



Interim Report as of September 30th, 2024 (1st quarter of the fiscal year 2024/2025)

Digital Bros S.p.A.

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

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

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

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE STRUCTURE

Board of Directors

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

Key:

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

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

⁽²⁾ Lead Independent Director

Board of Statutory Auditors

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

The Shareholders' Meeting held on October 27th, 2023 appointed the Board of Directors and the Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the Shareholders' Meeting which will approve the financial statements as at June 30th, 2026. On January 24th, 2024, the Group's Director Lidia Florean passed away.

On October 28th, 2024, the Shareholders' Meeting appointed attorney Veronica Devetag Chalaupka as a new non-executive Director, who will remain in office until the expiry of the current Board of Directors.

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

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

Auditors

EY S.p.A.

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

Other information

The publication of Digital Bros Group's Interim Report as of September 30th, 2024 was authorized by a resolution of the Board of Directors on November 14th, 2024.

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

DIRECTORS' REPORT

1. GROUP ORGANIZATION

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

The Group is organized into five operational business segments:

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

Part of the video games within the Group's portfolio are developed by its internal development studios, while the others are realized by independent development teams. The rights related to video games developed by external studios are either acquired through long-term exclusive licensing agreements or acquired perpetually.

The label used for worldwide publishing is 505 Games. A second label, recently rebranded as 505 Pulse, publishes smaller budget video games.

During the reporting period, Premium Games activities were carried out by the subsidiary 505 Games S.p.A., which coordinates this operating segment, together with 505 Games Ltd. and 505 Games Inc., which operate on the UK and US market respectively. As part of the Group's efforts to streamline its operations, starting from July 1, 2024, the staff previously employed at 505 Games Inc. has been fully transferred to 505 Games US, and the company will therefore be placed into voluntary liquidation.

505 Pulse S.r.l. publishes budget videogames. 505 Games Interactive (US) Inc. provides consultancy services on behalf of 505 Games S.p.A..

The Dutch company Rasplata B.V., now 100% owned following the acquisition of the remaining 40% in August 2024, holds the intellectual property and the technology used for the development of the video game Crime Boss: Rockay City.

The voluntary liquidation of the subsidiaries 505 Games France S.a.s., 505 Games Spain Slu and 505 Games GmbH was finalized in the previous fiscal year.

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

- the Italian company Kunos Simulazioni S.r.l., which developed and published the videogames Assetto Corsa and the Assetto Corsa Competizione and that is now developing the new videogame Assetto Corsa EVO;
- the Czech company Ingame Studios a.s. a Brno-based studio in charge of the development of Crime Boss: Rockay City. In July 2021 Digital Bros first acquired 60% of the company, while in July 2023 the Group finalized the acquisition of the remaining 40%;
- the Italian company Avantgarden S.r.l., a Milan-based development studio
- the Italian company Supernova Games Studios S.r.l., a development studio based in Milan;

- the Canadian company Chrysalide Jeux et Divertissement Inc. currently developing a brand-new video game, held at 75% by the Group.

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

Free to Play: main operations consist of the development and publishing of video games and/or applications that are available for free on digital marketplaces, featuring in-app purchase features. Free to Play video games usually have lower technical complexity compared to Premium video games but, when successful, tend to have a longer life cycle. Free to Play video games are continuously subject to after launch maintenance, in order to retain players and enhance the video game's life cycle.

Worldwide publishing activities within the Free to Play operating segment are carried out by 505 Mobile S.r.l., together with the U.S.-based 505 Mobile Inc., which provides consultancy services to other Group companies and the UK-based DR Studios Ltd., which is in charge of the development of the Group's Free to Play video games.

The Australian companies 505 Games Australia Pty Ltd., Infinite Interactive Pty. and Infinity Plus Two Pty own the intellectual properties for the video games Puzzle Quest and Gems of War and provide live support activities to such products.

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

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

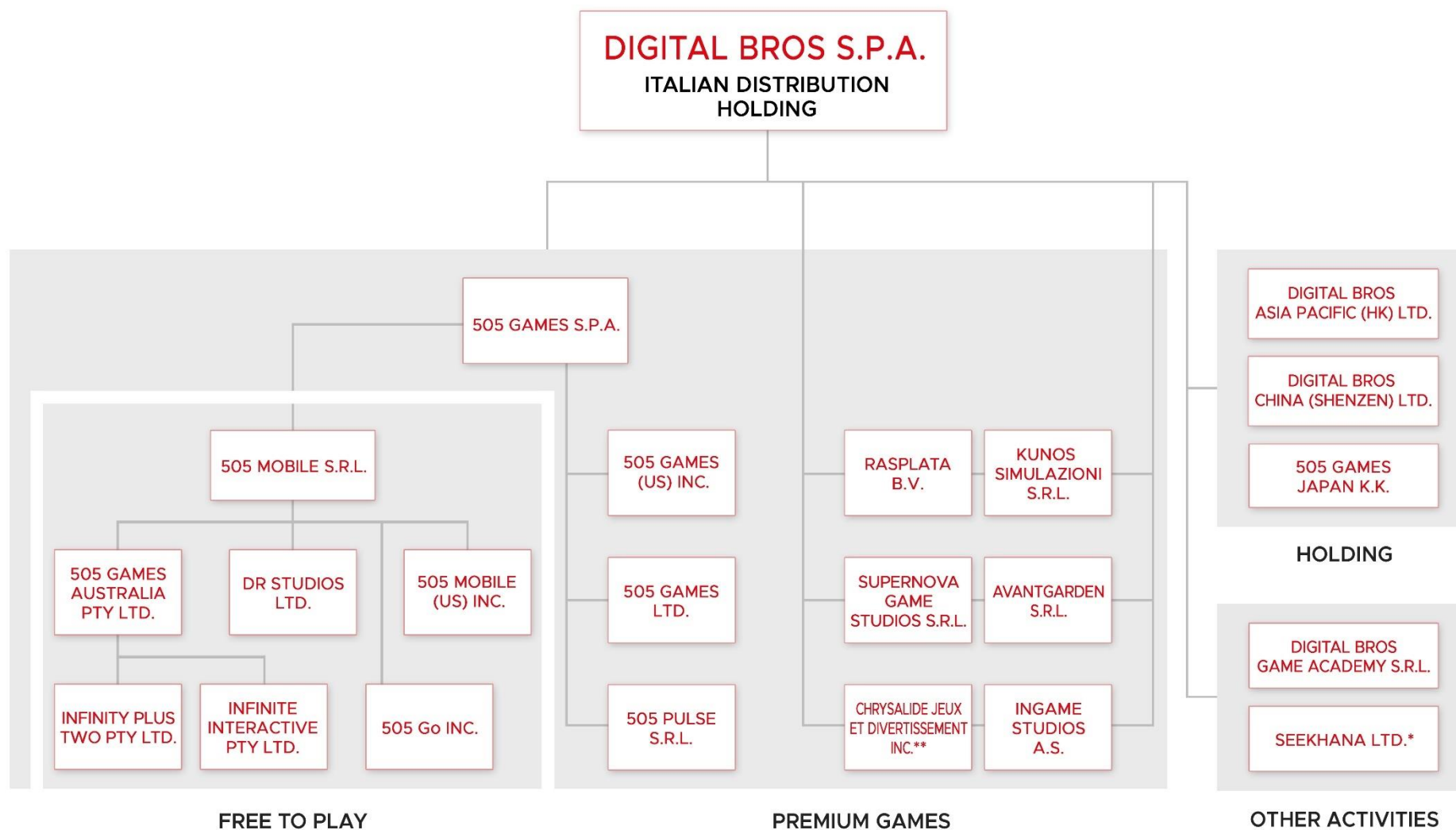
Italian Distribution: consists of the distribution in Italy of video games purchased from international publishers. The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

Other Activities: all remaining activities are consolidated under the Other Activities operating segment for reporting purposes. This segment includes the training and professional courses of the subsidiary Digital Bros Game Academy S.r.l.. The Group also holds a 60% stake in the UK-based company Seekhana Ltd..

Holding: management of HR, financial planning and business development carried out by the Parent Company, Digital Bros S.p.A.. The Holding was supported by Digital Bros China Ltd., Digital Bros Asia Pacific (HK) Ltd. and 505 Games Japan K.K., which carry out business development activities in the Asian markets. Digital Bros Holdings Ltd. was not active during the period.

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

The organization chart of the operating companies as of September 30th, 2024 was as follows:



(*) 60% INTEREST
 (**) 75% INTEREST

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

Company	Address	Activity
AvantGarden S.r.l.	Via Tortona, 37 Milan	Offices
Chrysalide Jeux et Divertissement Inc. ⁽¹⁾	300 Rue Saint Paul – Bureau 410, Quebec City, Canada	Offices
Digital Bros S.p.A.	Via Tortona, 37 Milan	Offices
Digital Bros S.p.A.	Via Boccaccio 95, Trezzano sul Naviglio (Milan)	Logistics
Digital Bros Asia Pacific (HK) Ltd.	33-35 Hillier Street, Sheung Wan, Hong Kong	Offices
Digital Bros China (Shenzhen) Ltd.	Wang Hai Road, Nanshan district, Shenzhen, 518062, China	Offices
Digital Bros Game Academy S.r.l.	Via Labus, 15 Milan	Offices
DR Studios Ltd.	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
Game Entertainment S.r.l.	Via Tortona, 37 Milan	Offices
505 Games S.p.A.	Via Tortona, 37 Milan	Offices
505 Games Australia Pty Ltd.	333 Collins Street, South Melbourne Victoria, Australia	Offices
505 Games Japan K.K.	Jimbocho, 2-11-15, Kandajimbocho Chiyoda-ku, Tokyo, Giappone	Offices
505 Games Ltd.	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
505 Games (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Games Interactive (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Go Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
505 Pulse S.r.l.	Via Tortona, 37 Milan	Offices
Ingame Studios a.s.	Moravské náměstí 249/8, Brno, Czech Republic	Offices
Kunos Simulazioni S.r.l.	Via degli Olmetti 39, Formello (Rome)	Offices
Infinity Plus Two Pty Ltd.	333 Collins Street, Melbourne Victoria, Australia	Offices
Infinite Interactive Pty Ltd.	333 Collins Street, Melbourne Victoria, Australia	Offices
505 Mobile S.r.l.	Via Tortona, 37 Milan	Offices
505 Mobile (US) Inc.	5145 Douglas Fir Road, Calabasas, California, U.S.A.	Offices
Rasplata B.V. ⁽¹⁾	Churchill-laan 131 2, Amsterdam, Netherlands	Offices
Seekhana Ltd. ⁽²⁾	403 Silbury Boulevard, Milton Keynes, U.K.	Offices
Supernova Games Studios S.r.l.	Via Tortona, 37 Milan	Offices

⁽¹⁾ 75% consolidated

⁽²⁾ 60% consolidated

The subsidiary Seekhana Ltd. is held at 60%, while Chrysalide Jeux et Divertissement Inc. is held at 75%. They have been incorporated into the consolidated financial statements through full consolidation method, taking into account the portion of net equity and operating results belonging to minority shareholders.

2. THE VIDEO GAMES MARKET

The video games market is one of the most important segments of the entertainment industry. Movies, books and magazines, video games and toys are all 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. As a result, an unprecedented and unexpected number of new video games were launched in the market, making it harder to meet the expected volume and revenue targets. Because of this, many companies were forced to reassess their strategies regarding portfolio investments and marketing expenditures to adapt to this competitive scenario. Starting from the second half of 2023, the market has seen waves of layoffs, studio closures, and project cancellations. As of the date of this Report, this situation remains unresolved.

The market dynamics for console video games follow the continuous technological evolution and trends of the hardware lifecycle, similarly to what happens in other highly technological markets. When a new console is launched, its price and the price for video games intended for this new hardware are higher, with relatively low volumes sold. Moving along their lifecycle, both consoles and the related video games prices gradually decline, while the volumes sold and the video games quality increase.

High-quality video games with significant expected volumes will have physical copies sold in the traditional retail channel, on top of their digital format available on digital marketplaces. In this case, the value chain is as follows:



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

Developers

Developers create and design video games, usually based on original ideas, a successful brand, a movie, sports simulations etc.. It has become increasingly common for highly successful video games to be adapted into movies, TV series, cartoons, and other media. While developers may sometimes retain intellectual property rights, they often transfer these rights to international video game publishers for a contractually specified timeframe. Publishers play a key role in this value chain, contributing to the video game production, creating a player community, and managing its distribution across their global commercial networks. In some cases, developers may choose to publish and market the game independently. However, this approach significantly increases the financial and operational risks for the developer.

Publishers

The publisher is responsible for the video game's launch, defining its global commercial strategy, overseeing product positioning and packaging, and bearing all the risks related to such activities, while sharing all opportunities from the video game success with the developer. Publishers typically finance the development

process and often acquire the game's intellectual property either permanently or for a set period, including licensing rights for sequels and related content.

Console manufacturers

The console manufacturer designs and produce the hardware used for playing the video game. Sony manufactures the PlayStation, Microsoft the Xbox and Nintendo the Nintendo Switch. When the game is sold on the retail channel, console manufacturers reproduce the physical copies on behalf of the publishers. Console manufacturers often operate as a video game publisher.

Distributors

As a result of the digitalization of the video game industry, the role of the distributor is losing importance, with the concentration of such activities on a limited number of specialized global players.

Retailers

Retailers consist of the shops where the final consumers purchase the video games. These may consist of global retail franchises specialized in video games, mass retailers shops or smaller, independent shops or websites selling directly to gamers.

Console manufacturers created marketplaces where digital video games can be purchased directly by the end consumers, without involving any distributor or retailer. In this case, the value chain is similar to that of personal computers, smartphone and tablet video games, involving a significantly lower number of players, as illustrated below:



The key marketplaces selling console video games consist of Sony's PlayStation Store, Microsoft's Xbox Live and Nintendo's eShop. Steam is the global leader in the digital distribution of video games for personal computers. More recently, the US company Epic Games Inc. launched its Epic Games Store for PC.

The digitalization of the market has led both Microsoft (with Microsoft Xbox Game Pass) and Sony (with Sony PlayStation Now) to create digital platforms where players can access the full library of video games for a predefined period by paying a subscription fee, instead of purchasing single video games. Revenues to publishers are recognized either directly or indirectly based on the use of their video games by end consumers.

Digital distribution has extended the video game's lifecycle. Video games' availability is no longer limited to their launch on the retail channel, but rather they remain available on marketplaces for longer, thus generating a continuous revenue stream, which can be significantly influenced by promotional campaigns. The video games' life cycle can also be extended by releasing additional chapters and content after the official launch of the main game. The additional features (the so-called DLC, or Downloadable Contents) are available on digital marketplaces for consumers to buy or download for free.

Free to Play video games are only available in digital format on the following marketplaces: 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.

3. ALTERNATIVE PERFORMANCE RATIOS

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

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

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

With regards to the balance sheet ratio, the same is valid for the net financial position, as detailed in 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, and therefore they could not be comparable with them.

There is no need for a reconciliation between the performance ratios included in the Directors' Report and the financial statements, as the indicators used by the Group are calculated directly from the consolidated financial statements.

4. SEASONALITY EFFECTS

Market seasonality is influenced by the launch of highly anticipated and popular products. The launch of a successful video game in a specific period may significantly increase revenue volatility across quarters. The launch of new video games could imply sales concentration in the first few days from the release, especially when it is supported by targeted marketing campaigns.

The digitalization of the market has helped mitigating the publishers' revenue volatility across quarters. Digital marketplaces recognize revenues to the publishers once the gamers download their games. This allows for more gradual revenue streams, rather than sharp spikes at launch, as it was with retail distribution, where revenue was recognized upon shipment to the distributor/retailer regardless of when these would be sold to the end consumer.

Promotional campaigns on digital marketplaces are highly effective in increasing revenue during specific periods. Publishers often schedule these campaigns to align with peak consumer spending times, such as the Christmas season in European markets or black Friday in the U.S..

Revenues from Free-to-Play video games are generally less prone to seasonal fluctuations compared to Premium Games. Free-to-Play titles typically display steady revenue growth over time, with only a few notable exceptions for highly anticipated releases and well-known brands. Unlike Premium games, promotions for Free-to-Play games are usually more frequent, therefore further reducing revenue fluctuations across quarters,

The significant reduction in the share of revenue coming from the traditional retail channel also contributed to reducing the volatility in the related Net Working Capital investments.

5. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

No significant events occurred during the period.

Relationships with Starbreeze and Starbreeze shareholders

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

- in May 2016, the Group sold back the PAYDAY2 co-publishing rights to Starbreeze against a payment of USD 30 million and an earn-out of USD 40 million as 33% of the net revenues from the future video game PAYDAY3. As of 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 SEK 25.8 million, at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
 - a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million;
 - 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 Swedish Kronor ("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 SEK) 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 no. 148.3 million Starbreeze B shares.

As of November 14th, 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.

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 relations 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 the date of this Report, no no arbitration proceedings have been initiated.

6. CONSOLIDATED PROFIT AND LOSS STATEMENT AT SEPTEMBER 30TH, 2024

	Euro thousand	September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	21,478	100.0%	20,225	100.1%	1,253	6.2%
2	Revenue adjustments	0	0.0%	(29)	-0.1%	29	n.m.
3	Net revenue	21,478	100.0%	20,196	100.0%	1,282	6.3%
4	Purchase of products for resale	(173)	-0.8%	(898)	-4.4%	725	-80.8%
5	Purchase of services for resale	(1,774)	-8.3%	(2,727)	-13.5%	953	-35.0%
6	Royalties	(4,765)	-22.2%	(4,260)	-21.1%	(505)	11.9%
7	Changes in inventories of finished products	(913)	-4.3%	116	0.6%	(1,029)	n.s.
8	Total cost of sales	(7,625)	-35.5%	(7,769)	-38.5%	144	-1.9%
9	Gross profit (3+8)	13,853	64.5%	12,427	61.5%	1,426	11.5%
10	Other income	1,742	8.1%	3,077	15.2%	(1,335)	-43.4%
11	Costs for services	(2,058)	-9.6%	(2,800)	-13.9%	742	-26.5%
12	Rent and leasing	(94)	-0.4%	(133)	-0.7%	39	-29.1%
13	Payroll costs	(7,272)	-33.9%	(9,942)	-49.2%	2,670	-26.9%
14	Other operating costs	(260)	-1.2%	(369)	-1.8%	109	-29.5%
15	Total operating costs	(9,684)	-45.1%	(13,244)	-65.6%	3,560	-26.9%
16	Gross operating margin (EBITDA) (9+10+15)	5,911	27.5%	2,260	11.2%	3,651	n.m.
17	Depreciation and amortization	(7,317)	-34.1%	(5,435)	-26.9%	(1,882)	34.6%
18	Provisions	0	0.0%	0	0.0%	0	n.m.
19	Asset impairment charge	(27)	-0.1%	0	0.0%	(27)	n.m.
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(7,344)	-34.2%	(5,435)	-26.9%	(1,909)	35.1%
22	Operating margin (EBIT) (16+21)	(1,433)	-6.7%	(3,175)	-15.7%	1,742	-54.9%
23	Interest and financial income	456	2.1%	643	3.2%	(187)	-29.1%
24	Interest and financial expenses	(1,129)	-5.3%	(1,042)	-5.2%	(87)	8.3%
25	Net interest income/(expenses)	(673)	-3.1%	(399)	-2.0%	(274)	68.7%
26	Profit/ (loss) before tax (22+25)	(2,106)	-9.8%	(3,574)	-17.7%	1,468	-41.1%
27	Current tax	(68)	-0.3%	291	1.4%	(359)	n.m.
28	Deferred tax	(161)	-0.7%	166	0.8%	(327)	n.m.
29	Total taxes	(229)	-1.1%	457	2.3%	(686)	n.m.
30	Net profit/loss	(2,335)	-10.9%	(3,117)	-15.4%	782	-25.1%
	attributable to the shareholders of the Parent Company	(2,302)	-10.7%	(2,413)	-11.9%	111	-4.6%
	attributable to non-controlling interests	(33)	-0.2%	(704)	-3.5%	671	-95.3%
	Earnings per share:						
33	Basic earnings per share (in Euro)	(0.16)		(0.17)		(0.01)	-4.6%
34	Diluted earnings per share (in Euro)	(0.16)		(0.16)		0.00	-0.0%

Following the optimism resulting from the growth achieved by the video game industry during the pandemic, the Group implemented a significant investment plan, in line with most of its competitors. The great liquidity available on the market at the time, due to the entrance of new marketplaces and low interest rates, encouraged developers and publishers to increase the number of productions under development and their budget size, without transferring the production costs increase onto retail prices of the games. Starting from the second half of 2023, such investments resulted in a record number of new video games being launched on a very competitive market, combined with more selective consumers, that tend to play the same games for longer, rather than spending time on new and different gaming experiences. It has become more difficult to meet the expected volume and revenue targets, for both developers and publishers. During the same period, some of the new actors that entered the video game industry during the pandemic had left the industry while macroeconomic factors led to an increase in interest rates, reducing the available liquidity on the market. Facing this challenging competitive landscape, the publishing strategies and the organizational structure adopted by the Group and its competitors during the pandemic period were no longer sustainable.

As a result, during the last fiscal year, the Group implemented a strategic reassessment of its library, based upon the expected return on investment of each title, prioritizing high margin titles with greater revenue predictability, as well as fully owned Intellectual Properties to leverage on their long-term value creation. Accordingly, the Group reduced a number of lower budgets projects but also some larger budget titles with lower expected margins for the Group and with longer development periods, such as the new releases within the Control franchise.

As of September 30th, 2024, revenue amounted to Euro 21.4 million, increasing by 6.2% year on year. The first quarter is usually weak in absence of new releases. No video games were launched during the reporting period, similarly to Q1 last year, therefore revenue was exclusively made by the sales of back catalogue.

The product mix presented higher margins compared to the previous fiscal year, enabling the Euro 1.4 million increase in gross profit.

Operating costs were down by 26.9%, a Euro 3.6 million decrease, mostly as a result of the reorganization process implemented by the Group in the previous fiscal year. Such decrease in operating costs contributed growth in EBITDA of Euro 3.7 million made in the period. As of September 30th, 2024, EBITDA amounted to Euro 5.9 million.

The break-even point was lowered by the fixed cost reduction. However, revenues of the quarter weakened by the market seasonality were not enough to achieve a positive EBIT. As of September 30th, 2024, EBIT was negative at 1.4 million, still improved by Euro 1.7 million year on year, despite Euro 1.8 increase in D&A costs related to the new video game launches of the second half of FY2024.

The net revenue for the Premium Games operating segment as of September 30th, 2024 was at Euro 17 million, a 13% from the previous fiscal year and representing 79.1% of total revenue. This result was spread among several back catalogue products, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 5.8 million revenue in the reporting period.

Revenues from the Free-to-Play operating segment declined by 21% compared to the first quarter of the previous fiscal year. The Group will relaunch the video games in the portfolio starting from the second half of the fiscal year, especially in some specific markets that are currently generating only marginal revenue.

The revenue from international markets accounted for 94% of total net revenue, while digital sales amounted to 89% of the total net revenue, in line with the previous fiscal year.

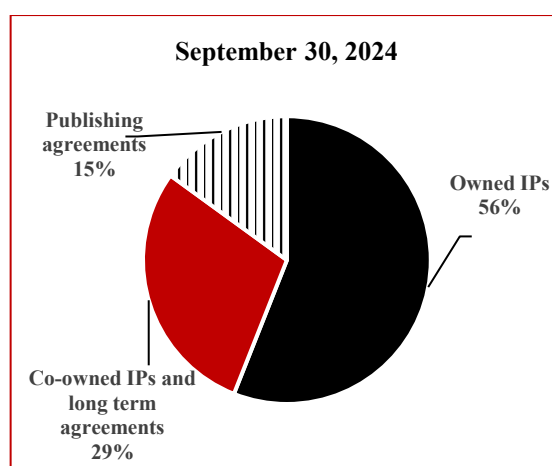
The breakdown of net revenue by operating segment as of September 30th, 2024, compared to the same quarter in the previous fiscal year is as follows:

Net revenue

Euro thousand	September 30 th 2024	September 30 th 2023	Change €	Change %
Premium Games	16,989	15,032	1,957	13.0%
Free to Play	3,453	4,370	(917)	-21.0%
Italian Distribution	909	705	204	28.9%
Other Activities	127	118	9	7.6%
Total net revenue	21,478	20,225	1,254	6.2%

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 56% of the total revenue for the operating segment, in line with the previous fiscal year and in line with the Group's strategy, which is focused on the owned and co-owned Intellectual Properties within its video game portfolio.

The breakdown of Premium Games revenue by the type of rights held by the Group as of September 30th, 2024 is provided below and it is substantially unchanged with respect to the first quarter of the previous fiscal year:



The total costs of sales amounted to Euro 7,625 thousand, decreasing by 1.9% with respect to September 30th, 2023. As a result, the gross profit increased from Euro 12,427 thousand as of September 30th, 2023, to the current Euro 13,853 thousand.

Other income amounted to Euro 1,742 thousand, down by Euro 1,335 thousand. It mostly consisted of the capitalization of internal studios development of video games, that, during the reporting period, included:

- the Free to Play game Hawken: Reborn by the subsidiary DR Studios Ltd.;
- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;

- a new video game in development by the subsidiary Chrysalide Jeux et Divertissement Inc..

The decrease in Other income was primarily driven by the reallocation of activities within development teams, mostly dedicated to the live support of video games already launched and therefore not capitalized.

The operating costs amounted to Euro 9,684 thousand, decreasing by Euro 3,560 thousand compared with the Euro 13,244 thousand as of September 30th, 2023. The significant reduction in operating costs reflects the reorganization process implemented in the previous fiscal year, which resulted in a workforce reduction of 158 units.

The gross operating margin (EBITDA) amounted to Euro 5,911 thousand, significantly higher than the Euro 2,260 thousand realized in the first quarter of the previous fiscal year.

Depreciation and amortization increased by Euro 1,882 thousand due to the greater use of video games launched during the second half of the last fiscal year, such as Eiyuden Chronicle – Hundred Heroes and Crime Boss: Rockay City.

The EBIT was negative at Euro 1,433 thousand, improving from the negative Euro 3,175 thousand as of September 30th, 2023.

The net interest expense amounted to Euro 673 thousand, compared to the Euro 399 thousand of the first quarter of the last fiscal year.

The loss before tax for the period amounted to Euro 2,106 thousand, improving from the loss before tax of Euro 3,574 thousand realized as of September 30th, 2023.

The net loss amounted to Euro 2,335 thousand, compared to the Euro 3,117 thousand net loss of the first quarter in the previous fiscal year.

The net loss attributable to the shareholders of the Parent Company was at Euro 2,302 thousand.

The basic loss per share and diluted loss per share were both at Euro 0.16, compared to the 0.17 basic loss per share and the Euro 0.16 diluted loss per share as of September 30th, 2023.

The loss attributable to minority shareholders as of September 30th, 2024 is at Euro 33 thousand, compared to the Euro 714 thousand in the previous year, due to the fact that the Dutch subsidiary Rasplata B.V. is now fully owned by the Group.

7. CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30TH, 2024

Euro thousand		September 30 th , 2024	June 30 th , 2024	Change	
	Non-current assets				
1	Property, plant and equipment	6,779	7,379	(600)	-8.1%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	126,880	129,614	(2,734)	-2.1%
4	Equity investments	7,719	9,685	(1,966)	-20.3%
5	Non-current receivables and other assets	7,540	7,945	(405)	-5.1%
6	Deferred tax assets	21,321	21,166	155	0.7%
7	Non-current financial activities	0	0	0	n.s.
	Total non-current assets	170,239	175,789	(5,550)	-3.2%
	Current assets				
8	Inventories	1,755	2,668	(913)	-34.2%
9	Trade receivables	11,153	16,887	(5,734)	-34.0%
10	Tax receivables	4,247	4,345	(98)	-2.3%
11	Other current assets	6,768	8,902	(2,134)	-24.0%
12	Cash and cash equivalents	3,367	11,981	(8,614)	-71.9%
13	Other current financial assets	5,265	10,238	(4,973)	-48.6%
	Total current assets	32,555	55,021	(22,466)	-40.8%
	TOTAL ASSETS	202,794	230,810	(28,016)	-12.1%
	Shareholders' equity				
14	Share capital	(5,706)	(5,706)	0	0.0%
15	Reserves	(10,073)	(11,868)	1,795	-15.1%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(107,235)	(113,426)	6,191	-5.5%
	Equity attributable to the shareholders of the Parent Company	(123,014)	(131,000)	7,986	-6.1%
	Equity attributable to non-controlling interests	(542)	3,314	(3,856)	n.s.
	Total net equity	(123,556)	(127,686)	4,130	-3.2%
	Non-current liabilities				
18	Employee benefits	(1,009)	(967)	(42)	4.3%
19	Non-current provisions	(716)	(563)	(153)	27.3%
20	Other non-current payables and liabilities	(1,362)	(1,657)	295	-17.8%
21	Non-current financial liabilities	(7,376)	(10,324)	2,948	-28.6%
	Total non-current liabilities	(10,463)	(13,511)	3,048	-22.6%
	Current liabilities				
22	Trade payables	(30,925)	(43,737)	12,812	-29.3%
23	Tax payables	(951)	(1,299)	348	-26.7%
24	Short term provisions	(1,241)	(1,241)	0	0.0%
25	Other current liabilities	(4,277)	(6,657)	2,380	-35.7%
26	Current financial liabilities	(31,381)	(36,679)	5,298	-11.1%
	Total current liabilities	(68,775)	(89,613)	20,838	-8.5%
	TOTAL LIABILITIES	(79,238)	(103,124)	23,886	-23.2%
	TOTAL NET EQUITY AND LIABILITIES	(202,794)	(230,810)	28,016	-12.1%

Total non-current assets decrease by Euro 5,550 thousand, mainly due to the decrease of intangible assets for Euro 2,734 thousand, net of the depreciation of the period. Equity investments decrease by Euro 1,966 thousand, mainly due to the adjustment of the Starbreeze A and Starbreeze B shares to their market value as of September 30th, 2024.

Total current assets decrease by Euro 22,466 thousand compared to June 30th, 2024, mainly due to lower cash and cash equivalents by Euro 8,614 thousand, lower trade receivables by Euro 5,734 thousand and lower current financial assets by Euro 4,973 thousand. The decrease in current financial assets results from the collection of a portion of the receivable from Remedy Entertainment related to the agreement for the reversion of all rights related to the publishing, distribution and marketing of videogames in the Control franchise, finalized in the last fiscal year.

Non-current liabilities decrease by Euro 3,048 thousand, while total current liabilities decrease by Euro 20,838 thousand as a result of a reduction in trade payables.

The following table details the Group's net financial position as of September 30th, 2024 together with comparative figures as of June 30th, 2024:

Euro thousand		September 30 th , 2024	June 30 th , 2024	Change
12	Cash and cash equivalents	3,367	11,981	(8,614)
13	Other current financial assets	5,265	10,238	(4,973)
26	Current financial liabilities	(31,381)	(36,679)	5,298
	Current net financial position	(22,749)	(14,460)	(8,289)
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(7,376)	(10,324)	2,948
	Non-current financial liabilities	(7,376)	(10,324)	2,948
	Total net financial position	(30,125)	(24,784)	(5,341)

As expected, the net financial debt as of September 30th, 2024 was at Euro 30,125 thousand, increasing by Euro 5,341 thousand compared to the Euro 24,784 thousand as of June 30th, 2024.

Digital Bros will be able to manage its current liabilities with its future cash flow generation. The net financial debt is expected to further increase in the next quarter before decreasing significantly in the second half of the current fiscal year, ultimately ending below the levels recorded on June 30th, 2024 by fiscal year-end.

The total net financial position, net of the IFRS16 effect, is negative at Euro 26,740 thousand.

8. SEGMENT REPORTING

Premium Games

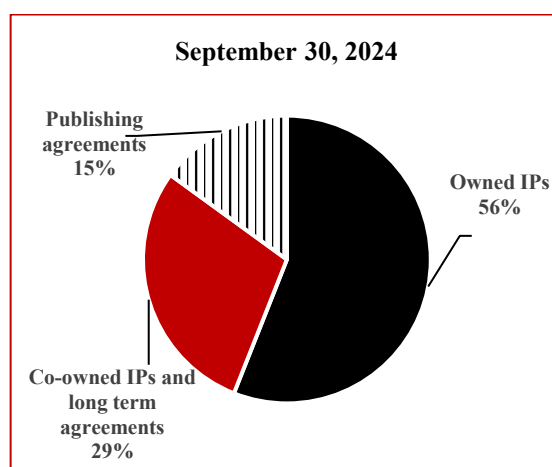
Reclassified P&L highlights

Euro thousand		Premium Games					
		September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	16,989	100.0%	15,032	100.2%	1,957	13.0%
2	Revenue adjustments	0	0.0%	(27)	-0.2%	27	n.m.
3	Net revenue	16,989	100.0%	15,005	100.0%	1,984	13.2%
4	Purchase of products for resale	(165)	-1.0%	(324)	-2.2%	159	-49.2%
5	Purchase of services for resale	(810)	-4.8%	(1,725)	-11.5%	915	-53.0%
6	Royalties	(3,786)	-22.3%	(3,128)	-20.8%	(658)	21.0%
7	Changes in inventories of finished products	(273)	-1.6%	100	0.7%	(373)	n.m.
8	Total cost of sales	(5,034)	-29.6%	(5,077)	-33.8%	43	-0.8%
9	Gross profit (3+8)	11,955	70.4%	9,928	66.2%	2,027	20.4%
10	Other income	1,332	7.8%	2,397	16.0%	(1,065)	-44.4%
11	Costs for services	(839)	-4.9%	(1,616)	-10.8%	777	-48.1%
12	Rent and leasing	(6)	0.0%	(30)	-0.2%	24	-80.0%
13	Payroll costs	(4,310)	-25.4%	(6,240)	-41.6%	1,930	-30.9%
14	Other operating costs	(121)	-0.7%	(208)	-1.4%	87	-41.8%
15	Total operating costs	(5,276)	-31.1%	(8,094)	-53.9%	2,818	-34.8%
16	Gross operating margin (EBITDA) (9+10+15)	8,011	47.2%	4,231	28.2%	3,780	89.4%
17	Depreciation and amortization	(6,397)	-37.7%	(4,475)	-29.8%	(1,922)	42.9%
18	Provisions	0	0.0%	0	0.0%	0	n.m.
19	Asset impairment charge	(0)	0.0%	0	0.0%	0	n.m.
20	Impairment reversal	0	0.0%	0	0.0%	0	n.m.
21	Total depreciation, amortization and impairment adjustments	(6,397)	-37.7%	(4,475)	-29.8%	(1,922)	43.0%
22	Operating margin (EBIT) (16+21)	1,614	9.5%	(244)	-1.6%	1,858	n.m.

The net revenue for the Premium Games operating segment as of September 30th, 2024 was at Euro 17 million, a 13% from the previous fiscal year and representing 79.1% of total revenue. This result was spread among several back catalogue products, with the outstanding performance of the different versions of Assetto Corsa. The franchise developed by the fully owned studio Kunos Simulazioni generated Euro 5.8 million revenue in the reporting period.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 56% of the total revenue for the operating segment, in line with the previous fiscal year and in line with the Group's strategy, which is focused on the owned and co-owned Intellectual Properties within its video game portfolio.

The breakdown of Premium Games revenue by the type of rights held by the Group as of September 30th, 2024 is provided below and it is substantially unchanged with respect to the first quarter of the previous fiscal year:



A breakdown by revenue type is provided below:

Euro thousand	September 30 th , 2024	September 30 th , 2023	Change	
Retail distribution revenue	274	933	(659)	-70.6%
Digital distribution revenue	15,715	13,428	2,287	17.0%
Sublicensing revenue	1,000	671	329	49.0%
Total Premium Games revenue	16,989	15,032	1,957	13.0%

Digital distribution accounted for approximately to 93% of the net revenue for the operating segment.

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

Revenue from the digital distribution for the period ended on September 30th, 2024 may be broken down as follows:

Euro thousand	September 30 th , 2024	September 30 th , 2023	Change	
Console	7,766	6,000	1,763	29.4%
Personal Computer	7,297	6,684	614	9.2%
Mobile	652	744	(92)	-12.4%
Total digital distribution revenue	15,715	13,428	2,285	17.0%

The total cost of sales amounted to Euro 5,034 thousand, reflecting lower purchase of services for resale by Euro 915 thousand, partially offset by higher royalties by Euro 658 thousand and a negative change in inventories of finished products for Euro 373 thousand.

The gross profit amounted to Euro 11,955 thousand, increased by Euro 2,027 thousand compared to September 30th, 2023.

The other income amounted to Euro 1,332 thousand, decreasing by Euro 1,065 thousand. The capitalization of videogames developed by fully owned studios involved:

- the development of the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;

- the development of a new video game by the subsidiary Chrysalide Jeux et Divertissement Inc..

The decrease in Other income was primarily driven by the reallocation of activities within development teams, now more focused on the live support of video games already launched and therefore not capitalized.

The total operating costs amounted to Euro 5,276 thousand, decreasing by 2,818 thousand compared to the first quarter of the previous fiscal year, mainly due to lower costs for services by Euro 777 thousand and lower payroll costs by Euro 1,930 thousand, as a result of the reorganization implemented during the last fiscal year.

The gross operating margin (EBITDA) amounted to Euro 8,011 thousand (47.2% of net revenue), increasing by Euro 3,780 thousand compared to Euro 4,231 thousand realized as of September 30th, 2023.

Depreciation and amortization increased by Euro 1,922 thousand, due to the greater use of video games launched in the reporting period, such as Crime Boss: Rockay City and Eiyuden Chronicle – Hundred Heroes.

The operating margin (EBIT) was positive at Euro 1,614 thousand, significantly improving by the negative Euro 244 thousand realized as of September 30th, 2023.

Free to Play

Reclassified P&L highlights

Euro thousand		Free to Play					
		September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	3,453	100.0%	4,370	100.0%	(917)	-21.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	3,453	100.0%	4,370	100.0%	(917)	-21.0%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(964)	-27.9%	(1,002)	-22.9%	38	-3.8%
6	Royalties	(979)	-28.4%	(1,132)	-25.9%	153	-13.5%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	(1,943)	-56.3%	(2,134)	-48.8%	191	-8.9%
9	Gross profit (3+8)	1,510	43.7%	2,236	51.2%	(726)	-32.5%
10	Other income	410	11.9%	680	15.6%	(270)	-39.7%
11	Costs for services	(633)	-18.3%	(481)	-11.0%	(152)	31.6%
12	Rent and leasing	(19)	-0.6%	(44)	-1.0%	23	-55.6%
13	Payroll costs	(1,572)	-45.5%	(2,220)	-50.8%	648	-29.2%
14	Other operating costs	(24)	-0.7%	(24)	-0.5%	0	2.6%
15	Total operating costs	(2,248)	-65.1%	(2,769)	-63.4%	521	-18.8%
16	Gross operating margin (EBITDA) (9+10+15)	(328)	-9.5%	147	3.4%	(475)	n.m.
17	Depreciation and amortization	(585)	-16.9%	(600)	-13.7%	15	-2.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(585)	-16.9%	(600)	-13.7%	15	-2.5%
22	Operating margin (EBIT) (16+21)	(913)	-26.5%	(453)	-10.4%	(460)	n.m.

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

Euro thousand	September 30 th , 2024	September 30 th , 2023	Change	
505 Go Inc.	2,336	3,080	(744)	-24.2%
Gems of War	812	924	(112)	-12.1%
Puzzle Quest 3	172	224	(52)	-23.2%
Other products	133	142	(9)	-6.3%
Total Free to Play revenue	3,453	4,370	(917)	-21.0%

Revenues from the Free-to-Play operating segment amounted to Euro 3,453 thousand, down by 21% compared to the first quarter of the previous fiscal year. Revenue from the subsidiary 505 Go Inc. amounted to Euro 2,336 thousand, compared to the Euro 3,080 thousand realized as of September 30th, 2023. The Group is implementing

a significant relaunch of the video games in the portfolio, starting from the second half of the fiscal year and especially in some specific markets that are currently generating only marginal revenue.

The video game Gems of War generated revenue for Euro 812 thousand. The game, launched over ten years ago, entered the Group's portfolio of intellectual properties after the acquisition of the Australian studio Infinity Plus Two in January 2021.

The total cost of sales decreased by Euro 191 thousand, driven by a contraction in royalties related to video games from 505 Go! Inc..

Other income decreased by Euro 270 thousand and amounted to Euro 410 thousand, as a result of the video games developed by the Group's subsidiaries. The capitalization of own work resulting from videogame development carried out by fully owned studios mainly involved the development of the Free to Play videogame Hawken Reborn by the subsidiary DR Studios Ltd..

Total operating costs amounted to Euro 2,248 thousand, decreasing by Euro 521 thousand compared to the first quarter of the previous fiscal year benefiting from lower payroll costs by Euro 648 thousand resulting from the reorganization implemented during the second part of the previous fiscal year.

The gross operating margin (EBITDA) amounted was negative at Euro 328 thousand, decreasing by Euro 475 thousand compared to the positive Euro 147 thousand as of September 30th, 2023.

Depreciation and amortization as of September 30th, 2024 amounted to Euro 585 thousand and included Euro 440 thousand related to the portion of the goodwill for the Australian companies attributable to the reporting period. The remaining portion related to the IFRS 16 application to the rental agreements for DR Studios Ltd. and for the Australian companies, as well as the depreciation of the Group's Intellectual Properties for the reporting period.

The operating margin (EBIT) amounted to negative Euro 913 thousand, decreasing compared to the negative Euro 453 realized as of September 30th, 2023.

Italian Distribution

Reclassified P&L highlights

Euro thousand		Italian Distribution					
		September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	909	100.1%	705	100.4%	204	28.9%
2	Revenue adjustments	0	0.0%	(2)	-0.2%	2	n.m
3	Net revenue	909	100.0%	703	100.0%	206	29.3%
4	Purchase of products for resale	(8)	-0.9%	(574)	-81.7%	566	-98.6%
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	(640)	-70.5%	16	2.2%	(656)	n.m
8	Total cost of sales	(648)	-71.3%	(558)	-79.4%	(90)	16.0%
9	Gross profit (3+8)	261	28.7%	145	20.7%	116	79.6%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(45)	-4.9%	(63)	-9.0%	18	-29.5%
12	Rent and leasing	(7)	-0.8%	(4)	-0.5%	(3)	75.0%
13	Payroll costs	(141)	-15.5%	(219)	-31.2%	78	-35.5%
14	Other operating costs	(13)	-1.5%	(11)	-1.6%	(2)	18.4%
15	Total operating costs	(206)	-22.6%	(297)	-42.3%	91	-30.9%
16	Gross operating margin (EBITDA) (9+10+15)	55	6.0%	(152)	-21.6%	207	n.m.
17	Depreciation and amortization	(36)	-4.0%	(36)	-5.1%	0	0.0%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(27)	-2.9%	0	0.0%	(27)	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(63)	-6.9%	(36)	-5.1%	(27)	74.8%
22	Operating margin (EBIT) (16+21)	(8)	-0.9%	(188)	-26.7%	180	-95.6%

The revenue from the Italian Distribution operating sector slightly increased by Euro 204 thousand from Euro 705 thousand to Euro 909 thousand as of September 30th, 2024. The breakdown of revenue is as follows:

Euro thousand	September 30 th , 2024	September 30 th , 2023	Change	
Distribution of console video games	313	114	199	n.m.
Distribution of trading cards	596	591	5	0.8%
Total Italian Distribution revenue	909	705	204	28.9%

During the reporting period, the Group did not purchase any product or service for resale and the activities within the Italian Distribution operating segment only consisted of sales of inventories. The total cost of sales amounted to Euro 648 thousand, decreasing by Euro 90 thousand compared to of September 30th, 2023.

The total operating costs amounted to Euro 206 thousand, decreasing by Euro 91 thousand compared to September 30th, 2023 as a result of lower payroll costs by Euro 78 thousand.

The gross operating margin (EBITDA) was positive for Euro 55 thousand, improving from the negative Euro 152 thousand as of September 30th, 2023. The operating margin (EBIT) was negative for Euro 8 thousand compared to the negative Euro 188 thousand as of September 30th, 2023.

Other Activities

Reclassified P&L highlights

Euro thousand		Other Activities					
		September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	127	100.0%	118	100.0%	9	8.2%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	127	100.0%	118	100.0%	9	8.2%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	127	100.0%	118	100.0%	9	8.2%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(34)	-27.0%	(85)	-72.7%	51	-59.8%
12	Rent and leasing	(0)	-0.2%	(0)	-0.2%	0	0.0%
13	Payroll costs	(138)	-108.2%	(156)	-133.1%	18	-12.1%
14	Other operating costs	(11)	-8.5%	(7)	-6.3%	(4)	46.3%
15	Total operating costs	(183)	-143.8%	(248)	-211.3%	65	-26.4%
16	Gross operating margin (EBITDA) (9+10+15)	(56)	-43.8%	(130)	-110.5%	74	-57.1%
17	Depreciation and amortization	(93)	-72.8%	(92)	-78.3%	(1)	0.6%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(93)	-72.8%	(92)	-78.3%	(1)	0.6%
22	Operating margin (EBIT) (16+21)	(149)	-117.4%	(222)	-188.8%	73	-32.7%

The revenue from the Other Activities operating sector increased by Euro 9 thousand. The operating costs decreased by Euro 65 thousand. The EBITDA was negative for Euro 56 thousand, compared to the negative Euro 130 thousand as of September 30th, 2023. The net loss was at Euro 149 thousand, compared to the previous loss of Euro 222 thousand as of September 30th, 2023.

Holding

Reclassified P&L highlights

Euro thousand		Holding					
		September 30 th , 2024		September 30 th , 2023		Change	
1	Gross revenue	0	0.0%	0	0.0%	0	0.0%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	Net revenue	0	0.0%	0	0.0%	0	0.0%
4	Purchase of products for resale	0	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	Total cost of sales	0	0.0%	0	0.0%	0	0.0%
9	Gross profit (3+8)	0	0.0%	0	0.0%	0	0.0%
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(507)	0.0%	(555)	0.0%	48	-8.6%
12	Rent and leasing	(62)	0.0%	(55)	0.0%	(7)	12.5%
13	Payroll costs	(1,111)	0.0%	(1,107)	0.0%	(4)	0.4%
14	Other operating costs	(91)	0.0%	(119)	0.0%	28	23.6%
15	Total operating costs	(1,771)	0.0%	(1,836)	0.0%	65	-3.6%
16	Gross operating margin (EBITDA) (9+10+15)	(1,771)	0.0%	(1,836)	0.0%	65	-3.5%
17	Depreciation and amortization	(206)	0.0%	(232)	0.0%	26	-11.2%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment adjustments	(206)	0.0%	(232)	0.0%	26	11.2%
22	Operating margin (EBIT) (16+21)	(1,977)	0.0%	(2,068)	0.0%	91	-4.4%

The total operating costs amounted to Euro 1,771 thousand, decreasing by Euro 65 thousand compared to the total operating costs recorded as of September 30th, 2023.

The operating margin (EBIT) was negative for Euro 1,977 thousand compared to the negative Euro 2,068 thousand as of September 30th, 2023.

9. CONTINGENT ASSETS AND LIABILITIES

As part of the agreement finalized in May 2016 for the transfer of PAYDAY 2 rights to Starbreeze AB, Digital Bros is entitled to receive 33% of Starbreeze's net revenue from the net sales of PAYDAY 3, up to USD 40 million. In March 2021, Starbreeze announced a publishing deal with a major international publisher for the global release of PAYDAY 3.

After the launch of PAYDAY 3 in September 2023, the first calculation of the above-mentioned earn out received from Starbreeze highlighted significant inconsistencies with the interpretation of this agreement, which persist today.

Without any agreement on such calculation, Digital Bros could not define neither the amount nor the timing of the earn out and it has not recognized any earn out related amounts in this Report. This approach is in compliance with international accounting standards and consistent with the methodology adopted in previous fiscal years.

10. SUBSEQUENT EVENTS

On October 28th, 2024, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2023-2024 and appointed Veronica Devetag Chalaupka as a new member of the Board of Directors. The new Director will remain in office until the expiry of the current Board of Directors, i.e. until the Shareholders' Meeting convened for the approval of the financial statements as at June 30th, 2026.

11. BUSINESS OUTLOOK

The PC version of Assetto Corsa EVO will be released in Early Access on Steam on January 16th, 2025. The release schedule for the Premium Games operating segment will also include the launch of a high-potential new video game in the last quarter. The Free to Play video games relaunch will also be implemented during the second half of the current fiscal year. As a result, revenues and margins are expected to improve in the second half of the fiscal year compared to the first.

Despite the expected positive trend in the second half, the Group confirmed the previously announced outlook, projecting a full year decline in revenue. The actions implemented in the previous fiscal year, including the reorganization and the refocus of the investments, are expected to maintain the EBIT at the same level as of June 30th, 2024.

The forecasted results do not consider any effect of the 33% earn out on the net revenue from the video game PAYDAY3, given the ongoing contractual disagreements and the potential arbitration with Starbreeze.

The net financial debts are expected to further increase in the second quarter before decreasing starting from Q3 and are expected to arrive a lower level compared to June 30th, 2024 at fiscal year-end.

OTHER INFORMATION

EMPLOYEES

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

Category	September 30 th , 2024	September 30 th , 2023	Change
Managers	14	14	0
Office workers	266	423	(157)
Blue-collar workers and apprentices	4	5	(1)
Total employees	284	442	(158)

As of September 30th, 2024, the significant decrease in the number of employees reflected the organizational review announced in November 2023, resulting in a reduction of more than 30% of the global workforce. The largest share of such reduction was concentrated within the Group studios, with only marginal redundancies across the publishing units, both in the Premium and Free to Play operating segments.

The following table reports the number of employees of non-Italian companies as of September 30th, 2024, with comparative figures as of September 30th, 2023:

Category	September 30 th , 2024	September 30 th , 2023	Change
Managers	8	8	0
Office workers	166	319	(153)
Total employees outside Italy	174	327	(153)

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

Category	Average no. in 2025	Average no. in 2024	Change
Managers	14	14	0
Office workers	278	420	(142)
Blue-collar workers and apprentices	4	4	0
Total employees	296	438	(142)

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

Category	Average no. in 2025	Average no. in 2024	Change
Managers	8	8	0
Office workers	175	316	(141)
Total employees	183	324	(141)

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

ENVIRONMENTAL ISSUES

The video game industry has a negligible environmental impact due to its primarily digital nature.

Most of the products are sold through digital marketplaces and the Group aims to progressively reduce sales through physical stores. Although the environmental impact is considered exceptionally low, the Group actively monitors solutions to further minimize the environmental effects of its activities both currently and in the future.

The Group updates obsolete equipment whenever possible and ensures all components are recycled appropriately. Documents are stored digitally, with physical printing limited to legal requirements or specific task needs. Consumables such as printer toners are returned to suppliers for proper recycling. Additionally, the Group prioritizes digital communications, such as video conferencing, over travel to enhance sustainability and reduce costs.

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Interim Report as of September 30th, 2024

FINANCIAL STATEMENTS

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Consolidated balance sheet as of September 30th, 2024

Euro thousand		September 30 th , 2024	June 30 th , 2024
	Non-current assets		
1	Property, plant and equipment	6,779	7,379
2	Investment properties	0	0
3	Intangible assets	126,880	129,614
4	Equity investments	7,719	9,685
5	Non-current receivables and other assets	7,540	7,945
6	Deferred tax assets	21,321	21,166
7	Non-current financial activities	0	0
	Total non-current assets	170,239	175,789
	Current assets		
8	Inventories	1,755	2,668
9	Trade receivables	11,153	16,887
10	Tax receivables	4,247	4,345
11	Other current assets	6,768	8,902
12	Cash and cash equivalents	3,367	11,981
13	Other current financial assets	5,265	10,238
	Total current assets	32,555	55,021
	TOTAL ASSETS	202,794	230,810
	Shareholders' equity		
14	Share capital	(5,706)	(5,706)
15	Reserves	(10,073)	(11,868)
16	Treasury shares	0	0
17	Retained earnings	(107,235)	(113,426)
	Equity attributable to the shareholders of the Parent Company	(123,014)	(131,000)
	Equity attributable to non-controlling interests	(542)	3,314
	Total net equity	(123,556)	(127,686)
	Non-current liabilities		
18	Employee benefits	(1,009)	(967)
19	Non-current provisions	(716)	(563)
20	Other non-current payables and liabilities	(1,362)	(1,657)
21	Non-current financial liabilities	(7,376)	(10,324)
	Total non-current liabilities	(10,463)	(13,511)
	Current liabilities		
22	Trade payables	(30,925)	(43,737)
23	Tax payables	(951)	(1,299)
24	Short term provisions	(1,241)	(1,241)
25	Other current liabilities	(4,277)	(6,657)
26	Current financial liabilities	(31,381)	(36,679)
	Total current liabilities	(68,775)	(89,613)
	TOTAL LIABILITIES	(79,238)	(103,124)
	TOTAL NET EQUITY AND LIABILITIES	(202,794)	(230,810)

Consolidated profit and loss statement for the period ended September 30th, 2024

	Euro thousand	September 30th, 2024	September 30th, 2023
1	Gross revenue	21,478	20,225
2	Revenue adjustments	(0)	(29)
3	Net revenue	21,478	20,196
4	Purchase of products for resale	(173)	(898)
5	Purchase of services for resale	(1,774)	(2,727)
6	Royalties	(4,765)	(4,260)
7	Changes in inventories of finished products	(913)	116
8	Total cost of sales	(7,625)	(7,769)
9	Gross profit (3+8)	13,853	12,427
10	Other income	1,742	3,077
11	Costs for services	(2,058)	(2,800)
12	Rent and leasing	(94)	(133)
13	Payroll costs	(7,272)	(9,942)
14	Other operating costs	(260)	(369)
15	Total operating costs	(9,684)	(13,244)
16	Gross operating margin (EBITDA) (9+10+15)	5,911	2,260
17	Depreciation and amortization	(7,317)	(5,435)
18	Provisions	0	0
19	Asset impairment charge	(27)	0
20	Impairment reversal	0	0
21	Total depreciation, amortization and impairment adjustments	(7,344)	(5,435)
22	Operating margin (EBIT) (16+21)	(1,433)	(3,175)
23	Interest and financial income	456	643
24	Interest and financial expenses	(1,129)	(1,042)
25	Net interest income/(expenses)	(673)	(399)
26	Profit/ (loss) before tax (22+25)	(2,106)	(3,574)
27	Current tax	(68)	291
28	Deferred tax	(161)	166
29	Total taxes	(229)	457
30	Net profit/loss	(2,335)	(3,117)
	attributable to the shareholders of the Parent Company	(2,302)	(2,413)
	attributable to non-controlling interests	(33)	(704)
	Earnings per share:		
33	Basic earnings per share (in Euro)	(0.16)	(0.17)
34	Diluted earnings per share (in Euro)	(0.16)	(0.16)

Consolidated comprehensive income statement as of September 30th, 2024

Euro thousand	September 30th, 2024	September 30th, 2023
Profit (loss) for the period (A)	(2,335)	(3,117)
Changes in the fair value	(1,966)	(6,111)
Tax effect regarding fair value measurement of financial assets	473	1,467
Items that will not be subsequently reclassified to profit or loss (B)	(1,493)	(4,644)
Exchange differences on translation of foreign operations	(420)	209
Items that will subsequently be reclassified to profit or loss (C)	(420)	209
Total other comprehensive income D= (B)+(C)	(1,913)	(4,435)
Total comprehensive income (loss) (A)+(D)	(4,248)	(7,552)
Attributable to:		
Shareholders of the Parent Company	(4,215)	(6,848)
Non-controlling interests	(33)	(704)

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

Consolidated cash flow statement as of September 30th, 2024

Euro thousand		September 30 th , 2024	September 30 th , 2023
A.	Opening net cash/debt	11,981	9,407
B.	Cash flows from operating activities		
	Profit (loss) for the period	(2,335)	(3,117)
	<i>Depreciation, amortization and non-monetary costs:</i>		
	Provisions and impairment losses	27	0
	Amortization of intangible assets	6,705	4,783
	Depreciation of property, plant and equipment	614	652
	Net change in tax advance	(155)	(1,883)
	Net change in other provisions	153	(0)
	Net change in employee benefit provisions	42	46
	Other nonmonetary changes to the net equity	(1,795)	(4,746)
	SUBTOTAL B.	3,256	(4,265)
C.	Change in net working capital		
	Inventories	913	(116)
	Trade receivables	5,707	3,272
	Current tax assets	98	(887)
	Other current assets	2,134	13,067
	Trade payables	(12,812)	(2,784)
	Current tax liabilities	(348)	(787)
	Current provisions	0	(0)
	Other current liabilities	(2,563)	(411)
	Other non-current liabilities	(112)	(215)
	Non-current receivables and other assets	405	(687)
	SUBTOTAL C.	(6,578)	10,452
D.	Cash flows from investing activities		
	Net payments for intangible assets	(3,971)	(12,800)
	Net payments for property, plant and equipment	(14)	(179)
	Net payments for non-current financial assets	1,966	(5,117)
	Changes in financial assets	4,973	11,018
	SUBTOTAL D.	2,954	(7,078)
E.	Cash flows from financing activities		
	Capital increases	0	0
	Changes in financial liabilities	(8,246)	(3,872)
	Changes in financial assets	0	0
	SUBTOTAL E.	(8,246)	(3,872)
F.	Changes in consolidated equity		
	Dividends paid	0	0
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	0	0
	SUBTOTAL F.	0	0
G.	Cash flow for the period (B+C+D+E+F)	(8,614)	(4,763)
H.	Closing net cash/debt (A+G)	3,367	(4,763)

Consolidated statement of changes in equity as of September 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)	Equity of non-controlling interests	Total equity
Total on July 1st, 2023	5,706	18,528	1,141	1,367	(913)	1,244	21,367	0	105,587	9,683	115,270	142,343	1,375	143,718
Allocation of previous year result							0		9,683	(9,683)	0	0	0	0
Other changes						39	39		364		364	403	(714)	(311)
Comprehensive income (loss)					209	(4,644)	(4,435)			(2,413)	(2,413)	(6,848)	(704)	(7,552)
Total on September 30th, 2023	5,706	18,528	1,141	1,367	(704)	(3,361)	16,971	0	115,634	(2,413)	113,221	135,898	(43)	135,855
Total on July 1st, 2024	5,706	18,528	1,141	1,367	(709)	(8,459)	11,868	0	115,640	(2,214)	113,426	131,000	(3,314)	127,686
Allocation of previous year result							0		(2,214)	2,214	0	0	0	0
Other changes						118	118		(3,889)		(3,889)	(3,771)	3,889	118
Comprehensive income (loss)					(420)	(1,493)	(1,913)			(2,302)	(2,302)	(4,215)	(33)	(4,248)
Total on September 30th, 2024	5,706	18,528	1,141	1,367	(1,129)	(9,834)	10,073	0	109,537	(2,302)	107,235	123,014	542	123,556

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Interim Report as of September 30th, 2024

EXPLANATORY NOTES

INTRODUCTORY NOTE

The Interim Report as of September 30th, 2024 was approved by the Board of Directors on November 14th, 2024. The Board of Directors authorized its dissemination through the press release published on November 14th, 2024.

The interim financial statements were prepared in accordance with the International Accounting Standards (IFRS) applicable from July 1st, 2024 as adopted by the European Union. More precisely, the interim financial statements have been prepared in accordance with the International Accounting Standard IAS 34 on interim financial reports.

The Interim Report does not include all the information required for the year-end financial statements and should be analyzed together with the Group's consolidated financial statements as of June 30th, 2024.

The Group's Interim Report as of September 30th, 2024 has been prepared on a going concern basis, not having assessed any significant uncertainties to the Group's ability to continue operating as a going concern.

For information on format, content, and other general details, as well as significant judgments and estimates, please refer to the notes to the consolidated financial statements as of June 30th, 2024.

Accounting standards, amendments, and interpretations of IFRS applicable from July 1st, 2024

For details regarding the accounting standards applied by Digital Bros Group, please refer to the consolidated financial statements as of June 30th, 2024, available on the corporate website.

In line with EU regulations, the accounting standards adopted by the Group do not take into account laws and interpretations issued by the IASB and IFRIC as of June 30th, 2024, that have not yet been approved by the European Union.

Standards and interpretations that have been enacted but are not yet effective as of the preparation date of this document will be adopted by the Group only once they come into effect.

NON-CURRENT ASSETS

Total non-current assets decrease by Euro 5,550 thousand as a result of lower intangible assets by Euro 2,734 thousand, net of the depreciation and amortization for the period.

The total investments in intangible assets significantly decrease as a result of the above-mentioned corrective actions implemented by the Group and the transition of some video games into their live support phase. Details about investments in intangible assets, compared to the first quarter of the last fiscal year are as follows:

Euro thousand	September 30 th , 2024	September 30 th , 2023
Premium Games rights	342	164
Management systems	28	25
Increase in investment in concessions and licences (A)	370	189
Increase in investments in trademarks (B)	0	2
Increase in total assets in development by internal studios	2,067	3,929
Increase in total assets in development by third parties	1,534	8,680
Total investments for assets in development (C)	3,601	12,609
Total investments in intangible assets (A+B+C)	3,971	12,800

Total equity investments decreased by Euro 1,966 thousand, primarily due to adjustment of Starbreeze A shares and Starbreeze B shares to market value as of September 30th, 2024. Details below:

Euro thousand	September 30 th , 2024	June 30 th , 2024	Change
MSE&DB SI	5	5	0
Total investments in associated companies (A)	5	5	0
Starbreeze AB - A shares	2,234	2,812	(578)
Starbreeze AB - B shares	5,311	6,674	(1,363)
Noobz from Poland S.A.	169	194	(25)
Total other investments (B)	7,714	9,680	(1,966)
Total equity investments (A+B)	7,719	9,685	(1,966)

Further details on the changes in Starbreeze AB shares are provided in the Significant events occurred during the period section of the Directors' report.

The total non-current receivables and other assets amounted to Euro 7,540 thousand, decreased by Euro 405 thousand compared to June 30th, 2024:

Euro thousand	September 30 th , 2024	June 30 th , 2024	Changes
Receivable from Starbreeze AB	4,425	4,425	0
Royalties receivables	2,257	2,655	(398)
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	218	225	(7)
Guarantee deposits – other	5	5	0
Total non-current receivables and other assets	7,540	7,945	(405)

As of September 30th, 2024, the receivable from Starbreeze AB solely relates to the costs paid for the development of the videogame Overkill: The Walking Dead by 505 Games S.p.A., for which the Group requested full reimbursement to the Swedish studio.

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

The remaining part of non-current assets is made by security deposits for contractual obligations.

Deferred tax assets are calculated on taxes loss carryforwards and on temporary differences between the carrying value and the tax value. They have been estimated at the tax rates expected in the period when the assets will be realized or settled. As of September 30th, 2024, the balance is at Euro 21,321 thousand, increased by Euro 155 thousand compared to June 30th, 2024.

CURRENT ASSETS

Total current assets decrease by Euro 22,466 thousand compared to June 30th, 2024, mainly due to lower cash and cash equivalents by Euro 8,614 thousand, lower trade receivables by Euro 5,734 thousand and lower current financial assets by Euro 4,973 thousand. The decrease in current financial assets results from the collection of a portion of the receivable from Remedy Entertainment related to the agreement for the reversion of all rights related to the publishing, distribution and marketing of videogames in the Control franchise, finalized in the last fiscal year.

Inventories decrease by Euro 913 thousand, in line with the trend of revenue from the distribution of video games through the traditional retail channel.

Other current assets are as follows:

Euro thousand	September 30th, 2024	June 30th, 2024	Change
Receivables for video game user licensing rights	2,844	3,034	(190)
Advances for video game development operating costs	1,898	2,146	(248)
Advances to suppliers	1,868	3,565	(1,697)
Other receivables	158	157	1
Total other current assets	6,768	8,902	(2,134)

The receivables for video game user licensing rights include the advances paid for licenses not yet exploited as at the end of the reporting period. As of September 30th, 2024, advances for video game user licensing rights amount to Euro 2,844 thousand, decreasing by Euro 190 thousand.

The advances for the operating costs related to video game development amount to Euro 1,898 thousand, which are expected to be collected in the short term. They mainly consist of the advances paid for video game programming, quality assurance and other operating costs (i.e. rating and localization).

The decrease in advances to suppliers is a result of the agreement for the reversion of all publishing, distribution and marketing rights related to the video games in the Control franchise, which was finalized in the previous fiscal year.

NON-CURRENT LIABILITIES

Total non-current current liabilities amount to Euro 10,463 thousand, decreasing by Euro 3,048 thousand compared to June 30th, 2024, as a result of lower non-current financial liabilities.

As of September 30th, 2024 other non-current payables and liabilities amount to Euro 1,362 thousand and consisted of:

- the portion of the debt due after twelve months for the purchase of the Australian companies, amounting to Euro 649 thousand;
- The remaining portion for the acquisition of 505 Go Inc., amounting to Euro 713 thousand.

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

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

As of September 30th, 2024, non-current provisions amount to Euro 716 thousand, which included Euro 635 thousand for the provision for tax incentives used by Supernova Games Studio. The remaining Euro 81 thousand consist of the sales representatives' termination indemnity provision, unchanged compared to June 30th, 2024.

The non-current financial liabilities amount to Euro 7,376 thousand and include instalment loans beyond 12 months and other non-current financial liabilities.

CURRENT LIABILITIES

Total current liabilities amount to Euro 68,775 thousand, decreasing by Euro 20,838 thousand, mainly due to lower trade payables for Euro 12,812 thousand and lower current financial liabilities for Euro 5,298 thousand.

Trade payables amounted to Euro 30,925 thousand, which consisted for the most part of payables to developers for royalties.

The other current liabilities amount to Euro 4,277 thousand, which include Euro 4,039 thousand advance payments from customers related to sub-licensing contracts on the Group's intellectual properties. The remaining portion mostly consists of payables to employees for the holiday accrual and days off at the end of the reporting period, the amounts accrued for the deferred portion of short-term bonuses and their social security contributions.

NET EQUITY

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

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of Parent Company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
Total on July 1st, 2024	5,706	18,528	1,141	1,367	(709)	(8,459)	11,868	0	115,640	(2,214)	113,426	131,000	(3,314)	127,686
Allocation of previous year result							0		(2,214)	2,214	0	0	0	0
Other changes						118	118		(3,889)		(3,889)	(3,771)	3,889	118
Comprehensive income (loss)					(420)	(1,493)	(1,913)			(2,302)	(2,302)	(4,215)	(33)	(4,248)
Total on September 30th, 2024	5,706	18,528	1,141	1,367	(1,129)	(9,834)	10,073	0	109,537	(2,302)	107,235	123,014	542	123,556

14. Share capital

The share capital as of September 30th, 2024 is unchanged compared to June 30th, 2024. It is composed of no.14,265,037 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,706,014.80. No other shares of any nature were issued. There are no rights, liens or restrictions associated with the ordinary shares.

15. Reserves

Changes in other reserves included a Euro 118 thousand increase to adjust the stock option reserve and a Euro 1,493 thousand decrease related to the reserve for fair value of financial assets, as a result of the fair value of the Group's equity investment in Starbreeze.

The other changes, amounting to Euro 3,889 thousand, relate to the portion of the net equity of the subsidiary Rasplata B.V., which is now fully owned by the Group following the acquisition of the remaining 40% stake in the Dutch company in August 2024.

Digital Bros S.p.A. has approved 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..

NET FINANCIAL POSITION

The following table details the Group's net financial position as of September 30th, 2024 together with comparative figures as of June 30th, 2024:

Euro thousand		September 30 th , 2024	June 30 th , 2024	Change
12	Cash and cash equivalents	3,367	11,981	(8,614)
13	Other current financial assets	5,265	10,238	(4,973)
26	Current financial liabilities	(31,381)	(36,679)	5,298
	Current net financial position	(22,749)	(14,460)	(8,289)
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(7,376)	(10,324)	2,948
	Non-current financial liabilities	(7,376)	(10,324)	2,948
	Total net financial position	(30,125)	(24,784)	(5,341)

As expected, the net financial debt as of September 30th, 2024 was at Euro 30,125 thousand, increasing by Euro 5,341 thousand compared to the Euro 24,784 thousand as of June 30th, 2024.

Digital Bros will be able to manage its current liabilities with its future cash flow generation. The net financial debts are expected to further increase in the second quarter before decreasing starting from Q3 and are expected to arrive a lower level compared to June 30th, 2024 at fiscal year-end.

The total net financial position, net of the IFRS16 effect, is negative at Euro 26,740 thousand.

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

	Euro thousand	September 30 th 2024	June 30 th , 2024	Change	
A.	Cash	3,367	11,981	(8,614)	-71.9%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	Liquidity (A + B + C)	3,367	11,981	(8,614)	-71.9%
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	31,381	36,679	(5,298)	-11.1%
G.	Current financial indebtedness (E + F)	31,381	36,679	(5,298)	-14.4%
H.	Net current financial indebtedness (G - D)	28,014	24,698	3,316	13.4%
I.	Non-current financial liabilities (excluding current portion and debt instruments)	7,376	10,324	(2,948)	-45.1%
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)	7,376	10,324	(2,948)	-28.6%
M.	Total financial indebtedness (H + L)	35,390	35,022	368	1.1%

PROFIT AND LOSS STATEMENT

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended on September 30th, 2024.

The Holding operating segment did not generate revenue:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	3,453	16,989	909	127	21,478
2	Revenue adjustments	0	0	0	0	0
3	Total net revenue	3,453	16,989	909	127	21,478

As of September 30th, 2023, the breakdown was as follows:

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

Comments on net revenues are provided in the Directors' Report.

25. Net financial result

The analysis is as follows:

	Euro thousand	September 30 th , 2024	September 30 th , 2023	Change €	Change %
23	Interest and financial income	456	643	(187)	-29,1%
24	Interest and financial expense	(1,129)	(1,042)	(87)	8,3%
25	Net financial income / (expenses)	(673)	(399)	(274)	68,7%

The net financial result was negative for Euro 673 thousand compared to the net financial expenses of Euro 399 thousand recorded in the first quarter of the fiscal year, due to lower interest and financial income for Euro 187 thousand and higher interest and financial expense for Euro 87 thousand.

Interest and financial income may be analyzed as follows:

Euro thousand	September 30 th , 2024	September 30 th , 2023	Change €	Change %
Currency exchange gains	426	546	(120)	-22,0%
Interest on derivative products	28	93	(65)	-69,9%
Other	2	4	(2)	-50,0%
Total interest and financial income	456	643	(187)	-29,1%

Total net interest and financial income decreased by Euro 187 thousand, as a result of lower currency exchange gains by Euro 120 thousand and lower interest on derivatives for Euro 65 thousand.

The interest and financial expenses amounted to Euro 1,129 thousand, increasing by Euro 87 thousand compared to September 30th, 2023, mostly driven by higher currency exchange losses.

Interest and financial expenses are analyzed in detail as follows:

Euro thousand	September 30th, 2024	September 30th, 2023	Change €	Change %
Interest expenses on current accounts and trade finance	(268)	(329)	61	-18.5%
Interest expenses on loans and leases	(313)	(349)	36	-10.3%
Total interest expenses on sources of finance	(581)	(678)	97	-14.3%
Currency exchange losses	(548)	(364)	(184)	50.5%
Total interest expenses	(1,129)	(1,042)	(87)	8.3%

29. Total taxes

Current and deferred taxes as of September 30th, 2024 are detailed below:

Euro thousand	September 30th, 2024	September 30th, 2023	Change €	Change %
Current taxes	(68)	291	(359)	n.m..
Deferred taxes	(161)	166	(327)	n.m..
Total taxes	(229)	457	(686)	n.m..

The higher total taxes is driven by the higher tax base of the Italian companies.

Information by geographical area

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

Euro thousand	September 30th, 2024		September 30th, 2023		Change	
Europa	3,035	14%	2,298	11%	738	32.1%
Americas	14,957	70%	14,569	72%	388	2.7%
Rest of the World	2,267	11%	2,528	12%	(261)	-10.3%
Total foreign revenue	20,259	94%	19,395	96%	865	4.5%
Italy	1,219	6%	830	4%	389	47.0%
Total consolidated gross revenue	21,478	100%	20,225	100%	1,254	6.2%

Total foreign revenue represented 96% of consolidated gross revenue, in line with Q1 last year, increasing by Euro 865 thousand compared to September 30th, 2023.

The rest of the world revenue related to sales made by the subsidiary 505 Games S.p.A. in the Far East.

The most significant portion of foreign revenue is generated by the Premium Games operating segment, which amounted to Euro 16,805 thousand, i.e. 83% of total foreign revenue.

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

Euro thousand	September 30th, 2024		September 30th, 2023		Change	
Premium Games	3,454	17%	4,370	23%	(916)	-21.0%
Free to Play	16,805	83%	15,025	77%	1,780	11.8%
Total gross foreign revenue	20,259	100%	19,395	100%	864	4.5%

Related parties transactions

As of September 30th, 2024, no unusual or extraordinary related parties transactions has been carried out.

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

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

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

We also confirm that:

1. the Interim Report of Digital Bros Group as of September 30th, 2024:
 - a) has been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19th, 2002;
 - b) reflects the accounting books and records;
 - c) gives a true and fair view of the results and financial position of the issuer and of the entities included in the consolidation;
2. the Directors' Report as of September 30th, 2024 accompanying the Interim Report includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. and the consolidated entities are exposed.

Milan, November 14th, 2024

Signed

Chairman of the Board of Directors

Chief Financial Officer

Abramo Galante

Stefano Salbe