

Digital Bros S.p.A.

financial statements as at 30 June 2024

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010, and article
10 of EU Regulation n. 537/2014

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This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

To the Shareholders of
Digital Bros S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Digital Bros S.p.A. (the Company), which comprise the statement of financial position as at 30th June 2024, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including material accounting policy information.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as at 30th June 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

| Key Audit Matters | Audit response |
|--|--|
| Valuation of the relationship with Starbreeze AB | |
| <p>The Company holds the following assets with Starbreeze AB ("Starbreeze") as a counterparty:</p> <ul style="list-style-type: none"> ▸ 87,034,133 Starbreeze Class A shares and 223,443,993 Starbreeze Class B shares registered as equity investments as of June 30, 2024 for a total amount of Euro 9,486 thousand. <p>In view of our relationship with Starbreeze and the significance of the amount of related activities recorded in the financial statements, we considered this issue to be a key audit matter.</p> <p>The financial statements relating to the measurement of activities related to Starbreeze are included in paragraphs 4 "Equity investments", 6 "Deferred tax assets" and 12 "Other current assets", of explanatory note 5 "Analysis of the financial position" of the financial statements, and in the paragraph "Transactions with Starbreeze and shareholders of Starbreeze" included among the "Significant events of the period" in the report on operations.</p> | <p>Our review procedures in response to the key aspect included, but were not limited to:</p> <ul style="list-style-type: none"> ▸ the analysis of the process put in place by the Company regarding the evaluation of activities related to Starbreeze; ▸ the analysis of the accounting policies adopted by the Company and the valuation techniques; ▸ the analysis of the documentation relating to the registration of Starbreeze shares. <p>Finally, we have verified the adequacy of the information provided in the notes to the financial statements in relation to the transactions with Starbreeze and the valuation of the activities related to it.</p> |
| Revenue recognition | |
| <p>As of June 30, 2024, revenues recorded in the financial statements amounted to 6,896 thousand euros, of which 5,171 thousand euros related to services provided to Company subsidiaries, 689 thousand euros related to the selling of cards and 1,036 thousand euros related to the selling of video games for consoles.</p> <p>Sales agreements are concluded according to contractual conditions which, in some cases, present elements of complexity with regard to the definition of the existence and accrual of revenues.</p> <p>The revenue recognition requires the evaluation of the contractual conditions of sale and the</p> | <p>Our review procedures in response to the key aspect included, but were not limited to:</p> <ul style="list-style-type: none"> ▸ understanding the process adopted by the Company for the recognition of revenues; ▸ the analysis of the contractual conditions of sale with the main customers and with the other companies of the Digital Bros Group and the verification of the fulfilment of the relevant obligations; ▸ the performance of analytical procedures on the accounting of revenues, also taking into account the seasonality of the reference market; ▸ the critical analysis of the assumptions used by the Management; ▸ the execution of validity procedures with reference to revenues recognized close to the |

fulfillment of the obligations relevant to the recognition of revenues.

The verification of the terms and conditions of sales agreements and their application in the recognition of revenues was considered a key aspect of the audit, in view of the peculiarity of some of the contractual conditions applied in sales transactions.

The Company has provided information on the criteria adopted in the recognition of sales revenues in explanatory note 2 "Accounting policies" of the financial statements.

balance sheet date.

Finally, we have verified the adequacy of the information in the notes to the financial statements in relation to the recognition of revenues.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the Financial Statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the Financial Statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the Financial Statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Digital Bros S.p.A., in the general meeting held on 21st October 2021, engaged us to perform the audits of the Financial Statements for each of the years ending 30th June 2022 to 30th June 2030.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the Financial Statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Digital Bros S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the Financial Statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the Financial Statements as at 30th June 2024 with the provisions of the Delegated Regulation.

In our opinion, the Financial Statements as at 30th June 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Digital Bros S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Digital Bros S.p.A. as at 30th June 2024, including their consistency with the related Financial Statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the Financial Statements of Digital Bros S.p.A. as at 30th June 2024 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the Financial Statements of Digital Bros S.p.A. as at 30th June 2024 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 27 September 2024

EY S.p.A.

Signed by: Cristina Pigni, Auditor