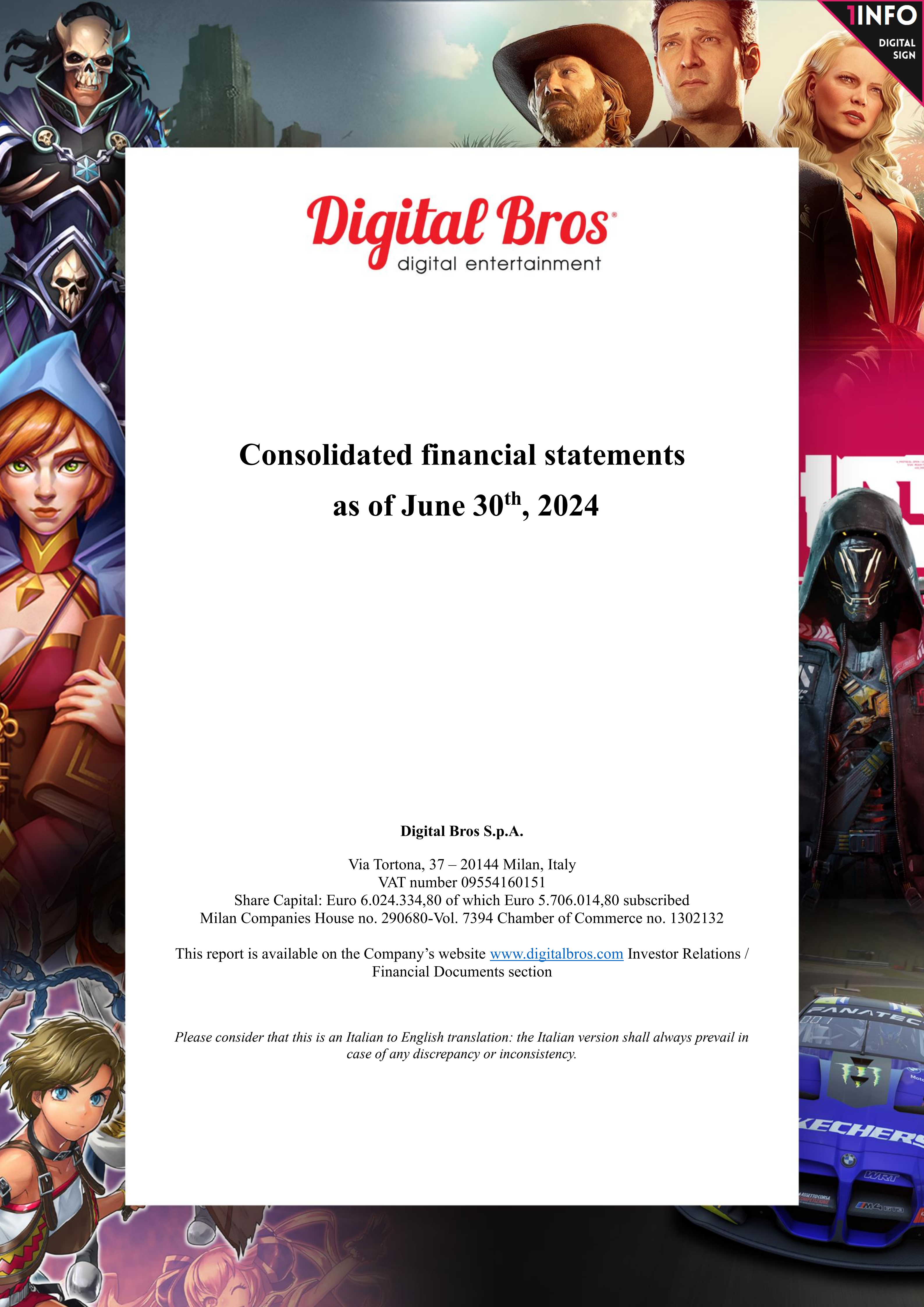

Consolidated financial statements as of June 30th, 2024

Digital Bros S.p.A.

Via Tortona, 37 – 20144 Milan, Italy
VAT number 09554160151
Share Capital: Euro 6.024.334,80 of which Euro 5.706.014,80 subscribed
Milan Companies House no. 290680-Vol. 7394 Chamber of Commerce no. 1302132

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

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

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Name	Office		Control and Risk Committee	Remuneration Committee	Nomination Committee
Carlotta Ilaria D'Ercole	Director	I	M	M	P
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

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

The Shareholders' Meeting held on October 27th, 2023 appointed the Board of Directors and the Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the date of the Shareholders' Meeting for the approval of the financial statements as of June 30th, 2026. On January 24th, 2024, the Group's Director Lidia Florean passed away. On May 14th, 2024, The Board of Directors decided to abstain from the co-option of a new Board member. A consensus on a new nominee was not achieved and the Board assessed that the current structure of eight members allows for an effective management control of the Group in its current complexity. Further decision about the co-option was referred to the next Shareholders' Meeting.

On October 27th, 2023, the Shareholders' Meeting appointed Abramo Galante as Chairman of the Board of Directors. On November 9th, 2023, the Board of Directors appointed Abramo Galante and Raffaele Galante as Chief Executive Officers. The Chief Executive Officers received adequate powers of attorney. On November 9th, 2023 the Board also appointed Laura Soifer as Lead Independent Director and the members of the Board's committees.

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's 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 June 30th, 2030.

Other information

The publication of Digital Bros Group's draft consolidated financial statements as of June 30th, 2024 was authorized by a resolution of the Board of Directors on September 26th, 2024.

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

DIRECTORS' REPORT

1. GROUP ORGANIZATION

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

The Group is organized into five operational business segments:

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

A portion of the video games within the Group's portfolio have been developed by its internal development studios, while the others have been produced by independent development teams. The rights related to video games developed by external studios are either acquired through a long-term exclusive licensing agreement or acquired perpetually.

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

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

505 Games France S.a.s., 505 Games Spain Slu and 505 Games GmbH carried out marketing activities for their respective local markets during the first half of the fiscal year but, from Q3 of FY2024, they were closed as part of the reorganization process implemented during the fiscal year.

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

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

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

Free to Play: main operations consist of the development and publishing of video games and/or applications that are available for free on digital marketplaces, 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 upgraded after the launch in order to retain players and enhance the video game's life cycle.

Worldwide Free to Play publishing is operated by 505 Mobile S.r.l., together with the U.S. company 505 Mobile (US) Inc., which provides consultancy services to Group companies, the UK-based company DR Studios Ltd., which develops the Group's Free to Play video games.

The Australian companies 505 Games Australia Pty Ltd., and the development teams Infinite Interactive Pty. and Infinity Plus Two Pty, own the intellectual property of 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., now 505 Go Inc., an American publisher of Free to Play video games, including spin-offs of the Puzzle Quest series.

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

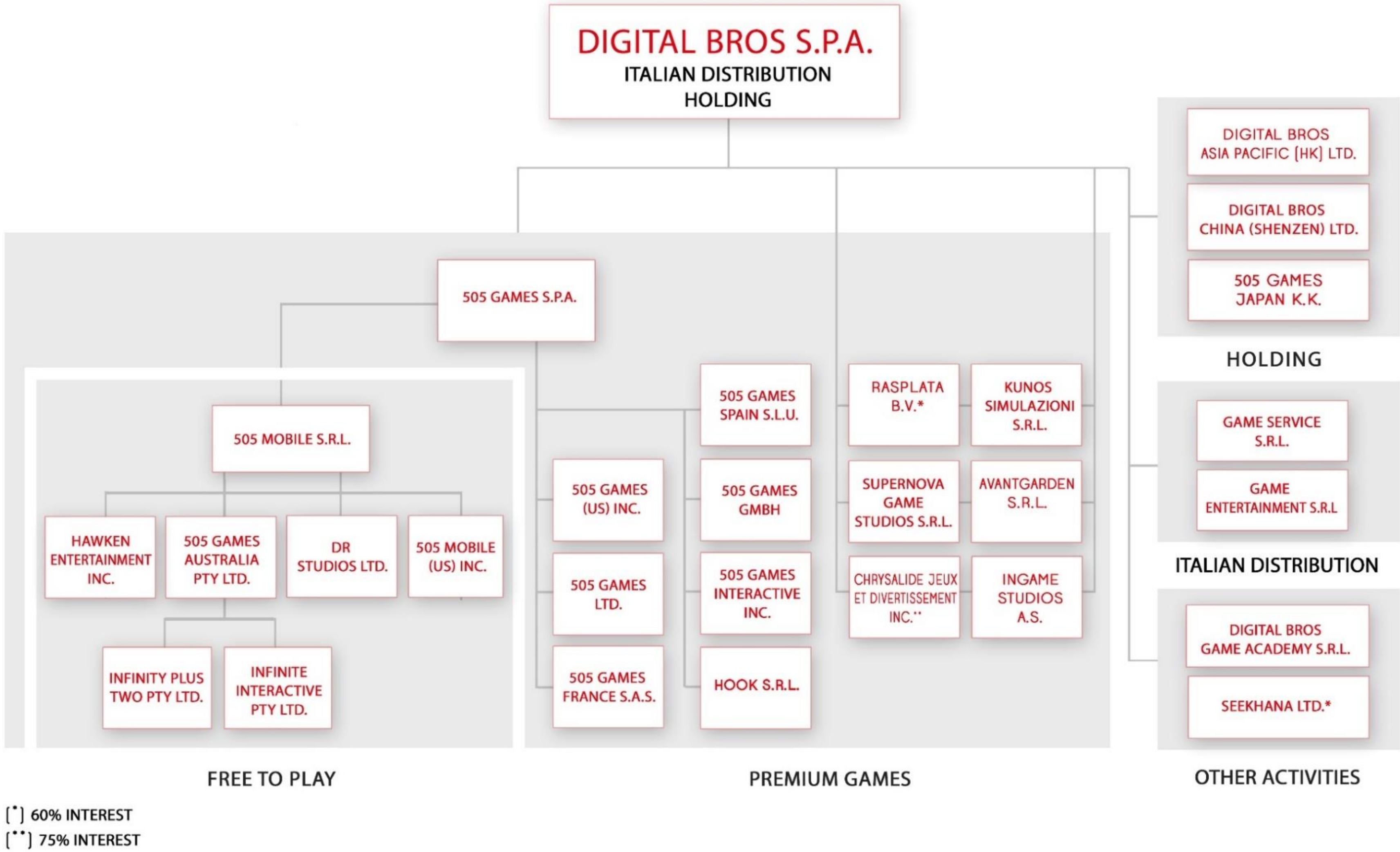
Italian Distribution: consists of the distribution in Italy of video games purchased from international publishers. The operations are run by the Parent Company, Digital Bros S.p.A., under the Halifax brand.

Other Activities: all remaining activities of the Group are consolidated under the Other Activities operating segment for reporting purposes. This segment includes the operations of the subsidiary Digital Bros Game Academy S.r.l. which offers video game training and professional courses. The Group also holds a 60% stake in the UK 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 company was supported by Digital Bros China Ltd., Digital Bros Asia Pacific (HK) Ltd. and 505 Games Japan K.K. which have operated as business developers for the Asian markets. Digital Bros Holdings Ltd. was not active during the period.

All the companies mentioned above are 100% owned, except for Rasplata B.V. and Seekhana Ltd. which are controlled with a 60% interest and Chrysalide Jeux et Divertissement Inc. with a 75% interest. In August 2024 the Group acquired the remaining 40% stake in Rasplata B.V.

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


DIGITAL BROS S.P.A.
ITALIAN DISTRIBUTION
HOLDING
505 GAMES S.P.A.
505 MOBILE S.R.L.
HAWKEN ENTERTAINMENT INC.
505 GAMES AUSTRALIA PTY LTD.
DR STUDIOS LTD.
505 MOBILE (US) INC.
INFINITY PLUS TWO PTY LTD.
INFINITE INTERACTIVE PTY LTD.
505 GAMES (US) INC.
505 GAMES LTD.
505 GAMES FRANCE S.A.S.
505 GAMES SPAIN S.L.U.
505 GAMES GMBH
505 GAMES INTERACTIVE INC.
HOOK S.R.L.
RASPLATA B.V.*
KUNOS SIMULAZIONI S.R.L.
SUPERNOVA GAME STUDIOS S.R.L.
AVANTGARDEN S.R.L.
CHRYSALIDE JEUX ET DIVERTISSEMENT INC.**
INGAME STUDIOS A.S.
DIGITAL BROS ASIA PACIFIC (HK) LTD.
DIGITAL BROS CHINA (SHENZEN) LTD.
505 GAMES JAPAN K.K.
HOLDING
GAME SERVICE S.R.L.
GAME ENTERTAINMENT S.R.L
ITALIAN DISTRIBUTION
DIGITAL BROS GAME ACADEMY S.R.L.
SEEKHANA LTD.*
FREE TO PLAY
PREMIUM GAMES
OTHER ACTIVITIES
(*) 60% INTEREST
(**) 75% INTEREST

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

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

(1) 60% consolidated

(2) 75% consolidated

Rasplata B.V. and Seekhana Ltd. are held at 60%. Chrysalide Jeux et Divertissement Inc. is held at 75%. They have been incorporated into the consolidated financial statements through the line-by-line consolidation method, acknowledging the portion of net equity and operating results belonging to minority shareholders.

2. MAIN INTELLECTUAL PROPERTIES OWNED BY THE GROUP

First launched in 2014, Assetto Corsa is a car racing simulator, developed by the internal studio Kunos Simulazioni S.r.l..

Assetto Corsa faithfully recreates the performance and the driving experience of real cars, replicating tyre grip, aerodynamic impact, engine parameters as well as different weather conditions. Nearly one hundred cars are available to choose from, reproduced in collaboration with the most prestigious automotive manufacturers, and that can be driven on legendary circuits including Silverstone, Monza, Nürburgring-Nordschleife, Barcelona, Brands Hatch, Spa Francorchamps. All circuits are recreated using Laser Scan technology so that each bump, curb and slope is a perfect match to the real counterpart. Assetto Corsa can be played in fully customizable single player and multiplayer modes including quick races, race weekends and free practice sessions, qualifying session and race day.

Launched in 2018, Assetto Corsa Competizione is the official Blancplain GT World Challenge video game and the official video game of FIA Motorgames Esport Tournament.

The second version of Assetto Corsa is currently in development and its launch is scheduled in January 2025.

Since launch, the Assetto Corsa franchise has generated revenues for around Euro 142 million.

Developed by the Czech studio Ingame Studios S.r.l., Crime Boss: Rockay City is a first-person shooter video game, set in the thriving metropolis of Rockay City during the Nineties. Find a few familiar faces there too: from the charismatic Travis Baker (Michael Madsen) and his team (Michael Rooker, Kim Basinger, Danny Glover and Damion Poitier) to rival gang bosses (Danny Trejo and Vanilla Ice). Play as Baker as he builds his empire using strategy, cunning and a little fire power to carry out heists and take territory from rival gangs. Winning the turf war won't be easy though: rival gangs will try to take the city for themselves, and Sheriff Norris (Chuck Norris) will stop at nothing to bring all criminals to justice. Stealing everything from cash and drugs, through to priceless artifacts is more fun with accomplices: jump into the co-op multiplayer and take on thrilling hits and heists with up to four players.

Crime Boss: Rockay City launched exclusively on Epic on March 28th, 2023. Console versions were released in June 2023. A new PC version launched on Steam in June 2024.

Developed by the Polish studio One More Level, Ghostrunner is a first-person cyberpunk action slasher videogame set in a grim dystopic future. Players assume the role of an android ninja ascending the Dharma Tower, an ominous neon tower built by the Architect, who died mysteriously years ago, and representing the last bastion of humanity, torn by violence, poverty, and class inequality. Players must fight their way to the top of the structure to bring down the tyrannical Keymaster and avert humanity's extinction.

Since its launch in October 2020, Ghostrunner became a successful title, selling over one million copies worldwide. The game is available on all platforms.The second version, Ghostrunner 2 launched during the second quarter of this fiscal year.

Developed by the Australian studio Infinity Plus Two acquired by the Group in January 2021, Gems of War is a Free to Play puzzle-RPG video game first launched in 2014 and available on mobile, Steam, console and Nintendo Switch.

Embark on an epic journey across the realms Krystara where heroes can take on a world of adventure unlike any other: battle enemies matching gems to power and cast spells, and matching skulls to smite the enemies. Then take the spoils of war and forge a mighty empire.

Since its launch, Gems of War has generated revenues exceeding Euro 36 million.

Developed by the Australian studio Infinity Plus Two acquired by the Group in January 2021, Puzzle Quest 3 is an all-new instalment to the globally renowned puzzle-RPG franchise. The first version launched in 2007, with successful spin-offs published by the newly acquired 505 Go Inc..

Puzzle Quest 3 is a Free to Play videogame available on mobile, Personal Computer and console.

The game's intellectual property is owned by Digital Bros Group and it is used for the videogame published by the American 505 Go!.

INTELLECTUAL PROPERTIES CO-OWNED BY THE GROUP OR FOR WHICH THE GROUP HOLDS LICENSING RIGHTS FOR MORE THAN TEN YEARS

Developed by the Japanese studio Rabbit & Bear Studios, Eiyuden Chronicle – Hundred Heroes is a new Role-Playing Game with a hybrid art style that mixes pixel art with a modern 3D world in which players can interact with over a hundred different characters and creatures, in magical realm of Allraan, a tapestry of nations with different cultures and values. By dint of sword, and by way of magical objects known as "rune-lenses," the land's history has been shaped by the alliances and aggressions of the humans, beastmen, elves, and desert people who live there. The Galdean Empire has edged out other nations and discovered a technology that amplifies the rune-lenses' magic. Now, the Empire is scouring the continent for an artifact that will expand their power even further.

The development of Eiyuden Chronicle - Hundred Heroes has been partially funded through the largest Kickstarter crowdfunding of 2020, raising a total of JPG 482 million (approximately USD 4.6 million).

Eiyuden Chronicle – Hundred Heroes launched on all platforms on April 23rd, 2024. Its intellectual property is shared between the Group and the Japanese studio Rabbit & Bear.

3. THE VIDEO GAMES MARKET

The video games market represents one of the most important segments of the entertainment industry. Movies, books and magazines, video games and toys are part of the industry and share the same characteristics, brands, features and intellectual properties.

The growth achieved by the video game industry during the pandemic generated widespread optimism, prompting many competitors to initiate new productions and significantly increase the average investment per game. In 2023, a record 50,000 new video games were launched within a very competitive marketplace, making it harder to meet the expected volume and revenue targets. As a result, many companies were forced to reassess their strategies regarding portfolio investments and marketing expenditures to adapt to this competitive scenario. Consequently, starting in the second half of 2023, the market has seen waves of layoffs, studio closures, and project cancellations. This situation remains unresolved as of today.

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

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

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

Developers

Developers are the creators and programmers of a video game, usually based on an original idea, a successful brand, a movie, sports simulations etc.. It 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 frequently transfer these rights to an international video game publisher for a contractually specified period.

Publishers play a pivotal role in the value chain, contributing to the finalization of the game, cultivating the player community, and managing global distribution through their direct or indirect 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 assuming all associated risks. 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 manufactures the hardware through which the video game is played. Sony produces the Sony PlayStation, Microsoft the Microsoft Xbox and Nintendo the Nintendo Switch. In case of physical distribution, the console manufacturer reproduces the physical disk on behalf of the publishers. The console manufacturer can also operate as a video game publisher.

Distributors

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

Retailers

Retailers may be international retail chains specialized in the sale of video games, independent shops or web sites that sell directly to the public.

Console manufacturers have created marketplaces where video games can be directly purchased digitally, without involving a distributor or retailer. In this case, as for personal computers, smartphone and tablet video games, the value chain involves a lower number of players, as illustrated below:

The main marketplaces on which console video games are sold are Sony’s PlayStation Store, Microsoft’s Xbox Live and Nintendo’s eShop. Steam is the global leader in the digital distribution of video games for personal computers. The US company Epic launched Epic Games Store, a new marketplace for PC games.

The digitalization of the market has led both Microsoft (with Microsoft Xbox Game Pass) and Sony (with Sony PlayStation Now) to create digital platforms on which players can access the full library of video games by paying a subscription fee valid for a predefined period. Revenues are directly or indirectly recognized to publishers based on the utilization of their video games. Amazon has set up Apple Arcade, a similar platform dedicated to mobile video games.

Digital distribution has extended the lifecycle of a single video game. The availability of a video game is no longer limited to its launch period as happened in the retail channel. The product remains available on the different marketplaces for a longer period, thus generating a continuous flow of sales that can be significantly influenced by promotional campaigns. A video game life cycle can also be extended through the release of additional episodes and functions (the so-called DLC, or Downloadable Contents) that consumers can either buy or download for free on digital marketplaces.

Free to Play video games are available to the public in digital format only. The marketplaces where these games are available are: the App Store for iPhone and iPad, the PlayStore for Android for Western markets and a number of different marketplaces for Far Eastern markets. Some Free to Play video games are also available on Sony PlayStation Store, Microsoft's Xbox Live for console, Steam and Epic Store for PC.

4. ALTERNATIVE PERFORMANCE RATIOS

The Group relies on widely adopted 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 section 5 of the Explanatory Notes.

The ratios used by the Group could misalign with those adopted by other companies, as they are not defined by any accounting standard, 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.

5. SEASONALITY EFFECTS

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

The rise of digital marketplaces has helped mitigate some of the volatility in publishers' quarterly results. In digital distribution, revenues are recognized when a consumer purchases a game from the marketplace, resulting in a more gradual revenue stream rather than the sharp spike seen with traditional retail distribution. In contrast, retail revenues are recorded upon shipment to the distributor or retailer, regardless of when the final sale to the consumer takes place.

Digital promotional campaigns are highly effective in driving 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 American market.

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 notable exceptions only for a few highly anticipated releases. Unlike Premium games, Free-to-Play promotions are often more frequent, which reduces quarterly revenue volatility.

The significant reduction in the contribution of the revenues from the traditional retail channel on the total consolidated revenues resulted in a lower volatility of the Group’s investments in Net Working Capital.

6. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

- The Shareholders' Meeting held on October 27th, 2023 appointed the Board of Directors and the Board of Statutory Auditors. The terms of the Directors and the Statutory Auditors will expire on the Shareholders' Meeting which will approve the financial statements as of June 30th, 2026;
- On November 14th, 2023, having reconsidered the number of projects under development to adapt to the new competitive scenario, the Group announced an organizational review, which resulted in the reduction of approximately 30% of its global workforce. Such reduction was predominantly concentrated within its development studios and, to a lesser extent, across its publishing units, both Premium and Free to Play. The reorganization costs amounted to Euro 1.4 million. The process was finalized during the reporting period;
- On February 28th, 2024, the subsidiary 505 Games S.p.A. entered into an agreement with Remedy Entertainment to revert all publishing, distribution, and marketing rights related to the Control franchise to the Finnish developer, for a total repayment of minimum Euro 15.7 million, with a potential small premium. This corresponded to the investment made at that date by 505 Games for the development of the video games Condor and Control 2. 505 Games will continue as the exclusive publisher of Control until December 31st, 2024, executing the existing sublicensing deals under their original terms.

Relations with Starbreeze and Starbreeze shareholders

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

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

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

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

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtre AB for a consideration of around SEK 25.8 million, at a price of SEK 1.36

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

- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
  a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million;
  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 September 26th, 2024, after additional conversions of multiple-vote shares into single-vote shares carried out by various shareholders, the Group now holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares. This accounts for 21% of the total capital and 39.67% of voting rights.

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

- Starbreeze AB's governance structure and Digital Bros' representation in its corporate bodies;
- Digital Bros' involvement in Starbreeze AB's decision making process;
- the existing business 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.

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

	Euro thousand	June 30th, 2023		June 30th, 2023		Change	
1	Gross revenue	117,972	100.0%	118,000	100.1%	(28)	0.0%
2	Revenue adjustments	(38)	0.0%	(68)	-0.1%	30	-44.0%
3	**Net revenue**	**117,934**	**100.0%**	**117,932**	**100.0%**	**2**	**0.0%**
4	Purchase of products for resale	(3,715)	-3.2%	(2,954)	-2.5%	(761)	25.8%
5	Purchase of services for resale	(10,200)	-8.6%	(9,042)	-7.7%	(1,158)	12.8%
6	Royalties	(23,567)	-20.0%	(22,892)	-19.4%	(675)	2.9%
7	Changes in inventories of finished products	(687)	-0.6%	(818)	-0.7%	131	-16.0%
8	**Total cost of sales**	**(38,169)**	**-32.4%**	**(35,706)**	**-30.3%**	**(2,463)**	**6.9%**
9	**Gross profit (3+8)**	**79,765**	**67.6%**	**82,226**	**69.7%**	**(2,461)**	**-3.0%**
10	Other income	9,921	8.4%	17,525	14.9%	(7,604)	-43.4%
11	Costs for services	(11,212)	-9.5%	(14,975)	-12.7%	3,763	-25.1%
12	Rent and leasing	(564)	-0.5%	(621)	-0.5%	57	-9.1%
13	Payroll costs	(34,363)	-29.1%	(38,915)	-33.0%	4,552	-11.7%
14	Other operating costs	(1,331)	-1.1%	(1,787)	-1.5%	456	-25.5%
15	**Total operating costs**	**(47,470)**	**-40.3%**	**(56,298)**	**-47.7%**	**8,828**	**-15.7%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**42,216**	**35.8%**	**43,453**	**36.8%**	**(1,237)**	**-2.8%**
17	Depreciation and amortization	(35,173)	-29.8%	(18,687)	-15.8%	(16,486)	88.2%
18	Provisions	(1,241)	-1.1%	0	0.0%	(1,241)	n.m.
19	Asset impairment charge	(8,164)	-6.9%	(7,700)	-6.5%	(464)	6.0%
20	Impairment reversal	953	0.8%	2,266	1.9%	(1,313)	-57.9%
21	**Total depreciation, amortization and impairment adjustments**	**(43,625)**	**-37.0%**	**(24,121)**	**-20.5%**	**(19,504)**	**80.9%**
22	**Operating margin (EBIT) (16+21)**	**(1,409)**	**-1.2%**	**19,332**	**16.4%**	**(20,741)**	**n.m.**
23	Interest and financial income	1,674	1.4%	7,428	6.3%	(5,754)	-77.5%
24	Interest and financial expenses	(5,465)	-4.6%	(13,036)	-11.1%	7,571	-58.1%
25	**Net interest income/(expenses)**	**(3,791)**	**-3.2%**	**(5,608)**	**-4.8%**	**1,817**	**-32.4%**
26	**Profit/ (loss) before tax (22+25)**	**(5,200)**	**-4.4%**	**13,724**	**11.6%**	**(18,924)**	**n.m.**
27	Current tax	(1,751)	-1.5%	(4,332)	-3.7%	2,581	-59.6%
28	Deferred tax	762	0.6%	243	0.2%	519	n.m.
29	**Total taxes**	**(989)**	**-0.8%**	**(4,089)**	**-3.5%**	**3,100**	**-75.8%**
30	**Net profit/loss**	**(6,189)**	**-5.2%**	**9,635**	**8.2%**	**(15,824)**	**n.m.**
	attributable to the shareholders of the Parent Company	**(2,214)**	**-1.9%**	**9,683**	**8.2%**	**(11,897)**	**n.m.**
	attributable to non-controlling interests	**(3,975)**	**-3.4%**	**(48)**	**0.0%**	**(3,927)**	**n.m.**
	Earnings per share:						
33	**Basic earnings per share (in Euro)**	**(0.16)**		**0.68**		**(0.84)**	**n.m.**
34	**Diluted earnings per share (in Euro)**	**(0.15)**		**0.66**		**(0.81)**	**n.m.**

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 reporting period, 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.

The unpredictability of the new competitive environment also required the Group to reconsider its forecasting models, taking into account the new challenges related to launching new video games on the market. This resulted in Euro 8.2 million asset impairment charges. Unlike in previous fiscal years, when asset impairment charges solely related to underperforming games after launch, the write offs also impacted investments in some of the Intellectual Properties under development that were discontinued during the reporting period.

Due to the reduction of the number of games in the library, the Group reduced its workforce accordingly. This reduction also reflected the lower number of professionals required by the internal studios after the launch of Crime Boss Rockay City and Puzzle Quest 3, which have both transitioned to live support. The Group’s total workforce went down from 435 people as of June 30th, 2023, to 301 as of June 30th, 2024.

The reorganization plan started in the second quarter and resulted in non-recurring costs for Euro 1.4 million as of June 30th, 2024.

The corrective actions implemented by the Group, together with the positive performance of the recently launched video games, allowed for a significant improvement in the net debt, which amounted to Euro 24.8 million as of June 30th, 2024, down by Euro 14.9 million compared to Euro 39.7 million as of June 30th, 2023.

The Group’s revenue amounted to Euro 118 million, in line with the previous fiscal year. The Premium Games operating segment realized a 5.5% revenue growth, benefiting from the performance of the video games launched in the second half of the fiscal year. Total revenue recorded at fiscal year-end was slightly below expectations due to the delay in the revenue recognition of two agreements, whose contractual conditions were different from initial projections. The related revenue will be recognized in the next fiscal year.

The EBITDA amounted to Euro 42.2 million, largely positive despite a 2.8% decrease from the previous fiscal year, mainly due to non-recurring costs for Euro 1.4 million related to the implementation of the reorganization plan. The EBITDA net of such non-recurring items amounted to Euro 43.6 million, slightly above the gross operating margin realized as of June 30th, 2023.

The operating margin (EBIT) was negative at Euro 1.4 million, compared to the positive Euro 19.3 million as of June 30th, 2023. Such decline was mainly due to a Euro 16.5 million increase in depreciation and amortization, Euro 8.2 million asset impairment charges, which also related to the productions discontinued during the reporting period and non-recurring provisions of Euro 1.2 million related to the Provision for Starbreeze arbitration costs.

The EBIT before non-recurring items was positive for Euro 1.2 million.

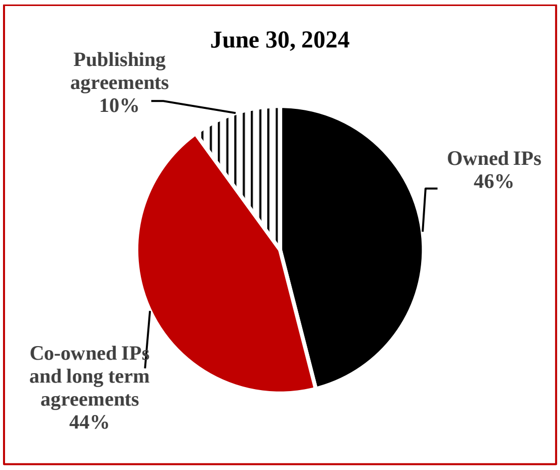
Revenue from international markets and digital sales respectively accounted for 97% and 90% of the total net revenue, in line with the previous fiscal year.

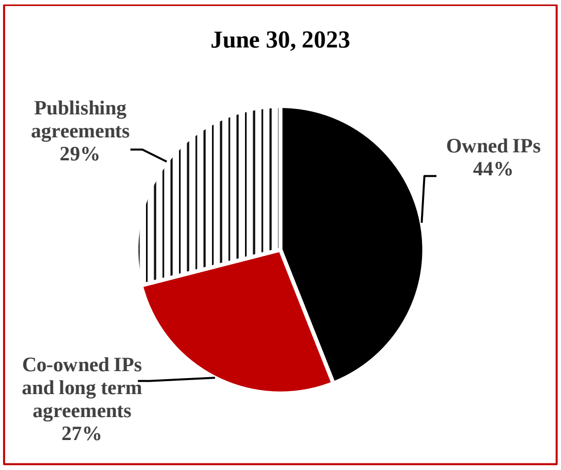
Net revenue

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Premium Games	97,440	92,319	5,121	5.5%
Free to Play	17,766	22,046	(4,279)	-19.4%
Italian Distribution	1,696	2,599	(904)	-34.8%
Other Activities	1,032	968	64	6.6%
Total net revenue	**117,934**	**117,932**	**2**	**0.0%**

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 46% of the total revenue for the operating segment, in line with the previous fiscal year. During the reporting period, the share of net revenue from co-owned Intellectual Properties and long-term agreements increased significantly, as a result of the launch of Eiyuden Chronicle-Hundred Heroes. This is in line with the Group's ongoing transformation, with a strategy focused on the owned and co-owned Intellectual Properties within its video game portfolio.

A breakdown of Premium Games revenue by the type of rights held by the Group as of June 30th, 2024 is provided below with comparative figures as of June 30th, 2023:





Net revenue from the Free to Play operating segment amounted to Euro 17,766 thousand, a Euro 4,280 thousand decrease from the Euro 22,046 thousand as of June 30^{th}, 2023.

The Italian Distribution operating sector revenue decreased by Euro 903 thousand from Euro 2,599 thousand to Euro 1,696 thousand as of June 30^{th}, 2024.

Total cost of sales amounted to Euro 38,169 thousand, increasing by 6.9% compared to the Euro 35,765 thousand recorded in the previous fiscal year.

The gross profit amounted to Euro 79,765 thousand, decreasing from the Euro 82,226 thousand as of June 30^{th}, 2023.

Other income amounted to Euro 9,921 thousand, down by Euro 7,604 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 due to the reduction in the capitalization of internal work related to video game development after the launch of Crime Boss: Rockay City by the subsidiary Ingame Studios, which was in the production stage as of the previous fiscal year-end.

The operating costs amounted to Euro 47,470 thousand, decreasing by Euro 8,828 thousand compared to the previous fiscal year. This reflected the lower costs for services and the lower payroll costs, despite the Euro 1.364 thousand non-recurring reorganization costs.

The gross operating margin (EBITDA) for the period amounted to Euro 42,216 thousand, compared with the Euro 43,453 thousand achieved in the previous fiscal year. EBITDA before non-recurring costs was slightly above than the gross operating margin realized as of June 30^{th}, 2023.

Depreciation and amortization amounted to Euro 35,173 thousand, increasing by Euro 16,486 thousand, due to the greater use of video games launched during the reporting period, such as Crime Boss: Rockay City and Eiyuden Chronicle – Hundred Heroes.

The operating margin (EBIT) amounted to negative Euro 1.409 thousand, compared to the positive EBIT at Euro 19,332 thousand realized as of June 30^{th}, 2023. As of June 30^{th}, 2024, the consolidated EBIT before non-recurring costs was positive for Euro 1.196 thousand.

The net interest expense amounted to Euro 3,791 thousand compared to the Euro 5,608 thousand realized in the previous fiscal year. As of June 30^{th}, 2023, this item included the fair value adjustment of the financial receivable purchased from Starbreeze, which was then fully collected on July 3rd, 2023.

The loss before tax for the period ended June 30^{th}, 2024, amounted to Euro 5,200 thousand, significantly decreasing from the Euro 9,635 thousand profit before tax as of June 30^{th}, 2023.

The net loss amounted to Euro 6,189 thousand compared to the net profit of Euro 13,724 thousand as of June 30th, 2023. due to unexpected asset impairment and non-recurring items amounting to Euro 10.8 million, which lowered the pre-closing expectations.

The net loss attributable to the shareholders of the Parent Company was at Euro 2,214 thousand.

The basic earnings per share and diluted earnings per share respectively were at Euro 0.16 and 0.15 compared to Euro 0.68 and Euro 0.66 earnings per share as of June 30th, 2023.

The net loss attributable to non-controlling interests amounted to Euro 3,975 thousand, related for the most part to the portion of the net loss realized by the Dutch subsidiary Rasplata B.V..

8. CONSOLIDATED BALANCE SHEET AS OF JUNE 30TH, 2024

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	7,379	9,613	(2,234)	-23.2%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	129,614	153,023	(23,409)	-15.3%
4	Equity investments	9,685	11,400	(1,715)	-15.1%
5	Non-current receivables and other assets	7,945	8,089	(144)	-1.8%
6	Deferred tax assets	21,166	17,087	4,079	23.9%
7	Non-current financial activities	0	0	0	n.m.
	Total non-current assets	**175,789**	**199,212**	**(23,423)**	**-11.8%**
	Current assets				
8	Inventories	2,668	3,355	(687)	-20.5%
9	Trade receivables	16,887	14,104	2,783	19.7%
10	Tax receivables	4,345	3,977	368	9.3%
11	Other current assets	8,902	23,790	(14,888)	-62.6%
12	Cash and cash equivalents	11,981	9,407	2,574	27.4%
13	Other current financial assets	10,238	11,344	(1,106)	-9.8%
	Total current assets	**55,021**	**65,977**	**(10,956)**	**-16.6%**
	TOTAL ASSETS	***230,810***	***265,189***	***(34,379)***	***-13.0%***
	Shareholders' equity				
14	Share capital	(5,706)	(5,706)	0	0.0%
15	Reserves	(11,868)	(21,367)	9,499	-44.5%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(113,426)	(115,270)	1,844	-1.6%
	Equity attributable to the shareholders of the Parent Company	**(131,000)**	**(142,343)**	**11,343**	**-8.0%**
	Equity attributable to non-controlling interests	**3,314**	**(1,375)**	**4,689**	**n.m.**
	Total net equity	**(127,686)**	**(143,718)**	**16,032**	**-11.2%**
	Non-current liabilities				
18	Employee benefits	(967)	(911)	(56)	6.1%
19	Non-current provisions	(563)	(81)	(482)	n.m.
20	Other non-current payables and liabilities	(1,657)	(1,824)	167	-9.2%
21	Non-current financial liabilities	(10,324)	(11,285)	961	-8.5%
	Total non-current liabilities	**(13,511)**	**(14,101)**	**590**	**-4.2%**
	Current liabilities				
22	Trade payables	(43,737)	(46,837)	3,100	-6.6%
23	Tax payables	(1,299)	(2,782)	1,483	-53.3%
24	Short term provisions	(1,241)	0	(1,241)	0.0%
25	Other current liabilities	(6,657)	(8,635)	1,978	-22.9%
26	Current financial liabilities	(36,679)	(49,116)	12,437	-11.1%
	Total current liabilities	**(89,613)**	**(107,370)**	**17,757**	**-8.5%**
	TOTAL LIABILITIES	**(103,124)**	**(121,471)**	**18,347**	**-15.1%**
	TOTAL NET EQUITY AND LIABILITIES	***(230,810)***	***(265,189)***	***34,379***	***-13.0%***

Total non-current assets decrease by Euro 23,423 thousand, mainly due to the decrease of intangible assets for Euro 23,409 thousand net of the depreciation of the period, also as a result of the agreement between the subsidiary 505 Games S.p.A. and Remedy Entertainment to revert all publishing, distribution and marketing rights related to the Control franchise to the Finnish developer. Equity investments decrease by Euro 1,715 thousand, mainly due to the adjustment of the Starbreeze A and Starbreeze B shares to their market value as of June 30th, 2024.

Total current assets decrease by Euro 10,956 thousand, mainly due to lower other financial assets by Euro 14,888 thousand, following the collection of the receivables from Starbreeze AB and from the conversion of the bond from the Swedish developer, partially offset by the recognition of the receivable from Remedy Entertainment related to the above-mentioned agreement to the other financial assets. The receivable from the Finnish developer will be collected in the next fiscal year.

Non-current liabilities decreased by Euro 590 thousand compared to June 30th, 2023, while the current liabilities decreased by Euro 17,757 thousand due to lower current financial liabilities.

The following table details the Group's net financial position as of June 30th, 2024 together with comparative figures as of June 30th, 2023:

Euro thousand		**June 30th, 2023**	**June 30th, 2023**	**Change**
12	Cash and cash equivalents	11,981	9,407	2,574
13	Other current financial assets	10,238	11,344	(1,106)
26	Current financial liabilities	(36,679)	(49,116)	12,437
	Current net financial position	**(14,460)**	**(28,363)**	**13,905**
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(10,324)	(11,285)	961
	Non-current financial liabilities	**(10,324)**	**(11,285)**	**961**
	Total net financial position	***(24,784)***	***(39,648)***	***14,866***

The net financial debt was at Euro 24,784 thousand, decreasing by 14,866 thousand compared to June 30th, 2023, improving significantly above expectations. Such improvement is a result of the corrective actions implemented by the Group during the fiscal year, such as the reduction in investment and the reorganization plan, as well as the positive performance of the recently launched video games.

Digital Bros will be able to manage its current liabilities with its future cash flow generation.

The total net financial position, net of the IFRS16 effect, is negative at Euro 20,956 thousand.

9. FINANCIAL RATIOS

The table below details some performance indicators, to facilitate the reading of the consolidated economic and financial data:

Profitability ratios	**June 30th, 2024**	**June 30th, 2023**
ROE (Net profit / Net equity)	-1.7%	6.8%
ROI (Operating margin / Total assets)	-0.6%	7.3%
ROS (Operating margin / Gross profit)	-1.2%	16.4%

Structure ratios	**June 30th, 2024**	**June 30th, 2023**
Net working capital ratio (Current assets / Total assets)	23.8%	24.9%
Current ratio (Current assets / Current liabilities)	61.4%	61.4%
Quick ratio (Cash and cash equivalents and Other current assets / Current liabilities)	58.4%	58.3%

10. SEGMENT REPORTING

Premium Games

Reclassified P&L highlights

	Consolidated amounts in Euro thousand	Premium Games					
		June 30th, 2024		June 30th, 2023		Change	
1	Gross revenue	97,449	100.0%	92,319	100.0%	5,130	5.6%
2	Revenue adjustments	(9)	0.0%	0	0.0%	(9)	n.m.
3	**Net revenue**	**97,440**	**100.0%**	**92,319**	**100.0%**	**5,121**	**5.5%**
4	Purchase of products for resale	(2,738)	-2.8%	(1,194)	-1.3%	(1,544)	n.m.
5	Purchase of services for resale	(6,198)	-6.4%	(5,365)	-5.8%	(833)	15.5%
6	Royalties	(18,386)	-18.9%	(16,658)	-18.0%	(1,728)	10.4%
7	Changes in inventories of finished products	(207)	-0.2%	(354)	-0.4%	147	-41.5%
8	**Total cost of sales**	**(27,529)**	**-28.3%**	**(23,571)**	**-25.5%**	**(3,958)**	**16.8%**
9	**Gross profit (3+8)**	**69,911**	**71.7%**	**68,748**	**74.5%**	**1,163**	**1.7%**
10	Other income	7,727	7.9%	13,850	15.0%	(6,123)	-44.2%
11	Costs for services	(5,870)	-6.0%	(9,066)	-9.8%	3,196	-35.3%
12	Rent and leasing	(205)	-0.2%	(168)	-0.2%	(37)	21.8%
13	Payroll costs	(21,246)	-21.8%	(24,203)	-26.2%	2,957	-12.2%
14	Other operating costs	(720)	-0.7%	(978)	-1.1%	258	-26.4%
15	**Total operating costs**	**(28,041)**	**-28.8%**	**(34,415)**	**-37.3%**	**6,374**	**-18.5%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**49,597**	**50.9%**	**48,183**	**52.2%**	**1,414**	**2.9%**
17	Depreciation and amortization	(31,221)	-32.0%	(14,869)	-16.1%	(16,352)	n.m.
18	Provisions	(1,241)	-1.3%	0	0.0%	(1,241)	n.m.
19	Asset impairment charge	(6,310)	-6.5%	(5,448)	-5.9%	(862)	15.8%
20	Impairment reversal	885	0.9%	19	0.0%	866	n.m.
21	**Total depreciation, amortization and impairment adjustments**	**(37,887)**	**-38.9%**	**(20,298)**	**-22.0%**	**(17,589)**	**86.6%**
22	**Operating margin (EBIT) (16+21)**	**11,710**	**12.0%**	**27,885**	**30.2%**	**(16,175)**	**-58.0%**

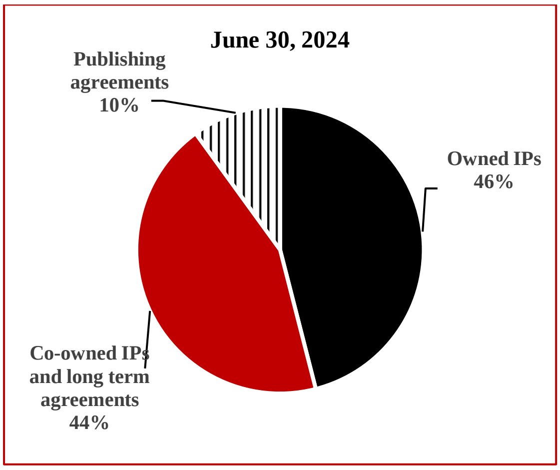
Following the optimism resulting from the growth achieved by the video game industry during the pandemic, the Group implemented a significant investment plan, in line with most of its competitors. The great liquidity available on the market at the time, due to the entrance of new marketplaces and low 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.

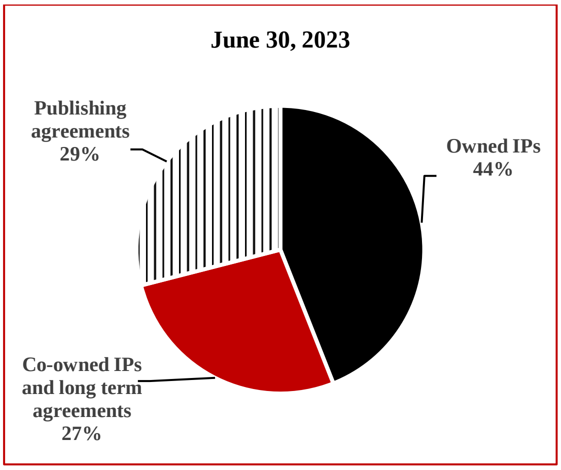
As a result, during the reporting period, the Group implemented a strategic reassessment of its library, based upon the expected return on investment of each title, prioritizing high margin titles with greater revenue predictability, as well as fully owned Intellectual Properties to leverage on their 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.

The net revenue for the Premium Games operating sector as of June 30th, 2024, amounted to Euro 97.4 million, corresponding to 82.6% of the consolidated net revenue. This was spread across a number of different Intellectual Properties, among which the most significant contribution came from the Assetto Corsa franchise, developed by the internal studio Kunos Simulazioni, which realized Euro 28 million revenue. as well as the recently launched Steam version of Crime Boss: Rockay City and the new video game Eiyuden Chronicle – Hundred Heroes.

Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 46% of the total revenue for the operating segment, in line with the previous fiscal year. During the reporting period, the share of net revenue from co-owned Intellectual Properties and long-term agreements increased significantly, as a result of the launch of Eiyuden Chronicle-Hundred Heroes. This is in line with the Group's ongoing transformation, with a strategy focused on the owned and co-owned Intellectual Properties within its video game portfolio.

A breakdown of Premium Games revenue by the type of rights held by the Group as of June 30th, 2024 is provided below with comparative figures as of June 30th, 2023:





A breakdown by type is provided below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	
Retail distribution revenue	6,714	3,317	3,397	n.m.
Digital distribution revenue	87,834	85,931	1,903	2.2%
Sublicensing revenue	2,901	3,071	(170)	-5.5%
Total Premium Games revenue	**97,449**	**92,319**	**5,130**	**5.6%**

Digital distribution accounted for approximately to 90% of the net revenue for the operating segment.

The increase in revenue from the retail distribution channel contrasted with the trend of previous fiscal years. This was driven by the singular success of the physical version of Eiyuden Chronicle – Hundred Heroes, especially in the Japanese market.

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

Digital distribution revenue for the period ended June 30th, 2024 may be broken down by console type as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	
Console	42,393	31,861	10,530	33.1%
Personal Computer	41,415	50,587	(9,172)	-18.1%
Mobile	4,026	3,483	543	15.6%
Total digital distribution revenue	**87,834**	**85,931**	**1,901**	**2.2%**

The total cost of sales increased by Euro 3,958 thousand. This was mainly due to higher royalties for Euro 1,728 thousand, higher purchase of products for resale by Euro 1,544 thousand, due to the launch of the video game Eiyuden Chronicle – Hundred Heroes, and higher purchase of services for resale by Euro 833 thousand related to the live support costs of the video game Crime Boss: Rockay City, launched in the second half of the previous fiscal year.

The gross profit amounted to Euro 69,911 thousand, increasing by Euro 1,163 thousand compared to June 30th, 2023.

The other income amounted to Euro 7,727 thousand, decreasing by Euro 6,123 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 lower amount of other income resulted from the decrease in the capitalization of internal work for the development of video games after the launch of Crime Boss: Rockay City by the subsidiary Ingame Studios, which was still in production during the previous fiscal year.

Total operating costs amounted to Euro 28,401 thousand, decreasing by Euro 6,374 thousand compared to the previous fiscal year, benefiting from lower payroll costs by Euro 2,952 thousand and lower costs for services by Euro 3,196 thousand.

The gross operating margin (EBITDA) amounted to Euro 49,597 thousand, representing 50.9% of net revenue and increasing by Euro 1,414 thousand compared to Euro 48,183 thousand realized in the previous fiscal year.

Depreciation and amortization increased by Euro 16,352 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.

Provisions amounted to Euro 1.241 thousand, related to the Provision for Starbreeze arbitration costs.

Asset impairment charge amounted to Euro 6,310 thousand. Unlike in previous fiscal years, when asset impairment charges solely related to underperforming games after launch, the write offs also impacted investments in some of the Intellectual Properties under development that were discontinued during the reporting period.

The operating margin (EBIT) amounted to Euro 11,710 thousand, compared to Euro 27,885 thousand as of June 30th, 2023.

Assets and liabilities assignable to the Premium Games operating sector are as follows:

Euro thousand		June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	2,568	4,027	(1,459)	-36.2%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	113,619	133,713	(20,094)	-15.0%
4	Equity investments	0	0	0	0.0%
5	Non-current receivables and other assets	6,435	5,531	904	16.3%
6	Deferred tax assets	14,481	13,308	1,173	8.8%
7	Non-current financial activities	0	0	0	0.0%
	Total non-current assets	**137,103**	**156,580**	**(19,476)**	**-12.4%**
	Current assets				
8	Inventories	719	926	(207)	-22.3%
9	Trade receivables	14,515	11,249	3,266	29.0%
10	Tax receivables	1,104	1,132	(28)	-2.4%
11	Other current assets	6,930	9,240	(2,310)	-25.0%
12	Cash and cash equivalents	9,798	7,019	2,779	39.6%
13	Other current financial assets	10,197	0	10,197	n.m.
	Total current assets	**43,263**	**29,566**	**13,697**	**46.3%**
	TOTAL ASSETS	**180,366**	**186,145**	**(5,779)**	**-3.1%**
	Non-current liabilities				
18	Employee benefits	(645)	(532)	(113)	21.2%
19	Non-current provisions	(482)	0	0	0.0%
20	Other non-current payables and liabilities	0	0	0	n.m.
21	Non-current financial liabilities	(8,198)	(6,518)	(1,680)	25.8%
	Total non-current liabilities	**(9,325)**	**(7,050)**	**(2,275)**	**32.3%**
	Current liabilities				
22	Trade payables	(40,337)	(43,364)	3,027	-7.0%
23	Tax payables	(967)	(1,577)	610	-38.7%
24	Short term provisions	(1,241)	0	(1,241)	0.0%
25	Other current liabilities	(5,026)	(6,164)	1,138	-18.5%
26	Current financial liabilities	(27,513)	(36,709)	9,196	-25.1%
	Total current liabilities	**(75,084)**	**(87,814)**	**12,730**	**-14.5%**
	TOTAL LIABILITIES	**(84,409)**	**(94,864)**	**10,455**	**-11.0%**

Total non-current assets decrease by Euro 20,094 thousand, from Euro 133,713 thousand to Euro 113,619 thousand as of June 30th, 2024, net of the depreciation of the period, also as a result of the agreement between the subsidiary 505 Games S.p.A. and Remedy Entertainment to revert all publishing, distribution and marketing rights related to the Control franchise to the Finnish developer.

The increase in other financial assets relates to the receivable from Remedy Entertainment related to the above-mentioned agreement, which will be collected in the next fiscal year.

Free to Play

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Free to Play					
		June 30th, 2024		June 30th, 2023		June 30th, 2023	
1	Gross revenue	17,766	100.0%	22,046	100.0%	(4,280)	-19.4%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	**Net revenue**	**17,766**	**100.0%**	**22,046**	**100.0%**	**(4,280)**	**-19.4%**
4	Purchase of products for resale	(0)	0.0%	0	0.0%	0	0.0%
5	Purchase of services for resale	(4,002)	-22.5%	(3,677)	-16.7%	(325)	8.8%
6	Royalties	(5,181)	-29.2%	(6,234)	-28.3%	1,053	-16.9%
7	Changes in inventories of finished products	0	0.0%	0	0.0%	0	0.0%
8	**Total cost of sales**	**(9,183)**	**-51.7%**	**(9,911)**	**-45.0%**	**728**	**-7.3%**
9	**Gross profit (3+8)**	**8,583**	**48.3%**	**12,135**	**55.0%**	**(3,552)**	**-29.3%**
10	Other income	2,194	12.4%	3,675	16.7%	(1,481)	-40.3%
11	Costs for services	(2,955)	-16.6%	(3,142)	-14.3%	187	-6.0%
12	Rent and leasing	(114)	-0.6%	(174)	-0.8%	60	-34.8%
13	Payroll costs	(7,349)	-41.4%	(9,009)	-40.9%	1,660	-18.4%
14	Other operating costs	(129)	-0.7%	(187)	-0.9%	58	-31.2%
15	**Total operating costs**	**(10,547)**	**-59.4%**	**(12,512)**	**-56.8%**	**1,965**	**-15.7%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**230**	**1.3%**	**3,298**	**15.0%**	**(3,068)**	**-93.0%**
17	Depreciation and amortization	(2,562)	-14.4%	(2,399)	-10.9%	(163)	6.8%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(1,767)	-9.9%	(2,228)	-10.1%	461	-20.7%
20	Impairment reversal	52	0.3%	2,247	10.2%	(2,195)	-97.7%
21	**Total depreciation, amortization and impairment adjustments**	**(4,277)**	**-24.1%**	**(2,380)**	**-10.8%**	**(1,897)**	**79.7%**
22	**Operating margin (EBIT) (16+21)**	**(4,047)**	**-22.8%**	**918**	**4.2%**	**(4,965)**	**n.m.**

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

Euro thousand	June 30th, 2024	June 30th, 2023	Change	
505 Go Inc.	12,880	16,332	(3,452)	-21.1%
Gems of War	3,465	4,609	(1,144)	-24.8%
Puzzle Quest 3	826	376	450	n.m.
Other products	595	729	(134)	-18.4%
Total Free to Play revenue	**17,766**	**22,046**	**(4,280)**	**-19.4%**

The revenue from the Free to Play operating segment amounted to Euro 17,766 thousand, decreasing by 19.4% from the Euro 22,046 thousand as of June 30th, 2023. The revenue generated from video games distributed by the subsidiary 505 Go Inc. amounted to Euro 12,880 thousand, compared to Euro 16,332 thousand as of June 30th, 2023 The decrease in Free to Play revenue reflected the lifecycle of these video games, which were launched over ten years ago. For this reason, these games are currently undergoing a significant revamping, in order to be relaunched in the next fiscal year, especially in some specific markets that are currently generating only marginal revenue.

The video game Gems of War generated revenue for Euro 3,465 thousand. The game 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 728 thousand, mainly due to lower royalties related to the video games distributed by 505 Go Inc., which were partially offset by higher costs of services for resales by Euro 325 thousand.

Other income amounted to Euro 2,194 thousand, decreasing by Euro 1,481 thousand compared to June 30th, 2023 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..

The total operating costs amounted to Euro 10,547 thousand, decreasing by Euro 1,965 thousand compared to the previous fiscal year, benefiting from lower payroll costs by Euro 1,660 thousand.

The gross operating margin (EBITDA) amounted to Euro 230 thousand, significantly decreasing by Euro 3,068 thousand compared to Euro 3,298 thousand realized as of June 30th, 2023.

The depreciation and amortization as of June 30th, 2024 amounted to Euro 2,562 thousand, which included Euro 1,760 thousand related to the portion of the goodwill for the Australian companies attributable to the reporting period, which was allocated to the Puzzle Quest brand at the time of the first consolidation. The remaining part relates to the IFRS 16 application to the rental agreements for DR Studios Ltd. and for the Australian companies, as well as the depreciation of the Group’s Intellectual Properties for the reporting period.

The asset impairment charge amounted to Euro 1,767 thousand, mainly related to lower-than-expected performance of recently launched videogames, for which the impairment tests created the need for specific write-offs.

The operating margin (EBIT) was negative for Euro 4,047 thousand, compared to positive Euro 918 thousand as of June 30th, 2023.

Assets and liabilities assignable to the Free to Play operating sector are as follows:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	225	356	(131)	-36.8%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	15,318	18,354	(3,036)	-16.5%
4	Equity investments	0	0	0	0.0%
5	Non-current receivables and other assets	831	1,870	(1,039)	-55.6%
6	Deferred tax assets	2,469	2,745	(276)	-10.1%
7	Non-current financial activities	0	0	0	0.0%
	Total non-current assets	**18,843**	**23,325**	**(4,482)**	**-19.2%**
	Current assets				
8	Inventories	0	0	0	0.0%
9	Trade receivables	1,836	2,115	(279)	-13.2%
10	Tax receivables	295	592	(297)	-50.2%
11	Other current assets	1,241	1,270	(29)	-2.3%
12	Cash and cash equivalents	1,270	1,924	(654)	-34.0%
13	Other current financial assets	0	0	0	0.0%
	Total current assets	**4,642**	**5,901**	**(1,259)**	**-21.3%**
	TOTAL ASSETS	**23,486**	**29,225**	**(5,739)**	**-19.6%**
	Non-current liabilities				
18	Employee benefits	0	0	0	0.0%
19	Non-current provisions	0	0	0	0.0%
20	Other non-current payables and liabilities	(1,657)	(1,824)	167	-9.2%
21	Non-current financial liabilities	(523)	(2,303)	1,780	-77.3%
	Total non-current liabilities	**(2,180)**	**(4,127)**	**1,947**	**-47.2%**
	Current liabilities				
22	Trade payables	(1,771)	(2,028)	257	-12.7%
23	Tax payables	(185)	(901)	716	-79.4%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(582)	(1,337)	755	-56.4%
26	Current financial liabilities	(2,659)	(1,779)	(880)	49.5%
	Total current liabilities	**(5,197)**	**(6,045)**	**848**	**-14.0%**
	TOTAL LIABILITIES	**(7,377)**	**(10,172)**	**2,795**	**-27.5%**

The increase in non-current assets amounted to Euro 18,843 thousand, decreasing by Euro 4,482 thousand, primarily due to lower intangible assets for Euro 3,046 thousand as a result of the depreciation and amortization for the fiscal year, net of the investment for revamping the video games published by 505 Go!.

Non-current assets account for over 80% of the total assets for this operating segment, in line with the previous fiscal year. The other items on the balance sheet are largely unchanged.

Italian Distribution

Reclassified P&L highlights

	Consolidated amounts in Euro thousand	Italian Distribution					
		June 30th, 2024		June 30th, 2023		Change	
1	Gross revenue	1,725	101.7%	2,667	102.6%	(942)	-35.3%
2	Revenue adjustments	(29)	-1.7%	(68)	-2.6%	39	-56.9%
3	**Net revenue**	**1,696**	**100.0%**	**2,599**	**100.0%**	**(903)**	**-34.8%**
4	Purchase of products for resale	(977)	-57.6%	(1,760)	-67.7%	783	-44.5%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	0	0.0%	0	0.0%	0	0.0%
7	Changes in inventories of finished products	(480)	-28.3%	(464)	-17.8%	(16)	3.6%
8	**Total cost of sales**	**(1,457)**	**-85.9%**	**(2,224)**	**-85.6%**	**767**	**-34.5%**
9	**Gross profit (3+8)**	**239**	**14.1%**	**375**	**14.4%**	**(136)**	**-36.4%**
10	Other income	0	0.0%	(0)	0.0%	0	0.0%
11	Costs for services	(188)	-11.1%	(273)	-10.5%	85	-31.3%
12	Rent and leasing	(14)	-0.8%	(16)	-0.6%	2	-14.2%
13	Payroll costs	(884)	-52.2%	(872)	-33.5%	(12)	1.5%
14	Other operating costs	(45)	-2.7%	(45)	-1.7%	0	-0.3%
15	**Total operating costs**	**(1,131)**	**-66.7%**	**(1,206)**	**-46.4%**	**75**	**-6.2%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(892)**	**-52.6%**	**(831)**	**-32.0%**	**(61)**	**7.4%**
17	Depreciation and amortization	(140)	-8.3%	(145)	-5.6%	5	-2.9%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(78)	-4.6%	(24)	-0.9%	(54)	0.0%
20	Impairment reversal	16	1.0%	0	0.0%	16	n.m.
21	**Total depreciation, amortization and impairment adjustments**	**(202)**	**-11.9%**	**(169)**	**-6.5%**	**(33)**	**19.5%**
22	**Operating margin (EBIT) (16+21)**	**(1,094)**	**-64.5%**	**(1,000)**	**-38.5%**	**(94)**	**9.4%**

The revenue from the Italian Distribution operating sector decreased by Euro 942 thousand from Euro 2,667 thousand to Euro 1,725 thousand as of June 30th, 2024, in line with the overall trend of the traditional retail market. The breakdown of revenue is as follows:

Euro thousand	**June 30th, 2024**	**June 30th, 2023**	**Change**	
Distribution of console video games	1,036	700	334	48.0%
Distribution of trading cards	689	1,966	(1,277)	-65.0%
Distribution of other products and services	0	1	(1)	n.m.
Total Italian Distribution revenue	**1,725**	**2,667**	**(942)**	**-35.3%**

The total cost of sales amounted to Euro 1,457 thousand, decreasing by Euro 767 thousand compared to June 30th, 2023.

The total operating costs amounted to Euro 1,131 thousand, a Euro 75 thousand decrease compared to the previous reporting period. The payroll costs were against the revenue trend, due to Euro 195 thousand non-recurring reorganization costs.

The gross operating margin (EBITDA) was negative for Euro 892 thousand compared to negative Euro 831 thousand as of June 30th, 2023. The operating margin (EBIT) was negative for Euro 1,094 thousand compared to negative Euro 1,000 thousand as of June 30th, 2023.

Assets and liabilities assignable to the Italian Distribution operating sector are as follows:

Euro thousand		June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	2,029	2,069	(40)	-1.9%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	0	0	0	0.0%
4	Equity investments	0	0	0	0.0%
5	Non-current receivables and other assets	6	6	0	0.0%
6	Deferred tax assets	260	184	76	41.1%
7	Non-current financial activities	0	0	0	0.0%
	Total non-current assets	**2,295**	**2,259**	**36**	**1.6%**
	Current assets				
8	Inventories	1,949	2,429	(480)	-19.8%
9	Trade receivables	531	724	(193)	-26.7%
10	Tax receivables	532	526	6	1.1%
11	Other current assets	52	232	(180)	-77.3%
12	Cash and cash equivalents	710	166	544	n.m.
13	Other current financial assets	0	0	0	0.0%
	Total current assets	**3,774**	**4,077**	**(303)**	**-7.4%**
	TOTAL ASSETS	**6,034**	**6,336**	**(302)**	**-4.8%**
	Non-current liabilities				
18	Employee benefits	(294)	(353)	59	-16.7%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	0	0	0	0.0%
21	Non-current financial liabilities	0	0	0	0.0%
	Total non-current liabilities	**(375)**	**(434)**	**59**	**-13.6%**
	Current liabilities				
22	Trade payables	(112)	(210)	98	-46.5%
23	Tax payables	(70)	(163)	93	-57.2%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(307)	(230)	(77)	33.5%
26	Current financial liabilities	0	(11)	11	n.m.
	Total current liabilities	**(489)**	**(614)**	**125**	**-20.3%**
	TOTAL LIABILITIES	**(864)**	**(1,049)**	**185**	**-17.6%**

Inventories confirmed the steady decline of the past fiscal year, decreasing from Euro 2,429 thousand to Euro 1,949 thousand.

Other Activities

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Other Activities					
		June 30th, 2024		June 30th, 2023		Change	
1	Gross revenue	1,032	100.0%	968	100.0%	64	6.6%
2	Revenue adjustments	0	0.0%	0	0.0%	0	0.0%
3	**Net revenue**	**1,032**	**100.0%**	**968**	**100.0%**	**64**	**6.6%**
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)**	**1,032**	**100.0%**	**968**	**100.0%**	**64**	**6.6%**
10	Other income	0	0.0%	0	0.0%	0	0.0%
11	Costs for services	(270)	-26.2%	(492)	-50.8%	222	-45.0%
12	Rent and leasing	(1)	-0.1%	(3)	-0.3%	2	-76.7%
13	Payroll costs	(710)	-68.8%	(607)	-62.7%	(103)	16.9%
14	Other operating costs	(35)	-3.4%	(36)	-3.7%	1	-1.6%
15	**Total operating costs**	**(1,016)**	**-98.5%**	**(1,138)**	**-117.6%**	**122**	**-10.7%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**16**	**1.6%**	**(170)**	**-17.6%**	**186**	**n.m.**
17	Depreciation and amortization	(368)	-35.7%	(351)	-36.3%	(17)	4.9%
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**	**(368)**	**-35.7%**	**(351)**	**-36.3%**	**(17)**	**4.9%**
22	**Operating margin (EBIT) (16+21)**	**(352)**	**-34.1%**	**(521)**	**-53.9%**	**169**	**-32.4%**

Revenue from the Other activities operating sector increased by Euro 64 thousand, while the operating costs decreased by Euro 122 thousand. The EBITDA was positive for Euro 16 thousand, compared to the negative Euro 170 thousand as of June 30th, 2023. The operating loss was at Euro 352 thousand, improving from the Euro 521 thousand loss recorded as at June 30th, 2023.

Assets and liabilities assignable to the Other Activity operating sector are as follows:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	52	45	7	14.7%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	484	810	(326)	-40.3%
4	Equity investments	0	0	0	0.0%
5	Non-current receivables and other assets	0	0	0	0.0%
6	Deferred tax assets	0	0	0	0.0%
7	Non-current financial activities	0	0	0	0.0%
	Total non-current assets	**536**	**855**	**(319)**	**-37.3%**
	Current assets				
8	Inventories	0	0	0	0.0%
9	Trade receivables	5	16	(11)	-64.5%
10	Tax receivables	2	2	(0)	-12.0%
11	Other current assets	34	44	(10)	-23.5%
12	Cash and cash equivalents	127	211	(84)	-39.7%
13	Other current financial assets	0	0	0	0.0%
	Total current assets	**168**	**273**	**(105)**	**-38.4%**
	TOTAL ASSETS	**704**	**1,128**	**(424)**	**-37.6%**
	Non-current liabilities				
18	Employee benefits	(28)	(26)	(2)	8.2%
19	Non-current provisions	0	0	0	0.0%
20	Other non-current payables and liabilities	0	0	0	0.0%
21	Non-current financial liabilities	0	0	0	0.0%
	Total non-current liabilities	**(28)**	**(26)**	**(2)**	**8.2%**
	Current liabilities				
22	Trade payables	(243)	(210)	(33)	15.8%
23	Tax payables	(16)	(13)	(3)	25.4%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(304)	(354)	50	-14.2%
26	Current financial liabilities	0	0	0	0.0%
	Total current liabilities	**(563)**	**(577)**	**14**	**-2.4%**
	TOTAL LIABILITIES	**(591)**	**(603)**	**12**	**-2.0%**

Holding

Reclassified P&L highlights

Consolidated amounts in Euro thousand		Holding					
		June 30th, 2024		June 30th, 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	(1,929)	0.0%	(2,002)	0.0%	73	-3.6%
12	Rent and leasing	(230)	0.0%	(260)	0.0%	30	-11.9%
13	Payroll costs	(4,174)	0.0%	(4,224)	0.0%	50	-1.2%
14	Other operating costs	(402)	0.0%	(541)	0.0%	139	-25.8%
15	**Total operating costs**	**(6,735)**	**0.0%**	**(7,027)**	**0.0%**	**292**	**-4.2%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(6,735)**	**0.0%**	**(7,027)**	**0.0%**	**292**	**-4.2%**
17	Depreciation and amortization	(882)	0.0%	(923)	0.0%	41	-4.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(9)	0.0%	0	0.0%	(9)	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	**Total depreciation. amortization and impairment adjustments**	**(891)**	**0.0%**	**(923)**	**0.0%**	**32**	**-3.5%**
22	**Operating margin (EBIT) (16+21)**	**(7,626)**	**0.0%**	**(7,950)**	**0.0%**	**324**	**-4.1%**

Total operating costs amounted to Euro 6,735 thousand, decreasing by Euro 292 thousand compared to the Euro 7,027 thousand as of June 30th, 2023, mainly due to the reduction in other operating costs.

The EBIT was negative for Euro 7,626 thousand compared to the negative Euro 7,950 thousand recorded as of June 30th, 2023.

Assets and liabilities assignable to the Holding operating sector are as follows:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
	Non-current assets				
1	Property, plant and equipment	2,505	3,116	(611)	-19.6%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	193	146	47	32.0%
4	Equity investments	9,685	11,400	(1,715)	-15.0%
5	Non-current receivables and other assets	673	682	(9)	-1.3%
6	Deferred tax assets	3,956	850	3,106	0.0%
7	Non-current financial activities	0	0	0	n.m.
	Total non-current assets	**17,012**	**16,194**	**818**	**5.0%**
	Current assets				
8	Inventories	0	0	0	0.0%
9	Trade receivables	0	0	0	0.0%
10	Tax receivables	2,412	1,725	687	n.m.
11	Other current assets	645	13,004	(12,359)	n.m.
12	Cash and cash equivalents	76	87	(11)	-13.0%
13	Other current financial assets	41	11,344	(11,303)	-99.6%
	Total current assets	**3,174**	**26,160**	**(22,986)**	**-87.9%**
	TOTAL ASSETS	**20,186**	**42,354**	**(22,168)**	**-52.3%**
	Non-current liabilities				
18	Employee benefits	0	0	0	0.0%
19	Non-current provisions	0	0	0	0.0%
20	Other non-current payables and liabilities	0	0	0	0.0%
21	Non-current financial liabilities	(1,603)	(2,465)	862	-35.0%
	Total non-current liabilities	**(1,603)**	**(2,465)**	**862**	**-35.0%**
	Current liabilities				
22	Trade payables	(1,274)	(1,025)	(249)	24.3%
23	Tax payables	(61)	(128)	67	-52.2%
24	Short term provisions	0	0	0	n.m.
25	Other current liabilities	(438)	(550)	112	-20.4%
26	Current financial liabilities	(6,507)	(10,617)	4,110	-38.7%
	Total current liabilities	**(8,280)**	**(12,320)**	**4,040**	**-32.8%**
	TOTAL LIABILITIES	**(9,883)**	**(14,785)**	**4,902**	**-33.2%**

The total non-current assets increased by Euro 818 thousand, as a result of higher deferred tax assets by Euro 3,106 thousand, lower property, plant and equipment by Euro 611 thousand and lower equity investments by Euro 1,715 thousand.

The decrease in equity investments reflects the adjustment of the Starbreeze AB shares to their market value at fiscal year-end. The Group underwrote a capital increase in June 2023, which resulted in an increase of Starbreeze A shares by no. 51,465,520 and Starbreeze B shares by no. 20,741,940.

As of June 30th, 2024, the company holds no. 113.2 million Starbreeze A multiple-voting shares and no.45.6 million Starbreeze B single-voting shares.

The decrease in other non-current assets resulted from the collection of the Starbreeze AB receivable related to its restructuring process and the conversion of its convertible bond, which was recognized as a non-current financial asset as of the last fiscal year-end.

The increase in tax receivables resulted from the transfer of tax credits and debts to Digital Bros S.p.A. within the framework of the national tax consolidation adopted by all the Italian companies of the Group.

11. INTERCOMPANY AND RELATED PARTY TRANSACTION AND ATYPICAL/UNUSUAL TRANSACTIONS

All intercompany and related party transactions entered by Group companies were conducted at arm's length.

Intercompany transactions

Some intercompany transactions involve the sale of video games by 505 Games S.p.A. to local distribution companies in Europe.

505 Games S.p.A. invoiced royalties to the U.S. subsidiary 505 Games Inc., related to the products distributed on American markets.

505 Games (UK) Ltd. and 505 Games (US) Inc. charged 505 Games S.p.A. payroll costs and some general expenses related to the workforce involved in the production and international marketing teams within the Premium Games operating segment.

505 Games Interactive Inc. charged 505 Games S.p.A. for payroll costs and general costs related to employees involved in the product management for the Premium Games operating segment.

505 Mobile (US) Inc. charged 505 Mobile S.r.l. and 505 Games S.p.A. for payroll costs and general costs related to employees involved in the production and marketing teams within the Free to Play operating segment.

505 Games (US) charged 505 Mobile S.r.l. for payroll costs and general costs related to workforce employed in the production and marketing teams within the Free to Play operating segment.

Before the consolidation, DR Studios Ltd. had already entered into development and live support agreements for several videogames with 505 Games S.p.A. and 505 Mobile S.r.l.. which remained in place after being acquired. New development contracts signed after its acquisition were governed by a framework agreement that stipulated the reimbursement of directs project costs incurred, along with an additional markup.

Digital Bros China Ltd., Digital Bros Asia Pacific Ltd. and 505 Games Japan K.K. charged 505 Games S.p.A. for the costs related to business development activities on the Asian markets.

Before its acquisition, Kunos Simulazioni S.r.l. had already entered a development contract with 505 Games S.p.A. for the video game Assetto Corsa, which remained unchanged.

Avantgarden S.r.l. entered a contract with 505 Games S.p.A. for the development of a new video game. The contract provides for the reimbursement of direct project costs, adding a markup.

Supernova Games Studios S.r.l. entered a contract with 505 Games S.p.A. for the development of a new videogame, which provides for the recharge of the direct project costs incurred, plus a markup.

Before its acquisition, Infinity Plus Two Pty. Ltd. had already entered into a development agreement with 505 Games S.p.A. for several video games, which remains unchanged.

Before the acquisition, Ingame Studios a.s.. had entered a development contract with Rasplata B.V. for the development of Crime Boss: Rockay City, which remained unchanged.

Ingame Studios a.s. entered a contract with 505 Games S.p.A. for the live support of a video game, which provides for the recharge of the direct project costs incurred plus a markup

505 Games France. 505 Games Spain Slu and 505 Games GmbH charged 505 Games S.p.A. for the marketing expense on respective local markets.

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

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

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

505 Games S.p.A. charged the U.S-based company 505 Games Inc. for the costs incurred for coordinating its activities related to the acquisition of games, and the cost of administrative, financial, legal and IT services.

Rasplata B.V. charged 505 Games S.p.A. for royalties related to the publishing of Crime Boss: Rockay City, pursuant to the relative publishing agreement.

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

Before its acquisition, 505 Go Inc. had entered a licensing agreement with Infinite Interactive Pty. for the video game Puzzle Quest, which remained unchanged.

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

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

The effects of all intercompany transactions on the consolidated results and financial position as at June 30th, 2024 were fully eliminated.

Transactions with other related parties

Related party transactions referred to:

- the property leased by Matov Imm. S.r.l. to the Parent Company and to the subsidiary 505 Games France S.a.s.;
- the property leased by Matov LLC to the subsidiary 505 Games (US) Inc..

Both Matov Imm. S.r.l. and Matov LLC are owned by Abramo and Raffaele Galante. The effects of related party transactions on the profit and loss statement and on the balance sheet are detailed in paragraph 8 of the Notes.

Atypical transactions

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

12. TREASURY SHARES

As of June 30th, 2024, Digital Bros S.p.A. did not hold any treasury shares and did not carry out any transactions in treasury shares during the reporting period, pursuant to Art- 2428 (2) no. 3 of the Italian Civil Code.

13. RESEARCH AND DEVELOPMENT

During the reporting period, development costs amounted to Euro 9,574 thousand, decreasing from the Euro 16,939 thousand as of June 30th, 2023. These included the development of:

- a new Free to Play version of the Hawken franchise by the subsidiary DR Studios Ltd.;
- the Free to Play video game of the Battle Islands franchise by the subsidiary Infinity Plus Two Pty Ltd.;
- the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;
- a new video game, currently in production, by the subsidiary Chrysalide Jeux et Divertissement Inc..

14. OPERATIONAL RISKS, FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

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

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

The accuracy of the risk matrix and of the identified net risk ratings are assessed by the two CEOs, together with the Executive Director in charge of the internal control.

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

Operational risks

The most significant operational risks for the Group are:

- management of development contacts;
- alignment with consumer preferences;
- publisher disintermediation and management of intellectual properties;
- dependence on trademarks;
- dependence on key personnel.

Management of development contracts

The Group manages the game development process through either external developers, who contractually guarantee the release schedule, or its internal studios. Any mismanagement of this process could delay the game's market launch. For products tied to specific events or governed by specific contractual clauses with licensors, such delays could substantially affect the expected sales and development costs.

The Group's publishing strategy is not focused on video games linked to specific events. The increased number of internally developed products also enhances the Group's control over the production process. The Group's revised publishing strategy is now focused on second versions of previously successful games, for which the Group can leverage its experience for assessing its expectations in terms of development timing and results.

Additionally, the Group has implemented a contract acquisition procedure that involves comprehensive due diligence performed by the Board of Directors for all significant projects, which includes evaluating the development studio's credentials and track record. The project management process includes continuous oversight by designated professionals within the organization, such as brand managers and producers, to ensure effective monitoring over the development process.

Assessment of future consumer demand

The video game market, as the broader entertainment industry, is influenced by numerous factors beyond the Group's control, such as the appeal of products to consumers. Following the optimism resulting from the growth achieved across the whole video game industry and the liquidity available on the market at the time, developers and publishers increased the number of productions under development and their budget size. This resulted in a record number of new launches within a very competitive marketplace, combined with an increased selectivity of consumers, that now tend to play the same games for longer, rather than spending time on new and different gaming experiences. This has made it harder to meet the expected volume and revenue targets, for both developers and publishers. If the Group fails to align with consumer preferences or keep pace with technological advancements, its revenues and profitability could be significantly impacted, potentially falling to meet sales and margin expectations.

To mitigate this risk, the Group leverages its decades of management experience and adheres to a rigorous procedure for all licensing and development agreements. This procedure includes a thorough preliminary assessment of a product's economic potential through market analysis conducted throughout the development process. The Group's forecasts are reviewed quarterly, allowing the Group to promptly implement corrective actions as needed. Finally, the Group revised its publishing strategy to focus on products with higher margins for the Group and on its owned Intellectual Properties, which enable a long-term value creation.

Publisher disintermediation and management of intellectual properties

The gradual digitalization of video game distribution has shortened the industry value chain. If this process further accelerates, it could change the role of publishers, particularly those that do not own the intellectual property or those that can only leverage long-term contractual agreements.

To mitigate this risk, the Group has focused on acquiring both controlling and non-controlling interests in various development studios, thereby increasing its control over the video game intellectual properties it publishes. Additionally, the Group has established organizational units dedicated to identifying and acquiring new intellectual properties. Finally, the new publishing strategy further focuses investments on those IPs that are already owned by the Group.

Dependence on trademarks

The videogame market, as with other segments of the entertainment industry, often involves some distinctive trademarks related to sports, entertainment, games, etc.. On the one hand, using such trademarks enables to save on marketing costs at launch, benefiting from its visibility and fame. On the other hand, agreements related to the use of distinctive trademarks are usually signed before the development agreements, which implies that the Group bears all costs related to the change in sentiment towards the trademark between the licensing agreement and the launch of the video game. The publishers also bear all the risk of unsuccess related to the use of trademarks that are not yet been used, such as a famous person incurring some scandals or a film that ended up being a flop. The underperformance of a trademark could negatively affect revenue and margins.

This could be avoided by using another licensee or avoiding the use of specific trademarks when selecting the Group's investments. The most significant exception in this sense is the long term agreement with Marvel.

Dependence on key personnel

The Group's success is largely dependent on the performance of a number of key individuals who have been instrumental in its growth and have gained valuable experience in the video game industry. The executive directors, especially the Chairman, CEOs, and CFO, possess extensive industry experience and play a crucial role in managing the business. Losing any of these individuals without adequate replacement would negatively impact the Group's results and financial position.

This risk is mitigated by the fact that both CEOs are also major shareholders in the Group, ensuring their long-term commitment. Additionally, a long-term incentive plan is in place for the CFO. The Board of Directors established a Nomination Committee, composed of all independent directors, to prepare and implement a succession plan for the executive directors.

Management of financial risks

The main financial instruments used by the Group are:

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

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

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

Euro thousands	Facility	Disposed	Available
Bank overdrafts	1,700	0	1,700
Import financing	7,500	5,761	1,739
Advances on invoices and cash orders subject to collection	14,000	8,579	5,421
Total	**23,200**	**14,340**	**8,860**

In addition to the above-mentioned short term credit facilities, the Group also entered medium-term loans for a total amount of Euro 27.419 thousand, detailed in paragraph 9 of the Notes.

The Parent Company, Digital Bros S.p.A. and the subsidiary 505 Games S.p.A. bear all the financial risks, except for other financial instruments not mentioned above, such as trade payables and receivables arising from operating activities, for which each subsidiary bears the individual financial risk.

The Group seeks to maintain a balance between short-term and medium/long-term financial instruments, in line with the expected results. Long-term investments are usually financed through medium/long-term credit lines, including leases, which are often investment specific.

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

The main risks deriving from the Group’s financial instruments are:

- Exchange rate risk;
- Interest rate risk;
- Liquidity risk;
- Dependence on key customers and collection risk.

Exchange rate risk

The Group is exposed to exchange rate fluctuations with the U.S. dollar, primarily due to the operations of its U.S. subsidiaries. This risk is mitigated by the Group's significant number of game development agreements denominated in USD: any negative movements in the EUR/USD exchange rate would raise production costs and royalties, but it would also increase USD-based revenues (and vice versa). When drafting its strategic plan, the Group uses forecasting models that consider the various currencies in which each subsidiary operates, utilizing forward exchange rates based on assessments provided by independent analysts.

Another mitigating factor is that foreign currency payments are often made in advance. The Group sets development costs in advance, and each contract accounts for any additional expenses arising from exchange rate fluctuations. Additionally, the Group can adjust launch prices to counterbalance the effects of currency fluctuations. The Group also has the option to enter agreements in the same currency, further reducing the impact of adverse exchange rate movements.

Finally, the Group employs a medium- and long-term planning procedure to manage currency risk effectively.

505 Games S.p.A. has entered three development agreements in Yen, against which it stipulated two flexible forward contracts for a total amount of Yen 1,985 million, which partially cover the risks connected to future contractual payments. As of June 30th, 2024, the remaining notional value amounted to Yen 861 million, and the fair value was negative for Euro 1,393 thousand.

Interest rate risk

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

Such risk is mitigated by the overall low level of indebtedness of the Group and its adoption of a short-term cash flow management process. The Group has subscribed to three option contracts for Euro 1,375 thousand, Euro 4,000 thousand and Euro 15,000 thousand, to hedge interest rates fluctuations on the loans granted by UniCredit S.p.A. to the Parent Company and to 505 Games S.p.A (January 28th, 2021) and to 505 Games S.p.A. (September 30th, 2021).

Liquidity risk

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

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

The risk is mitigated by different factors:

- the Group's treasury department continuously monitors cash flows, financing needs, and liquidity requirements to ensure the effective and efficient management of financial resources, maintaining an appropriate level of available liquidity;
- the Group negotiated a new medium/ long term loan to allow for a better balance between short and long term debt;
- the Group's strong capitalization and its significant EBITDA margin allow provide increased opportunities to leverage financial debt.

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

Dependence on key customers and collection risk

During the reporting period, the top ten global customers accounted for around 90% of revenue. The market digitalization leads to greater concentration, as sales are only made through a limited number of global marketplaces. This concentration of revenues on a smaller group of key customers increases the Group's dependence on the decisions of a handful of companies. If a product is not featured on these marketplaces, it may struggle to gain visibility on digital platforms, resulting in lower-than-expected sales. Conversely, a product may benefit from increased sales if it secures favourable positioning on these platforms.

Additionally, the concentration of sales among a few customers increases the Group's credit risk.

This risk is mitigated by the potential entrance of new marketplaces in the market and by the fact that the majority of the Group's digital revenues are generated through marketplaces with strong credit scores (i.e., Sony, Microsoft, Apple, etc). The Group's executives can leverage their expertise in identifying which products are not suitable for certain marketplaces.

15. 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.

16. SUBSEQUENT EVENTS

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

17. BUSINESS OUTLOOK

The product release schedule for the next fiscal year reflects the refocused publishing strategy, aligned with the new competitive landscape.

In June 2024, the Group launched the new version of the video game Crime Boss: Rockay City, which was positively received by both the public and the critics, which acknowledged the significant qualitative improvements implemented by the development team based on the feedback received by the gaming community. During the next fiscal year, the Group will continue to invest in the live support of the game, releasing additional content on a regular basis.

The PC version of Assetto Corsa EVO will officially be released in Early Access on Steam in January 2025.

The release schedule for the next fiscal year will finally see the launch of a new video game, co-owned and co-founded by the Group, developed in cooperation with the Spanish development studio MercurySteam.

The Group expects the Free to Play revenue to recover, benefiting from the release of the new features of the video games published by the subsidiary 505 Go Inc..

Considering the persistent uncertainty on the market, the Group cautiously forecasts declining revenue in the next fiscal year, mostly concentrated in the second half. Nonetheless, the corrective actions implemented during the reporting period, the reorganization and the rebalancing of the Group's investments, are expected to enable to maintain the margins in line with the levels achieved as of June 30th, 2024.

The forecasted results do not take into account 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 debt is expected to increase during the first half of the fiscal year, showing a significant decline in the second part, when it is expected to reach its lowest since the last few years.

18. OTHER INFORMATION

EMPLOYEES

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

Category	June 30th, 2024	June 30th, 2023	Change
Managers	14	14	1
Office workers	283	416	(133)
Blue-collar workers and apprentices	4	5	(1)
Total employees	**301**	**435**	**(134)**

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

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

Category	June 30th, 2024	June 30th, 2023	Change
Managers	8	8	0
Office workers	183	313	(130)
Total employees outside Italy	**191**	**321**	**(130)**

As of June 30th, 2024, the average number of the Group's employees was calculated as the mean of the employed staff recorded at the end of each month. The average number of employees as of June 30th, 2024 is detailed below, with comparative figures from the previous fiscal year:

Category	Average no. in 2023	Average no. in 2023	Change
Managers	14	14	0
Office workers	346	392	(46)
Blue-collar workers and apprentices	4	5	(1)
Total employees	**364**	**411**	**(47)**

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

Category	Average no. in 2024	Average no. in 2023	Change
Managers	8	9	(1)
Office workers	243	292	(49)
Total employees	**251**	**301**	**(50)**

The workforce employed by the Group's Italian companies operates under the current Confcommercio National Collective Employment Agreement for the commercial, distribution, and services sector. Employees of the three Italian development studios – Kunos Simulazioni S.r.l., AvantGarden S.r.l. and Supernova Games Studios S.r.l. – operate 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. Despite the exceptionally low environmental impact, the Group actively seeks 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.

19. DISCLOSURE OF NON-FINANCIAL INFORMATION

The Group does not fall within the scope of Legislative Decree no 254 of December 30th, 2016, in terms of Article 2. It has therefore not drafted any Non-Financial Statement for the reporting period.

20. CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

The Group's Corporate governance report outlines its compliance with the Corporate Governance Code, providing detail information pursuant to Art. 123-bis of the L.D.58 of February 24th 1998, known as the Consolidate Law on Finance or T.U.F.. The report is available in Italian and English in the Governance/Corporate Governance Report section of the corporate website at www.digitalbros.com.

21. REPORT ON THE REMUNERATION POLICY AND FEES PAID

The Report on the remuneration policy and fees paid, which provides information pursuant to Art. 123-ter of the T.U.F., is available in Italian and English in the Governance/Remuneration section of the corporate website at www.digitalbros.com.

Consolidated financial statements

as of June 30th, 2024

FINANCIAL STATEMENTS

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Consolidated balance sheet as of June 30th, 2024

	Euro thousand	June 30th, 2024	June 30th, 2023
	Non-current assets		
1	Property, plant and equipment	7,379	9,613
2	Investment properties	0	0
3	Intangible assets	129,614	153,023
4	Equity investments	9,685	11,400
5	Non-current receivables and other assets	7,945	8,089
6	Deferred tax assets	21,166	17,087
7	Non-current financial activities	0	0
	Total non-current assets	**175,789**	**199,212**
	Current assets		
8	Inventories	2,668	3,355
9	Trade receivables	16,887	14,104
10	Tax receivables	4,345	3,977
11	Other current assets	8,902	23,790
12	Cash and cash equivalents	11,981	9,407
13	Other current financial assets	10,238	11,344
	Total current assets	**55,021**	**65,977**
	TOTAL ASSETS	***230,810***	***265,189***
	Shareholders' equity		
14	Share capital	(5,706)	(5,706)
15	Reserves	(11,868)	(21,367)
16	Treasury shares	0	0
17	Retained earnings	(113,426)	(115,270)
	Equity attributable to the shareholders of the Parent Company	**(131,000)**	**(142,343)**
	Equity attributable to non-controlling interests	**3,314**	**(1,375)**
	Total net equity	**(127,686)**	**(143,718)**
	Non-current liabilities		
18	Employee benefits	(967)	(911)
19	Non-current provisions	(563)	(81)
20	Other non-current payables and liabilities	(1,657)	(1,824)
21	Non-current financial liabilities	(10,324)	(11,285)
	Total non-current liabilities	**(13,511)**	**(14,101)**
	Current liabilities		
22	Trade payables	(43,737)	(46,837)
23	Tax payables	(1,299)	(2,782)
24	Short term provisions	(1,241)	0
25	Other current liabilities	(6,657)	(8,635)
26	Current financial liabilities	(36,679)	(49,116)
	Total current liabilities	**(89,613)**	**(107,370)**
	TOTAL LIABILITIES	**(103,124)**	**(121,471)**
	TOTAL NET EQUITY AND LIABILITIES	***(230,810)***	***(265,189)***

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

	Euro thousand	June 30th, 2024	June 30th, 2023
1	Gross revenue	117,972	118,000
2	Revenue adjustments	(38)	(68)
3	**Net revenue**	**117,934**	**117,932**
4	Purchase of products for resale	(3,715)	(2,954)
5	Purchase of services for resale	(10,200)	(9,042)
6	Royalties	(23,567)	(22,892)
7	Changes in inventories of finished products	(687)	(818)
8	**Total cost of sales**	**(38,169)**	**(35,706)**
9	**Gross profit (3+8)**	**79,765**	**82,226**
10	Other income	9,921	17,525
11	Costs for services	(11,212)	(14,975)
12	Rent and leasing	(564)	(621)
13	Payroll costs	(34,363)	(38,915)
14	Other operating costs	(1,331)	(1,787)
15	**Total operating costs**	**(47,470)**	**(56,298)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**42,216**	**43,453**
17	Depreciation and amortization	(35,173)	(18,687)
18	Provisions	(1,241)	0
19	Asset impairment charge	(8,164)	(7,700)
20	Impairment reversal	953	2,266
21	**Total depreciation, amortization and impairment adjustments**	**(43,625)**	**(24,121)**
22	**Operating margin (EBIT) (16+21)**	**(1,409)**	**19,332**
23	Interest and financial income	1,674	7,428
24	Interest and financial expenses	(5,465)	(13,036)
25	**Net interest income/(expenses)**	**(3,791)**	**(5,608)**
26	**Profit/ (loss) before tax (22+25)**	**(5,200)**	**13,724**
27	Current tax	(1,751)	(4,332)
28	Deferred tax	762	243
29	**Total taxes**	**(989)**	**(4,089)**
30	**Net profit/loss**	**(6,189)**	**9,635**
	attributable to the shareholders of the Parent Company	**(2,214)**	**9,683**
	attributable to non-controlling interests	**(3,975)**	**(48)**
	Earnings per share:		
33	**Basic earnings per share (in Euro)**	**(0.16)**	**0.68**
34	**Diluted earnings per share (in Euro)**	**(0.15)**	**0.66**

Consolidated comprehensive income statement as of June 30th, 2024

Euro thousand	June 30th, 2024	June 30th, 2023
Profit (loss) for the period (A)	**(6,189)**	**9,635**
Actuarial gain (loss)	9	(11)
Income tax relating to actuarial gain (loss)	(2)	3
Changes in the fair value	(13,189)	(699)
Tax effect regarding fair value measurement of financial assets	3,165	168
Items that will not be subsequently reclassified to profit or loss (B)	**(10,017)**	**(539)**
Exchange differences on translation of foreign operations	204	(302)
Items that will subsequently be reclassified to profit or loss (C)	**204**	**(302)**
Total other comprehensive income D= (B)+(C)	**(9,813)**	**(841)**
Total comprehensive income (loss) (A)+(D)	**(16,002)**	**8,794**
Attributable to:		
Shareholders of the Parent Company	**(12,027)**	**8,842**
Non-controlling interests	**(3,975)**	**(48)**

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 June 30th, 2024

Euro thousand		June 30th, 2024	June 30th, 2023
A.	**Opening net cash/debt**	**9,407**	**10,961**
B.	**Cash flows from operating activities**		
	Profit (loss) for the period	(6,189)	9,635
	Depreciation, amortization and non-monetary costs:		
	Provisions and impairment losses	8,164	7,700
	Amortization of intangible assets	32,543	15,990
	Depreciation of property, plant and equipment	2,630	2,697
	Net change in tax advance	(4,079)	(4,258)
	Net change in other provisions	482	0
	Net change in employee benefit provisions	56	150
	Other nonmonetary changes to the net equity	(9,843)	(668)
	SUBTOTAL B.	**23,764**	**31,246**
C.	**Change in net working capital**		
	Inventories	687	818
	Trade receivables	(2,875)	13,532
	Current tax assets	(368)	(1,051)
	Other current assets	14,888	(10,760)
	Trade payables	(3,100)	(5,288)
	Current tax liabilities	(1,483)	(793)
	Current provisions	1,241	0
	Other current liabilities	(1,978)	3,978
	Other non-current liabilities	(167)	(130)
	Non-current receivables and other assets	144	5,983
	SUBTOTAL C.	**6,989**	**6,289**
D.	**Cash flows from investing activities**		
	Net payments for intangible assets	(17,197)	(72,479)
	Net payments for property, plant and equipment	(396)	(1,957)
	Net payments for non-current financial assets	1,706	(3,889)
	Changes in financial assets	1,106	0
	SUBTOTAL D.	**(14,781)**	**(78,325)**
E.	**Cash flows from financing activities**		
	Capital increases	0	1
	Changes in financial liabilities	(13,398)	34,561
	Changes in financial assets	0	7,242
	SUBTOTAL E.	**(13,398)**	**41,804**
F.	**Changes in consolidated equity**		
	Dividends paid	0	(2,568)
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	0	0
	SUBTOTAL F.	**0**	**(2,568)**
G.	**Cash flow for the period (B+C+D+E+F)**	**2,574**	**(1,554)**
H.	**Closing net cash/debt (A+G)**	**11,981**	**9,407**

Consolidated statement of changes in equity as of June 30th, 2024

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of Parent Company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
Total on July 1st, 2022	**5,705**	18,507	1,141	1,367	(611)	1,626	**22,030**	**0**	79,614	28,546	**108,160**	**135,895**	**1,423**	**137,318**
Capital increases	1	21					**21**				**0**	**22**		**22**
Allocation of previous year result							**0**		28,546	(28,546)	**0**	**0**	**0**	**0**
Dividend paid									(2,568)		**(2,568)**	**(2,568)**		**(2,568)**
Other changes						157	**157**		(5)		**(5)**	**152**		**152**
Comprehensive income (loss)					(302)	(539)	**(841)**			9,683	**9,683**	**8,842**	**(48)**	**8,794**
Total on June 30th, 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**
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**
Dividend paid						314	**314**		370		**370**	**684**	**(714)**	**(30)**
Other changes					204	(10,017)	**(9,813)**			(2,214)	**(2,214)**	**(12,027)**	**(3,975)**	**(16,002)**
Comprehensive income (loss)														
Total on June 30th, 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**

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Consolidated financial statements

as of June 30th, 2024

EXPLANATORY NOTES

1. INTRODUCTORY NOTE

The main operating activities conducted by the Group and its subsidiaries are detailed in the Directors' Report.

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

The consolidated financial statements are presented in Euro, with all values rounded to the nearest thousand Euro, unless otherwise specified. Additionally, the consolidated financial statements include comparative information for the previous fiscal period.

Accounting standards

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

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

The consolidated financial statements are prepared based on historical cost, with the exception of certain items. Office buildings (classified under Property, Plant, and Equipment), derivative financial instruments, and financial assets, including equity securities and bonds in the portfolio, are recognized at fair value. Additionally, the book value of assets and liabilities involved in fair value hedging is adjusted to reflect changes in fair value attributable to the hedged risks.

The financial statements include:

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

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

The balance sheet items have been allocated to the five categories below:

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

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

Current assets are short-term in nature and include inventories, trade receivables, cash and cash equivalents, and other current financial assets.

Net equity includes share capital, reserves, and retained earnings (which include profit for the fiscal year plus any prior fiscal year profits not allocated to specific reserves by the Shareholders' General Meeting). The portion attributable to non-controlling interests is separately disclosed.

Non-current liabilities consist of provisions not expected to be utilized within the next twelve months, as well as post-employment benefits, including employee termination indemnities for the Parent Company and its Italian subsidiaries, and payables due beyond June 30th, 2025.

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

The left-hand column of the consolidated profit and loss statement identifies the number of the relevant item. The same is valid for the left-hand column of the operating segment-specific profit and loss statement.

The profit and loss statement is presented in a multi-step format, with expenses analysed by nature. It details four intermediate profit levels:

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

Basic earnings per share and diluted earnings per share are illustrated after the net profit / (loss) for the fiscal year i.e., the difference between profit before tax and total taxes.

The consolidated cash flow statement was prepared using the indirect method. This approach involves adjusting profit for the effects of non-cash transactions, changes in net working capital, cash flows from financing and investing activities, and the changes in the consolidated net equity.

The overall changes for the period are calculated as the sum of the following components:

- Cash flows from operating activities;
- Changes in net working capital;
- Cash flows from investing activities;
- Cash flows from financing activities;
- Changes in the consolidated net equity.

The changes in net equity comply with IAS/IFRS and illustrate the changes occurred between July 1st, 2022 and June 30th, 2024. Non-controlling interests are disclosed separately.

2. ACCOUNTING POLICIES

The assessment criteria used for drafting the consolidated financial statements as of June 30th, 2024, are consistent with those used for the consolidated financial statements as of June 30th, 2023.

Property, plant and equipment

Property, plant, and equipment are recognized at purchase or production cost, net of depreciation and impairment. No assets have been revalued in prior years, and no borrowing costs have been capitalized.

Leasehold improvements and costs incurred after acquisition are capitalized only if they enhance the future economic benefits associated with the asset. All other costs are recognised in the profit and loss statement when incurred.

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

Buildings	2.56%-3%
Plant and machinery	12%-25%
Industrial and commercial equipment	20%
Other assets	20%-25%
Leasehold improvements	17%

Assets under finance leases are recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments payable over the lease term, where all risks and rewards of ownership are transferred to the Group. The corresponding lease obligation is recorded under financial liabilities. Depreciation is applied on a straight-line basis over the estimated useful life of each asset category.

Land is not depreciated; however, impairment adjustments are made if its recoverable amount, defined as the greater of fair value and value in use, falls below its recognized cost.

The book value of property, plant, and equipment is removed upon disposal (i.e., when control of the asset is transferred to the purchaser) or when no future economic benefit is anticipated from its use or disposal. The profit or loss from disposal, calculated as the difference between the net book value of the asset and the consideration received, is recognized in the profit and loss statement at the time of disposal.

The residual values, useful lives, and depreciation methods of property, plant, and equipment are reviewed and adjusted, if necessary, at each year-end.

Right of use for leased assets

The right-of-use asset for leased assets is recorded on the effective date of the lease agreement, or when the lessor makes the underlying asset available to the lessee. In some cases, where the lease agreement includes multiple components, the effective date may need to be determined for each individual lease component.

Initially, this asset is valued at cost, which includes the present value of the liability for leased assets, lease payments made before or on the effective date of the agreement, and any other initial direct costs. The value of the right-of-use asset can be subsequently adjusted to reflect any changes in the assets or liabilities related to the lease.

The right-of-use asset is amortized over the shorter of the contractual lease term or the residual useful life of the underlying asset. Typically, Group leasing contracts do not transfer ownership of the underlying asset, so amortization is carried out over the contractual lease term, starting from the lease commencement date.

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

Intangible assets

Intangible assets, whether purchased or produced internally, are capitalized in accordance with IAS 38 - Intangible Assets, provided it is likely that their use will generate future economic benefits and their cost can be reliably measured. They are recorded at purchase or production cost, and those with a finite useful life are amortized on a straight-line basis over their estimated useful lives.

The amortization rates applied are as follows:

- Intellectual property, long-term user rights, and licenses: based on the useful lives of the related assets;
- licenses for management control systems and other long-term licenses/user rights: 20%;
- Brands and trademarks: 20%.

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

Amortization is determined analytically for each intangible asset, based on the expected usage once the video game is launched. The residual value is validated through impairment testing, conducted at least semi-annually.

An intangible asset is eliminated at the time of disposal (i.e., when control of the asset is transferred to the buyer) or when no future economic benefits are expected from its use or disposal. Any profit or loss resulting from the disposal, calculated as the difference between the net proceeds from disposal and the book value of the asset, is recognized in the profit and loss statement.

Business combinations

Business combinations are recognized using the acquisition method. The cost of acquisition is calculated as the fair value of the consideration transferred at the acquisition date plus any non-controlling interest in the acquiree. For each business combination, the Group decides whether to measure non-controlling interests in the acquiree at fair value or at their proportionate share of the acquiree’s net identifiable assets. Acquisition-related expenses are generally recognized in the profit and loss statement as administrative expenses.

Upon acquiring a company, the Group recognizes the financial assets and liabilities according to the specific contractual terms, economic conditions, and any other existing conditions at the acquisition date.

If a business combination involves multiple steps, any previously held equity interest in the acquiree (measured using the equity method) is restated to its fair value at the acquisition date, with any resulting profit or loss recognized in the profit and loss statement.

Any contingent consideration is recognized at its fair value at the acquisition date. Changes in the fair value of the contingent consideration recognized as an asset or liability are recorded either in the profit and loss statement or in the comprehensive income statement. If the contingent consideration is classified as equity, no remeasurement is required until the contingency is settled, with the subsequent transaction accounted for as a change in net equity.

Goodwill is initially valued at cost, calculated as the difference between the consideration transferred and the fair value of the net identifiable assets and liabilities acquired. If the consideration paid is less than the fair value of the acquired net assets, the difference is recognized in the profit and loss statement.

If only a preliminary determination of the fair value of the assets, liabilities, and contingent assets is available at the acquisition date, the business combination is recognized using these preliminary amounts. Any adjustments resulting from the final valuation process are recognized within twelve months of the acquisition date, with comparative measurements restated accordingly.

After initial recognition, goodwill is carried at cost, less any accumulated impairment losses. During impairment testing, goodwill acquired in a business combination is allocated to each of the Group’s cash-generating units that are expected to benefit from the acquisition, from the acquisition date, regardless of the allocation of the acquired company’s assets and liabilities to such units.

If goodwill is allocated to a cash-generating unit that subsequently disposes of some of its operations, the goodwill associated with those disposed operations is included in the carrying amount of the assets when calculating the profit/loss on disposal. The portion of goodwill attributable to the disposed operations is determined based on the value of the disposed activity relative to the retained portion of the cash-generating unit.

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. At the acquisition date, the assets and liabilities involved in the transaction are recognized at their fair value, except for deferred tax assets and liabilities and those related to employee benefits, which are recognized in accordance with the relevant accounting standards. Acquisition-related expenses are recognized in the profit and loss statement.

At the acquisition date, the identifiable assets and liabilities acquired are recognized at their fair value, with the exception of the following items, which are measured in accordance with their specific relevant accounting standards:

- deferred tax assets and liabilities;
- assets or liabilities related to employee benefits;
- liabilities or equity instruments related to payments arrangements based on the acquiree' shares or share-based payment arrangements of the Group that are entered into to replace the acquiree' share-based arrangements;
- discontinued operations;
- discontinued assets and liabilities.

Investments in associates and other entities

An associate is a company over which the Group exercises significant influence. Significant influence relates to the power to participate in the financial and operating policy decisions of the investee, without being in full or joint control.

Investments in associates are initially recognized at cost and adjusted for any impairment.

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

The profits/losses and assets/liabilities of associates are included in the consolidated financial statements using the equity method, with the exception of investments classified as held for sale.

Under the equity method, investments in associated companies are initially recorded at cost and adjusted for any changes in the Group's share of the associates' equity. The Group includes any changes in the comprehensive income of associated companies in its own comprehensive income statement. If an associated company or joint venture recognizes changes directly in equity, the Group reflects its share of these changes in its net equity. Unrealized profits and losses from transactions between the Group and its associates or joint ventures are eliminated in proportion to the Group's ownership interest in those entities.

Following the application of the equity method, the Group assesses whether its investment in associates shall undergo impairment.

When the Group loses significant influence over an associate or joint control over a joint venture, it remeasures and recognizes the remaining equity investment at fair value. The difference between the investment's carrying amount at the time of loss of significant influence (or joint control) and the fair value of the residual investment, along with any payments received, is recorded in the profit and loss statement.

In line with IFRS 9, investments in entities that are neither subsidiaries nor associates, and which are classified as non-current financial assets not held for trading, are measured at fair value. If fair value cannot be reliably determined, the cost method is used. Changes in fair value are recorded in the comprehensive income statement under fair value through other comprehensive income (FVOCI), with no reclassification of realized gains or losses to the income statement.

For further information on the accounting policy for financial assets, refer to the relevant note ("Financial Assets") included in the Net Financial Position section.

Assets impairment

IAS 36 requires intangible assets, property, plant and equipment. investments in associates and other entities to be tested for impairment.

In line with IAS 36, the Group performs an impairment test on its assets at least once a year. When an impairment loss is identified, the Group estimates the recoverable amount of the asset or, if that is not possible, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value in use. Value in use is calculated by discounting estimated future cash flows after taxes to their present value using a discount rate that reflects the time value of money and specific risks associated with the asset.

An impairment loss is recognized when the recoverable amount is less than the carrying amount. If there is a reversal of impairment, the carrying amount of the asset or cash-generating unit is adjusted to reflect the revised recoverable amount, up to the value it would have been if no impairment had been previously recognized. However, impairment losses on goodwill cannot be reversed. Reversals of impairment adjustments are recognized in the profit and loss statement.

Inventories

Inventories of finished goods are recognized at the lower of their cost or net realizable value. The cost of inventories includes purchase price and ancillary expenses and is determined using the specific cost method. If the net realizable value of the inventories falls below their purchase cost, an impairment loss is recognized, reducing the value of the affected inventory items to their realizable value.

Receivables and payables

Receivables are measured at amortized cost, reflecting their estimated realizable value. The nominal amount of receivables is adjusted to their estimated realizable value through a provision for doubtful accounts, based on the specific circumstances of each debtor. Receivables from customers undergoing insolvency proceedings are either fully written off or written down based on the expected recoverability as indicated by ongoing legal actions.

Payables are recognized at nominal amount.

Employee benefits

Employee termination indemnities (Trattamento di Fine Rapporto or TFR), mandatory for Italian companies pursuant to Art. 2120 of the Civil Code, constitute deferred compensation and depend on the employees' tenure and salary received while employed.

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

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

Other long-term employee benefits

The valuation of other long-term employee benefits generally involves less uncertainty compared to post-employment benefits. Consequently, IAS 19 provides a simplified accounting method for these benefits. Unlike the accounting treatment for post-employment benefits, this simplified method does not include revaluations in the other components of the comprehensive income statement.

For other long-term employee benefits, the Group recognizes the net total of the retirement cost directly in profit or loss.

Current and non-current risks provisions

The Group establishes provisions for risks and charges when it has legal or constructive obligations to third parties, and where the exact amount and timing of the obligation are uncertain, but it is probable that resources will be required to settle the obligation and the amount can be reliably estimated. These provisions are periodically adjusted to reflect any changes in the estimated liability amount.

Any changes in estimates are recognized in the profit and loss statement in the period in which they occur.

Financial assets and liabilities

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

Cash and cash equivalents encompass cash on hand, bank deposits, mutual fund units, and other highly liquid securities recognized as available-for-sale.

Current financial assets and securities are recorded at their trading date.

Initial measurement

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

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

Subsequent evaluation

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

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

Financial assets measured at amortized cost (debt instruments)

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

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

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

Investments in equity instruments

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

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

Financial assets measured at fair value through profit and loss

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

Cancellation

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

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

Initial assessment

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

Subsequent evaluation

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

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

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

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

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

Financial liabilities at amortized cost (financing and loans)

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

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

Cancellation

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

Fair value

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

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

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

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

Derivative financial instruments

Initial assessment and Subsequent evaluation

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

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

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

- hedge of the Group's net investment in a foreign operation

Transactions that meet all the qualifying criteria for hedge accounting are accounted with the following methods.

Fair value hedge

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

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

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

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

Cash flow hedge

The portion of the gain or loss on the hedged instrument is recognised in the 'cash flow hedge reserve', while the ineffective portion is recognised directly in the profit and loss statement. The cash flow hedge reserve is adjusted to the lower value between the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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

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

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

Hedging of a net investment in a foreign operation

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

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

Leased assets liabilities

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

Subsequently, the lease liability is increased by accruing interest and decreased by lease payments made.

Revenue

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

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

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

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

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

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

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

Costs

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

Cost of sales

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

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

Royalties paid for the use of international and Italian licenses are included as part of the cost of sales.

If royalty advances are fully recouped, the recoupment is calculated by multiplying the royalty rate per unit by the number of units sold during the reporting period. In cases of partial recoupment, the calculation is performed analytically for each agreement, based on the estimated future usage.

Dividends received

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

Interest income/expenses and financial income/expenses

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

Current tax

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are classified as non-current assets and liabilities, regardless of the period in which they are expected to be used.

Earnings per share

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

Foreign currency transactions

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

Share-based payments - Payment transactions settled with equity instruments

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

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

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

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

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

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

New accounting standards

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

With reference to Digital Bros' application of accounting standards, please refer to Digital Bros S.p.A. financial statements as of June 30th, 2023, available on the corporate website.

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

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

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

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

3. DISCRETIONARY ITEMS AND SIGNIFICANT ESTIMATES

Discretionary assessments

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

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

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

Recoverable amount of intangible assets

Intangible assets are subject to impairment adjustments when events or changes in circumstances suggest that their carrying amount may no longer be recoverable. Events that could trigger an impairment review include revisions to the strategic plans or changes in market conditions that result in lower-than-expected performance or reduced utilization of trademarks. The decision to recognize an impairment loss, as well as its magnitude, depends on management’s evaluation of highly uncertain factors, such as future price trends and global or regional consumer demand.

Employee benefits

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

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

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

Deferred tax assets and liabilities

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

4. CONSOLIDATION CRITERIA

Subsidiaries

The Group’s subsidiaries include entities over which the Group has control, meaning it has the authority to direct, either directly or indirectly, the financial and operational policies of the subsidiary to benefit its own activities. Specifically, the Group is considered to control a subsidiary when:

- it has the authority over the subsidiary (holding rights that allow it to direct the subsidiary’s key activities);
- it is exposed to, or holds rights to, obtain returns from its relationship with the subsidiary;
- it can use its authority over the subsidiary to influence the amount of its returns.

Control is generally assumed when the Group holds a majority of voting rights. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control is obtained and until it ceases. Subsidiaries’ financial statements are prepared using the same reporting period and accounting principles in line with the Group's standards, although they follow local GAAP.

Changes in the Group's shareholding in a subsidiary that do not result in a loss of control are recognized as net equity changes. When the Group loses control of a subsidiary, all related assets (including goodwill), liabilities, non-controlling interests, and equity components are derecognized, with any resulting gain or loss recognized in the profit and loss statement. Any remaining equity interest retained by the Group is recognized at fair value.

Investments in associates are initially recorded at acquisition cost and subsequently valued using the equity method.

Conversion of foreign currency financial statements

The Group’s reporting currency is the euro, which corresponds to the functional currency of the Parent Company. At the reporting date, the financial statements of foreign subsidiaries with a functional currency other than the euro are converted as follows:

- assets and liabilities are converted using the exchange rate in effect at the reporting date;
- profit and loss items are converted using the average exchange rate for the period;
- equity items are converted at historical exchange rates.

Exchange differences from the conversion are recognized in the comprehensive income statement and recorded in the conversion reserve, which is included in the reserve item of the net equity prospectus. Upon the disposal of a foreign subsidiary, the portion of the conversion reserve referring to that subsidiary is reclassified into the profit and loss statement.

The goodwill from the acquisition of a foreign subsidiary (that operates in a currency other than the), along with any fair value adjustments to the assets and liabilities from its acquisition, are initially recorded in the local currency and subsequently converted into euro at the exchange rate in force at the end of the reporting period.

Transactions eliminated in the consolidation process

When drafting the consolidated financial statements as of June 30th, 2024, all intercompany assets, liabilities, income and expenses arising from transactions between Group subsidiaries were eliminated. This includes the elimination of unrealised profits and losses on such intercompany transactions.

Scope of consolidation

The tables below provide details on the consolidated subsidiaries, both on a line-by-line basis or the equity method. Their respective capital is shown in their local currency.

Line-by-line consolidation method:

Company name	Operational headquarters	Country	Currency	Capital	% held directly or indirectly
Avantgarden S.r.l.	Milano	Italy	Euro	100,000	100%
Chrysalide Jeux et Divertissement Inc.	Québec	Canada	Canadian Dollar	100	75%
Digital Bros S.p.A.	Milano	Italy	Euro	5,706,014.80	Parent Company
Digital Bros Asia Pacific (HK) Ltd.	Hong Kong	Hong Kong	Euro	100,000	100%
Digital Bros China (Shenzhen) Ltd.	Shenzhen	China	Euro	100,000	100%
Digital Bros Game Academy S.r.l.	Milano	Italy	Euro	300,000	100%
Digital Bros Holdings Ltd.	Milton Keynes	UK	Pounds	100,000	100%
DR Studios Ltd.	Milton Keynes	UK	Pounds	60,826	100%
Game Entertainment S.r.l.	Milano	Italy	Euro	100,000	100%
505 Games S.p.A.	Milano	Italy	Euro	10,000,000	100%
505 Games Australia Pty Ltd.	Melbourne	Australia	Australian Dollar	100,000	100%
505 Games France S.a.s.	Francheville	France	Euro	100,000	100%
505 Games GmbH	Burglengenfeld	Germany	Euro	50,000	100%
505 Games Interactive Inc.	Calabasas (CA)	USA	US Dollar	100,000	100%
505 Games Japan K.K.	Tokyo	Japan	YEN	6,000,000	100%
505 Games Ltd.	Milton Keynes	UK	Pounds	100,000	100%
505 Games (US) Inc.	Calabasas (CA)	USA	US Dollar	100,000	100%
505 Games Spain Slu	Las Rozas de Madrid	Spain	Euro	100,000	100%
505 Go Inc.	Calabasas (CA)	USA	US Dollar	975,000	100%
Game Network S.r.l. (in liquidazione)	Milano	Italy	Euro	10,000	100%
Hook S.r.l.	Milano	Italy	Euro	100,000	100%
Kunos Simulazioni S.r.l.	Roma	Italy	Euro	10,000	100%
Infinite Interactive Pty Ltd.	Melbourne	Australia	Australian Dollar	100	100%
Infinity Plus Two Pty Ltd.	Melbourne	Australia	Australian Dollar	100	100%
Ingame Studios a.s.	Brno	Czech Rep.	Czech Crowns	2,000,000	100%
505 Mobile S.r.l.	Milano	Italy	Euro	100,000	100%
505 Mobile (US) Inc.	Calabasas (CA)	USA	US Dollar	100,000	100%
Rasplata B.V.	Amsterdam	Netherlands	Euro	1,750	60%
Seekhana Ltd.	Milton Keynes	UK	Pounds	18,500	60%
Supernova Games Studio S.r.l.	Milano	Italy	Euro	100,000	100%

Equity consolidation method:

Company name	Operational headquarters	Country	Currency	Capita	% held directly or indirectly
MSE & DB Slu	Tudela	Spain	Euro	10,000	50%

5. INVESTMENTS IN JOINT-VENTURES AND ASSOCIATED COMPANIES

As of June 30th, 2024 the Group held a 50% stake in the Spanish company MSE & DB S.L., at a book value of Euro 5 thousand- The 40% stake in the Polish company Artactive s.a., at a book value of Euro 5 thousand was transferred during the reporting period.

6. BUSINESS COMBINATIONS

During the reporting period, the Parent company acquired the remaining 40% of Ingame Studios a.s. for a total amount of Euro 350 thousand. The company was already fully consolidated as of June 30th, 2023.

7. RELATIONSHIPS WITH STARBREEZE

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

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

- On November 14th, 2023, having reconsidered the number of projects under development to adapt to the new competitive scenario, the Group announced an organizational review, which resulted in the reduction of approximately 30% of its global workforce. Such reduction was predominantly concentrated within its development studios and, to a lesser extent, across its publishing units, both Premium and Free to Play. The reorganization costs amounted to Euro 1.4 million. The process was finalized during the reporting period;

- On February 28th, 2024, the subsidiary 505 Games S.p.A. entered into an agreement with Remedy Entertainment to revert all publishing, distribution, and marketing rights related to the Control franchise to the Finnish developer, for a total repayment of minimum Euro 15.7 million, with a potential small premium. This corresponded to the investment made at that date by 505 Games for the development of the video games Condor and Control 2. 505 Games will continue as the exclusive publisher of Control until December 31st, 2024, executing the existing sublicensing deals under their original terms.

Relations with Starbreeze and Starbreeze shareholders

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

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

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

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

- on January 15th, 2020, Digital Bros S.p.A. acquired 18,969,395 Starbreeze STAR A shares held by Swedish company Varvtre AB for a consideration of around SEK 25.8 million, at a price of SEK 1.36 per share, plus a potential earn-out in case of a gain on disposal realized in the 60 months after the acquisition;
- on February 26th, 2020, Digital Bros S.p.A. completed the acquisition of all of the assets held by Smilegate Holdings in Starbreeze for a price of Euro 19.2 million. The assets acquired have a nominal value of Euro 35.3 million, as detailed below:
    a) a convertible bond of approximately SEK 215 million issued by Starbreeze for a total of Euro 16.9 million;
    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 September 26th, 2024, after additional conversions of multiple-vote shares into single-vote shares carried out by various shareholders, the Group now holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares. This accounts for 21% of the total capital and 39.67% of voting rights.

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

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

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

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

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8. RECONCILIATION OF CONSOLIDATED PROFIT FOR THE YEAR AND NET EQUITY TO THOSE OF PARENT COMPANY

The following table provides a reconciliation of the consolidated net result recorded in the fiscal year and the net equity of the Parent Company and the consolidated subsidiaries:

Euro thousand	**Profit (loss) at**		**Net Equity**	
	June 30th, 2024	**June 30th, 2023**	**June 30th, 2024**	**June 30th, 2023**
Consolidated profit (loss) for the year and net equity	**4,080**	**4,933**	**54,751**	**60,199**
Profit for the year and equity of subsidiaries	(5,737)	9,926	127,388	145,063
Carrying amount of equity investments	0	0	(38,858)	(39,089)
Consolidation adjustments				
Impairment of investments in subsidiaries	3,732	275	4,167	682
Elimination of intercompany profits	1,150	1,353	(3,060)	(4,210)
Dividends	(10,328)	(10,000)	(10,328)	(10,000)
Other adjustments	915	3,148	(6,374)	(8,927)
Total consolidation adjustments	**(4,531)**	**(5,224)**	**(15,595)**	**(22,455)**
Profit for the year and net equity of the Parent Company	**(6,189)**	**9,635**	**127,686**	**143,718**

Details for consolidation adjustments as of June 30th, 2024 compared with June 30th , 2023 are provided below:

Euro thousand	Profit (loss) at		Net Equity	
	June 30th, 2024	June 30th, 2023	June 30th, 2024	June 30th, 2023
Impairment of Digital Bros S.p.A.'s investment in Game Network S.r.l.	0	0	51	51
Impairment of Digital Bros S.p.A.'s investment in Digital Bros Game Academy S.r.l.	97	247	97	247
Impairment of Digital Bros S.p.A.'s investment in Seekhana Ltd.	262	28	504	242
Impairment of 505 Mobile S.r.l.'s investment in Game Entertainment S.r.l.	0	0	142	142
Impairment of Digital Bros' financial receivable from Rasplata B.V.	3,373	0	3,373	0
Total impairment of investments in subsidiaries	**3,732**	**275**	**4,167**	**682**
Elimination of unrealized profit in inventory	(7)	62	(32)	(25)
Elimination of margin on internal development contracts	1,157	1,291	(3,028)	(4,185)
Total elimination of intercompany profits	**1,150**	**1,353**	**(3,060)**	**(4,210)**
Dividends from Kunos Simulazioni S.r.l.	(10,000)	(5,000)	(10,000)	(5,000)
Dividends from 505 Games S.p.A.	0	(5,000)	0	(5,000)
Dividends from 505 Games Spain S.l.u.	(328)	0	(328)	0
Total dividends	**(10,328)**	**(10,000)**	**(10,328)**	**(10,000)**
Amortization/Allocation of acquisition price for Kunos S.r.l., net of tax effect	(62)	(62)	61	123
Amort. Allocation of acquisition price for Rasplata B.V., net of tax effect	(137)	(97)	777	914
Amort Allocation of acquisition for the Australian companies, net of tax effect	(1,338)	(1,338)	2,008	3,346
Application of IFRS 9	(4)	14	(298)	(294)
Deferred tax effect of the revaluation of the Assetto Corsa brand	1,248	1,246	(14,051)	(15,299)
Other items	1,208	3,385	5,129	2,283
Total other adjustments	**915**	**3,148**	**(6,374)**	**(8,927)**
Total consolidation adjustments	**(4,531)**	**(5,224)**	**(15,595)**	**(22,455)**

9. CONSOLIDATED BALANCE SHEET AS OF JUNE 30th, 2024

1. Property, plant and equipment

Property, plant and equipment decreased from Euro 9,613 thousand to Euro 7,379 thousand, as a result of an additional Euro 463 thousand investment, offset by disposals for Euro 243 thousand and depreciation for Euro 2,630 thousand. The following tables detail movements in the current and previous reporting periods:

Euro thousand	July 1st, 2023	Investments	Disposals	Translation differences	Deprec'n	Use of accum. dep'n	June 30th, 2024
Industrial buildings	6,921	235	0	0	(1,909)	0	**5,247**
Land	635	0	0	0	0	0	**635**
Indust. and comm. equipment	1,304	220	(224)	4	(481)	167	**990**
Other assets	753	9	(19)	0	(240)	4	**507**
Total	**9,613**	**463**	**(243)**	**4**	**(2,630)**	**171**	**7,379**

Euro thousand	July 1st, 2022	Investments	Disposals	Translation differences	Deprec'n	Use of accum. dep'n	June 30th, 2023
Industrial buildings	7,680	1,147	0		(1,906)	0	**6,921**
Land	635	0	0		0	0	**635**
Indust. and comm. equipment	1,386	481	(108)	(25)	(502)	72	**1,304**
Other assets	652	394	(134)	0	(289)	130	**753**
Total	**10,353**	**2,022**	**(242)**	**(25)**	**(2,697)**	**202**	**9,613**

Industrial buildings increased by Euro235 thousand as a result of the application of the IFRS 16 to the new rental contracts for the Asian companies.

The item Land included the logistic facilities based in Trezzano sul Naviglio. Its value is Euro 635 thousand, which remained unchanged.

The investments in Industrial and commercial equipment amounted to Euro 220 thousand, mainly related to office automation equipment.

Reporting period ended June 30th, 2024

Gross amount of property, plant and equipment

Euro thousand	July 1st, 2023	Investments	Disposals	Exchange currency translation	June 30th, 2024
Industrial buildings	14,401	235	0	0	14,636
Land	635	0	0	0	635
Plant and machinery	24	0	0		24
Industrial & commercial equipment	6,328	220	(224)	4	6,328
Other assets	3,366	9	(19)	0	3,356
Total	**24,755**	**463**	**(243)**	**4**	**24,979**

Accumulated depreciation

Euro thousand	July 1st, 2023	Depreciation	Disposals	June 30th, 2024
Industrial buildings	(7,480)	(1,909)	0	(9,389)
Land	0	0	0	0
Plant and machinery	(24)	0	0	(24)
Industrial & commercial equipment	(5,024)	(481)	167	(5,338)
Other assets	(2,613)	(240)	4	(2,849)
Total	**(15,142)**	**(2,630)**	**171**	**(17,600)**

Reporting period ended June 30th, 2023

Gross amount of property, plant and equipment

Euro thousand	July 1st, 2022	Investments	Disposals	Exchange currency translation	June 30th, 2023
Industrial buildings	13,254	1,147	0	0	14,401
Land	635	0	0	0	635
Plant and machinery	24	0	0		24
Industrial & commercial equipment	5,980	481	(108)	(25)	6,328
Other assets	3,106	394	(134)	0	3,366
Total	**22,999**	**2,022**	**(242)**	**(25)**	**24,755**

Accumulated depreciation

Euro thousand	July 1st, 2022	Depreciation	Disposals	June 30th, 2023
Industrial buildings	(5,574)	(1,906)	0	(7,480)
Land	0	0	0	0
Plant and machinery	(24)	0	0	(24)
Industrial & commercial equipment	(4,594)	(502)	72	(5,024)
Other assets	(2,454)	(289)	130	(2,613)
Total	**(12,646)**	**(2,697)**	**202**	**(15,142)**

3. Intangible assets

Intangible assets decreased by Euro 23,409 thousand, from Euro 153,023 thousand to Euro 129,614 thousand net of the amortization for the period, mainly due to the agreement with Remedy Entertainment for reverting all publishing, distribution and marketing rights related to the video games of the Control franchise, as detailed in the Director's Report.

All of the intangible assets recognized by the Group have limited useful lives.

All advances related to video games contracts are paid even without the transfer of the Intellectual Property to the Group, but only an exclusive right to use the IP. As this right is valid for a number of fiscal years, it is recognized as intangible assets.

The following tables show the changes in intangible assets in the current and the previous reporting periods:

Euro thousand	**July 1st, 2023**	**Investm.**	**Disposals**	**Recl.**	**Impair-ment Adj.**	**Exch. currency transl.**	**Amort'n**	**June 30th, 2024**
Concessions and licenses	68,303	3,804	0	14,302	(3,470)	6	(31,661	51,284
Trademarks and sim.	821	0	0	5,000	0	0	(842)	4,979
Other assets	57	10	0	0	0	0	(40)	27
Assets in development	83,842	29,324	(15,947)	(19,302	(4,594)	0	0	73,323
Total	**153,02**	**33,138**	**(15,947)**	**0**	**(8,064)**	**6**	**(32,543**	**129,61**

Euro thousand	**July 1st, 2022**	**Investm.**	**Disposals**	**Recl.**	**Impair-ment Adj.**	**Exch. currency transl.**	**Amort'n**	**June 30th, 2023**
Concessions and licenses	36,021	11,151	0	41,341	(4,317)	(8)	(15,886	68,303
Trademarks and sim.	903	10	0	0	0	0	(92)	821
Other assets	29	40	0	0	0	0	(12)	57
Assets in development	67,136	62,700	0	(42,755	(3,239)	0	0	83,842
Total	**104,08**	**73,901**	**0**	**(1,414)**	**(7,555)**	**(8)**	**(15,990**	**153,02**

Impairment adjustments amounted to Euro 8,064 thousand, mainly related to some videogames launched in the market, for which the impairment tests require specific write-offs, based on lower expectations after launch.

The impairment about concessions and licenses as of June 30, 2024, was based usingthe projected cash flows and revenues from the 2025-2029 Business Plan, approved by the Board of Directors on July 22nd, 2024. The growth rate ("g") used remained unchanged from the previous fiscal year, set at 1.0%. The discount rate was calculated using the Weighted Average Cost of Capital (WACC), which considers the expected return on invested capital net of financing costs for a sample of companies within the same industry as well as companies generating revenue within the same geographic area. The rates used for the impairment test on Premium and Free to Play licenses are 12% and 11%, respectively, consistent with the previous year. For two cash-generating units within the Premium publishing segment, the WACC was increased to 16.8% to account for the higher associated execution risk. These refer to assets where the Group has temporarily stopped development or left the publishing to a third party. The Company conducted a sensitivity analysis on WACC variations within a 10% range, without identifying any significant changes in the valuations performed.

Investments in intangible assets as of June 30th, 2024 compared to the previous fiscal year are detailed in the table below:

Euro thousand	June 30th, 2023	June 30th, 2023
Premium Games rights	3,558	10,909
Management systems	246	242
Increase in investment on concessions and licences (A)	**3,804**	**11,151**
Increase in investments on trademarks (B)	**10**	**50**
Dr Studios Ltd.	2,643	1,976
Ingame Studios a.s.	0	9,021
Chrysalide Jeux et Divertissement Inc.	3,285	5,809
Kunos Simulazioni S.r.l.	1,654	1,318
Supernova Games S.r.l.	2,683	1,906
Avantgarden S.r.l.	1,071	1,521
Increase in total assets in development by internal studios	**11,336**	**21,551**
Increase in total assets in development by third-parties	**17,988**	**41,149**
Total investments for assets in development (C)	**29,324**	**62,700**
Total investments in intangible assets (A+B+C)	**33,138**	**73,901**

The Group revised its investment in intangible assets, decreasing from Euro 73,901 thousand to Euro 33,138 thousand as of June 30th, 2024. This reflects the revised publishing strategy to adapt to the new market conditions, focusing on investing in video games developed on Intellectual Property owned or co-owned by the Group, which shall generate long-term value, as with the video games Crime Boss: Rockay City and the Assetto Corsa franchise. The Euro 15.7 million agreement with Remedy Entertainment for reverting all rights related to the Control franchise significantly contributed to such reduction in investment in intangible assets.

4. Equity investments

Total equity investments decreased by Euro 1,715 thousand, primarily due to the underwriting and the related adjustment to market value of the Starbreeze shares as of June 30th, 2024. Details below:

Euro thousand	June 30th, 2023	June 30th, 2023	Change
MSE&DB Slu	5	5	0
Artactive S.A.	0	9	0
Total investments in associated companies (A)	**5**	**14**	**(9)**
Starbreeze AB - A shares	2,812	7,845	(5,033)
Starbreeze AB - B shares	6,674	3,390	3,284
Noobz from Poland S.A.	194	151	43
Total other investments (B)	**9,680**	**11,386**	**(1,706)**
Total equity investments (A+B)	**9,685**	**11,400**	**(1,715)**

Changes in equity Starbreeze A shares include:

- Euro 210 thousand increase resulting from the underwriting of no. 3,309,988 Starbreeze A shares, due to the underwriting of the unassigned shares;

- Euro 2,390 thousand decrease related to the conversion of no. 29,500,00 Starbreeze A shares into Starbreeze B shares;
- Euro 2,853 thousand decrease from the fair value adjustment of no. 87,034,133 Starbreeze A shares and the related allocation to an equity reserve of the difference between the carrying amount and the fair value as of June 30th, 2024, being recognized in the OCI.

The changes in Starbreeze B shares result from:

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

Further details on the relationship with Starbreeze are provided in section 7) of this Note.

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

5. Non-current receivables and other assets

Total non-current receivables and other assets amounted to Euro 7,945 thousand and decreased by Euro 144 thousand compared to June 30th, 2023:

Euro thousand	June 30th 2024	June 30th 2023	Changes
Receivable from Starbreeze AB	4,425	4,425	0
Royalties receivables	2,655	2,785	(130)
Guarantee deposits – office rental for Italian companies	635	635	0
Guarantee deposits – office rental for non-Italian companies	225	239	(14)
Guarantee deposits – other	5	5	0
Total non-current receivables and other assets	**7,945**	**8,089**	**(144)**

As of June 30th, 2024, the item 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.

6. Deferred tax assets

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 June 30th, 2024, the balance is at Euro 21,166 thousand, increased by Euro 4,079 thousand compared to June 30th, 2023 resulting from the recognition of Euro 3,105 thousand relating to the adjustment to market value of the Starbreeze shares, partially offset by the Euro 544 thousand decrease related to the fair value adjustment of the Australian companies.

The following table contains a breakdown of the Group's deferred tax assets between Italian companies, non-Italian companies and consolidation adjustments:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Italian companies	9,138	5,385	3,753
Non-Italian companies	4,867	5,809	(942)
Consolidation adjustments	7,161	5,893	1,268
Total deferred tax assets	**21,166**	**17,087**	**4,079**

The following table provides details of temporary differences of the Italian companies as of June 30th, 2024 and June 30th, 2023:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Provision for doubtful accounts	811	724	87
Other liabilities	14,670	13,757	913
Actuarial differences	104	91	13
Costs not deducted in prior years	2,856	1,909	947
Taxes loss carryforwards	396	396	0
Reserve for IFRS securities valuation	16,195	3,259	12,936
Taxable reserve for IFRS 9 application	0	5	(5)
Reserve for derivatives hedge accounting	243	(304)	547
Total differences	**35,275**	**19,837**	**15,438**
IRES tax rate	24%	24%	
Deferred tax assets for IRES	**8,466**	**4,761**	**3,705**
Deferred tax assets for IRAP	**672**	**624**	**48**
Total deferred tax assets of Italian companies	**9,138**	**5,385**	**3,753**

The deferred tax assets of the non-Italian subsidiaries are as follows:

Euro thousand	June 30th, 2024	June 30th, 2023
Deferred tax assets for losses of 505 Go Inc.	2,541	2,721
Deferred tax assets for temporary differences of 505 Games (US) Inc.	1,434	1,495
Deferred tax assets for losses of the Australian subsidiaries	742	1,296
Deferred tax assets for losses of Rasplata BV.	217	217
Other deferred tax assets	10	80
Total deferred tax assets of non-Italian subsidiaries	**4,944**	**5,809**

Deferred tax assets of non-Italian subsidiaries related to temporary differences assuming their entire recoverability, based on the approved business plans and forecasts. It is expected that each subsidiary will generate enough future taxable income to enable the full recovery of the temporary differences.

The total consolidation adjustments increased from Euro 5,893 thousand to Euro 7,161 thousand, primarily as a result of the tax effect relating to the consolidation of internally developed products.

Previous losses of approximately Euro 17.5 million were not recognized as deferred tax assets, due to their non-recoverability under the current local Law.

CURRENT ASSETS

8. Inventories

Inventories consisted of finished products for resale. The following table contains a breakdown of inventories by segment:

Euro thousand	June 30th, 2023	June 30th, 2023	Change
Italian Distribution inventories	1,948	2,428	(480)
Premium Games inventories	720	927	(207)
Total inventories	**2,668**	**3,355**	**(687)**

Total inventories went from Euro 3,355 thousand to Euro 2,668 thousand as of June 30th, 2024, in line with the decrease in retail revenues.

9. Trade receivables

Trade receivables were as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Receivables from customers - Italy	1.608	1.606	2
Receivables from customers - EU	3.020	2.452	568
Receivables from customers - Rest of the world	13.394	10.959	2.435
Total receivables from customers	**18.022**	**15.017**	**3.005**
Provision for doubtful accounts	(1.135)	(913)	(222)
Total trade receivables	**16.887**	**14.104**	**2.783**

Total trade receivables totalled Euro 16,887 thousand as of June 30th,2024, a Euro 2,783 thousand compared to June 30th, 2023.

The provision for doubtful accounts increased by Euro 222 thousand, amounting to Euro 1,135 thousand. The provision for doubtful accounts is estimated based on both a detailed analysis of each single debtor and the application of the IFRS 9.

The following table contains an analysis of receivables from customers as of June 30th, 2024 by due date, together with comparative figures as of June 30th, 2023:

Euro thousand	June 30th, 2024	% of total	June 30th, 2023	% of total
Current	16,392	97%	13,558	96%
0 > 30 days overdue	149	1%	152	1%
30 > 60 days overdue	0	0%	70	1%
60 > 90 days overdue	2	0%	23	0%
> 90 days overdue	344	2%	301	2%
Total receivables from customers	**16,887**	**100%**	**14,104**	**100%**

10. Tax receivables

Total tax receivables are analysed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Receivables under domestic tax group consolidation	1,735	1,714	21
VAT receivable	1,099	570	529
Tax credit for foreign tax withholdings	525	509	16
Other tax receivables	986	1,184	(198)
Total tax receivables	**4,345**	**3,977**	**368**

Total tax receivables increased by Euro 368 thousand, from Euro 3,977 thousand as of June 30th, 2023 to Euro 4,345 thousand at June 30th, 2024 mainly due to the increase in the VAT receivable.

11. Other current assets

Total other current assets consisted of the receivable from Starbreeze AB as well as advances paid to suppliers. They increased from Euro 13,030 thousand as of June 30th, 2022 to Euro 23,790 thousand as of June 30th, 2023 . They are analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Receivable from Starbreeze AB	0	12,706	(12,706)
Receivables for video game user licensing rights	3,034	3,866	(832)
Advances for video game development operating costs	2,146	5,020	(2,874)
Advances to suppliers	3,565	2,054	1,511
Other receivables	157	144	13
Total other current assets	**8,902**	**23,790**	**(14,888)**

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

The receivables for video game user licenses rights consist of advances paid for licenses not yet exploited or completely exploited as at the reporting date. They amounted to Euro 3,034 thousand.

The advances for video game development amount to Euro 2,146, 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). Further details are provided below:

Euro thousand	**June 30th, 2024**	**June 30th, 2023**	**Change**
Programming	1,529	3,061	(1,532)
Quality assurance	504	1,447	(943)
Other operating costs	113	512	(399)
Total advances for video game development operating costs	**2,146**	**5,020**	**(2,874)**

The Euro 2,874 thousand decrease is related to their use during the reporting period.

The increase in advances for video games development mainly relates to the above-mentioned agreement with Remedy Entertainment for the reversion of all rights related to the Control franchise to the Finnish developer.

NET EQUITY

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

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of Parent Company shareholders (A+B+C+D)	Equity of non-controlling interests	Total equity
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						314	**314**		370		**370**	**684**	**(714)**	**(30)**
Comprehensive income (loss)					204	(10,017)	**(9,813)**			(2,214)	**(2,214)**	**(12,027)**	**(3,975)**	**(16,002)**
Total on June 30th, 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**

14. Share capital

The share capital as of June 30th, 2024 is unchanged with respect to the amount on June 30th, 2023 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

The change in Other reserves included Euro 157 thousand increase to adjust the stock option reserve and the decrease amounting to Euro 539 thousand consisting of:

- a Euro 9,829 thousand decrease to the reserve for fair value of financial assets, as a result of the fair value of the equity investment in Starbreeze;
- a Euro 195 thousand increase to adjust the cash flow hedge reserve;
- a Euro 7 thousand decrease of the actuarial reserve

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.

As of June 30th, 2024, the options in place are 720,800, following the resignations of some beneficiaries in previous years and the exercise of 4,200 options before the reporting period. Details below:

Number of options	**Stock Option Plan 2016 - 2026**
Assigned (2017)	800,000
Expired	0
Resignation	(75,000)
Exercised	(4,200)
Number of options as of June 30th, 2024	720,800

Digital Bros S.p.A. applies the vesting conditions by adjusting the total number of outstanding options based on the assessment of those that will actually vest. The options assessed at June 30th, 2024 are no.720,800 for a stock option reserve of Euro 3,908 thousand. For further details regarding the current Stock Options plan in place, refer to the documentation available on the company's website under the "Governance/Remuneration" section.

NON-CURRENT LIABILITIES

18. Employee benefits

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

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

The calculation method can be summarized as follows:

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

The estimate is based on the Italian companies' reporting date headcount of 110 employees.

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

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

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

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

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

Euro thousand	**June 30th, 2024**	**June 30th, 2023**
Provision for employee termination indemnities at July 1st, 2022	**911**	**761**
Utilization of provision for leavers	(121)	(35)
Allocated during period	413	417
Restatement for supplementary pension schemes	(232)	(243)
Restatement for actuarial measurement	(4)	11
Provision for employee termination indemnities as of June 30th, 2023	**967**	**911**

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

19. Non-current provisions

As of June 30th, 2024, non-current provisions amounted to Euro 563 thousand, increasing by Euro 482 thousand, as a result of the provision for tax incentives at the benefit of Supernova Games Studio, already used but which are still pending the certification by an authorized body. The remaining Euro 81 thousand consist of the sales representatives' termination indemnity provision.

20. Other non-current payables and liabilities

As of June 30th, 2024 other non-current payables and liabilities amounted to Euro 1,657 thousand and consisted of:

- the portion of the debt due after twelve months for the purchase of the Australian companies, amounting to Euro 653 thousand;
- The remaining portion of the debt with a vesting period exceeding twelve months for the acquisition of 505 Go Inc, amounting to Euro 1,004 thousand.

CURRENT LIABILITIES

22. Trade payables

Total trade payables amounted to Euro 43,736 thousand as of June 30th, 2024 and decreased by Euro 3,101 thousand compared to June 30th, 2023. They were mostly payables to developers for royalties. Details by geographical area are provided below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Trade payables – Italy	(3,827)	(2,592)	(1,235)
Trade payables – EU	(13,383)	(16,603)	3,220
Trade payables – Rest of world	(26,527)	(27,642)	1,115
Total trade payables	**(43,737)**	**(46,837)**	**3,100**

23. Tax payables

Total tax payables decreased by Euro 1,483 thousand from Euro 2,782 thousand as of June 30th, 2023 to Euro 1,299 thousand as of June 30th, 2024. The balance is detailed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Income taxes payable	(322)	(1,240)	918
Other tax payables	(977)	(1,542)	560
Total tax payables	**(1,299)**	**(2,782)**	**1,483**

The decrease in income tax payables results from the lower tax base for 505 Go Inc., while the decrease in other tax payables mainly comes from the repayment by. 505 Games S.p.A of the amount indicated by the tax authorities related to the tax audit of previous fiscal years.

24. Current provisions

As of June 30th, 2024, the current provisions consisted of the Euro 1,241 thousand allocated to cover the arbitrary costs related to the different calculation of the Group's earn out on PAYDAY 3 net sales, resulting from the reversion of PAYDAY 2 rights to Starbreeze.

25. Other current liabilities

Total other current liabilities amounted to Euro 6,657 thousand, decreased by Euro 1,978 thousand compared to June 30th, 2023. Details are provided below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Amounts due to social security institutions	(426)	(569)	143
Amounts due to employees	(1,871)	(2,607)	736
Amounts due to contractors	(37)	(40)	3
Other payables	(4,323)	(5,419)	1,096
Total other current liabilities	**(6,657)**	**(8,635)**	**1,978**

Amounts due to employees included the holiday accrual at the end of the reporting period, the amounts accrued for the deferred portion of short term bonuses.

Other payables mostly included advance payments received from several customers in relation to sub-licensing contracts of several intellectual properties owned by the Group, whose economic expression is expected in the next fiscal year.

NET FINANCIAL POSITION

The following table contains details of the Group's net financial position as of June 30th, 2024 together with comparative figures as of June 30th, 2023:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change
12	Cash and cash equivalents	11,981	9,407	2,574
13	Other current financial assets	10,238	11,344	(1,106)
26	Current financial liabilities	(36,679)	(49,116)	12,437
	Current net financial position	**(14,460)**	**(28,365)**	**13,905**
7	Non-current financial assets	0	0	0
21	Non-current financial liabilities	(10,324)	(11,285)	961
	Non-current net financial position	**(10,324)**	**(11,285)**	**961**
	Total net financial position	***(24,784)***	***(39,650)***	***14,866***

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

The net financial debt was at Euro 24,784 thousand, decreasing by 14,866 thousand compared to June 30th, 2023, improving significantly above expectations. Such improvement is a result of the corrective actions implemented by the Group during the fiscal year, such as the reduction in investment and the reorganization plan, as well as the positive performance of the recently launched video games. The Group will be able to cover its current liabilities with the expected future cash generation.

Net of IFRS 16 recognized financial payables, the net financial position amounted to negative Euro 20,956 thousand.

The breakdown of financial liabilities net of IFRS 16 is as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Current financial liabilities	(1,477)	(1,719)	242
Non-current financial liabilities	(2,351)	(3,663)	1,312
Total financial liabilities according to IFRS 16	**(3,828)**	**(5,382)**	**1,554**

Current net financial position

12. Cash and cash equivalents

Cash and cash equivalents amounted to Euro 11,981 thousand as of June 30th, 2024, an increase of Euro 2,574 thousand compared to June 30th, 2023 and mainly consist of current account deposits.

13. Other current financial assets

Other current financial assets as at June 30th, 2024 amounted to Euro 10,238 thousand, of which Euro 10,197 thousand related to the receivable from Remedy Entertainment for the reversion of the rights related to the Control franchise.

The remaining Euro 41 thousand consist of the value at the reporting period of the three option contracts subscribed by the Group for a total notional value of Euro 20,375 thousand to hedge interest rates changes on the loans granted by UniCredit S.p.A.. in accordance with the provisions of hedge accounting.

As of June 30th, 2023, the item included Euro 11,018 thousand related to the fair value of the Starbreeze AB convertible bond, with nominal value of SEK 215 million. This was then converted in July 2023.

26. Current financial liabilities

Current financial liabilities were made by loans due within a year and other current financial liabilities for a total amount of Euro 36,679 thousand. Details are as follows:

Euro thousand	**June 30th, 2024**	**June 30th, 2023**	**Change**
Financial loans due within a year	(19,469)	(21,114)	1,645
Other current financial liabilities	(17,210)	(28,002)	10,792
Total current financial liabilities	**(36,679)**	**(49,116)**	**12,437**

The breakdown of outstanding loans as of June 30th, 2024, is provided in the following table:

	Lending institution	Recipient	Issue date	Total amount	Residual value	Short term	Long term	Loan term	Start date	End date	Euribor	Spread	Securing	Covenants
a.	Unicredit S.p.A.	Digital Bros S.p.A.	28/01/2021	1,375	344	344	0	36 months	30/04/2022	31/01/2025	3 months	0.90%	Yes	No
b.	Unicredit S.p.A.	505 Games S.p.A.	28/01/2021	4,000	1,000	1,000	0	36 months	30/04/2022	31/01/2025	3 months	0.90%	Yes	No
c.	Unicredit S.p.A.	505 Games S.p.A.	30/09/2021	15,000	1,250	1,250	0	36 months	31/12/2021	30/09/2024	3 months	0.85%	Yes	No
d.	MPS S.p.A.	505 Mobile S.r.l.	28/07/2022	5,000	2,084	1,667	417	36 months	31/12/2022	30/09/2025	3 months	2.00%	No	Si
e.	Intesa SanPaolo S.p.A.	505 Games S.p.A.	22/12/2022	5,000	1,462	1,462	0	24 months	22/06/2023	22/12/2024	3 months	1.80%	No	Yes
f.	Banco B.P.M.	505 Games S.p.A.	19/05/2023	5,000	2,913	2,913	0	26 months	30/06/2023	30/06/2025	3 months	1.70%	No	Yes
g.	Intesa SanPaolo S.p.A.	505 Games S.p.A.	31/05/2023	5,000	3,794	2,499	1,295	30 months	29/02/2024	30/11/2025	3 months	1.50%	No	Yes
h.	Intesa SanPaolo S.p.A.	505 Games S.p.A.	27/06/2024	5,000	4,857	2,778	2,079	24 months	31/03/2025	30/06/2026	3 months	3.00%	No	Yes
i.	Unicredit S.p.A.	505 Games S.p.A.	27/06/2024	5,000	4,857	2,778	2,079	24 months	31/03/2025	30/06/2026	3 months	3.00%	No	Yes
j.	Banco B.P.M.	505 Games S.p.A.	27/06/2024	5,000	4,858	2,778	2,080	24 months	31/03/2025	30/06/2026	3 months	3.00%	No	Yes
	Total			**55,375**	**27,419**	**19,469**	**7,950**							

On June 27th, 2024, a pool of Italian banks, Banco BPM S.p.A., Intesa SanPaolo S.p.A. and Unicredit S.p.A., granted a new loan for a total amount of Euro 15 million, divided into three equal Euro 5 million share for each lending institution.

The financial loans include a variable pre-amortization period ranging from 3 to 9 months, followed by quarterly payments that encompass interest based on the variable quarterly rate equal to the three- or six-month Euribor rate plus a spread.

The main purpose for these loans is the development and production of video games and the consolidation of credit facilities.

Some of the loans are subject to covenants, which were all met at the reporting date. Details below:

- the two loans from Intesa SanPaolo S.p.A. to 505 Games S.p.a. are subject to a financial covenant, which requires the net financial position to gross operating margin ratio to be below 1;
- the loan from MPS S.p.A. to 505 Mobile S.r.l. is subject to compliance with a commercial covenant, which requires that the company commits to presenting the bank with yearly commercial flows totaling at least Euro 2,200 thousand;
- the loan from Banco B.P.M. S.p.A. to 505 Games S.p.A. is subject to ESG (Environmental, Social, and Governance) covenants related to sustainability indices. This covenant only affects the cost of the loan;
- the loan granted in pool by Banco BPM S.p.A., Intesa SanPaolo S.p.A. and Unicredit S.p.A. is subject to a covenant based on the Gearing Ratio, which requires the ratio between the Group’s net financial position and its net equity to be below 0.5 and another based on the Group’s Leverage Ratio, which requires the Net Financial Position to EBITDA ratio to remain below 1.

.

Other current financial liabilities are detailed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Liabilities for bank accounts	0	(1,862)	1,862
Liabilities for bank loans relating to import	(5,761)	(7,182)	1,421
Liabilities for bank loans relating to invoice advances	(8,579)	(16,219)	7,640
Fair value of derivatives	(1,372)	(949)	(423)
Lease contracts liabilities	(1,492)	(1,719)	227
Other current financial liabilites	(6)	(71)	65
Total current financial liabilities	**(17,210)**	**(28,002)**	**10,792**

The fair value of derivatives related to the valuation as of June 30th, 2024 of the two contracts signed with UniCredit S.p.A. to hedge the risks of the Yen exchange rates to which the Group is exposed for certain development contracts. Pursuant with the provisions of IAS 39, financial liabilities hedged by derivative instruments have been valued at fair value, in accordance with the provisions of hedge accounting.

Non-current net financial position

7. Non-current financial assets

As of June 30th, 2024, there are no non-current financial assets, in line with the previous fiscal year.

21. Non-current financial liabilities

Total non-current financial liabilities included loans due after more than a year and other non-current financial liabilities for a total of Euro 10,324 thousand. Details are provided below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Loans due after more than a year	(7,950)	(7,589)	(789)
Other non-current financial liabilities	(2,374)	(3,696)	1,750
Total non-current financial liabilities	**(10,324)**	**(11,285)**	**961**

As of June 30th, 2024, non-current financial liabilities to banks include Euro 7,950 thousand, representing the portion of the above-mentioned loans that is due after more than one year.

Other non-current financial liabilities amounted to Euro 2,374 thousand. They included Euro 2,351 thousand reflect the application of the IFRS 16 accounting standard on the long-term portion of financial liabilities for leases and Euro 23 thousand of lease repayments due after more than a year.

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

Euro thousand	June 30th, 2024	June 30th, 2023	Change
Within 1 year	1,492	1,779	(287)
1-5 years	2,374	3,687	(1,313)
More than 5 years	0	9	(9)
Total	**3,866**	**5,475**	**(1,609)**

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

	Euro thousand	June 30th, 2024	June 30th, 2023	Change	
A.	Cash	11,981	9,407	2,574	27.4%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	**Liquidity (A + B + C)**	**11,981**	**9,407**	**2,574**	**27.4%**
E.	Current financial debt (with debt instrument, but without the current portion of the non-current financial debt)	0	0	0	0.0%
F.	Current portion of non-current financial debt	36,679	49,116	(12,437)	-11.1%
G.	**Net current financial indebtedness (E+F)**	**36,679**	**49,116**	**(12,437)**	**-25.3%**
H.	**Net current financial indebtedness (G-D)**	**24,698**	**39,709**	**(15,011)**	**-37.8%**
I.	Non-current financial debt (without the current portion of debt instruments)	10,324	11,285	(961)	-45.1%
J.	Debt instruments	0	0	0	0.0%
K.	Non-current financial other payables	0	0	0	0.0%
L.	**Non-current financial indebtedness (I+J+K)**	**10,324**	**11,285**	**(961)**	**-8.5%**
M.	***Total financial indebtedness (H+L)***	**35,022**	**50,994**	**(15,972)**	**-31.3%**

CONTRACTUAL OBLIGATIONS AND RISKS

Contractual obligations significantly decreased from Euro 68,375 thousand as of June 30th, 2023 to Euro 13,912 thousand as of June 30th, 2024. Obligations consist of the future payments for development and sub-licensing contracts for video games that either under development or yet to begin development as of the reporting date. The reduction in contractual obligations reflects the Group's revised publishing strategy, which involves lower investments in intangible assets, primarily due to the agreement with Remedy Entertainment, resulting in the reversion of all rights related to video games within the Control franchise.

PROFIT AND LOSS STATEMENT

3. Net revenue

The following table contains a breakdown of revenue by operating segment for the period ended June 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	17,766	97,449	1,725	1,032	117,972
2	Revenue adjustments	0	(9)	(29)	0	(38)
3	**Total net revenue**	**17,766**	**97,440**	**1,696**	**1,032**	**117,934**

At June 30th, 2023, the breakdown was as follows:

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Total
1	Gross revenue	22,046	92,319	2,667	968	118,000
2	Revenue adjustments	0	0	(68)	0	(68)
3	**Total net revenue**	**22,046**	**92,319**	**2,599**	**968**	**117,932**

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

8. Cost of sales

The cost of sales is analysed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Purchase of products for resale	(3,715)	(2,954)	(761)	25.8%
Purchase of services for resale	(10,200)	(9,042)	(1,158)	12.8%
Royalties	(23,567)	(22,892)	(675)	2.9%
Changes in inventories of finished products	(687)	(818)	131	-16.0%
Total cost of sales	**(38,169)**	**(35,706)**	**(2,463)**	**6.9%**

The Directors' Report provides further details on the single items that make up revenues and the cost of sales for each operating segments.

10. Other revenue

Other revenue amounted to Euro 9,921 thousand, decreased by Euro 5,941 thousand, as a result of the finalization of the development of the video game Crime Boss: Rockay City by the Czech subsidiary Ingame Studios, which was still in production during the last fiscal year. As of June 30th, 2024 The capitalization of internal work for the development of video games by internal studios included the development of:

- a new Free to Play version of Hawken: Reborn by the subsidiary DR Studios Ltd.;
- a new version of the Free to Play video game Battle Islands by the subsidiary DR Studios;
- the new version of Assetto Corsa by the subsidiary Kunos Simulazioni S.r.l.;
- a new video game, currently under production, by the subsidiary Chrysalide Jeux et Divertissement Inc..

11. Costs for services

Costs for services are analysed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Advertising, marketing, trade fairs and exhibitions	(6,442)	(9,100)	2,658	-29.2%
Transport and freight	(158)	(171)	13	-7.6%
Other sales related costs	(47)	(134)	87	-65.0%
Subtotal: sales related services	**(6,647)**	**(9,405)**	**2,758**	**-29.3%**
Sundry insurance	(421)	(412)	(9)	2.2%
Consulting fees	(2,870)	(3,124)	254	-8.1%
Postage and telegraph	(293)	(350)	57	-16.4%
Travel and subsistence costs	(553)	(1,155)	602	-52.1%
Utilities	(213)	(274)	61	-22.2%
Maintenance	(100)	(138)	38	-27.6%
Statutory Auditors' fees	(115)	(117)	2	0.0%
Subtotal: general services	**(4,565)**	**(5,570)**	**1,005**	**-18.0%**
Total costs for services	**(11,212)**	**(14,975)**	**3,763**	**-25.1%**

Total costs for services decreased by Euro 3,763 thousand, mainly as a result of lower advertising, travel and consulting costs.

12. Lease and rental costs

Lease and rental costs amounted to Euro 564 thousand as of June 30th, 2024 compared to the Euro 621 thousand as of June 30th, 2023. The item includes €502 thousand in ancillary costs related to the rental of the offices of the Group's companies and €62 thousand in lease costs for cars and warehouse equipment. These leases are excluded from the scope of IFRS 16 due to either their low value or the short remaining duration of the lease.

13. Payroll costs

Payroll costs totaled Euro 34,363 thousand, decreased by Euro 4,547 thousand compared to the previous fiscal year. They included the Directors' fees approved by the Shareholders' Meeting, amounts paid to temporary workers and contract staff and the cost of cars assigned to employees. Details below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Wages and salaries	(24,614)	(27,826)	3,212	-11.5%
Social contributions	(5,319)	(5,773)	454	-7.9%
Employee termination indemnity	(407)	(431)	24	-5.5%
Stock option plan	(314)	(157)	(157)	100.0%
Directors' fees	(949)	(1,002)	53	-5.3%
Temporary labour and contract staff	(2,676)	(3,651)	975	-26.7%
Agents' commission	(2)	(3)	1	-20.4%
Other payroll costs	(82)	(72)	(10)	13.5%
Total payroll costs	**(34,363)**	**(38,915)**	**4,552**	**-11.7%**

As of June 30th, 2024, payroll costs included Euro 1,364 thousand non-recurring reorganization costs. As a result of the reorganization plan implemented during the fiscal year, which resulted in the reduction of 30% of the Group's workforce, the recurring change in the payroll costs amounted to Euro 5,054 thousand.

Payroll costs for employees included wages and salaries, social contributions and the employee termination indemnity. They decreased by Euro 3,685 thousand compared with the previous fiscal year, while the average cost per employee remained quite stable.

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Wages and salaries	(24,614)	(27,826)	3,212	-11.5%
Social contributions	(5,319)	(5,773)	454	-7.9%
Employee termination indemnity	(407)	(431)	24	-5.5%
Total payroll costs	**(30,341)**	**(34,030)**	**3,690**	**-10.8%**
Average number of employees	363	411	(48)	-11.7%
Average cost per employee	**(83.6)**	**(82.8)**	**(0.8)**	**0.9%**

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

14. Other operating costs

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

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Sundry materials costs	(19)	(25)	6	-22.5%
General and administrative costs	(923)	(1,366)	443	-32.4%
Entertainment expenses	(24)	(15)	(9)	57.7%
Sundry bank charges	(365)	(381)	16	-4.1%
Total other operating costs	**(1,331)**	**(1,787)**	**456**	**-25.5%**

Total other operating costs amounted to Euro 1,331 thousand, decreasing compared to the previous year due to lower general and administrative costs, which also reflected the reorganization and the reduction of the number of companies within the Group.

21. Depreciation, amortization and impairment adjustments

Total depreciation, amortization and impairment adjustments included:

Euro thousand	June 30th, 2024	June 30th, 2023	Change	%
Depreciation and amortization	(35,173)	(18,687)	(16,486)	88.2%
Provisions	(1,241)	0	(1,241)	n.m.
Asset impairment change	(8,164)	(7,700)	(464)	n.m.
Impairment reversal	953	2,266	(1,313)	-57.9%
Total depreciation, amortization and impairment adjustments	**(43,625)**	**(24,121)**	**(19,504)**	**80.9%**

Total depreciation, amortization and impairment adjustments amounted to Euro 43,625 thousand, increasing by Euro 19,504 thousand compared to June 30th, 2023.

Amortization and depreciation increased by Euro 16,486 thousand, as a result of the launch of videogames in the second part of the fiscal year. The depreciation related to Crime Boss: Rockay City amounted to Euro 7,276 thousand.

Provisions amounted to Euro 1,241 thousand and solely consisted of the Provision for Starbreeze arbitration costs.

Asset impairment charge amounted to Euro 8,164 thousand, in line with the Euro 7,700 thousand recorded in the last fiscal year. Unlike in previous fiscal years, when asset impairment charges solely related to underperforming games after launch, the write offs also impacted investments in some of the Intellectual Properties under development that were discontinued during the reporting period.

Impairment reversal consisted of the reversion of the rights related to a video game that was written off in the previous fiscal years.

25. Net financial income / (expenses)

The analysis is as follows:

	Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
23	Interest and financial income	1,674	7,428	(5,754)	-77.5%
24	Interest and financial expense	(5,465)	(13,036)	7,571	-58.1%
25	**Net financial income / (expenses)**	**(3,791)**	**(5,608)**	**1,817**	**-32.4%**

The net financial income was negative for Euro 3,791 thousand compared to negative Euro 5,608 thousand of the previous fiscal year, due to a Euro 5,754 thousand decrease in interest and financial income and a Euro 7,571 thousand decrease in interest and financial expense.

Interest and financial income may be analyzed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Currency exchange gains	1,618	3,407	(1,789)	-52.5%
Financial income	0	3,979	(3,979)	n.m.
Other	56	42	14	33.3%
Total interest and financial income	**1,674**	**7,428**	**(5,754)**	**-77.5%**

Total interest and financial income decreased by Euro 5,754 thousand due to a Euro 1,789 thousand decrease in current exchange gains and lower financial income for Euro 3,979 thousand. As of June 30th, 2023, financial income only included the fair value of the USD 20 million receivable from Starbreeze, collected on July 3rd, 2023.

Interest and financial expenses amounted to Euro 5,465 thousand, decreasing by Euro 7,571 thousand compared to the previous fiscal year. As of June 30th, 2023, the item included Euro 6,462 related to the adjustment of Starbreeze AB convertible bond.

Interest and financial expenses are detailed as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Interest expenses on current accounts and trade finance	(1,958)	(915)	(1,043)	n.m.
Tax authorities interest expenses	(16)	(14)	(2)	14.3%
Interest expenses on derivative products	(205)	(174)	(31)	17.8%
Interest expenses on loans and leases	(1,362)	(700)	(662)	94.6%
Total interest expenses on sources of finance	**(3,541)**	**(1,803)**	**(1,738)**	**96.4%**
Currency exchange losses	(1,924)	(4,771)	2,847	-59.7%
Adjustment of Starbreeze bond	0	(6,462)	6,462	n.m.
Total interest expenses	**(5,465)**	**(13,036)**	**7,571**	**-58.1%**

29. Taxation

Total taxes as at June 30th, 2024 are detailed below:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
Current taxes	(1,751)	(4,332)	2,581	-59.6%
Deferred taxes	762	243	519	n.m.
Total taxes	**(989)**	**(4,089)**	**3,100**	**-75.8%**

Total taxes decreased as a result of a reduction in the tax base of Italian companies.

Current taxes are analyzed in more detail as follows:

Euro thousand	June 30th, 2024	June 30th, 2023	Change €	Change %
IRES	(1,168)	(2,837)	1,669	-58.8%
IRAP	(737)	(654)	(83)	12.7%
Foreign companies taxes	154	(841)	995	n.m.
Total current taxes	**(1,751)**	**(4,332)**	**2,581**	**-59.6%**

IRES for the year was determined as follows:

Euro thousand	June 30th, 2024	June 30th, 2023
Taxable income for IRES purposes (A)	7,642	12,921
IRES rate (B)	24,0%	24,0%
IRES for the period (A)*(B)	(1,834)	(3,101)
Taxes relating to prior period	666	264
IRES for the period	**(1,168)**	**(2,837)**

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

Euro thousand	June 30th, 2024		June 30th, 2023	
Parent Company profit before tax	**3,509**		**3,920**	
IRES rate	**24.0%**		**24.0%**	
Theoretical taxation	**(842)**	**-24.0%**	**(941)**	**-24.0%**
Tax effect of non-deductible costs	1,331	38%	2,160	55%
Net tax effect of reversal of deferred tax assets not included in the items above	(48)		191	
Parent Company total IRES	441		1,410	
Tax effect of share of profits of subsidiaries	(2,275)		(4,511)	
Prior fiscal year taxation	666		264	
Taxes on income for the year and effective tax rate	**(1,168)**	**-33%**	**(2,837)**	**-72%**

IRAP for the period was as follows:

Euro thousand	June 30th, 2024	June 30th, 2023
Taxable income for IRAP purposes	18,847	33,068
IRAP rate	3.9%/4.82%	3.9%/5.57%
IRAP for the period	(903)	(1,192)
IRAP relating to prior fiscal year	166	538
IRAP for the period	**(737)**	**(654)**

Since July 1st, 2020, the Parent Company falls within the scope of application of the 5.57% IRAP rate for industrial holding companies.

The IRAP expense for the fiscal year may be reconciled with the result reported in the financial statements as follows:

Euro thousand	June 30th, 2024		June 30th, 2023	
Operating margin/EBIT of Parent Company	**1,383**		**5,185**	
IRAP rate	**5.57%**		**5.57%**	
Theoretical IRAP	**(77)**	**-**	**(289)**	**-**
Tax effect of non-deductible costs	79	5.7%	79	5.7%
Net tax effect of reversal of deferred tax assets not included in above items	0		0	
Parent Company total IRAP	0		(210)	
Tax effect of share of results of subsidiaries	(903)	-	(982)	-71.0%
Tax on income for the period and effective tax rate	**(903)**	**-**	**(1,192)**	**-86.2%**

32. Basic earnings per share

Basic earnings per share is determined based on the following figures:

Euro thousand	June 30th, 2024	June 30th, 2023
Total net result	(2,214)	9,683
Total average number of shares issued	14,265,037	14,265,037
Earnings per share in Euro	**(0.16)**	**0.68**

Basic earnings per share is calculated by dividing the result for the period by the average number of issued shares (excluding treasury shares).

33. Diluted earnings per share

As a result of the vesting of no.213,900 and no.216,300 subscription rights for new shares on July 1, 2019, and July 1, 2022, respectively, under the Stock Options Plan 2016/2026 – available on the Company website – diluted earnings per share was calculated as follows:

Euro thousand	**June 30th, 2024**	**June 30th, 2023**
Total net result	(2,214)	9,683
Total average number of shares issued	14,697,337	14,697,337
Earnings per share in Euro	**(0.15)**	**0.66**

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

The main financial instruments used by the Group are:

- Bank overdrafts
- Sight and short-term bank deposits
- Import financing
- Export financing
- Commercial credit lines (factoring)
- Finance leases
- Medium-term loans for product development.

The objective of such instruments is to support the financing the Group's operating activities.

The Parent Company Digital Bros S.p.A. and its subsidiary 505 Games S.p.A. manage all financial risks also on behalf of the other subsidiaries. This applies to all the above-mentioned risks, excluding trade payables and receivables from operating activities, for which each subsidiary individually bears the financial risk..

The Group aims to balance its short-term and medium/long-term financial instruments to align with anticipated trends. Typically, long-term investments are financed through medium/long-term credit lines.

As a result, medium- and long-term financial payables have a well-distributed maturity profile.

To comply with IFRS 7, additional disclosures for the current and previous fiscal years are provided in the following tables. These disclosures assess the impact of financial instruments on the Group's results and financial position.

Financial instruments: consolidated balance sheet as of June 30th, 2024

Category of financial assets in terms of IFRS 9

Financial instruments – Assets as of June 30th, 2024 (Euro/000)	FVTPL	Assets at amortized cost	FVTOCI	Carrying amount as of June 30th, 2024	Notes
Shares	-	-	9,680	9,680	4
Non-current receivables and other assets	-	7,945	-	7,945	5
Non-current financial assets	-	-	-	-	7
Trade receivables	-	16,887	-	16,887	9
Other current assets	-	8,902	-	8,902	11
Cash and cash equivalents	-	11,981	-	11,981	12
Current financial assets	10,197	41	-	10,238	13
Total	**10,197**	**45,756**	**9,680**	**65,633**	

Category of financial liabilities in terms of IFRS 9

Financial instruments – Liabilities as of June 30th, 2024 (Euro/000)	FVTPL	Assets at amortized cost	FVTOCI	Carrying amount as of June 30th, 2024	Notes
Non-current financial liabilities	-	10,324	-	10,324	21
Trade payables	-	43,736	-	43,736	22
Other current liabilities	-	6,657	-	6,657	25
Current financial liabilities	-	36,679	-	36,679	26
Total	**-**	**97,396**	**-**	**97,396**	

Financial instruments: consolidated balance sheet as of June 30th, 2023

Category of financial assets in terms of IFRS 9

Financial instruments – Assets as of June 30th, 2023(Euro/000)	**FVTPL**	**Assets at amortized cost**	**FVTOCI**	**Carrying amount as of June 30th, 2023**	**Notes**
Shares	-	-	11,386	11,386	4
Non-current receivables and other assets	-	8,089	-	8,089	5
Non-current financial assets	-	-	-	-	7
Trade receivables	-	14,104	-	14,104	9
Other current assets	-	23,790	-	23,790	11
Cash and cash equivalents	-	9,407	-	9,407	12
Current financial assets	11,018	326	-	11,344	13
Total	**11,018**	**55,716**	**11,386**	**78,120**	

Category of financial liabilities in terms of IFRS 9

Financial instruments – Liabilities as of June 30th, 2023(Euro/000)	**FVTPL**	**Assets at amortized cost**	**FVTOCI**	**Carrying amount as of June 30th, 2023**	**Notes**
Non-current financial liabilities	-	11,285	-	11,285	21
Trade payables	-	46,836	-	46,836	22
Other current liabilities	-	8,635	-	8,635	25
Current financial liabilities	-	49,116	-	49,116	26
Total	**-**	**115,872**	**-**	**115,872**	

The main risks for the Group consist of:

- interest rate risk
- liquidity risk
- exchange rate risk
- risk of dependence on key customers and collection risk.

Interest rate risk

The risk of interest rate increases is a relevant risk for short-term financial instruments, because the Group is unable to immediately transfer such increase in interest rates by increasing its selling prices.

This risk is mitigated by the subscription to three option agreements for a notional value of Euro 1,375 thousand, Euro 4,000 thousand and Euro 15,000 thousand, aimed at hedging interest rates changes on the loans granted by UniCredit S.p.A. to the Parent Company and to 505 Games S.p.A on January 28th, 2021 and on September 30th, 2021.

Liquidity risk

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

Game development often take several years, meaning that it is necessary to secure additional credit lines that would cover the time period between the start of the investment and its return, after the launch of the video game on the market.

The mitigating factors in this case are:

- cash flows, financing requirements and liquidity requirements monitoring is centralized within the Group's Treasury, with the aim of ensuring effective and efficient management of the financial resources and guaranteeing an adequate amount of available liquidity;
- the negotiation of a new loan during the fiscal year allows for a rebalancing of the debt terms, from short-term to medium/long-term;
- the Group's capitalization and significant EBITDA margins provide increased opportunities to leverage financial debt..

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

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

Financial liabilities as of June 30th, 2024 (€/000)	Carrying amount	Within a year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	Notes
Non-current financial liabilities	10,324		9,192	807	319	6		10,324	21
Current financial liabilities	36,679	36,679						36,679	26
Total	**47,003**	**36,679**	9,192	807	319	6		**47,003**	

Financial liabilities as of June 30th, 2023 (€/000)	Carrying amount	Within a year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	Notes
Non-current financial liabilities	11,285		8,563	1,568	824	321	9	11,285	21
Current financial liabilities	49,116	49,116						49,116	26
Total	**60,401**	**43,860**	**8,563**	**1,568**	**824**	**321**	**9**	**60,401**	

The Group possesses sufficient financial resources to be able to repay its debt that are due within one year. Such financial resources include cash and cash equivalents, unutilised credit facilities totalling around Euro 8.9 million at the reporting date and cash flows from operating activities.

Exchange rate risk

The Group is exposed to exchange rate fluctuations with the US dollars, due to the operations of its U.S. subsidiaries. Such risk is mitigated by the fact that the Group is party to a considerable number of game development agreements in that currency. This means that any negative changes in the EUR/USD exchange rate would increase production costs and royalties but also increase its revenues in USD (the reverse is also valid). While drafting its strategic plan, the Group uses forecasting models that take into account the different currencies in which each subsidiary operates, with forward exchange rates based on assessments provided by independent analysts.

Another mitigation factor consists in the fact that foreign currency payments are often made in advance. The Group fixes in advance the development costs and each contract accounts for any additional expenses due to exchange rate fluctuations. The Group can also take action to adjust prices at launch, in order to offset the effect of any exchange rate fluctuation. The Group also has the possibility to enter agreements in the same currency so as to mitigate the effect of any negative exchange rate fluctuation.

Finally, the Group adopts a medium and long-term planning procedure.

As a result of the investment in Starbreeze shares, the Group is exposed to fluctuations in the Euro/Swedish Krones exchange rate.

505 Games S.p.A. entered three development agreements in Yen, against which it stipulated two flexible forward contracts for a total amount of Yen 1,985 million, which partially cover the risks connected to future contractual payments. As of June 30th, 2024, the remaining notional amounted to Yen 861 million and the fair value of such instruments was negative for Euro 1,393 thousand.

Risk of dependence on key customers and collection risk

During the reporting period, the top ten global customers accounted for around 90 % of total revenue. The market digitalisation inevitably leads to higher receivables concentration, since sales are made on specific marketplaces operating on a global scale. The concentration of revenues on a smaller number of key customers makes the Group reliant on the decisions made by a handful of companies. Indeed, there is a risk that if a specific product is not selected by such marketplaces, it might not achieve enough visibility on digital platforms, leading to lower sales than forecasted. On the other hand, a product may benefit from additional sales potential if it gains particularly favourable positioning.

The concentration of sales on a small number of customers also increases the Group's credit risk.

Such risk is mitigated by the potential entry of new marketplaces in the video game market, as well as by the high concentration of digital revenues on a handful of marketplaces with high credit scores (i.e., Sony, Microsoft, Apple, etc).

The following table provides details of receivables from customers by due date as of June 30th, 2024 and June 30th, 2023:

Euro thousand	June 30th, 2024	% of total	June 30th, 2023	% of total
Not overdue	16,392	97%	13,558	96%
0 -30 days overdue	149	1%	152	1%
30 - 60 days overdue	0	0%	70	1%
60 - 90 days overdue	2	0%	23	0%
> 90 days overdue	344	2%	301	2%
Total receivables from customers	**16,887**	**100%**	**14,104**	**100%**

Fair value of financial assets and liabilities and calculation models

The table below illustrates the fair value of assets and liabilities based on the calculation methods and models used when drafting the current financial statements. Financial assets for which the fair value cannot be determined are not included in the table.

The fair value of bank borrowing was calculated based on the interest rate curve at the reporting date, without any assumptions on the credit spread.

The fair value of the financial instruments listed on an active market is based on the prices on the market as at the reporting date. The market prices consist of bid/ask prices specific for the asset/liability held by the Group. The fair value of non-listed financial instruments and derivatives is determined using the valuation models and techniques most frequently used on the market, using observable inputs in the market.

Fair value was not calculated for trade receivables and trade payables, as their carrying amount is close to their fair value.

The Group assumed no significant difference between the fair value and the carrying amount of finance lease payables and payables to other lenders.

Euro thousand	**Carrying amount as of June 30th, 2024**	***Mark to Market***	***Mark to Model***	**Total *Fair value***	**Notes**
		Fair value	*Fair value*		
Non-current financial assets	-	-	-	-	7
Cash and cash equivalents	11,981	11,981	-	11,981	12
Other current financial assets	10,238	10,238	-	11,344	13
Non-current financial liabilities	(10,324)	(10,324)	-	(10,324)	21
Current financial liabilities	(36,679)	(36,679)	-	(36,679)	26
Total	**(24,784)**	**(24,784)**	**-**	**(24,784)**	

Euro thousand	**Carrying amount as of June 30th, 2023**	***Mark to Market***	***Mark to Model***	**Total *Fair value***	**Notes**
		Fair value	*Fair value*		
Non-current financial assets	-	-	-	-	7
Cash and cash equivalents	9,407	9,407	-	9,407	12
Other current financial assets	11,344	326	11,018	11,344	13
Non-current financial liabilities	(11,285)	(11,285)	-	(11,285)	21
Current financial liabilities	(49,116)	(49,116)	-	(49,116)	26
Total	**(39,650)**	**(50,668)**	**11,018**	**(39.650)**	

Exchange rate risk: sensitivity analysis

Pursuant to IFRS 7, the Group performed a sensitivity analysis on all financial instruments recognized in the current financial statements.

Such sensitivity analysis measures the expected impact of an exchange rate fluctuation of +/-10% compared to the rates in effect as of June 30th, 2024 for each class of financial instrument on the profit and loss statement and on the balance sheet, while all other variables are kept unchanged. The analysis is purely illustrative, given that such changes rarely take place in an isolated manner.

As of June 30th, 2024, the Group was not exposed any other risks, like, for instance, a commodity risk.

The sensitivity analysis on the exchange rates took into account the risk of an increase in the exchange rate on financial instruments that are not denominated in Euro. This means that the sensitivity analysis also assessed the conversion risk.

The table below displays the impact on the net financial position and on the profit before tax of a 10% increase/decrease in the EUR/USD exchange rate, compared to the rate of 1.12 used when drafting the current financial statements:

Type of change	Effect on net financial position	Effect on profit before tax
+ 10% USD	(1,532)	(1,750)
- 10% USD	1,873	2,139

As a result of the investment in Starbreeze, the Group is exposed to fluctuations in the Euro/Swedish Krone exchange rate. A 10% increase/decrease in the exchange rate would have an impact on profit before taxes of approximately Euro 950 thousand.

Fair Value hierarchy

Pursuant to IFRS 7, all financial instruments recognised at fair value shall be recognized according to a hierarchical rationale that reflects the significance assigned to the inputs used to measure fair value. The levels are as follows:

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

The Group uses different measurements and valuation models to determine the fair value of its financial instruments. The following table summarizes such financial instruments as of June 30th, 2024 and June 30th, 2023:

Carrying amount as of June 30th, 2024	Instrument	Level 1	Level 2	Level 3	Total	Notes
Equity investments	Listed shares	9,680	-	-	9,680	4
Other financial assets	Financial receivable			10,197	10,197	13
Other financial assets	Derivatives	-	41	-	41	13

Carrying amount as of June 30th 2023	Instrument	Level 1	Level 2	Level 3	Total	Notes
Investments	Listed shares	11,386	-	-	11,386	4
Non-current financial assets	Bonds	-	11,018	-	11,018	13

11. NON-RECURRING ITEMS

Non-recurring income and expenses shall be presented separately in the profit and loss statement, pursuant to Consob Resolution 15519 of July 27th, 2006. They are generated by transactions or events that events that, by their nature, are not regularly incurred during ordinary operating activities. The consolidated profit and loss statement according to Consob Resolution 15519 of July 27th, 2006 is as follows:

	Euro thousand	June 30th, 2024		June 30th, 2023	
		Total	Of which non recurring	Total	Of which non recurring
1	Gross revenue	117,972	0	118,000	0
2	Revenue adjustments	(38)	0	(68)	0
3	**Net revenue**	**117,934**	**0**	**117,932**	**0**
4	Purchase of products for resale	(3,715)	0	(2,954)	0
5	Purchase of services for resale	(10,200)	0	(9,042)	0
6	Royalties	(23,567)	0	(22,892)	0
7	Changes in inventories of finished products	(687)	0	(818)	0
8	**Total cost of sales**	**(38,169)**	**0**	**(35,706)**	**0**
9	**Gross profit (3+8)**	**79,765**	**0**	**82,226**	**0**
10	Other income	9,921	0	17,525	0
11	Costs for services	(11,212)	0	(14,975)	0
12	Rent and leasing	(564)	0	(621)	0
13	Payroll costs	(34,363)	(1,364)	(38,915)	0
14	Other operating costs	(1,331)	0	(1,787)	0
15	**Total operating costs**	**(47,470)**	**(1,364)**	**(56,298)**	**0**
16	**Gross operating margin (EBITDA) (9+10+15)**	**42,216**	**(1,364)**	**43,453**	**0**
17	Depreciation and amortization	(35,173)	0	(18,687)	0
18	Provisions	(1,241)	0	0	0
19	Asset impairment charge	(8,164)	(1,241)	(7,700)	0
20	Impairment reversal	953	0	2,266	0
21	**Total depreciation, amortization and impairment adjustments**	**(43,625)**	**(1,241)**	**(24,121)**	**0**
22	**Operating margin (EBIT) (16+21)**	**(1,409)**	**(2,605)**	**19,332**	**0**
23	Interest and financial income	1,674	0	7,428	0
24	Interest and financial expenses	(5,465)	0	(13,036)	0
25	**Net interest income/(expenses)**	**(3,791)**	**0**	**(5,608)**	**0**
26	**Profit/ (loss) before tax (22+25)**	**(5,200)**	**(2,605)**	**13,724**	**0**
27	Current tax	(1,751)	0	(4,332)	0
28	Deferred tax	762	0	243	0
29	**Total taxes**	**(989)**	**0**	**(4,089)**	**0**
30	**Net profit/loss (26+29)**	**(6,189)**	**(2,605)**	**9,635**	**0**

12. INFORMATION BY OPERATING SEGMENT

Digital Bros Group develops, publishes, distributes and markets video games on an global scale. The Group is organised into five operating segments:

- Premium Games;
- Free to Play;
- Italian Distribution;
- Other Activities;
- Holding.

Further details on the activity of each operating segment are provided in the Directors' Report.

The Group's Directors monitor the results achieved by each operating segment individually, in order to assess the ideal allocation of the resources and to verify their individual results. Financial income and expenses (including loan income and expenses) and income taxes are managed at Group level and are not allocated to the operating segments. Comments are provided in the Directors' Report.

The table below details the results by operating segments as of June 30th, 2024, with comparative figures from the previous fiscal year:

Consolidated profit and loss statement by operating segment for the period ended June 30th, 2024

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Holding	Total
1	Revenue	17,766	97,449	1,725	1,032	0	117,972
2	Revenue adjustments	0	(9)	(29)	0	0	(38)
3	**Total revenue**	**17,766**	**97,440**	**1,696**	**1,032**	**0**	**117,934**
4	Purchase of products for resale	(0)	(2,738)	(977)	0	0	(3,715)
5	Purchase of services for resale	(4,002)	(6,198)	0	0	0	(10,200)
6	Royalties	(5,181)	(18,386)	0	0	0	(23,567)
7	Changes in inventories of finished products	0	(207)	(480)	0	0	(687)
8	**Total cost of sales**	**(9,183)**	**(27,529)**	**(1,457)**	**0**	**0**	**(38,169)**
9	**Gross profit (3+8)**	**8,583**	**69,911**	**239**	**1,032**	**0**	**79,765**
10	Other income	2,194	7,727	0	0	0	9,921
11	Costs for services	(2,955)	(5,870)	(188)	(270)	(1,929)	(11,212)
12	Lease and rental costs	(114)	(205)	(14)	(1)	(230)	(564)
13	Payroll costs	(7,349)	(21,246)	(884)	(710)	(4,174)	(34,363)
14	Other operating costs	(129)	(720)	(45)	(35)	(402)	(1,331)
15	**Total operating costs**	**(10,547)**	**(28,041)**	**(1,131)**	**(1,016)**	**(6,735)**	**(47,470)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**230**	**49,597**	**(892)**	**16**	**(6,735)**	**42,216**
17	Depreciation and amortization	(2,562)	(31,221)	(140)	(368)	(882)	(35,173)
18	Allocations to provisions	0	(1,241)	0	0	0	(1,241)
19	Asset impairment change	(1,767)	(6,310)	(78)	0	(9)	(8,164)
20	Impairment reversal	52	885	16	0	0	953
21	**Total depreciation, amortization and impairment adjustments**	**(4,277)**	**(37,887)**	**(202)**	**(368)**	**(891)**	**(43,625)**
22	**Operating margin (EBIT) (16+21)**	**(4,047)**	**11,710**	**(1,094)**	**(352)**	**(7,626)**	**(1,409)**

Consolidated balance sheet as of June 30th, 2024

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Holding	Total
	Non-current assets						
1	Property, plant and equipment	2,029	52	225	2,568	2,505	7,379
2	Investment properties	0	0	0	0	0	0
3	Intangible assets	0	484	15,318	113,619	193	129,614
4	Equity interests	0	0	0	(0)	9,685	9,685
5	Non-current receivables and other assets	6	0	831	6,435	673	7,945
6	Deferred tax assets	260	0	2,469	14,481	3,956	21,166
7	Non-current financial assets	0	0	0	0	0	0
	Total non-current assets	**2,295**	**536**	**18,843**	**137,103**	**17,012**	**175,789**
	Current assets						
8	Inventories	1,949	0	0	719	0	2,668
9	Trade receivables	531	5	1,836	14,515	0	16,887
10	Tax receivables	532	2	295	1,104	2,412	4,345
11	Other current assets	52	34	1,241	6,930	645	8,902
12	Cash and cash equivalents	710	127	1,270	9,798	76	11,981
13	Other current financial assets	0	0	0	10,197	41	10,238
	Total current assets	**3,774**	**168**	**4,642**	**43,263**	**3,174**	**55,021**
	TOTAL ASSETS	**6,069**	**704**	**23,485**	**180,366**	**20,186**	**230,810**
	Non-current liabilities						
18	Employee benefits	(294)	(28)	0	(645)	0	(967)
19	Non-current provisions	(81)	0	0	(482)	0	(563)
20	Other non-current payables and liabilities	0	0	(1,657)	0	0	(1,657)
21	Financial liabilities	0	0	(523)	(8,198)	(1,603)	(10,324)
	Total non-current liabilities	**(375)**	**(28)**	**(2,180)**	**(9,325)**	**(1,603)**	**(13,511)**
	Current liabilities						
22	Trade payables	(112)	(243)	(1,771)	(40,337)	(1,274)	(43,737)
23	Current tax liabilities	(70)	(16)	(185)	(967)	(61)	(1,299)
24	Current provisions	0	0	0	(1,241)	0	(1,241)
25	Other current liabilities	(307)	(304)	(582)	(5,026)	(438)	(6,657)
26	Financial liabilities	(0)	0	(2,659)	(27,513)	(6,507)	(36,679)
	Total current liabilities	**(489)**	**(563)**	**(5,197)**	**(75,084)**	**(8,280)**	**(89,613)**
	TOTAL LIABILITIES	**(864)**	**(591)**	**(7,377)**	**(84,409)**	**(9,883)**	**(103,124)**

Consolidated profit and loss statement by operating segment for the period ended June 30th, 2023

Euro thousand		Free to Play	Premium Games	Italian Distribution	Other Activities	Holding	Total
1	Revenue	22,046	92,319	2,667	968	0	118,000
2	Revenue adjustments	0	0	(68)	0	0	(68)
3	**Total revenue**	**22,046**	**92,319**	**2,599**	**968**	**0**	**117,932**
4	Purchase of products for resale	0	(1,194)	(1,760)	0	0	(2,954)
5	Purchase of services for resale	(3,677)	(5,365)	0	0	0	(9,042)
6	Royalties	(6,234)	(16,658)	0	0	0	(22,892)
7	Changes in inventories of finished products	0	(354)	(464)	0	0	(818)
8	**Total cost of sales**	**(9,911)**	**(23,571)**	**(2,224)**	**0**	**0**	**(35,706)**
9	**Gross profit (3+8)**	**12,135**	**68,748**	**375**	**968**	**0**	**82,226**
10	Other income	3,675	13,850	(0)	0	(0)	17,525
11	Costs for services	(3,142)	(9,066)	(273)	(492)	(2,002)	(14,975)
12	Lease and rental costs	(174)	(168)	(16)	(3)	(260)	(621)
13	Payroll costs	(9,009)	(24,203)	(872)	(607)	(4,224)	(38,915)
14	Other operating costs	(187)	(978)	(45)	(36)	(541)	(1,787)
15	**Total operating costs**	**(12,512)**	**(34,415)**	**(1,206)**	**(1,138)**	**(7,027)**	**(56,298)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**3,298**	**48,183**	**(831)**	**(170)**	**(7,027)**	**43,453**
17	Depreciation and amortization	(2,399)	(14,869)	(145)	(351)	(923)	(18,687)
18	Allocations to provisions	0	0	0	0	0	0
19	Asset impairment change	(2,228)	(5,448)	(24)	0	0	(7,700)
20	Impairment reversal	2,247	19	0	0	0	2,266
21	**Total depreciation, amortization and impairment adjustments**	**(2,380)**	**(20,298)**	**(169)**	**(351)**	**(923)**	**(24,121)**
22	**Operating margin (EBIT) (16+21)**	**918**	**27,885**	**(1,000)**	**(521)**	**(7,950)**	**19,332**

Consolidated balance sheet as of June 30th, 2023

	Euro thousand	Free to Play	Premium Games	Italian Distribution	Other Activities	Holding	Total
	Non-current assets						
1	Property, plant and equipment	356	4,027	2,069	45	3,116	9,613
2	Investment properties	0	0	0	0	0	0
3	Intangible assets	18,354	133,713	0	810	146	153,023
4	Equity interests	0	0	0	0	11,400	11,400
5	Non-current receivables and other assets	1,870	5,531	6	0	682	8,089
6	Deferred tax assets	2,745	13,308	184	0	850	17,087
7	Non-current financial assets	0	0	0	0	0	0
	Total non-current assets	**23,325**	**156,580**	**2,258**	**855**	**16,194**	**199,213**
	Current assets						
8	Inventories	0	926	2,429	0	0	3,355
9	Trade receivables	2,115	11,249	724	16	0	14,104
10	Tax receivables	592	1,132	526	2	1,725	3,977
11	Other current assets	1,270	9,240	232	44	13,004	23,790
12	Cash and cash equivalents	1,924	7,019	166	211	87	9,407
13	Other current financial assets	0	0	0	0	11,344	11,344
	Total current assets	**5,901**	**29,566**	**4,077**	**273**	**26,160**	**65,977**
	TOTAL ASSETS	**29,225**	**186,145**	**6,336**	**1,128**	**42,354**	**265,190**
	Non-current liabilities						
18	Employee benefits	0	(532)	(353)	(26)	0	(911)
19	Non-current provisions	0	0	(81)	0	0	(81)
20	Other non-current payables and liabilities	(1,824)	0	0	0	0	(1,824)
21	Financial liabilities	(2,303)	(6,518)	0	0	(2,465)	(11,285)
	Total non-current liabilities	**(4,127)**	**(7,050)**	**(434)**	**(26)**	**(2,465)**	**(14,101)**
	Current liabilities						
22	Trade payables	(2,028)	(43,364)	(210)	(210)	(1,025)	(46,837)
23	Current tax liabilities	(901)	(1,577)	(163)	(13)	(128)	(2,782)
24	Current provisions	0	0	0	0	0	0
25	Other current liabilities	(1,337)	(6,164)	(230)	(354)	(550)	(8,635)
26	Financial liabilities	(1,779)	(36,709)	(11)	0	(10,617)	(49,116)
	Total current liabilities	**(6,045)**	**(87,814)**	**(614)**	**(577)**	**(12,320)**	**(107,370)**
	TOTAL LIABILITIES	**(10,172)**	**(94,864)**	**(1,049)**	**(603)**	**(14,783)**	**(121,471)**

Information by geographical area

Gross revenue broken down by geographical area is detailed below:

Euro thousand	**June 30th, 2024**		**June 30th, 2023**		**Change**	
Europe	12,705	11%	11,952	10%	753	6.3%
Americas	85,820	73%	91,518	78%	(5,698)	-6.2%
Rest of the world	16,235	14%	10,594	9%	5,641	53.2%
Total non-Italian revenue	**114,760**	**97%**	**114,064**	**97%**	**696**	**0.6%**
Italy	3,213	3%	3,936	3%	(723)	-18.4%
Total consolidated gross revenue	**117,973**	**100%**	**118,000**	**100%**	**(27)**	**0.0%**

Total foreign revenue represented 97% of consolidated gross revenue, in line with the previous fiscal year.

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

The most significant portion of foreign revenue is generated by the Premium Games operating segment, which generated foreign revenue for Euro 96,992 thousand, i.e. 85% of total foreign revenue.

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

Euro thousand	**June 30th, 2024**		**June 30th, 2023**		**Change**	
Free to Play	17,766	15%	22,046	22%	(4,280)	-19.4%
Premium Games	96,992	85%	92,319	78%	4,673	5.1%
Total gross non-Italian revenue	**114,758**	**100%**	**114,365**	**100%**	**393**	**0.3%**

13. RELATED PARTY TRANSACTIONS

Pursuant to Consob Resolution 17221 of March 12th, 2010, it is hereby disclosed that all commercial and financial transactions between Digital Bros Group subsidiaries and between those subsidiaries and other companies' related parties have been conducted at arm's length and cannot be classed as atypical or unusual transactions.

Intercompany transactions

Intercompany transactions are detailed in section 10 of the Directors' Report.

Other related parties

- property leased by Matov Imm. S.r.l. to the parent company and to subsidiary 505 Games France S.a.s.;
- property leased by Matov LLC to subsidiary 505 Games (US) Inc..

Both Matov Imm. S.r.l. and Matov LLC are owned by Abramo and Raffaele Galante.

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

Euro thousand	Receivables		Payables		Revenue	Costs
	Trade	Financial	Trade	Financial		
Matov Imm. S.r.l.	0	635	0	(2,087)	0	(812)
Matov LCC	0	139	0	(247)	0	(486)
Total	**0**	**774**	**0**	**(2,334)**	**0**	**(1,298)**

Euro thousand	Receivables		Payables		Revenue	Costs
	Trade	Financial	Trade	Financial		
Matov Imm. S.r.l.	0	635	0	(2,684)	0	(834)
Matov LCC	0	137	0	(730)	0	(546)
Total	**0**	**772**	**0**	**(3,414)**	**0**	**(1,380)**

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

505 Games (US) Inc.'s financial receivable from Matov LLC relates to a guarantee deposit paid for the rental of office premises in Calabasas, California, where several US subsidiaries are based.

The financial liabilities towards Matov Imm. S.r.l. and Matov LLC are the result of application of IFRS 16.

During the reporting period, Digital Bros S.p.A. paid Matov Imm S.r.l. a total rent of Euro 794 thousand for its Milan office premises.

During the reporting period, 505 Games France S.a.s. paid Matov Imm S.r.l. rent totalling Euro 18 thousand for its Francheville office premises. The contract was terminated on April 1, 2024.

In November 2013, subsidiary 505 Games (US) Inc. entered a lease agreement with Matov LLC, a related party owned by the Galante family; the lease was renewed in 2020. The transaction was governed by the Procedure for related party transactions adopted by Digital Bros S.p.A. pursuant to Consob Regulation 17221 of March 12th, 2010 and provides for an annual lease charge of USD 533 thousand, which was reduced by 20% from April 1, 2024.

Tax consolidation

The Parent company Digital Bros S.p.A. joined the tax filing system as parent-consolidating company with 505 Mobile S.r.l., Game Entertainment S.r.l., Game Service S.r.l., 505 Games S.p.A., Digital Bros Game Academy S.r.l., Game Network S.r.l., Kunos Simulazioni S.r.l., Avantgarden S.r.l., Hook S.r.l. and Supernova Games S.r.l., following the introduction into the Italian tax system of the tax filing system. Adherence to the national tax consolidation system required Digital Bros Group to draw up a regulation implementing inter-company relations aimed at ensuring that there is no prejudice to the individual companies involved.

The consolidated profit and loss and balance sheet statements pursuant to Consob Resolution 15519 of July 27th, 2006 is as follows:

	Euro thousand	**June 30th, 2024**		**June 30th, 2023**	
		Total	**Of which non correlated**	**Total**	**Of which non correlated**
1	Gross revenue	117,972	0	118,000	0
2	Revenue adjustments	(38)	0	(68)	0
3	**Net revenue**	**117,934**	**0**	**117,932**	**0**
4	Purchase of products for resale	(3,715)	0	(2,954)	0
5	Purchase of services for resale	(10,200)	0	(9,042)	0
6	Royalties	(23,567)	0	(22,892)	0
7	Changes in inventories of finished products	(687)	0	(818)	0
8	**Total cost of sales**	**(38,169)**	**0**	**(35,706)**	**0**
9	**Gross profit (3+8)**	**79,765**	**0**	**82,226**	**0**
10	Other income	9,921	0	17,525	0
11	Costs for services	(11,212)	0	(14,975)	0
12	Rent and leasing	(564)	(159)	(621)	(258)
13	Payroll costs	(34,363)	0	(38,915)	0
14	Other operating costs	(1,331)	0	(1,787)	0
15	**Total operating costs**	**(47,470)**	**(159)**	**(56,298)**	**(258)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**42,216**	**(159)**	**43,453**	**(258)**
17	Depreciation and amortization	(35,173)	(1,085)	(18,687)	(1,066)
18	Provisions	(1,241)	0	0	0
19	Asset impairment charge	(8,164)	0	(7,700)	0
20	Impairment reversal	953	0	2,266	0
21	**Total depreciation, amortization and impairment adjustments**	**(43,625)**	**(1,085)**	**(24,121)**	**(1,066)**
22	Operating margin (EBIT) **(16+21)**	**(1,409)**	**(1,244)**	**19,332**	**(1,324)**
23	Interest and financial income	1,674	0	7,428	0
24	Interest and financial expenses	(5,465)	(54)	(13,036)	(56)
25	**Net interest income/(expenses)**	**(3,791)**	**(54)**	**(5,608)**	**(56)**
26	**Profit/ (loss) before tax (22+25)**	**(5,200)**	**(1,298)**	**13,724**	**(1,380)**
27	Current tax	(1,751)	0	(4,332)	0
28	Deferred tax	762	0	243	0
29	**Total taxes**	**(989)**	**0**	**(4,089)**	**0**
30	**Net profit/loss (26+29)**	**(6,189)**	**(1,298)**	**9,635**	**(1,380)**

	Euro thousand	June 30th, 2024		June 30th, 2023	
		Total	Of which non correlated	totale	Total
	Non-current assets				
1	Property, plant and equipment	7,379	0	9,613	0
2	Investment properties	0	0	0	0
3	Intangible assets	129,614	0	153,023	0
4	Equity investments	9,685	0	11,400	0
5	Non-current receivables and other assets	7,945	774	8,089	772
6	Deferred tax assets	21,166	0	17,087	0
7	Non-current financial activities	0	0	0	0
	Total non-current assets	**175,789**	**774**	**199,212**	**772**
	Current assets				
8	Inventories	2,668	0	3,355	0
9	Trade receivables	16,887	0	14,104	0
10	Tax receivables	4,345	0	3,977	0
11	Other current assets	8,902	0	23,790	0
12	Cash and cash equivalents	11,981	0	9,407	0
13	Other current financial assets	10,238	0	11,344	0
	Total current assets	**55,021**	**0**	**65,977**	**0**
	TOTAL ASSETS	***230,810***	**774**	***265,189***	***772***
	Shareholders' equity				
14	Share capital	(5,706)	0	(5,706)	0
15	Reserves	(11,868)	0	(21,367)	0
16	Treasury shares	0	0	0	0
17	Retained earnings	(113,426)	0	(115,270)	0
	Equity attributable to the shareholders of the Parent Company	**(131,000)**	**0**	**(142,343)**	**0**
	Equity attributable to non-controlling interests	**3,314**	**0**	**(1,375)**	**0**
	Total net equity	**(127,686)**	**0**	**(143,718)**	**0**
	Non-current liabilities				
18	Employee benefits	(967)	0	(911)	0
19	Non-current provisions	(563)	0	(81)	0
20	Other non-current payables and liabilities	(1,657)	0	(1,824)	0
21	Non-current financial liabilities	(10,324)	(1,502)	(11,285)	(2,335)
	Total non-current liabilities	**(13,511)**	**(1,502)**	**(14,101)**	**(2,335)**
	Current liabilities				
22	Trade payables	(43,737)	0	(46,837)	0
23	Tax payables	(1,299)	0	(2,782)	0
24	Short term provisions	(1,241)	0	(0)	0
25	Other current liabilities	(6,657)	0	(8,635)	0
26	Current financial liabilities	(36,679)	(832)	(49,116)	(1,079)
	Total current liabilities	**(89,613)**	**(832)**	**(107,370)**	**(1,079)**
	TOTAL LIABILITIES	**(103,124)**	**(2,334)**	**(121,471)**	**(3,414)**
	TOTAL NET EQUITY AND LIABILITIES	***(230,810)***	**(2,334)**	***(265,189)***	**(3,414)**

14. ATYPICAL OR UNUSUAL TRANSACTIONS

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

15. ASSET REVALUATION

No revaluation was made to the Group's assets pursuant to Art.110 of D.L. 104/2020.

16. LOANS GRANTED TO EXECUTIVES AND SUPERVISORY BODIES

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

17. AUDIT FEES

The following table provides details of the fees from E.Y. S.p.A., the external auditor of Digital Bros S.p.A., and to other auditing firms not pertaining to the main auditor's network, pursuant to Article 149-duodecies of the Issuers' Regulation:

Nature of service	Fees pertaining to FY 2023/2024					Total
	Parent Company auditor			Parent Company auditor's network	Auditors not pertaining to parent network	
	to Parent Company	to other companies	total	to other companies	to other companies	
Audit	118,838	126,890	245,728	0	50,989	**296,717**
Total	**118,838**	**126,890**	**245,728**	**0**	**50,989**	**296,717**

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 consolidated financial statements for the period July 1st, 2023 – June 30th, 2024. No significant issues have arisen.

We also confirm that:

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

Milan, September 26th, 2024

Signed

Chairman of the Board of Directors	Chief Financial Officer
Abramo Galante	Stefano Salbe