the time of initial assessment, financial liabilities are recognized as financial liabilities at fair value in the profit and loss statement or as amortized cost. All financial liabilities are initially recognized at fair value, which is adjusted for any direct transaction costs if they are subsequently measured at amortized cost.

Subsequent evaluation

For the purposes of subsequent evaluation, financial liabilities are classified into two categories:

- Financial liabilities at fair value in the profit and loss statement;
- Financial liabilities at amortized cost (financing and loans).

Financial liabilities measured at fair value in the profit and loss statement

Liabilities held for trading include those incurred with the intent of extinguishing or transferring them in the short term. This category encompasses derivative financial instruments subscribed by the Company that are not designated as hedging instruments under IFRS 9.

Gains and losses on these liabilities are recognized in the profit and loss statement for the fiscal year.

Financial liabilities measured at amortized cost (financing and loans)

After initial recognition, loans are measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the profit and loss statement when the liability is extinguished and throughout the amortization process.

The amortized cost is determined by including any discount or premium on acquisition, as well as fees or costs integral to the effective interest rate. Amortization of the effective interest rate is recorded in the profit and loss statement as financial costs.

Cancellation

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, canceled, or fulfilled. If an existing financial liability is replaced by a new liability from the same lender with substantially different terms, or if the terms of an existing liability are significantly modified, the exchange or modification is treated as the extinguishment of the original liability. A new liability is then recognized, and any differences between the book values of the old and new liabilities are recorded in the profit and loss statement for the fiscal year.

Fair value

Fair value consists of the price that would be received to sell an asset or paid to transfer a liability in an free transaction between informed and independent parties at the measurement date. For assets traded on regulated markets, fair value is determined based on the market price (bid price) at the end of trading on the closing date of the period.

When market prices are not available, fair value is determined using appropriate valuation techniques. These may include discounted cash flow analysis using market data available at the measurement date.

Transactions are recognized based on the trade date, which is the date when the Group commits to buy or sell the asset.

If fair value cannot be reliably measured, the financial asset is valued at cost. The explanatory notes should disclose the type of asset and the reasons for using the cost method.

Derivative financial instruments and hedge accounting

Initial assessment and Subsequent evaluation

The Group uses derivative financial instruments, including interest rate swaps, to hedge its interest rate risks. These derivative financial instruments are initially recognized at fair value on the date of derivative contract subscription and are subsequently revalued at fair value. Derivatives are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When derivative financial instruments meet the conditions for hedge accounting, they are accounted for as follows:

- Fair value hedging – against fluctuations in the fair value of a recognized asset or liability or an unrecorded irrevocable commitment.
- Cash flow hedging – hedge against exposure to variations in the cash flows of a recognised asset or liability or a forecast transaction that is highly probable and could affect profit and loss, or the foreign exchange risk on an unrecorded irrevocable commitment.
- hedge of the Group's net investment in a foreign operation

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedge

The change in fair value of hedging derivatives is recognised in the profit and loss statements as Other costs. The change in fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and is also recognised in profit and loss statement as Other expenses.

With regards to the fair value hedges referred to items under the amortised cost method, each adjustment to the book value amount is amortised in the profit and loss statement over the remaining period of the hedging, using the effective interest rate method (EIR). Such amortization may begin as soon as an adjustment exists, without exceeding the date on which the hedged item ceases to be adjusted for changes in fair value attributable to the hedged risk.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the profit and loss statement.

When an unrecognised commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are recognised as assets or liabilities and corresponding gains or losses recognised in the profit and loss statement.

Cash flow hedge

The portion of the gain or loss on the hedged instrument is recognised in the 'cash flow hedge reserve', while the ineffective portion is recognised directly in the profit and loss statement. The cash flow hedge reserve is adjusted

to the lower value between the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts accumulated within other items of the consolidated profit and loss statement are recognised based on the nature of the underlying hedged transaction. If the hedged transaction results in the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the book value of the hedged asset or liability. This is not considered a reclassification of items recognized in OCI for the period. The same applies in the case of a planned transaction involving a non-financial asset or liability that subsequently becomes an irrevocable commitment subject to fair value hedging.

For any other cash flow hedging, the amount accrued in OCI is recognised in the profit and loss statement as a reclassification adjustment in the reporting period when the hedged cash flows impact the profit and loss statement.

If the cash flow hedge is no longer recognized in the profit and loss statement, the amount accrued in OCI should remain there if such future cash flows are expected to occur. Otherwise, the amount should be immediately reclassified as a reclassification adjustment in the profit and loss statement for the reporting period. After discontinuation, once the hedged cash flow occurs, any remaining amount accumulated in OCI must be accounted for based on the nature of the underlying transaction, as described above.

Hedges of a net investment

Hedging of a net investment in a foreign operation, including hedging of a monetary item as part of a net investment, is recognized similarly to cash flow hedging. Gains or losses from the hedging instrument are recognized in the comprehensive income statement for the effective portion of the hedge, while for the ineffective portion, they are recorded in the profit and loss statement. Upon the disposal of the foreign operation, the sum of total gains or losses is transferred to the profit and loss statement.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of the derivative financial instrument are recognised immediately in the profit and loss statement as interest income/expense or as financial income/expense.

Leased assets liabilities

The Group recognizes lease liabilities on the effective date of the lease contract. These liabilities represent the present value of minimum lease payments that remain unpaid at the agreement date. This includes payments based on an index or rate (initially valued using the index/rate in effect at the lease commencement date), as well as any potential penalties if the lease term allows for early termination and such termination is expected. The present value is calculated using the implicit interest rate of the lease.

The lease liability is subsequently increased by the interest accrued on that liability and decreased by the payments made for the lease.

Revenue

The IFRS 15 standard – Revenue from Contracts with Customers establishes a new revenue recognition model, providing for:

- the identification of the contract with the customer;
- the identification of the performance obligations in the contract;
- the determination of the transaction price;
- the allocation of the transaction price to the performance obligations in the contract;
- the revenue recognition criteria when the entity satisfies each performance obligation.

Accordingly, revenues from the sale of goods/ the purchase costs are measured at the fair value of the amount received/due, taking into account of any returns, bonuses, trade discounts and volume-related rewards.

Revenues are recognized when the obligation to transfer goods to the customer is fulfilled and the revenue amount can be reliably measured. If discounts are expected and their amount can be reliably determined, they are accounted for at the time of revenue recognition.

The control of the goods is transferred to the customer when they can use and enjoy the benefits from the asset. For retail sales, control typically transfers upon delivery of the goods and payment by the consumer. For wholesale sales, control generally transfers when the goods are delivered to the customer's warehouse.

Revenue and associated costs for services are recognized based on the completion state of the service at the reporting date. This completion state is assessed based on the progress of the work performed. When services under a single contract span multiple reporting periods, the consideration is allocated to each period based on the fair value of the services provided.

Chargebacks for costs incurred on behalf of third parties are recorded as reductions to the related costs.

Costs

Costs and other operating expenses that do not produce future economic benefits, or that generate benefits not qualifying as assets, are recognised in the reporting period when they are incurred, pursuant to the accrual and matching principles. Advertising costs are recognized in the profit and loss statement upon service receipt.

Cost of sales

Cost of sales includes the purchase/production cost of products, goods and/or services for resale. It includes all costs for materials and processing.

Changes in inventories reflect the adjustments to the gross carrying amount of inventories that occur during the reporting period.

Received dividends

Dividends received from associates that are not subsidiaries are recognized only when the right to receive the payment is established and only if the dividends are generated from profits realized after the acquisition of control. If the dividends come from reserves accumulated before the acquisition, they are recognized as a reduction in the carrying amount of the equity investment.

Interest income/expenses and financial income/expenses

Interest income and expense are recognised on an accrual basis and are shown separately in the profit and loss statement, without any offsetting.

Current tax

Income tax encompasses all taxes calculated on the taxable income of the Group's companies. Generally, income tax is recognized in the profit and loss statement. However, if the tax pertains to items directly credited or debited to net equity, the tax effect is recorded directly as changes to net equity. Other taxes not related to income, such as property and capital taxes, are recognized as operating costs.

Deferred tax

Deferred tax is calculated using the allocation method for liabilities, based on temporary differences between the taxable values of assets and liabilities and their values recognized in the financial statements. There are two exceptions: non-deductible goodwill from transactions not involving business combinations (which do not affect profit or loss or fiscal results) and differences arising from investments in subsidiaries where reversal is not anticipated in the foreseeable future.

Deferred tax assets related to tax losses and unused tax credits are recognized only to the extent that it is probable that sufficient future taxable income will be available to recover them. Deferred tax assets and liabilities are computed using the expected tax rates applicable to the periods when the temporary differences are expected to be realized or reversed. These rates are specific to each jurisdiction where the Group operates.

Deferred tax assets and liabilities are reviewed quarterly. Unrecognized deferred taxes are reassessed and recognized if it becomes probable that sufficient future taxable income will be available for their recovery. Deferred taxes related to items not affecting the profit and loss statement are recognized in net equity or comprehensive income, according to the nature of the items. They are classified as non-current assets and liabilities, irrespective of when they are expected to be used.

Earnings per share

Basic earnings per share is calculated dividing the profit generated in the reporting period by the number of outstanding shares, without accounting for treasury shares. As the Group did not issue any convertible financial instruments, the diluted earnings per share correspond to the basic earnings per share during the reporting period.

Foreign currency transactions

Foreign currency transactions are recognised at the applicable exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the exchange rate in effect on the reporting date. Any exchange rate gains or losses resulting from this retranslation are recognized in the profit and loss statement.

Share-based payments - Payment transactions settled with equity instruments

The Group's executives and employees receive part of their remuneration through shares, resulting in transactions settled with equity instruments. The cost of these transactions is determined based on the fair value of the equity instruments at the grant date, using an appropriate valuation method.

This cost is recognized as payroll costs for the period when the conditions relating to the achievement of the underlying objectives and / or the service is rendered, together with the corresponding increase in the net equity. The cumulative cost recognized by the end of each reporting period reflects the vesting period and the best estimate of the number of equity instruments expected to vest. The expense recognized in the profit and loss statement for each fiscal year represents the change in the accumulated cost from the beginning to the end of the year.

While the fair value of the equity instruments is determined at the grant date, performance or service conditions are not factored into this initial valuation. However, the likelihood of meeting these conditions affects the estimation of the number of instruments expected to vest. Market conditions are included in the fair value calculation at the grant date. Non-vesting conditions that do not involve a service obligation are incorporated into the plan's fair value and immediately expensed unless accompanied by service or performance conditions.

If performance or service conditions are unmet, no costs are recognized for unvested rights. Market or non-vesting conditions are treated as if they have been met when calculating expenses, although these conditions may not be actually fulfilled.

Changes to the plan conditions require recognizing at least the fair value at the grant date, assuming original conditions were met. Additional costs are recorded for modifications that increase the plan's total fair value or are favorable to employees, valued at the modification date. If a plan is canceled, any remaining fair value is immediately expensed in the profit and loss statement.

The impact of options not yet exercised on share dilution is included in the calculation of diluted earnings per share.

New accounting standards

Accounting standards, amendments and IFRS interpretations applied from July 1st, 2023

Further information on the application of accounting standards by Digital Bros S.p.A., is available in the Company's financial statements as of June 30th, 2023, published on the corporate website.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, not yet mandatory, which were not applied by the Group as of June 30th, 2024

Pursuant to the European regulation, the accounting standards used by the Group have not taken into account the rules and interpretations published by IASB and IFRIC as of June 30th, 2024, that have yet to be endorsed by the European Union.

Outlined below are the accounting standards, amendments and interpretations that have been issued as of September 26th, 2024, but are not yet in force. The Group will adopt them only once they come into force, where applicable:

IASB and IFRS IC Documents	Effective Date
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)	01/01/2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	01/01/2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	01/01/2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	01/01/2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024)	01/01/2026
Annual Improvements Volume 11 (issued on 18 July 2024)	01/01/2026
IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027

3. DISCRETIONARY ITEMS AND SIGNIFICANT ESTIMATES

Discretionary assessments

The preparation of the financial statements as of June 30th, 2024, and the accompanying explanatory notes required the application of discretionary assessments, estimates, and assumptions. These impacted the carrying values of assets and liabilities in the consolidated financial statements, as well as disclosures related to contingent assets and liabilities as of the reporting date. These assessments are based on short-, medium-, and long-term forecasts, which are continuously updated and subject to the review and approval by the Board of Directors prior to the approval of the financial reports.

Estimates are based on the best available information at the time and are reviewed periodically. Adjustments to such estimates are reflected in the profit and loss statement, when necessary. Actual results may differ significantly from these estimates due to changes in the underlying assumptions or circumstances.

Estimates are used for recognizing provisions for doubtful accounts and inventories, depreciation and amortization, equity investments, asset impairments, employee benefits, deferred taxes, and other provisions and allowances. The key areas of uncertainty in making these estimates include determining the recoverable amounts of intangible assets, assessing credit losses, inventory impairments, employee benefits, provisions, and deferred tax estimation.

Recoverable amount of equity investments

Intangible assets are subject to impairment adjustments when events or changes in circumstances suggest that their carrying amount may no longer be recoverable. Events that could trigger an impairment review include revisions to the strategic plans or changes in market conditions that result in lower-than-expected performance or reduced utilization of trademarks. The assessment of the recoverable value of investments is conducted using estimates of the expected cash flows and appropriate discount rates to assess the present value of the investment. This evaluation is therefore based on a set of hypothetical assumptions regarding future events and the actions of the subsidiaries' management, which may not necessarily occur within the anticipated terms and timelines.

Employee benefits

Estimating employee severance obligations involves assessing potential future cash outflows due to both voluntary and involuntary departures, factoring in employee seniority and the revaluation rates mandated by Italian law. The TFR (employee termination severance) underwent significant changes for the fiscal year ending June 30th, 2006. A residual portion of the indemnities remains with Group companies, making the liability estimation complex. To ensure accuracy, the Group consults an actuary to evaluate the necessary parameters.

Following the approval of the "2016-2026 Stock Option Plan," an actuarial valuation, in line with IFRS 2 - Share-based Payments, is required. An independent actuary has been appointed to perform this evaluation.

Regarding the liabilities arising from the new medium- to long-term incentive plan, approved by the Shareholders' Meeting on June 15th, 2021, the estimation process is relatively straightforward. The actuarial component, or the possibility of beneficiaries losing the incentive due to "bad leaver" conditions, is considered insignificant. As a result, the calculation of this liability did not require independent actuarial assistance.

Deferred tax

The assessment of deferred tax assets and liabilities involves two key areas of uncertainty. The first concerns the recoverability of deferred tax assets. To mitigate this, the Group compares the recognized deferred tax assets for each entity with their respective business plans to ensure alignment. The second uncertainty relates to the applicable tax rate. . It is assumed that the tax rate will remain stable over time and correspond to the current rates in force in the countries where the Group operates Adjustments are made if any changes to tax rates come into effect.

4. RELATIONSHIPS WITH STARBREEZE

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

- in May 2016, the Group sold back the PAYDAY2 co-publishing rights to Starbreeze against a payment of USD 30 million and an earn-out of USD 40 million as 33% of the net revenues from the future video game PAYDAY3. As of June 30th, 2024 the earn-out was not accounted for and has been considered as a contingent asset, since neither the amount nor the timing of the earn-out have been defined yet, pursuant to the international accounting standards;
- since November 2018, Digital Bros S.p.A. has acquired 6,369,061 Starbreeze STAR A shares, as traded on Nasdaq Stockholm, at an average price of SEK 1.79 per share.

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

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

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtre AB for a consideration of around 25.8 million Swedish Kronor ("SEK"), at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
 - a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million;
 - 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 28th, 2023, Starbreeze announced a rights issue of approximately SEK 450 million. Digital Bros Group 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 3rd, 2023, the Group successfully received its credit of 150 million SEK. On the same date, 3.3 million multiple-vote Starbreeze A shares were subscribed (equivalent to approximately 2.5 million Swedish Kronor) as a result of the guarantee provided for the unsubscribed options.

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

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

As of September 26th, 2024, after additional conversions of multiple-vote shares into single-vote shares carried out by various shareholders, the Group now holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares. This accounts for 21% of the total capital and 39.67% of voting rights.

As of June 30th, 2024, the Group reassessed its analysis on:

- Starbreeze AB's governance structure and Digital Bros' representation in its corporate bodies;
- Digital Bros' involvement in Starbreeze AB's decision making process;
- the existing business relationships between Digital Bros and Starbreeze AB;
- the interchange of professionals and the exchange of technical information between the two companies.

As a result of the analysis and in line with the past fiscal years, Digital Bros assessed not to have any significant influence over Starbreeze, despite holding a significant share of the voting capital.

During the last months of the reporting period different interpretations emerged between the Group and Starbreeze AB about the calculation of the earn out from the transfer of PAYDAY 2 rights to the Swedish developer and different understandings about some items related to previous agreements between the two groups. Considering the inability to reach a mutually agreed interpretation, as of June 30th, 2024, the Company has allocated Euro 1.2 million as provisions ("Provision for Starbreeze arbitration costs") to reflect the estimated arbitration costs that may arise should the matter remain unsolved. As of June 30th, 2024, the portion of the Provision for Starbreeze arbitration costs recognized in Digital Bros S.p.A.'s financial statements amounted to Euro 414 thousand.

5. BALANCE SHEET AS OF JUNE 30TH, 2023

	Euro thousand	June 30 th , 2023	June 30 th , 2022	Change	
Non-current assets					
1	Property, plant and equipment	4,336	5,081	(745)	-14.7%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	193	146	47	32.0%
4	Equity investments	28,382	29,855	(1,473)	-4.9%
5	Non-current receivables and other assets	641	641	0	0.0%
6	Deferred tax assets	4,215	1,032	3,183	308.4%
7	Non-current financial assets	22,370	18,337	4,033	22.0%
	Total non-current assets	60,137	55,092	5,045	9.2%
Current assets					
8	Inventories	1,949	2,429	(480)	-19.8%
9	Trade receivables	527	721	(194)	-26.9%
10	Receivables from subsidiaries	35,532	21,364	14,168	66.3%
11	Tax receivables	2,926	2,233	693	31.1%
12	Other current assets	677	13,211	(12,534)	-94.9%
13	Cash and cash equivalent	709	163	546	n.m.
14	Other current financial assets	2,316	18,491	(16,175)	-87.5%
	Total current assets	44,636	58,612	(13,976)	-23.8%
	TOTAL ASSETS	104,773	113,704	(8,931)	-7.9%
Capital and reserves					
15	Share capital	(5,706)	(5,706)	0	0.0%
16	Reserves	(11,070)	(20,598)	9,528	-46.3%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings	(37,975)	(33,895)	(4,080)	12.0%
	Total net equity	(54,751)	(60,199)	5,448	-9.1%
Non-current liabilities					
19	Employee benefits	(295)	(353)	58	-16.4%
20	Non-current provisions	(81)	(81)	0	0.0%
21	Other non-current payables and liabilities	0	0	0	0.0%
22	Non-current financial liabilities	(1,535)	(2,465)	930	-37.7%
	Total non-current liabilities	(1,911)	(2,899)	988	-34.1%
Current liabilities					
23	Trade payables	(1,328)	(1,206)	(122)	10.1%
24	Payables to subsidiaries	(39,122)	(37,815)	(1,307)	3.5%
25	Taxes payables	(129)	(283)	154	-54.6%
26	Short term provisions	(414)	0	(414)	n.m.
27	Other current liabilities	(735)	(770)	35	-4.6%
28	Financial liabilities	(6,383)	(10,532)	4,149	n.m.
	Total current liabilities	(48,111)	(50,606)	2,495	-4.9%
	TOTAL LIABILITIES	(50,022)	(53,505)	3,483	-6.5%
	TOTAL NET EQUITY AND LIABILITIES	(104,773)	(113,704)	8,931	-7.9%

NON CURRENT ASSETS

1. Property, plant and equipment

Property, plant and equipment slightly decreased from Euro 5,802 thousand to Euro 5,081 thousand.

Euro thousand	July 1 st , 2023	Invest.	Disposals	Deprec'n	Use of accum. dep'n	June 30 th , 2024
Industrial buildings	4,217	0	0	(679)	0	3,538
Land	635	0	0	0	0	635
Indust. and comm. equipment	127	45	0	(37)	0	135
Other assets	102	0	(19)	(59)	4	28
Total	5,081	45	(19)	(774)	4	4,336

Euro thousand	July 1 st , 2022	Invest.	Disposals	Deprec'n	Use of accum. dep'n	June 30 th , 2023
Industrial buildings	4,896	0	0	(679)	0	4,217
Land	635	0	0	0	0	635
Indust. and comm. equipment	131	37	0	(41)	0	127
Other assets	140	52	0	(90)	0	102
Total	5,802	89	0	(810)	0	5,081

Property, plant and equipment, except for land, is depreciated over the useful life of each individual asset.

Industrial building as of June 30th, 2024 included:

Euro thousand	
Trezzano sul Naviglio warehouse	1,188
Via Labus (Milan) offices	336
Application of IFRS 16 to Via Tortona (Milan) offices	2,014
Total	3,538

Investments in industrial and commercial equipment amounted to Euro 45 thousand and mainly related to office furniture and office automation equipment.

Details on the changes to the gross carrying amount of property, plant and equipment and on the accumulated depreciation during the reporting period is provided below, together with the amounts as of June 30th, 2023:

Current reporting period

Gross amount of property, plant and equipment

Euro thousand	July 1st, 2023	Investments	Disposals	June 30th, 2024
Industrial buildings	8,160	0	0	8,160
Land	635	0	0	635
Plant and equipment	2,433	45	0	2,478
Other assets	1,574	0	(19)	1,555
Total	12,802	45	(19)	12,828

Accumulated depreciation

Euro thousand	July 1st, 2023	Investments	Disposals	June 30th, 2024
Industrial buildings	(3,943)	(679)	0	(4,622)
Land	0	0	0	0
Plant and equipment	(2,306)	(37)	0	(2,343)
Other assets	(1,472)	(59)	4	(1,527)
Total	(7,721)	(774)	4	(8,492)

Previous reporting period

Gross amount of property, plant and equipment

Euro thousand	July 1st, 2022	Investments	Disposals	June 30th, 2023
Industrial buildings	8,160	0	0	8,160
Land	635	0	0	635
Plant and equipment	2,396	37	0	2,433
Other assets	1,522	52	0	1,574
Total	12,713	89	0	12,802

Accumulated depreciation

Euro thousand	July 1st, 2022	Investments	Disposals	June 30th, 2023
Industrial buildings	(3,264)	(679)	0	(3,943)
Land	0	0	0	0
Plant and equipment	(2,265)	(41)	0	(2,306)
Other assets	(1,382)	(90)	0	(1,472)
Total	(6,911)	(810)	0	(7,721)

The Company's property, plant and equipment are unburdened by liens, mortgages or other securities.

3. Intangible assets

All the intangible assets recognized by the Company have finite useful lives. No intangible assets have been recorded in connection with internal development costs and business combinations.

Intangible assets increased by Euro 47 thousand, net of Euro 98 thousand amortization. The following table shows movements for the current reporting period and the previous reporting period by asset:

Euro thousands	July 1 st , 2023	Investments	Disposals	Amort'n	June 30 th , 2024
Concessions and licenses	135	145	0	(92)	188
Trademarks and similar rights	3	0	0	(1)	2
Other intangible assets	8	0	0	(5)	3
Total	146	145	0	(98)	193

Euro thousands	July 1 st , 2022	Investments	Disposals	Amort'n	June 30 th , 2023
Concessions and licenses	148	97	0	(110)	135
Trademarks and similar rights	4	0	0	(1)	3
Other intangible assets	14	0	0	(6)	8
Total	166	97	0	(117)	146

Concessions and licenses increased by Euro 145 thousand over the reporting period mainly because of expenditure on ERP systems.

Movements on intangible assets and accumulated amortization in the current and previous reporting periods were as follows:

Current reporting period

Gross amount of intangible assets

Euro thousands	July 1 st , 2023	Investments	Disposals	June 30 th , 2024
Concessions and licenses	3,331	145	0	3,476
Trademarks and similar rights	1,518	0	0	1,518
Other intangible assets	106	0	0	107
Total	4,955	145	0	5,100

Accumulated amortization

Euro thousands	July 1 st , 2023	Investments	Disposals	June 30 th , 2024
Concessions and licenses	(3,196)	(92)	0	(3,288)
Trademarks and similar rights	(1,515)	(1)	0	(1,516)
Other intangible assets	(98)	(5)	0	(103)
Total	(4,809)	(98)	0	(4,907)

Previous reporting period

Gross amount of intangible assets

Euro thousands	July 1st, 2022	Investments	Disposals	June 30th, 2023
Concessions and licenses	3,234	97	0	3,331
Trademarks and similar rights	1,518	0	0	1,518
Other intangible assets	106	0	0	107
Total	4,858	97	0	4,955

Accumulated amortization

Euro thousands	July 1st, 2022	Investments	Disposals	June 30th, 2023
Concessions and licenses	(3,086)	(110)	0	(3,196)
Trademarks and similar rights	(1,514)	(1)	0	(1,515)
Other intangible assets	(92)	(6)	0	(98)
Total	(4,692)	(117)	0	(4,810)

4. Equity investments

Equity investments amounted to Euro 26,374 thousand, decreased by Euro 3,481 thousand compared to the prior fiscal year.

The following table details the equity investments as of June 30th, 2024, together with comparatives as of June 30th, 2023:

Name	June 30th, 2024	June 30th, 2023	Change
505 Games S.p.A.	10,100	10,100	0
Digital Bros Game Academy S.r.l.	203	53	150
Game Network S.r.l.	(40)	(40)	0
Digital Bros Game China	100	100	0
Digital Bros Holdings Ltd.	125	125	0
Kunos Simulazioni S.r.l.	4,676	4,676	0
Digital Bros Asia Pacific Ltd.	100	100	0
Rasplata BV	0	2,008	(2,008)
AvantGarden S.r.l.	495	495	0
Seekhana Ltd.	0	263	(263)
Supernova Games S.r.l.	100	100	0
Chrysalide Jeux et Divertissement Inc.	0	0	0
Ingame Studios a.s.	830	480	350
Total subsidiaries	16,689	18,460	(1,771)
Starbreeze AB – A Shares	2,812	7,845	(5,033)
Starbreeze AB – B Shares	6,674	3,390	3,284
Investment in Noobz From Poland S.A	194	151	43
Investment in Artactive S.A.	0	9	(9)
Investment in MSE&DB S.l.u.	5	0	5
Total other equity investments	9,685	11,395	(1,715)
Total equity investments	26,374	29,855	(3,486)

Changes in Starbreeze AB shares is detailed in paragraph 4) Relationships with Starbreeze in this Note.

At the reporting date, the carrying amount of equity investments compared with the Group's share of the equity was as follows:

Name	Location	Carrying amount (a)	Capital (b)	Pro-rata share of equity (c)	Profit/(loss) for the fiscal year	Change d=c-a
505 Games S.p.A.	Milan	10,100	10,000	44,480	(6,714)	34,380
Digital Bros Game Academy S.r.l.	Milan	203	300	203	(97)	0
Game Network S.r.l.	Milan	(40)	10	(39)	(4)	1
Digital Bros China (Shenzhen) Ltd.	Shenzhen	100	100	153	11	53
Digital Bros Holdings Ltd.	Milton Keynes	125	125	108	0	(17)
Kunos Simulazioni S.r.l.	Rome	4,676	10	46,194	12,311	41,518
Digital Bros Asia Pacific (HK) Ltd.	Hong Kong	100	100	219	18	119
AvantGarden S.r.l.	Milan	495	100	203	(16)	(292)
Supernova Games S.r.l.	Milan	100	100	310	173	210
Rasplata BV	Amsterdam	0	2	(7,261)	(12,839)	(7,261)
Seekhana Ltd.	Milton Keynes	0	840	91	(289)	91
Chrysalide Jeux et Divertissement Inc.	Québec City	0	0	582	(17)	582
Ingame Studios a.s.	Brno	830	410	2,147	360	1,317
Total subsidiaries		16,689				

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

During the reporting period, the Company acquired the remaining 40% of the Czech subsidiary Ingame Studios a.s..

The carrying amounts of Digital Bros Game Academy, Game Network S.r.l., and Seekhana Ltd. are displayed net of the impairment provision which amounts to Euro 97 thousand, Euro 50 thousand, and Euro 504 thousand, respectively, to reflect their recoverable value.

At the end of the fiscal year, the Company conducted an impairment test on significant investments and on all investments that had a net asset value lower than the carrying amount, as of June 30th, 2024. For these investments, the carrying value was compared to the recoverable value.

As of June 30th, 2024, the impairment about investments, the expected cash flows and revenues are based on the Business Plan 2025-2029, approved by the Board of Directors on July 22nd, 2024. The growth rate "g" is set at 1.0%. The growth rate ("g") used remained unchanged from the previous fiscal year, set at 1.0%. The discount rate was calculated using the Weighted Average Cost of Capital (WACC), which considers the expected return on invested capital net of financing costs for a sample of companies within the same industry as well as companies generating revenue within the same geographical area. For the equity investment in Rasplata B.V., the Company used a negative WACC growth rate, due to the expected performance of the video game in the fiscal years not beyond the scope of the 2025-2029 Strategic Plan.

The discount rates used for the impairment test on the investments, segmented by geographical area, are as follows.

	Italy	Netherlands	UK	Czech Republic
Wacc post tax	11.91%	10.51%	11.46%	12.41%

Any reasonably possible changes to the relevant assumptions used for the determination of recoverable value mentioned above (variations in the growth rate of +/-0.5% and variations in the discount rate of +/-0.5%) would not lead to significantly different results.

Such impairments tests required the Company to perform partial write-offs on the investment in Digital Bros Game Academy S.r.l. for Euro 97 thousand, Rasplata BV for Euro 3,373 thousand and Seekhana Ltd for Euro 263 thousand.

The write offs of Rasplata BV included Euro 2,008 thousand related to the write off of the equity investment and Euro 1,365 thousand to the reduction of the financial receivable from the Dutch company.

Changes to Starbreeze A shares relate to:

- a Euro 210 thousand increase related to the underwriting of no. 3,309,988 Starbreeze A shares;
- a Euro 2,390 thousand related to the conversion of no. 29,500,000 Starbreeze A shares into Starbreeze B shares;
- a Euro 2,853 thousand decrease from the fair value adjustment of no. 87,034,133 Starbreeze A shares and the related allocation to an equity reserve of the difference between the carrying amount and the fair value as of June 30th, 2024, being financial instruments classified in OCI.

The changes in Starbreeze B shares result from:

- a Euro 2,390 thousand increase related to the conversion of no. 29,500,00 Starbreeze A shares into Starbreeze B shares;
- a Euro 11,018 thousand increase from the conversion of the convertible bond, which resulted in the issuing of no. 148,311,724 Starbreeze B shares;
- a Euro 10,124 decrease from the fair value adjustment of no. 233,433,993 Starbreeze B shares and the related allocation to an equity reserve of the difference between the carrying amount and the fair value as of June 30th, 2024, being financial instruments classified in OCI.

The Euro 43 thousand increase related to the fair value adjustment of the no. 70,000 Noobz from Poland s.a. shares (listed on the Warsaw Stock Exchange New Comet segment), with allocation to an equity reserve of the difference between the carrying amount and the fair value as of June 30th, 2024, being financial instruments classified in OCI.

During the reporting period, the Company transferred its equity investments in Attractive s.a.. It also acquired the 50% stake in MSE&DB S.l. from 505 Spain S.l. MSE&DB S.l. is a Spanish joint venture with the Spanish developer Mercury Steam Entertainment S.l. for the development of a new intellectual property.

5 Non-current receivables and other assets

Non-current receivables and other assets amounted to Euro 641 thousand, unchanged compared to the previous fiscal year:

Migliaia di Euro	June 30 th 2024	June 30 th 2023	Changes
Guarantee deposit – rental of offices in Via Tortona, Milan	635	635	0
Other guarantee deposits	6	6	0
Total non-current receivables and other assets	641	641	0

As of June 30th, 2024, they only included guarantee deposits related to contractual obligations. The largest deposit is the Euro 635 thousand paid to Matov Imm. S.r.l. as a deposit for the rental of the Company's headquarters in Via Tortona 37, Milan.

6. Deferred tax assets

As of June 30th, 2024, deferred tax assets amounted to Euro 4,215 thousand, increasing by Euro 3,183 thousand compared to June 30th, 2023. The balance included IRES deferred tax for Euro 4,203 thousand and IRAP deferred tax for Euro 12 thousand.

The most significant change related to the adjustment to fair value and with the allocation to equity reserve of the difference between the book value and the market value at June 30th, 2024 of the Starbreeze AB shares.

Deferred tax assets are calculated on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax basis and are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. The rate applied for IRES calculation was 24%. The following table provides details of temporary differences as of June 30th, 2024 with the prior fiscal year:

Description	Temporary differences as of June 30 th , 2023	Changes in temporary differences in the year	Temporary differences as of June 30 th , 2024
Taxed provision for bad debts	724	87	811
Directors' emoluments not relating to period	98	3	101
TFR/Employee termination indemnity	131	66	197
Inventory obsolescence provision	94	127	221
Reserve for write-down of securities	3,259	12,936	16,195
Reserve for application of IFRS 9	5	(5)	0
Other	(33)	20	(13)
Total	4,278	13,234	17,512

The following table shows the calculation of deferred tax assets for IRES purposes as of June 30th, 2024:

Description	Temporary differences as of June 30th, 2024	Deferred tax assets for IRES as of June 30th, 2024 ^(a)
Taxed provision for bad debts	811	195
Directors' emoluments not relating to period	101	24
TFR/Employee termination indemnity	197	47
Inventory obsolescence provision	221	53
Reserve for write-down of securities	16,195	3,887
Reserve for application of IFRS 9	0	1
Other	(13)	(3)
Total	17,512	4,203

(a) Calculated as 24% of temporary differences

CURRENT ASSETS

As of June 30th, 2024, the Company had no receivables or payables with a residual duration of more than five years and no payables were secured on the Company's assets. Exchange rate fluctuation after the reporting date had no significant effect. There were no receivables or payables linked to repurchase agreements.

The following table contains a geographical breakdown of the items included in total current assets as of June 30th, 2024:

	Italy	EU	Non-EU	Total
8 Inventories	1,949	0	0	1,949
9 Trade receivables	492	35	0	527
10 Receivables from subsidiaries	30,695	0	4,837	35,532
11 Tax receivables	2,926	0	0	2,926
12 Other current assets	677	0	0	677
13 Cash and cash equivalents	709	0	0	709
14 Other financial assets	2,316	0	0	2,316
Total current assets	39,764	35	4,837	44,636

8. Inventories

Inventories only consisted of finished products for resale. Inventories decreased by Euro 480 thousand, from Euro 2,429 thousand to Euro 1,949 thousand as of June 30th, 2024, in line with the decreasing trend of retail gross profits. Inventories are presented net of adjustments for obsolescence, which amounted to Euro 125 thousand.

Details below:

	June 30th, 2024	June 30th, 2023	Change
Video games	830	1,168	(338)
Trading cards	1,119	1,261	(142)
Total inventories	1,949	2,429	(480)

9. Trade receivables

Changes in trade receivables compared to the prior fiscal year are as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Trade receivables - Italy	1,586	1,586	0
Trade receivables - EU	9	9	0
Trade receivables - Rest of the world	26	5	21
Provision for doubtful accounts	(1,094)	(879)	(215)
Total trade receivables	527	721	(194)

As of June 30th, 2024, total trade receivables amounted to Euro 527 thousand, compared to Euro 721 thousand as of June 30th, 2023. The Company's trade receivables are attributable for the most part to Italian customers. The total is net of provision for doubtful accounts.

The provision for doubtful accounts amounted to Euro 1,094 thousand, increasing by Euro 194 thousand compared to the item as of June 30th, 2023. The provision is assessed based on a detailed analysis of each trade receivable balance, to define its recoverability and the application of IFRS 9.

The following table contains a breakdown of trade receivables as of June 30th, 2024 by due date, together with comparative figures as of June 30th, 2023. All figures are stated net of the provision for doubtful accounts:

Euro thousand	June 30th, 2023	% on total	June 30th, 2022	% on total
Current	305	58%	311	43%
0 - 30 days overdue	0	0%	104	14%
30 - 60 days overdue	0	0%	6	1%
60 - 90 days overdue	0	0%	7	1%
> 90 days overdue	222	41%	293	41%
Total trade receivables	527	42%	721	100%

10. Receivables from subsidiaries

Receivables from subsidiaries amounted to Euro 35,532 thousand, increasing by Euro 14,168 thousand compared to the last fiscal year. Details below:

Euro thousand	June 30th, 2023	June 30th, 2022	Change
505 Games S.p.A.	29,878	15,463	14,415
505 Games Australia Pty Ltd.	3,827	3,753	74
Chrysalide Jeux et Divertissement Inc.	939	336	603
505 Mobile S.r.l.	562	0	562
Game Network S.r.l.	255	256	(1)
505 Games Japan KK	71	67	4
505 Go Inc.	0	857	(857)
Ingame Studios a.s.	0	490	(490)
505 Games France S.a.s.	0	142	(142)
Total receivables from subsidiaries	35,532	21,364	14,168

The most significant changes relate to the Euro 14,415 thousand receivable from 505 Games S.p.A. to support the significant investment of the subsidiary.

Based on medium/long-term business plans, the Company believes that all receivables from subsidiaries are recoverable.

11. Tax receivables

As of June 30th, 2024, tax receivables amounted to Euro 2,926 thousand, increasing by Euro 693 thousand compared to Euro 2,233 thousand as of June 30th, 2023.

Tax receivables as of June 30th, 2024 and as of June 30th, 2023 are analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Receivable under domestic tax group consolidation	1,796	1,714	82
VAT receivable	968	352	616
Other receivables	162	167	(5)
Total tax receivables	2,926	2,233	693

12. Other current assets

Other current assets decreased from Euro 13,211 thousand as of June 30th, 2023 to Euro 677 thousand as of June 30th, 2024. The balance may be analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Insurance refunds receivable	0	12,706	(12,706)
Receivables from suppliers	530	370	160
Advances to employees	122	111	11
Other receivables	25	24	1
Total other current assets	677	13,211	(12,534)

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

NET EQUITY

The shareholders' equity as of June 30th, 2024 was as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Share capital	5,706	5,706	0
Legal reserve	1,141	1,141	0
Share premium reserve	18,528	18,528	0
IFRS adoption reserve	(142)	(142)	0
Reserve for actuarial gains and losses	(61)	(68)	7
Reserve for measurement of securities	(12,304)	(2,455)	(9,849)
Stock option reserve	3,908	3,594	314
Retained earnings	34,590	29,657	4,933
Application of IFRS 9	(695)	(695)	0
Profit /(loss) for the year	4,080	4,933	(853)
Total shareholders' equity	54,751	60,199	(5,448)

The changes in net equity are detailed in the statement of changes in net equity. Below a summary of these movements:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Opening net equity	60,199	58,203	1,996
Share capital increase	0	1	(1)
Share premium reserve increase	0	21	(21)
Dividends payment	0	(2,568)	2,568
Change in treasury shares	0	0	0
Actuarial gains (losses)	7	(8)	15
Change in reserve for measurement of securities	(9,832)	(545)	(9,287)
Change in reserve for financial instruments	(17)	5	(22)
Stock option reserve	314	157	157
Profit/(loss) for the year	4,080	4,933	(853)
Closing net equity	54,751	60,199	(5,448)

Share capital as of June 30th, 2024 remains unchanged compared to the previous fiscal year. The share capital is divided into no. 14,265,037 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,706 thousand.

There are no rights, liens or restrictions associated with the ordinary shares.

The Euro 157 thousand increase in the Stock option plan reserve relates to the portion of the “Stock Options Plan 2016-2026” for the reporting period. Details on the plan are available on the Company website.

Digital Bros S.p.A. has implemented a stock option plan for the period 2016-2026, providing for a maximum distribution of no. 800,000 options. On January 20th, 2017, and May 12th, 2017, the Board of Directors approved the assignment of no.744,000 options with an exercise price of Euro 10.61 and of no.56,000 options with an exercise price of Euro 12.95. All the options will expire on June 30th, 2026.

As of June 30th, 2024, no. 720,800 options are in place, as a result of the resignations of some beneficiaries and the exercise of 4,200 options during the previous fiscal years.

Digital Bros S.p.A. applies the vesting conditions by adjusting the total number of outstanding options based on the estimate of those that will actually vest. The options assessed at June 30th, 2024 are no. 638,214 for a stock option reserve of Euro 3,908 thousand. Details on the number of outstanding options are outlined below:

Number of options	Stock Option Plan 2016 - 2026
Assigned	800,000
Expired	-
Resignation	(75,000)
Exercised	(4,200)
Number of outstanding options assessed at June 30th,2024	720,800

As of the date of approval of the financial statements, no dividends had already been approved but not yet paid.

The Company has not issued any shares with dividend rights, convertible bonds, or securities of a similar nature.

NON-CURRENT LIABILITIES

19. Employee benefits

Employee benefits are assessed at the actuarial value at the closing date of the Company's liability to employees, as calculated by an independent actuary. As of June 30th, 2024, it increased by Euro 150 thousand compared to the prior fiscal year.

The IAS 19 actuarial measurement as of June 30th, 2024 was performed using a discount rate based on the Iboxx Corporate A 10y+ index, in line with the rate used at the previous reporting date. The use of a discount rate based on the Iboxx Corporate AA index would not create a significant difference.

The calculation method can be summarized as follows:

- for each employee on the payroll, the termination indemnity provided as of December 31st, 2006 is projected and revalued as of the measurement date.;
- calculation for each employee of the estimated termination indemnity that the Company would have to pay in the event of the employee's dismissal, resignation, disability, death or retirement and in the event of requests for advances;
- discounting of each probable payment to net present value.

The estimate is based on the actual headcount as of June 30th, 2024, which consisted of 35 employees.

The economic and financial parameters used in the actuarial calculation as of June 30th, 2024 were as follows:

- annual interest rate of 3.61%;
- annual increase in remuneration rate of 3%;
- annual inflation rate of 2%.

The economic and financial parameters used in the actuarial calculation as of June 30th, 2023 were as follows:

- annual interest rate of 3.60%;
- annual increase in remuneration rate of 3.225%;
- annual inflation rate of 2.30%.

The following table shows the changes on the provision for employee termination indemnities in the current and previous reporting periods:

Euro thousand	June 30th, 2024	June 30th, 2023
Provision for employee termination indemnities as of July 1st, 2023	353	346
Utilization of provision for payments to leavers	(66)	(18)
Provision of the period	135	154
Measurement of supplementary pension schemes	(123)	(140)
Actuarial measurement	(4)	11
Provisions for employee termination indemnities as of June 30th, 2024	295	353

The Company does not have in place any supplementary pension plans.

20. Non-current provisions

Non-current provisions were entirely made of the sales representatives' termination indemnity provision. The balance of Euro 81 thousand as of June 30th, 2024 is unchanged compared to the previous fiscal year.

21. Other non-current payables and liabilities

As of June 2024, similarly to the previous reporting period, there are no other non-current payables and liabilities.

CURRENT LIABILITIES

The following table contains a geographical breakdown of the items included in total current liabilities as of June 30th, 2024:

	Euro thousands	Italy	Other EU	NON-EU	Total
23	Trade payables	(1,197)	(107)	(24)	(1,328)
24	Payables to subsidiaries	(14,887)	(7,834)	(16,401)	(39,122)
25	Tax payables	(129)	0	0	(129)
26	Current provisions	0	0	(414)	(414)
27	Other current liabilities	(735)	0	0	(735)
28	Current financial liabilities	(6,383)	0	0	(6,383)
	Total current liabilities	(23,331)	(7,941)	(16,839)	(48,111)

23. Trade payables

Trade payables due within a year increased by Euro 122 thousand and mainly consist of payables for the purchase of video games, trading cards and services. The balance is analyzed below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Trade payables – Italy	(1,197)	(917)	(280)
Trade payables – EU	(107)	(275)	168
Trade payables – Rest of world	(24)	(14)	(10)
Total trade payables	(1,328)	(1,206)	(122)

Payables to subsidiaries

Payables to subsidiaries amounted to Euro 39,122 thousand, increasing by Euro 1,307 thousand compared to the previous fiscal year. They are analyzed as follows:

Euro thousand	June 30 th , 2024	June 30 th , 2023	Change
Kunos Simulazioni S.r.l.	(11,646)	(13,486)	1,840
505 Games Ltd.	(8,091)	(7,841)	(250)
DR Studios Ltd.	(5,975)	(5,115)	(860)
505 Games (US) Inc.	(3,091)	(1,946)	(1,145)
505 Games GmbH	(2,864)	(2,521)	(343)
Ingame Studios a.s.	(1,616)	0	(1,616)
Supernova Games Studios S.r.l.	(1,161)	(372)	(789)
Hook S.r.l.	(1,083)	(49)	(1,034)
505 Games Mobile (US)	(1,079)	(759)	(320)
505 Games Interactive	(629)	(481)	(148)
Digital Bros Game Academy S.r.l.	(456)	(189)	(267)
Avantgarden S.r.l.	(372)	(269)	(103)
505 Games France S.a.s.	(263)	0	(263)
505 Go Inc.	(250)	0	(250)
Digital Bros Asia Pacific (HK) Ltd.	(172)	(147)	(25)
Game Entertainment S.r.l.	(169)	(168)	(1)
Digital Bros Holdings Ltd.	(107)	(106)	(1)
Digital Bros China (Shenzhen) Ltd.	(98)	(9)	(89)
505 Games Iberia Slu	0	(2,185)	2,185
505 Mobile S.r.l.	0	(1,992)	1,992
Hawkwen Entertainment Inc.	0	(180)	180
Total	(39,122)	(37,815)	(1,307)

24. Tax payables

Trade payables decreased from Euro 283 thousand as of June 30th, 2023 to Euro 129 thousand as of June 30th, 2024. They mainly consisted of payables related to the payment of wages, 14th month pay and the remuneration of Directors related to their service in the month of June.

25. Current provisions

During the last months of the reporting period different interpretations emerged between the Group and Starbreeze AB about the calculation of the earn out from the transfer of PAYDAY 2 rights to the Swedish developer and different understandings about some items related to previous agreements between the two groups. Considering the inability to reach a mutually agreed interpretation, as of June 30th, 2024, the Company has allocated Euro 1.2 million as provisions (“Provision for Starbreeze arbitration costs”) to reflect the estimated arbitration costs that may arise should the matter remain unsolved. As of June 30th, 2024, the portion of the Provision for Starbreeze arbitration costs recognized in Digital Bros S.p.A.’s financial statements amounted to Euro 414 thousand.

26. Other current liabilities

Other current liabilities decreased by Euro 35 thousand from Euro 770 thousand as of June 30th, 2023 to Euro 735 thousand as of June 30th, 2024. Details are provided below:

Euro thousand	June 30 th , 2024	June 30 th , 2023	Change
Amounts due to social security institutions	(179)	(197)	18
Amounts due to employees	(510)	(518)	8
Amounts due to contract staff	(37)	(38)	(1)
Other payables	(9)	(17)	8
Total other current liabilities	(735)	(770)	35

As of June 30, 2024, these items include only accruals related to unused vacation and leave days at the end of the fiscal year, as well as accruals for future payment of the thirteenth-month salary.

NET FINANCIAL POSITION

The Company's net financial position as of June 30th, 2024 is analyzed in detail below. Comparative figures as of June 30th, 2023 are also provided:

	Euro thousands	June 30 th , 2024	June 30 th , 2023	Change	
13	Cash and cash equivalents	709	163	546	n.m.
14	Other current financial assets	2,316	18,491	(16,175)	-87.5%
28	Current financial liabilities	(6,383)	(10,532)	4,149	-23.8%
	Current net financial position	(3,358)	8,122	(11,480)	n.m.
7	Non-current financial assets	24,378	18,337	6,041	32.9%
22	Non-current financial liabilities	(1,535)	(2,465)	930	-37.7%
	Non-current net financial position	22,843	15,872	6,971	-34.1%
	Total net financial position	19,485	23,994	(4,509)	-18.8%

The net financial position prepared in accordance with the Guidelines on disclosure requirements under the Prospectus Regulation issued by ESMA (European Securities and Markets Authority) on March 4th, 2021 is disclosed below.

The net financial position was positive for Euro 19,485 thousand, compared to the Euro 23,994 thousand as of June 30th, 2023, therefore decreasing by Euro 4,509 thousand. Net of the IFRS 16 effect, the net financial position amounted to positive Euro 21,472 thousand, compared to the Euro 26,657 thousand as of June 30th, 2023.

Current net financial position

13. Cash and cash equivalents

Cash and cash equivalents amounted to Euro 709 thousand as of June 30th, 2024, a Euro 546 thousand increase compared to June 30th, 2023. They have no encumbrances and consist entirely of current account deposits available on demand.

14. Other financial assets

Other current financial assets as of June 30th, 2024 amounted to Euro 2,316 thousand and consisted of:

- Euro 2,309 thousand related to the portion due within 12 months of the loan to the subsidiary Rasplata B.V. for the development of Crime Boss: Rockay City;
- Euro 7 thousand for the market value at the end of the fiscal year of the three option contracts subscribed by the Group for a notional value of Euro 1,375 thousand to hedge interest rates changes on the loans granted by UniCredit S.p.A., in accordance with the provisions of hedge accounting.

28. Current financial liabilities

Total current financial liabilities were made by loans due within a year and other current financial liabilities for a total amount of Euro 6,383 thousand. Details are as follows:

Euro thousands	June 30th, 2024	June 30th, 2023	Change
Instalment loans due within a year	(323)	(1,720)	1,397
Other current financial liabilities	(6,060)	(8,812)	2,752
Total current financial liabilities	(6,383)	(10,532)	4,149

Instalment loans amounted to Euro 323 thousand, composed of the portion with maturity within 12 months of a Euro 1,375 thousand financial loan granted by UniCredit S.p.A. to Digital Bros S.p.A. on 28/01/2021 to consolidate existing credit lines for a total of Euro 200 thousand and to develop and implement new investments for the remaining Euro 1,175 thousand. The loan provided for a pre-amortization period starting from the initial date and until 31/01/2022 during which Digital Bros paid quarterly installments of interest only, and a quarterly capital repayment period between 30/04/2022 and 31/01/2025. The loan carries quarterly interest payments based on a variable quarterly rate equal to the Euribor 3 Month rate plus a spread of 0.9 basis points. Digital Bros S.p.A. has stipulated with UniCredit S.p.A. an Interest Rate Options Agreement to hedge the interest rates changes for the duration of the loan by paying a Euro 14 thousand premium to the bank. As of June 30th, 2024 the fair value was positive for Euro 7 thousand. The loan terms and conditions do not include any covenant.

Total other current financial liabilities are detailed as follows:

Euro thousands	June 30th, 2024	June 30th, 2023	Change
Liabilities for bank accounts	0	(984)	984
Liabilities for bank loans relating to import	(5,470)	(7,182)	1,712
Lease contracts liabilities	(575)	(575)	0
Other current financial liabilities	(15)	(71)	56
Total current financial liabilities	(6,060)	(8,812)	2,752

7. Non current financial assets

As of June 30th, 2024, non current financial assets amount to Euro 24,378 thousand and consisted of the portion of the receivable from Rasplata BV due beyond 12 months, net of a Euro 1,365 thousand impairment provision.

22. Non-current financial liabilities

Non-current financial liabilities included loans due after more than a year and other non-current financial liabilities for a total of Euro 1,535 thousand. Details are provided below

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Loans due after more than a year	0	(344)	344
Other non-current financial liabilities	(1,535)	(2,121)	586
Total non-current financial liabilities	(1,535)	(2,465)	930

Other non-current financial liabilities amounted to Euro 1,535 thousand. They included Euro 23 thousand of lease repayments due after more than a year and Euro 1,512 thousand related to application of the IFRS 16 accounting standard.

The following table shows finance and operating lease payments by maturity:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Within 1 year	590	635	(45)
1-5 years	1,535	2,121	(586)
More than 5 years	0	0	0
Total	2,125	2,756	(631)

For information purposes only, the following table reports the net financial position in accordance with the Guidelines on disclosure requirements pursuant to the regulation on the prospectus issued by ESMA (European Securities and Markets Authority) on March 4th, 2021:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
A.	Cash	709	163	546	n.m.
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	709	163	546	n.m.
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	6,383	10,532	(4,149)	-39.4%
G.	Current financial indebtedness (E + F)	6,383	10,532	(4,148)	-39.4%
H.	Net current financial indebtedness (G - D)	5,675	10,369	(4,694)	-45.3%
I.	Non-current financial liabilities (excluding current portion and debt instruments)	1,535	2,465	(930)	-37.8%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current trade and other payables	0	0	0	0.0%
L.	Non-current financial indebtedness (I + J + K)	1,535	2,465	(929)	-37.7%
M.	Total financial indebtedness (H + L)	7,210	12,833	(5,623)	-43.8%

CONTRACTUAL OBLIGATIONS AND RISKS

Contractual obligations relating to credit mandates increased from Euro 38,915 thousand as of June 30th, 2023 to Euro 43,664 thousand as of June 30th, 2024. The increase is due to higher guarantees to subsidiaries to access new fundings.

The following table reports Digital Bros S.p.A.'s contractual obligations:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
UniCredit credit mandate to 505 Games S.p.A.	13,750	12,385	1,365
Intesa SanPaolo credit mandate to 505 Games S.p.A.	17,894	14,000	3,894
Intesa SanPaolo credit mandate to other Group's companies	0	1,530	(1,530)
BPM credit mandate to 505 Games S.p.A.	8,917	5,000	(3,917)
Monte dei Paschi credit mandate to 505 Mobile S.r.l.	1,000	1,000	0
Monte dei Paschi credit mandate to 505 Games S.p.A.	2,083	5,000	(2,917)
Total	43,644	38,915	(4,729)

6. PROFIT AND LOSS STATEMENT

3. Net revenue

Total net revenue amounted to Euro 6,867 thousand, compared to Euro 7,809 thousand as of June 30th,2023.

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Gross sales – Italy	6,896	7,854	(958)	-12.2%
Gross sales – Other countries	0	23	(23)	n.m.
Total gross revenue	6,896	7,877	(981)	-14.7%
Total revenue adjustments	(29)	(68)	39	-5.7
Total net revenue	6,867	7,809	(942)	-12.1%

8. Cost of sales

Cost of sales is analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Purchases of products for resale	(977)	(1,760)	783	-44.5%
Change in inventories of finished products	(480)	(464)	(16)	3.6%
Total cost of sales	(1,457)	(2,224)	767	-34.5%

A more detailed analysis of the individual revenue and cost of sales items is provided in the Directors' Report.

10. Other income

Other income mainly included revenue for activities carried out on behalf of the subsidiaries.

11. Costs of services

Costs for services are detailed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Advertising, marketing, trade fairs and exhibitions	(34)	(38)	4	-10.7%
Transport and freight	(29)	(49)	20	-41.0%
Sub-total: sales related services	(63)	(87)	24	-27.9%
Sundry insurance	(42)	(45)	3	-6.7%
Legal and notary consultancy fees	(1,277)	(1,317)	40	-3.0%
Postage and telegraph	(154)	(148)	(6)	4.1%
Travel and subsistence costs	(130)	(181)	51	-28.2%
Utilities	(94)	(146)	52	-35.4%
Maintenance	(69)	(77)	9	-11.4%
Statutory Auditors' fees	(74)	(74)	0	0.0%
Sub-total: general services	(1,840)	(1,988)	148	-7.4%
Intercompany services	(171)	(211)	40	-18.9%
Total costs for services	(2,074)	(2,286)	212	-9.3%

Total costs for services decreased by Euro 212 thousand, from Euro 2,286 thousand to Euro 2,074 as of June 30th, 2024.

12. Lease and rental costs

Lease and rental costs amounted to Euro 230 thousand compared to Euro 228 thousand as of June 30th, 2023. As of June 30th, 2024 the item included Euro 179 thousand of expenses relating to the rental of the Company's offices and Euro 51 thousand of lease costs for cars and warehouse equipment that do not fall within the scope of application of IFRS 16 because of their modest amount or the short residual duration of the lease.

13. Payroll costs

Payroll costs totaled Euro 4,468 thousand and increased by Euro 181 thousand compared to the prior fiscal year. They included the Directors' fees approved by the Shareholders' Meeting, amounts paid to temporary workers and contract staff and the cost of cars assigned to employees. Details below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Wages and salaries	(2,173)	(1,995)	(179)	9.0%
Social contributions	(817)	(903)	86	-9.5%
Employee termination indemnity	(131)	(158)	27	-17.2%
Stock option plan	(314)	(157)	(157)	100.0%
Directors' fees	(949)	(1,002)	53	-5.3%
Agents' commission	(2)	(1)	(1)	n.m.
Other payroll costs	(82)	(71)	(11)	15.2%
Total payroll costs	(4,468)	(4,287)	(181)	4.2%

Payroll costs include wages and salaries, social contributions and the employee termination indemnity. They increased by Euro 65 thousand compared to the previous fiscal year:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Wages and salaries	(2,173)	(1,995)	(179)	9.0%
Social contributions	(817)	(903)	87	-9.6%
Employee termination indemnity	(131)	(158)	27	-17.2%
Total payroll costs	(3,122)	(3,056)	(65)	2.1%
Average number of employees	37	39	(2)	-5.1%
Average cost per employee	(84)	(78)	(6)	7.7%

The average cost per employee increased by 7.7% due to the nonrecurring reorganization costs, which amounted to Euro 176 thousand.

A breakdown of the Group's workforce by employee category as of June 30th, 2024 is provided in the Directors' Report

14. Other operating costs

Total other operating costs amounted to Euro 425 thousand, a 23.2% decrease resulting from lower general and administrative cost and lower bank charges.

The following table contains details of operating costs, together with prior fiscal year comparatives:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Purchases of sundry materials	(19)	(24)	5	-21.3%
General & administrative costs	(330)	(411)	81	-19.7%
Entertainment expenses	(24)	(15)	(9)	57.7%
Sundry bank charges	(52)	(103)	51	-49.6%
Total other operating costs	(425)	(553)	128	-23.1%

21. Depreciation, amortization and impairment adjustments

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Depreciation and amortisation	(872)	(927)	55	-5.9%
Provisions	(414)	0	(414)	n,m,
Asset impairment change	(3,819)	(299)	(3,520)	n,m
Impairment reversal	16	0	16	n,m
Total depreciation, amortization and impairment adjustments	(5,089)	(1,226)	(3,863)	n,m

Total depreciation, amortization and impairment adjustments amounted to Euro 5,089 thousand, decreasing by Euro 3,863 thousand due to higher asset impairment change for Euro 3,520 thousand and Euro 414 thousand related to the Provision for Starbreeze arbitration costs.

During the last months of the reporting period different interpretations emerged between the Group and Starbreeze AB about the calculation of the earn out from the transfer of PAYDAY 2 rights to the Swedish developer and different understandings about some items related to previous agreements between the two groups. Considering the inability to reach a mutually agreed interpretation, as of June 30th, 2024, the Company has allocated Euro 1.2 million as provisions (“Provision for Starbreeze arbitration costs”) to reflect the estimated arbitration costs that may arise should the matter remain unsolved. As of June 30th, 2024, the portion of the Provision for Starbreeze arbitration costs recognized in Digital Bros S.p.A.’s financial statements amounted to Euro 414 thousand.

Asset impairment change as of 30th, 2024 and June 30th, 2023 are analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Impairment adjustment to investment in Rasplata BV	(3,373)	0	(3,373)
Impairment adjustment to investment in Seekhana Ltd	(262)	(28)	(234)
Impairment adjustment to investment in Digital Bros Game Academy S.r.l.	(97)	(247)	150
Impairment adjustment to trade receivables	(78)	(24)	(54)
Impairment adjustment to investment in Attractive S.A.	(9)	0	(9)
Total asset impairment change	(3,819)	(299)	(3,520)

25. Net financial income/ (expenses)

Net financial income totaled Euro 10,262 thousand compared to Euro 6,737 thousand in the prior fiscal year. The caption may be analyzed as follows:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
23	Interest and financial income	11,594	15,665	(4,071)	-26,0%
24	Interest and financial expenses	(1,332)	(8,928)	7,596	-85,1%
25	Net interest and financial income	10,262	6,737	3,525	52,3%

Details about net interest and financial income are provided in the table below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Dividends from subsidiaries	10,000	10,000	0	0
Other interest and financial income	1,031	4,812	(3,781)	-78.6%
Currency exchange gains	563	853	(290)	-34.0%
Net interest and financial income	11,594	15,665	(4,071)	-26.0%

As of June 30th, 2024, all dividends received are from Kunos Simulazioni S.r.l..

Financial income relate to the interests on receivables to Rasplata B.V..

Interest and financial expenses are analyzed in detail as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Interest expenses on bank accounts	(489)	(283)	(206)	72.6%
Interest expenses to tax authorities	0	(13)	13	n.m
Interest expenses on loans and leases	(103)	(108)	5	-4.8%
Total interest expenses on sources of finance	(592)	(404)	(188)	46.6%
Currency exchange losses	(740)	(2,062)	1,322	-64.1%
Reclassification of Starbreeze bond loan	0	(6,462)	6,462	n.m.
Total interest and financial expenses	(1,332)	(8,928)	7,596	-85.1%

As of June 30, 2023, total interest and financial expenses included Euro 6,462 related to the fair value adjustment of the Starbreeze bond, fully converted during the month of July, 2023.

29. Total taxes

Current and deferred taxes as of June 30th, 2023 are detailed as follow:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Current taxes	501	1,216	(715)	-58.8%
Deferred taxes	70	(203)	273	nm.
Total taxes	571	1,013	(442)	-43.6%

IRES for the year was determined as follows

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
IRES	(442)	(1,426)	984	-69.0%
IRAP	(59)	210	(269)	n.m.
Total current taxes	(501)	(1,216)	715	-58.8%

IRES for the period is as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Taxable income for IRES	1,842	5,358	(3,517)
IRES rate	24,0%	24,0%	
IRES for the period	(442)	(1,286)	844
Prior fiscal year taxes	0	(140)	140
IRES for the period	(442)	(1,426)	984

IRES for the period is reconciled with the result reported in the financial statements as follows

Euro thousand	June 30th, 2024		June 30th, 2023	
Company profit before taxation	3,509		3,920	
IRES rate	24,0%		24,0%	
Theoretical taxation	(842)	-24.0%	(941)	-24.0%
Tax effect of non-deductible costs	1,332	38%	2,160	55%
Tax effect of utilization of tax loss carryforwards	0		0	
Net tax effect of reversal of deferred tax assets not included in items above	(48)		190	
Prior fiscal year taxation	0		17	
Taxes on income for the year and effective tax rate	442	12.6%	1,426	36.4%

IRAP for the year was determined as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Taxable income for IRAP purposes	0	3,770	(3,770)
IRAP rate	5,57%	5,57%	0
IRAP for the period	0	(210)	210
IRAP relating to prior fiscal year	0	0	0
IRAP for the period	0	(210)	210

IRAP for the period is reconciled with the result reported in the financial statements as follows:

Euro thousand	June 30th, 2024		June 30th, 2023	
Operating margin/EBIT of the Company	1,383		5,185	
IRAP rate	5.57%		5.57%	
Theoretical IRAP	(77)	-5.6%	(289)	-5.6%
Tax effect of non-deductible costs	79	5.7%	79	1.5%
Net tax effect of reversal of deferred tax assets not included in items above	0		0	
Tax on income for the period and effective tax rate	0	0.0%	(210)	-4.0%

Since July 1st, 2020, Digital Bros S.p.A falls within the scope of application of the 5.57% IRAP rate for industrial holding companies.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (IFRS 7)

The main financial instruments used by the Company are:

- Bank overdrafts;
- Sight and short-term bank deposits;
- Import financing;
- Export financing;
- Commercial credit lines (advances on notes and factoring);
- Finance leases.

The objective of these instruments is to finance the Company's operating activities.

The credit facilities available to the Company, together with utilization as of June 30th, 2024, are detailed below:

Euro thousands	Facility	Utilized	Available
Bank current account overdrafts	1,200	0	1,200
Import finance	6,500	5,470	1,030
Advances on invoices and notes	1,000	0	1,000
Total	8,700	5,470	3,230

In addition to the above-mentioned short-term credit lines, the Company still has a residual medium-term financing of a total of Euro 323 thousand.

The Company seeks to maintain a balance between short-term and medium/long-term financial instruments. The Company's core business i.e. the marketing of video games, mainly involves investment in net working capital which is funded through short-term credit lines. Long-term investments are usually financed through medium/long-term credit lines.

Given the above, medium and long-term financial payables have a well-distributed range of maturities.

Financial instruments: Digital Bros S.p.A. balance sheet as of June 30th, 2024

Category of financial assets in terms of IFRS 9

Financial instruments – Assets as of June 30th, 2024 (in Euro thousands)	FVTPL	Assets at amortized cost	FVTOCI	Carrying amount as of June 30th, 2024	Notes
Non-current receivables and other assets	-	641	-	641	5
Non-current financial assets	-	24,378	-	24,378	7
Trade receivables	-	527	-	527	9
Receivables from subsidiaries	-	35,532	-	35,532	10
Other current assets	-	677	-	677	12
Cash and cash equivalents	-	709	-	709	13
Other current financial assets	-	2,316	-	2,316	14
Total	-	64,780	-	64,780	

Category of financial liabilities in terms of IFRS 9

Financial instruments – Liabilities as of June 30th, 2024 (in Euro thousands)	FVTPL	Liabilities at amortized cost	FVTOCI	Carrying amount as of June 30th, 2024	Notes
Other non-current liabilities	-	-	-	-	21
Non-current financial liabilities	-	1,535	-	1,535	22
Trade payables	-	1,328	-	1,328	23
Payables to subsidiaries	-	39,122	-	39,122	24
Other current liabilities	-	735	-	735	27
Current financial liabilities	-	6,383	-	6,383	28
Total	-	49,103	-	49,103	

Financial instruments: Digital Bros S.p.A. balance sheet as of June 30th, 2023

Category of financial assets in terms of IFRS 9

Financial instruments – Assets as of June 30th, 2023(in Euro thousands)	FVTPL	Assets at amortized cost	FVTOCI	Carrying amount as of June 30th, 2023	Notes
	-				
Non-current receivables and other assets	-	641	-	641	5
Non-current financial assets	-	18,337	-	18,337	7
Trade receivables	-	721	-	721	9
Receivables from subsidiaries	-	21,364	-	21,364	10
Other current assets	-	13,211	-	13,211	12
Cash and cash equivalents	-	163	-	163	13
Other current financial assets	11,018	7,473	-	18,491	26
Total	11,018	61,910	-	72,928	

Categoria di passività finanziarie secondo il principio IFRS 9

Financial instruments – Liabilities as of June 30th, 2023 (in Euro thousands)	FVTPL	Attività al costo ammortizzato	FVTOCI	Valore di Bilancio al 30 giugno 2023	Note
Other non-current liabilities	-	-	-	-	21
Non-current financial liabilities	-	2,465	-	2,465	22
Trade payables	-	1,206	-	1,206	23
Payables to subsidiaries	-	37,815	-	37,815	24
Other current liabilities	-	770	-	770	27
Current financial liabilities	-	10,532	-	10,532	28
Total	-	52,788	-	52,788	

The main risks generated by the Company's financial instruments are:

- interest rate risk;
- liquidity risk.

Interest rate risk

The risk of interest rate increases is an effective risk for short-term financial instruments because the Group cannot immediately pass on any interest rate rises by increasing its selling prices.

This risk is mitigated by the Company overall low level of debt and by the adoption of a short-term cash flowing procedure. The Group has subscribed three option contracts for a notional value of Euro 1,375 thousand, Euro 4,000 thousand and Euro 15,000 thousand to hedge interest rates changes on the loans granted by UniCredit S.p.A. to the Parent Company and to 505 Games S.p.A on January 28th, 2021, and on September 30th, 2021 to 505 Games S.p.A..

Liquidity risk

The liquidity risk relates to problems in accessing the credit market.

It often takes several years to develop a video game. This means it is necessary to find additional lines of credit to cover the period between the investment and the return on invested capital after the product launch.

The mitigating factors that can reduce this risk are:

- cash flows, financing requirements and liquidity requirements are monitored centrally by the Group Treasury with the aim of ensuring effective and efficient management of financial resources and guaranteeing an appropriate level of available liquidity;
- the Company's capitalization provides opportunities to leverage financial debt.

The results of short and medium/long-term planning, currently available funds and funds to be generated by operating activities are expected to enable the Company to fulfil its funding requirements with regards to capex, working capital management and debt repayment at scheduled maturity. They should also be able to determine the Group's funding requirements in good time.

Exchange rate risk

The company holds a significant stake in the publicly traded Swedish company, Starbreeze. The stock prices have historically been extremely volatile and are denominated in SEK (Swedish Kroner). As a result of the investment in Starbreeze shares, the Company is exposed to fluctuations in the Euro/SEK exchange rate. A 10% increase or decrease in the exchange rate would result in an impact on profit before tax of approximately Euro 950 thousand.

The following table shows the Group's financial obligations by contractual maturity, in the worst-case scenario and using undiscounted amounts, considering the earliest date by which the Group could be asked for payment and providing the number of the relevant note.

Financial liabilities as of June 30th, 2024 (in Euro thousand)	Carrying amount	Within a year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	Notes
Non-current financial liabilities	1,535		627	603	305			1,535	22
Current financial liabilities	6,383	6,383						6,383	28
Total	7,918	6,383	627	603	305			7,918	

Financial liabilities as of June 30th, 2023 (in Euro thousand)	Carrying amount	Within a year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	Notes
Non-current financial liabilities	2,465	942	614	603	306			2,465	22
Current financial liabilities	10,532	10,532						10,532	28
Total	12,997	11,474	614	603	306			12,997	

The Group has sufficient financial resources to satisfy its debt maturing within one year. These financial resources include cash and cash equivalents, unutilised credit facilities totalling around Euro 3,2 million at the reporting date and cash flows from operating activities.

Fair value of financial assets and liabilities and calculation models used

The table below presents the fair value of assets and liabilities based on the calculation methods and models used.

Financial assets whose fair value cannot be reasonably determined have not been included.

The fair value of bank borrowing has been calculated based on the interest rate curve at the reporting date, without making assumptions as to the credit spread.

The fair value of financial instruments listed on an active market is based on reporting date market prices. The market prices used are bid/ask prices depending on the asset/liability held. The fair value of unlisted financial instruments and derivatives is determined using the valuation models and techniques most prevalent on the market, using inputs observable on the market.

Fair value has not been calculated for trade receivables and trade payables as their carrying amount approximates fair value.

For finance lease payables and payables to other lenders, there is no significant difference between fair value and carrying amount.

Euro thousand	Carrying amount as of June 30th,2024	<i>Mark to Market</i>	<i>Mark to Model</i>	Total fair value	Notes
		<i>Fair Value</i>	<i>Fair Value</i>		
Non-current financial assets	24,378	24,378	-	24,378	7
Cash and cash equivalents	709	709	-	709	13
Other current financial assets	2,316	2,316	-	2,316	14
Non-current financial liabilities	1,535	1,535	-	1,535	22
Current financial liabilities	6,383	6,383	-	6,383	28

Euro thousand	Carrying amount as of June 30th,2023	<i>Mark to Market</i>	<i>Mark to Model</i>	Total Fair value	Notes
		<i>Fair Value</i>	<i>Fair Value</i>		
Non-current financial assets	18,337	18,337	-	18,337	7
Cash and cash equivalents	163	163	-	163	13
Other current financial assets	18,491	7,473	11,018	18,491	14
Non-current financial liabilities	2,465	2,465	-	2,465	22
Current financial liabilities	10,532	10,532	-	10,532	28

Exchange rate risk: sensitivity analysis

A sensitivity analysis has been performed in accordance with IFRS 7. It applies to all financial instruments reported in the financial statements.

As a result of the investment in Starbreeze shares, the Group is exposed to fluctuations in the Euro/Swedish Krone exchange rate. A 10% increase/decrease in the exchange rate would have an impact on profit before taxes of approximately 2 million Euros.

Fair Value hierarchy

IFRS 7 requires financial instruments recognised at fair value to be classified in a hierarchy reflecting the significance of the inputs used to measure fair value. The levels are as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted market prices included within Level 1 that are directly or indirectly observable in the market;
- Level 3: inputs not based on observable market data.

The Company uses various measurement and valuation models to determine the fair value of financial instruments. The following table contains a summary of such financial instruments as of June 30th, 2024 and June 30th, 2023:

Carrying amount as of June 30th, 2024	Instrument	Level 1	Level 2	Level 3	Total	Notes
Investments	Listed shares	9,680			9,680	4

Carrying amount as of June 30th 2023	Instrument	Level 1	Level 2	Level 3	Total	Notes
Investments	Listed shares	11,386	-	-	11,386	4
Non-current financial assets	Bonds	-	11,018		11,018	7

8. NON-RECURRING ITEMS

The consolidated profit and loss statement according to Consob Resolution 15519 of July 27th, 2006 is as follows::

	Euro thousand	June 30 th ,2024		June 30 th ,2023	
		Total	Of which non recurring	Total	Of which non recurring
1	Gross revenue	6,896	0	7,877	0
2	Revenue adjustments	(29)	0	(68)	0
3	Net revenue	6,867	0	7,809	0
4	Purchase of products for resale	(977)	0	(1,760)	0
5	Purchase of services for resale	0	0	0	0
6	Royalties	0	0	0	0
7	Changes in inventories of finished products	(480)	0	(464)	0
8	Total cost of sales	(1,457)	0	(2,224)	0
9	Gross profit (3+8)	5,410	0	5,585	0
10	Other income	123	0	178	0
11	Costs for services	(2,074)	0	(2,286)	0
12	Rent and leasing	(230)	0	(228)	0
13	Payroll costs	(4,468)	(196)	(4,287)	0
14	Other operating costs	(425)	0	(553)	0
15	Total operating costs	(7,197)	(196)	(7,354)	0
16	Gross operating margin (EBITDA) (9+10+15)	(1,664)	(196)	(1,591)	0
17	Depreciation and amortization	(872)	0	(927)	0
18	Provisions	(414)	(414)	0	0
19	Asset impairment charge	(3,819)	0	(299)	0
20	Impairment reversal	16	0	0	0
21	Total depreciation, amortization and impairment adjustments	(5,089)	(414)	(1,226)	0
22	Operating margin (EBIT) (16+21)	(6,753)	(610)	(2,817)	0
23	Interest and financial income	11,594	0	15,665	0
24	Interest and financial expenses	(1,332)	0	(8,928)	0
25	Net interest income/(expenses)	10,262	0	6,737	0
26	Profit/ (loss) before tax (22+25)	3,509	(610)	3,920	0
27	Current tax	501	0	1,216	0
28	Deferred tax	70	0	(203)	0
29	Total taxes	571	0	1,013	0
30	Net profit/loss (26+29)	4,080	(610)	4,933	0

9. CONTINGENT ASSETS AND LIABILITIES

At June 30th, 2024, in line with the previous fiscal year, there were no contingent assets and liabilities.

10. RELATED PARTY TRANSACTIONS

All commercial and financial transactions between Digital Bros S.p.A. and its subsidiaries and associates have been conducted at arm's length and cannot be classified as atypical or unusual transactions, pursuant to Consob Resolution 17221 of March 12th, 2010.

Transactions between Digital Bros and subsidiaries

Commercial and financial transactions between Digital Bros S.p.A. and other Group companies as of June 30th, 2024 took place on an arm's length basis. The following table provides a summary of year end balances and transactions in the year, together with the prior year comparatives:

Euro thousands	Receivables		Payables		Revenue	Costs
	Trade	Financial	Trade	Financial		
Rasplata B.V.	0	26,687	0	0	817	0
505 Games S.p.A.	0	29,878	0	0	5,171	119
505 Games Australia Pty Ltd.	0	3,827	0	0	0	0
Chrysalide Jeux et Divertissement Inc.	0	939	0	0	0	0
505 Mobile S.r.l.	0	562	0	0	0	0
Game Network S.r.l.	0	255	0	0	0	0
505 Games Japan KK	0	71	0	0	0	0
Kunos Simulazioni S.r.l.	0	0	0	(11,646)	0	0
505 Games Ltd.	0	0	0	(8,091)	0	0
DR Studios Ltd.	0	0	0	(5,975)	0	0
505 Games (US) Inc.	0	0	0	(3,091)	0	0
505 Games GmbH	0	0	0	(2,864)	0	0
Ingame Studios a.s.	0	0	0	(1,616)	0	0
Supernova Games Studios S.r.l.	0	0	0	(1,161)	0	0
Hook S.r.l.	0	0	0	(1,083)	0	0
505 Games Mobile (US)	0	0	0	(1,079)	0	0
505 Games Interactive	0	0	0	(629)	0	0
Digital Bros Game Academy S.r.l.	0	0	0	(456)	61	0
Avantgarden S.r.l.	0	0	0	(372)	53	0
505 Games France S.a.s.	0	0	0	(263)	0	0
505 Go Inc.	0	0	0	(250)	0	0
Digital Bros Asia Pacific (HK) Ltd.	0	0	0	(172)	0	0
Game Entertainment S.r.l.	0	0	0	(169)	0	0
Digital Bros Holdings Ltd.	0	0	0	(107)	0	0
Digital Bros China (Shenzen) Ltd.	0	0	0	(98)	0	0
Total	0	62,219	0	(39,122)	6,102	119

The Company also provides a centralized cash management service, using intercompany current accounts to which positive and negative balances between Group companies are transferred. These accounts do not bear interest.

Other related parties

Other related party transactions solely refer to the property leased by Matov Imm. S.r.l. to Digital Bros S.p.A.. Matov Imm. S.r.l. is owned by Abramo and Raffaele Galante.

The following table contains details of reporting date financial statement balances and total transactions for the period, together with the prior year comparatives:

Euro thousands	Receivables		Payables		Revenues	Costs
	Trade	Financial	Trade	Financial		
Matov Imm. S.r.l.	0	635	0	(2,087)	0	(794)
Total as of June 30th, 2024	0	635	0	(2,087)	0	(794)

Other related party transactions as of June 30th, 2023 were as follows:

Euro thousands	Receivables		Payables		Revenues	Costs
	Trade	Financial	Trade	Financial		
Matov Imm. S.r.l.	0	635	0	(2,663)	0	(795)
Total as of June 30th, 2023	0	635	0	(2,663)	0	(795)

Digital Bros S.p.A.'s financial receivable from Matov Imm. S.r.l. refers to the guarantee deposit paid in relation to lease instalments due for the premises at Via Tortona 37, Milan.

Tax consolidation

The Parent Company Digital Bros S.p.A. joined the tax filing system as parent-consolidating company with 505 Mobile S.r.l., Game Entertainment S.r.l., Game Service S.r.l., 505 Games S.p.A., Digital Bros Game Academy S.r.l., Game Network S.r.l., Kunos Simulazioni S.r.l., Avantgarden S.r.l., Hook S.r.l. and Supernova Games S.r.l., following the introduction into the Italian tax system of the tax filing system.

Adherence to the national tax consolidation system has made it necessary to draw up a regulation implementing inter-company relations aimed at ensuring that there is no prejudice to the individual companies involved.

The profit and loss statement and the balance sheet statement drafted in accordance with CONSOB Resolution No. 15519 of July 27, 2006, are as follows:

Euro thousand		June 30 th ,2024		June 30 th ,2023	
		Total	Of which non recurring		Total
1	Gross revenue	6,896	0	7,877	0
2	Revenue adjustments	(29)	0	(68)	0
3	Net revenue	6,867	0	7,809	0
4	Purchase of products for resale	(977)	0	(1,760)	0
5	Purchase of services for resale	0	0	0	0
6	Royalties	0	0	0	0
7	Changes in inventories of finished products	(480)	0	(464)	0
8	Total cost of sales	(1,457)	0	(2,224)	0
9	Gross profit (3+8)	5,410	0	5,585	0
10	Other income	123	0	178	0
11	Costs for services	(2,074)	0	(2,286)	0
12	Rent and leasing	(230)	(179)	(228)	(171)
13	Payroll costs	(4,468)	0	(4,287)	0
14	Other operating costs	(425)	0	(553)	0
15	Total operating costs	(7,197)	(179)	(7,354)	(171)
16	Gross operating margin (EBITDA) (9+10+15)	(1,664)	(179)	(1,591)	(171)
17	Depreciation and amortization	(872)	(576)	(927)	(576)
18	Provisions	(414)	0	0	0
19	Asset impairment charge	(3,819)	0	(299)	0
20	Impairment reversal	16	0	0	0
21	Total depreciation, amortization and impairment adj.	(5,089)	(576)	(1,226)	(576)
22	Operating margin (EBIT) (16+21)	(6,753)	(755)	(2,817)	(747)
23	Interest and financial income	11,594	0	15,665	0
24	Interest and financial expenses	(1,332)	(39)	(8,928)	(48)
25	Net interest income/(expenses)	10,262	(39)	6,737	(48)
26	Profit/ (loss) before tax (22+25)	3,509	(794)	3,920	(795)
27	Current tax	501	0	1,216	0
28	Deferred tax	70	0	(203)	0
29	Total taxes	571	0	1,013	0
30	Net profit/loss (26+29)	4,080	(794)	4,933	(795)

Balance sheet statement according to Consob Resolution n. 15519 of July 27th,2006

	Euro thousand	June 30 th ,2024		June 30 th ,2023	
		Total	Of which non correlated	Totale	Of which non correlated
	Non-current assets				
1	Property, plant and equipment	4,336	0	5,081	0
2	Investment properties	0	0	0	0
3	Intangible assets	193	0	146	0
4	Equity investments	26,374	0	29,855	0
5	Non-current receivables and other assets	641	635	641	635
6	Deferred tax assets	4,215	0	1,032	0
7	Non-current financial activities	24,378	0	18,337	0
	Total non-current assets	60,137	635	55,092	635
	Current assets				
8	Inventories	1,949	0	2,429	0
9	Trade receivables	527	0	721	0
10	Trade receivables to subsidiaries	35,532	0	21,364	0
11	Tax receivables	2,926	0	2,233	0
12	Other current assets	677	0	13,211	0
13	Cash and cash equivalents	709	0	163	0
14	Other current financial assets	2,316	0	18,491	0
	Total current assets	44,636	0	58,612	0
	TOTAL ASSETS	104,773	635	113,704	635
	Shareholders' equity				
15	Share capital	(5,706)	0	(5,706)	0
16	Reserves	(11,070)	0	(20,598)	0
17	Treasury shares	0	0	0	0
18	Retained earnings	(37,975)	0	(33,895)	0
	Total net equity	(54,751)	0	(60,199)	0
	Non-current liabilities				
19	Employee benefits	(295)	0	(353)	0
20	Non-current provisions	(81)	0	(81)	0
21	Other non-current payables and liabilities	0	0	0	0
22	Non-current financial liabilities	(1,535)	(1,502)	(2,465)	(2,088)
	Total non-current liabilities	(1,911)	(1,502)	(2,899)	(2,088)
	Current liabilities				
23	Trade payables	(1,328)	0	(1,206)	0
24	Payables to subsidiaries	(39,122)	0	(37,815)	0
25	Tax payables	(129)	0	(283)	0
26	Short term provisions	(414)	0	0	0
27	Other current liabilities	(735)	0	(770)	0
28	Current financial liabilities	(6,383)	(585)	(10,532)	(575)
	Total current liabilities	(48,111)	(585)	(50,606)	(575)
	TOTAL LIABILITIES	(50,022)	(2,087)	(53,505)	(2,663)
	TOTAL NET EQUITY AND LIABILITIES	(104,773)	(2,087)	(113,704)	(2,663)

11. ATYPICAL OR UNUSUAL TRANSACTIONS

No atypical or unusual transactions occurred during the reporting period, as defined by Consob Communication DEM 6064293 of July 28th, 2006., in line with the previous fiscal year.

12. OTHER INFORMATION

Income from equity investments other than dividends

The Company did not receive any income from equity investments other than dividends, pursuant to Art. 2425 (15) of the Italian Civil Code.

Directors' fees

The fees paid to members of the Board of Directors amounted to Euro 957 thousand.

Statutory Auditors' fees

The fees paid to members of the Board of Statutory Auditors amounted to Euro 71 thousand.

Financial instruments issued by the Company

The Company has issued options linked to the previously described 2016-2026 Stock Options Plan.

Shareholders loans with subordination clauses

The Company is not party to any shareholder loans with subordination clauses.

Capital earmarked for a specific use

The Company has not earmarked any capital for a specific use.

Loans earmarked for a specific use

The Company has not earmarked any loans for a specific use.

Off-balance sheet agreements

There were no off-balance sheet agreements.

13. OWNERSHIP STRUCTURE (pursuant to Art. 123 bis T.U.F.)

Share capital structure

As of June 30th, 2024, share capital consisted of no.14,265,037 issued and wholly paid ordinary shares with a par value of Euro 0.4 each. The Company has not issued different classes of shares or other financial instruments entitling the holder to subscribe to newly issued shares. On January 11th, 2017, Digital Bros Group Shareholders' Meeting approved the 2016-2026 Stock Options Plan. As of June 30th, 2024, no. 434,400 options had already vested, no. 4,100 of which have been exercised.

Restrictions on the transfer of securities

There are no statutory restrictions on the transfer of securities, such as limits on the possession of shares or the need to obtain permission from the issuer or from other shareholders.

Securities carrying special rights

No securities granting special rights of control have been issued.

Employee share ownership: exercise of voting rights

There are no employee share ownership schemes.

Restriction on voting rights

There are no restrictions on voting rights.

Shareholders agreements

There are no shareholders agreements in place.

Appointment and replacement of Directors and By-law amendments

Please refer the Corporate Governance Report available in the Governance / Corporate Governance Report section at www.digitalbros.com.

Authorization to increase share capital and/or purchase of treasury shares

No powers to authorize share capital increases have been granted to the Board of Directors.

Change of control clauses

There are no change of control clauses.

Severance payments to Directors in the event of resignation, dismissal, or termination of the relationship following a public takeover offer

No agreements on severance payments to Directors in the event of dismissal, resignation, revocation, nor if the termination of the relationship occurs due to a public takeover offer are in place as of the reporting date.

14. ASSETS REVALUATION

No revaluations have been carried out on the Company's assets pursuant to Art 110 D.L. 104/2020.

15. LOANS GRANTED TO EXECUTIVES AND SUPERVISORY BODIES

No loans have been granted to members of the Company's administrative, management and supervisory bodies, pursuant to Art. 43 (1) of the Fourth Council Directive 78/660/EEC.

16. AUDIT FEES

The external auditors, EY S.p.A., received fees of Euro 119 thousand as of June 30th, 2024, pursuant to Art. 149-duodecies of the Issuers Regulation. Please refer to the Notes to the Consolidated Financial Statements for further information.

17. ALLOCATION OF NET PROFIT FOR THE YEAR

As of June 30th, 2024, the Company realized a net profit of Euro 4,080 thousand. The Board of Directors proposes to the Shareholders' Meeting to allocate the entire profit to Retained earnings.

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 S.p.A, hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58 of February 24th, 1998:

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the financial statements for the period July 1st, 2023 – June 30th, 2024. No significant issues have arisen.

We also confirm that:

1. the financial statements of Digital Bros S.p.A.as of June 30th, 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 19th, 2002;
 - b. reflect the accounting books and records;
 - c. give a true and fair view of the results and financial position of the issuer;
2. the Directors' Report as of June 30th, 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. is exposed.

Milan, September 26th, 2024

Signed

Chairman of the Board of Directors

Chief Financial Officer

Abramo Galante

Stefano Salbe