Digital Bros
digital entertainment

Digital Bros S.p.A.
Draft financial statements
as of June 30th, 2025

Digital Bros S.p.A.
Via Tortona, 37 – 20144 Milan, Italy
VAT number IT095
Share capital: Euro 6,024,334.80 of which Euro 5,706,014.80 subscribed
Milan Companies House No. 290680-Vol. 7394
Chamber of Commerce number 1302132

This report is available in the Investor Relations section of the Company's website at
www.digitalbros.com

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

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DIRECTORS' REPORT

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

The Company's operations related to the distribution in Italy of video games acquired from international publishers, as well as the distribution of Yu-Gi-Oh! trading cards are now only residual.

All revenues are generated exclusively within the Italian market, as further detailed in the Explanatory Notes to Digital Bros S.p.A.'s Financial Statements.

1. THE VIDEOGAMES MARKET

The video game market is a key segment of the entertainment industry, alongside movies, books, magazines, and toys. These sectors share common characteristics, brands, features, and intellectual properties, contributing to a dynamic and interconnected entertainment landscape.

The growth achieved by the video game industry during the pandemic generated widespread optimism, prompting many competitors to initiate new productions and significantly increase the average investment per game. As a result, an unprecedented and unexpected number of new video games were launched on the market, making it harder to meet the expected volume and revenue targets. Because of this, many companies were forced to reassess their strategies regarding portfolio investments and marketing expenditures to adapt to this competitive scenario. Starting from the second half of 2024, the market has seen waves of layoffs, studio closures, and project cancellations. As of the reporting date, such a situation remains unresolved.

The video games market value chain is as follows:

The COVID-19 pandemic further accelerated the decline of retail distribution, which has now become marginal and has been almost entirely supplanted by digital distribution channels.

Developers

Developers create and design video games, usually based on original ideas, a successful brand, a movie, sports simulations etc.. It has become increasingly common for highly successful video games to be adapted into movies, TV series, cartoons, and other media.

Developers generally retain intellectual property rights, but they may transfer their rights to publishers for a limited period of time, which is defined contractually. Publishers play therefore a key role in this value chain, contributing to the production of video games, creating a player community, and managing its distribution across their global commercial networks.

In some cases, developers may choose to publish and market the game independently. However, this approach significantly increases the financial and operational risks for these players.

Publishers

The publisher is responsible for the launch of the video game, defining its global commercial strategy, overseeing product positioning and packaging, bearing all the related risks, while sharing instead all opportunities from the game success with the developer. Publishers typically finance the development process and often acquire the game's intellectual property either permanently or for a set period, including licensing rights for sequels.

Console manufacturers

The console manufacturer designs and produces the hardware used for playing video games. Sony manufactures the PlayStation, Microsoft the Xbox and Nintendo the Nintendo Switch. Console manufacturers often also operate as video game publishers.

The key marketplaces that sell console video games 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. More recently, the US company Epic Games Inc. launched its Epic Games Store for PC.

The digitalization of the market has driven both Microsoft (with Xbox Game Pass) and Sony (with PlayStation Now) to develop digital platforms where players can access an entire library of video games for a predefined period by paying a subscription fee, rather than purchasing individual titles. Revenues for publishers and developers are recognized when a game is added to the platform, based on a predetermined annual fee defined for each product. Additionally, as end consumers play the games, the platform provides an incremental fee to the publishers based on user engagement.

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

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

Digital Bros controls a Group that operates both in digital marketplaces and in the Free-to-Play segment. Consequently, the Parent Company, which was originally active in the traditional retail distribution, has seen its direct revenues gradually decline, while revenues generated by its subsidiaries have progressively increased.

The growth in digital distribution revenues, together with the Group's upstream integration through the acquisition and establishment of development studios, has significantly reinforced the strategic importance of the coordination activities carried out by the Parent Company.

The video game industry does not appear to be materially impacted by the current changes and developments in international tariff policies.

2. PERFORMANCE RATIOS

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

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

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

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

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

3. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On October 28th, 2024, the Shareholders' Meeting approved the Financial Statements for the fiscal year as of June 30th, 2024 of Digital Bros S.p.A. and appointed Veronica Devetag Chalaupka as a non-executive Director. The new Director will remain in charge with the current Board of Directors until the approval of the financial statements as of June 30th, 2026.

Relations with Starbreeze

Over the past fiscal years, Digital Bros Group and Starbreeze group ("Starbreeze") 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.

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;
- 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 July 19th, 2024, the Company requested the full conversion of the convertible bond, which resulted in the issuance of no. 148.3 million Starbreeze B shares.

During the last months of the previous fiscal year, 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 the repayment of receivables related to other contracts between the two groups.

On February 27th, 2025, the Group reached a settlement agreement with the Swedish developer, resolving all outstanding matters. Consequently, the Provision for Starbreeze arbitration costs accrued as of June 30, 2024 was released, as no arbitration proceeding is required. The agreement had a neutral impact on the Group's half-year-consolidated financial statements.

Ahead of Starbreeze AB's Annual General Meeting on May 15th, 2025, the Company submitted an alternative list of candidates for the company's Board of Directors, differing from the proposal initially presented by the

Nomination Committee. Following the AGM's approval of the Company's list and the election of the CFO of Digital Bros S.p.A. to Starbreeze's Board, the Group determined that it had acquired significant influence over the Swedish company as of that date. This determination was based on the following IAS 28 indicators:

- representation on the investee's board of directors or equivalent governing body;
- participation in policy-making processes, including decisions on dividends and other distributions.

As of June 30th, 2025, the Group holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares, representing 19.11% of the share capital and 37.65% of voting rights.

4. PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED JUNE 30TH, 2025

The following table details the Company's results as of June 30th, 2025 together with comparative figures as of June 30th, 2024:

	Euro thousand	June 30, 2025		June 30, 2024		Change	
1	Gross revenue	6,971	100.0%	6,896	100.4%	75	1.1%
2	Revenue adjustments	0	0.0%	(29)	-0.4%	29	n.m.
3	**Net revenue**	**6,971**	**100.0%**	**6,867**	**100.0%**	**104**	**1.5%**
4	Purchase of products for resale	(29)	-0.4%	(977)	-14.2%	948	-97.0%
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	(757)	-10.9%	(480)	-7.0%	(277)	57.8%
8	**Total cost of sales**	**(786)**	**-11.3%**	**(1,457)**	**-21.2%**	**671**	**-46.0%**
9	**Gross profit (3+8)**	**6,185**	**88.7%**	**5,410**	**78.8%**	**775**	**14.3%**
10	Other income	168	2.4%	123	1.8%	45	36.8%
11	Costs for services	(2,771)	-39.8%	(2,074)	-30.2%	(697)	33.6%
12	Rent and leasing	(324)	-4.6%	(230)	-3.4%	(94)	40.4%
13	Payroll costs	(4,481)	-64.3%	(4,468)	-65.1%	(13)	0.3%
14	Other operating costs	(469)	-6.7%	(425)	-6.2%	(44)	10.4%
15	**Total operating costs**	**(8,045)**	**-115.4%**	**(7,197)**	**-104.8%**	**(848)**	**11.8%**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(1,692)**	**-24.3%**	**(1,664)**	**-24.2%**	**(28)**	**1.7%**
17	Depreciation and amortization	(835)	-12.0%	(872)	-12.7%	37	-4.3%
18	Provisions	414	5.9%	(414)	-6.0%	828	n.m.
19	Asset impairment charge	(8,313)	-119.2%	(3,819)	-55.6%	(4,494)	n.m.
20	Impairment reversal	0	0.0%	16	0.2%	(16)	n.m.
21	**Total depreciation, amortization and impairment adjustments**	**(8,734)**	**-125.3%**	**(5,089)**	**-74.1%**	**(3,645)**	**71.6%**
22	**Operating margin (EBIT) (16+21)**	**(10,426)**	**-149.6%**	**(6,753)**	**-98.3%**	**(3,673)**	**54.4%**
23	Interest and financial income	13,402	192.2%	11,594	168.8%	1,808	15.6%
24	Interest and financial expanses	(2,997)	-43.0%	(1,332)	-19.4%	(1,665)	n.m.
25	**Net interest income/(expenses)**	**10,405**	**149.3%**	**10,262**	**149.4%**	**143**	**1.4%**
26	**Profit/ (loss) before tax (22+25)**	**(21)**	**-0.3%**	**3,509**	**51.1%**	**(3,530)**	**n.m.**
27	Current tax	136	1.9%	501	7.3%	(365)	-72.9%
28	Deferred tax	29	0.4%	70	1.0%	(41)	-58.2%
29	**Total taxes**	**165**	**2.4%**	**571**	**8.3%**	**(406)**	**-71.2%**
30	**Net profit/loss (26+29)**	**144**	**2.1%**	**4,080**	**59.4%**	**(3,936)**	**-96.5%**

Total gross revenues were largely unchanged compared to the previous fiscal year, from Euro 6,896 thousand to Euro 6,971 thousand as of June 30th, 2025, confirming the contraction observed in recent years.

Gross revenue is analyzed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Revenue from video games for consoles	637	1,036	(399)	-38.5%
Revenue from trading cards	673	689	(16)	-2.3%
Revenue from other products and services	5,661	5,171	490	9.5%
Total gross revenue	**6,971**	**6,896**	**75**	**1.1%**

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

During the reporting period, the activities related to the distribution of video games were only limited to the sales of inventories, with purchase of products for resale almost nil. As of June 30th, 2025, inventories decreased by Euro 757 thousand.

Operating costs amounted to Euro 8,045 thousand, increasing by Euro 848 thousand compared to the previous fiscal year. The increase is primarily attributable to higher service costs of Euro 697 thousand, mainly incurred on behalf of Group companies and subsequently recharged.

The gross operating margin (EBITDA) was negative by Euro 1,692 thousand, compared to Euro1,664 realized during the last fiscal year.

Total depreciation, amortization and impairment adjustments amounted increased from Euro 5,089 thousand to the current Euro 8,734 thousand due to higher asset impairment charges by Euro 4,494 thousand, only partially offset by the release of the Euro 414 thousand Provision for Starbreeze arbitration cost accrued as of June 30th, 2024. Since no arbitration is needed following the agreement reached with the Swedish group, the provision was released.

The operating margin (EBIT) was negative decreased from Euro 6,753 thousand of the last fiscal year to the negative Euro 10,426 thousand as of June 30th, 2025.

The net financial result was positive for Euro 10,405 thousand compared to Euro 10,262 thousand as of June 30th, 2024. Such increase reflects higher interest and financial income for Euro 1,808 thousand, only partially offset by higher interest and financial expenses by Euro 1,655 thousand. The net financial income included Euro 10 million dividends received from the subsidiary Kunos Simulazioni S.r.l.. As of June 30th, 2025, financial income reflected the positive change in equity of the Spanish joint venture MSE&DB SL, while financial expenses included the impairment of the Starbreeze equity investment. Fair value adjustments on Starbreeze shares had previously been recognized in comprehensive income until May 15th, 2025, when the Group acquired significant influence on the Swedish company.

Profit before tax amounted to Euro 21 thousand, compared to the Euro 3,509 thousand realized as of June 30th, 2024. Net profit amounted to Euro 144 thousand, decreasing from Euro 4,080 thousand net profit realized in the previous fiscal year.

5. BALANCE SHEET AS OF JUNE 30TH, 2025

	Euro thousand	June 30, 2025	June 30, 2024	Change	
	Non-current assets				
1	Property, plant and equipment	3,653	4,336	(683)	-15.8%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	194	193	1	0.3%
4	Equity investments	23,854	26,374	(2,520)	-9.6%
5	Non-current receivables and other assets	641	641	0	0.0%
6	Deferred tax assets	4,771	4,215	556	13.2%
7	Non-current financial activities	19,046	24,378	(5,332)	-21.9%
	Total non-current assets	**52,159**	**60,137**	**(7,978)**	**-13.3%**
	Current assets				
8	Inventories	1,192	1,949	(757)	-38.8%
9	Trade receivables	327	527	(200)	-38.0%
10	Receivables from subsidiaries	44,763	35,532	9,231	26.0%
11	Tax receivables	7,192	2,926	4,266	n.m.
12	Other current assets	567	677	(110)	-16.2%
13	Cash and cash equivalent	20	709	(689)	-97.2%
14	Other current financial assets	1,041	2,316	(1,275)	-55.1%
	Total current assets	**55,102**	**44,636**	**10,466**	**23.4%**
	TOTAL ASSETS	***107,261***	***104,773***	***2,488***	***2.4%***
	Capital and reserves				
15	Share capital	(5,706)	(5,706)	0	0.0%
16	Reserves	(9,875)	(11,070)	1,195	-10.8%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings	(38,119)	(37,975)	(144)	0.4%
	Total net equity	**(53,700)**	**(54,751)**	**1,051**	**-1.9%**
	Non-current liabilities				
19	Employee benefits	(299)	(295)	(4)	1.3%
20	Non-current provisions	(59)	(81)	22	-27.3%
21	Other non-current payables and liabilities	0	0	0	0.0%
22	Non-current financial liabilities	(934)	(1,535)	601	-39.1%
	Total non-current liabilities	**(1,292)**	**(1,911)**	**619**	**-32.4%**
	Current liabilities				
23	Trade payables	(1,364)	(1,328)	(36)	2.8%
24	Payables to subsidiaries	(42,097)	(39,122)	(2,975)	7.6%
25	Taxes payables	(132)	(129)	(3)	2.8%
26	Short term provisions	0	(414)	414	n.m.
27	Other current liabilities	(824)	(735)	(89)	12.1%
28	Current financial liabilities	(7,852)	(6,383)	(1,469)	23.0%
	Total current liabilities	**(52,269)**	**(48,111)**	**(4,158)**	**8.6%**
	TOTAL LIABILITIES	**(53,561)**	**(50,022)**	**(3,539)**	**7.1%**
	TOTAL NET EQUITY AND LIABILITIES	***(107,261)***	***(104,773)***	***(2,488)***	***2.4%***

Total non-current assets decrease by 7,978 thousand, as a result of lower non-current financial assets by Euro 5,332 thousand and lower equity investments by Euro 2,520 thousand.

Total non-current financial assets as of June 30th, 2025 amount to Euro 19,046 thousand and solely consist of the portion of the financial receivable from the subsidiary Rasplata B.V. that is due beyond twelve months, net of the impairment provision of Euro 9,146 thousand.

Equity investments amount to Euro 23,854 thousand, primarily due to the decrease by Euro 3,804 thousand related to the carrying amount of the investment in Starbreeze as of June 30th, 2025, partially offset by Euro 1,300 thousand reflecting the Group's share of net results from the joint venture MSE&DB SL.

Total current assets increase by Euro 10,466 thousand compared to the previous fiscal year, mostly due to higher receivables from subsidiaries by Euro 9,231 thousand and higher tax receivables by Euro 4,266 thousand.

Total current liabilities increase by Euro 4,158 thousand compared to June 30th, 2024, primarily due to higher payables to subsidiaries by Euro 2,975 thousand.

Details on the net financial position as of June 30th, 2025 compared to June 30th, 2024, are outlined below:

	Euro thousand	**June 30th, 2024**	**June 30th, 2024**	**Change**
13	Cash and cash equivalents	20	709	(689)
14	Other current financial assets	1,041	2,316	(1,275)
28	Current financial liabilities	(7,852)	(6,383)	(1,469)
	Current net financial position	**(6,791)**	**(3,358)**	**(3,433)**
7	Non-current financial assets	19,046	24,378	(5,332)
22	Non-current financial liabilities	(934)	(1,535)	601
	Non-current financial liabilities	**18,112**	**22,843**	**(4,731)**
	Total net financial position	***11,321***	***19,485***	***(8,164)***

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

The net financial position was positive by Euro 11,321 thousand compared to the positive Euro 19,485 thousand as of June 30th, 2024, down by Euro 8,164 thousand. The net financial position, excluding the impact of IFRS 16, was positive at Euro 12,824 thousand compared to Euro 21,572 thousand as of June 30th, 2024.

6. FINANCIAL RATIOS

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

Profitability ratios	**June 30th, 2025**	**June 30th,2024**
ROE (Net profit / Net equity)	0.3%	8.2%
ROI (Operating margin / Total assets)	-9.7%	-2.5%
ROS (Operating margin / Gross profit)	-149.6%	-35.8%

Structure ratios	**June 30th, 2025**	**June 30th, 2024**
Net working capital ratio (Current assets / Total assets)	51.4%	51.5%
Current ratio (Current assets / Current liabilities)	105.4%	115.8%
Quick ratio (Cash and cash equivalents and Other current assets / Current liabilities)	103.1%	111.0%

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

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

Digital Bros S.p.A. charges 505 Games S.p.A. for the direct costs incurred on its behalf, as well as for its share of indirect costs related to coordination activities, including video game acquisitions, financial and legal services, logistics, HR services and IT support provided 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. charges Avantgarden S.r.l. for the rent of its headquarters located in Via Tortona, Milan.

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

Other minor transactions relate to the financial, legal and general services performed by Digital Bros S.p.A. on behalf of the Group's subsidiaries. The Parent Company also operates a cash pooling service, 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.

Transactions with other related parties

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

Atypical transactions

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

8. TREASURY SHARES

As of June 30th, 2025, Digital Bros S.p.A. did not hold any treasury shares and did not carry out any transactions in treasury shares during the reporting period, pursuant to Art. 2428(2)(3) of the Italian Civil Code.

9. RESEARCH AND DEVELOPMENT ACTIVITIES

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

10. OPERATIONAL RISKS, FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

The Company implements a risk identification process involving the Board of Directors and first-level managers, facilitated through periodic coordination meetings held throughout the fiscal year. This process results in a risk matrix that is drafted and regularly updated by the Executive Director responsible for internal control and risk management system, who also takes part in the coordination meetings. For each identified risk, the risk matrix provides a description, a gross risk rating score based on a probability/impact matrix, the mitigating factors and/or internal processes implemented by the Company to reduce and monitor such risk and the resulting net risk rating. During the fiscal year, the Control and Risk Committee reviewed the risk matrix provided by the Executive Director in charge of the internal control and risk management system.

The risk matrix also assesses the potential impact on the Company's operations and financial reporting in the event that the mitigation objectives are not met.

The CEOs and the Executive Director in charge of the internal control system assess the accuracy and completeness of the risk matrix and the net risk ratings assigned to each identified risk. The Board of Statutory Auditors oversees this process and the Board of Directors is responsible for approving the risk matrix.

The identified risks fall into two different categories: operational and financial risks. Outlined below are the risks that directly affect the Company, as well as those that impact other subsidiaries and, indirectly, Digital Bros S.p.A., given that almost all of the Group companies are fully owned

Operational risks

The most significant operational risks for the Group are:

- management of development contacts;
- inability to publish products that match technological and quality expectations and standards;
- risks related to the ability to forecast product demand;
- publishers disintermediation and management of intellectual properties;
- dependence on third-party trademarks;
- reliance on key personnel;
- risks associated with Artificial Intelligence ("AI").

Management of development contracts

The Group develops video games both through its internal studios and through external developers, who contractually agree to deliver the products within predefined timeframes. Any inability to manage development schedules could lead to delays in the product launches. For titles that are related to specific events or licensing agreements, such delays could materially affect their sales potential and increase development costs. Delays may also result in lower-than-forecasted financial outcomes.

The Group's portfolio has only limited exposure to video games linked to specific events. The new publishing strategy increasingly focuses on titles developed by fully owned studios, which ensures greater control over production processes, and on sequels to successful games, where prior experience provides a stronger basis for managing timelines and expected results.

To mitigate this risk, the Group has implemented a strict contract acquisition procedure. For material projects, the Board of Directors reviews the developers' CV and performs an in-depth due diligence of their technical and organizational capabilities. The Group also applies implemented a structured project management process, which introduced ongoing monitoring performed by the Group's brand managers and producers.

Inability to publish products that match technological and quality expectations and standards

Rapid technological change and the emergence of new means of entertainment may hinder the Group's ability to publish products that meet consumers' quality expectations. Although investment decisions account for the introduction of new technologies, the video game may fail to match the quality of competitive titles, and/or if the Group detects such quality gaps, it may delay the video game launch. The Group's ability to forecast technological trends and competitors' performance is only limited, which challenges the strategic planning process and may negatively affect revenues and margins.

The growing adoption of Artificial Intelligence (AI) tools by the other publishers and developers could further disrupt the competitive landscape. If the Group delays the adoption of such tools, this could slow development, and its products may be perceived as less innovative or outdated. On top of this, the Group could have to bear higher production costs compared to those peers that chose to use AI instead. AI adoption is still challenged by social factors in Western markets, but this attitude may shift rapidly, particularly as acceptance grows in other regions. Failure to adapt could affect efficiency and innovation, increasing the competitive risks.

To mitigate this, the Group has redirected its publishing strategy towards sequels to successful franchises and titles based on fully owned intellectual properties (IPs), which provide greater control and long-term value creation. The Group also monitors projects quarterly, allowing adjustments according to forecasted demand trends and leverages the extensive experience of its management team. In addition, long and short-term strategic plans are reviewed on a quarterly basis, allowing the timely implementation of corrective measures.

Risk Related to Forecasting Product Demand

As with any other form of entertainment, the video game market is exposed to different risks outside the Group's control, especially those concerning how consumers react to new products. Following the pandemic, strong market growth encouraged significant increases in investment, resulting in a surge in the number of titles released. This has made it increasingly difficult for publishers to meet sales targets, as players have become more selective, especially with respect to new IPs. If the Group is unable to forecast consumer preferences and to quickly respond to shifts in the market, it could materially affect the Group's revenues and margins, failing to meet financial targets.

This risk is mitigated by extensive management's experience and by rigorous selection procedures with respect to licensing and development contracts. Each project is evaluated based on forecasted profit and loss statements and supported by ongoing market analyses conducted by industry specialists. The Group's new publishing strategy prioritizes higher-margin titles, particularly those based on fully owned IPs that can create value in the long term. Long and short-term strategic plans are reviewed on a quarterly basis, allowing the timely implementation of corrective measures.

Disintermediation of the Publisher and management of Intellectual Property (IP)

The video game market has become increasingly digitalized, which shortened the value chain. If this trend continues, the role of publishers could be weakened, especially for those that do not own or contractually control the IPs. On top of this, AI is lowering entry barriers, enabling smaller teams to develop and produce video games quickly and at a lower cost. The growing consumer acceptance of AI, combined with the almost entirely digital distribution, may weaken the publisher's power in the value chain.

To mitigate this, the Group has acquired majority and minority stakes in developing companies, in an effort to gain control over the video games' IPs. It also enters primarily into development contracts that secure ownership and/or long-term control of IP rights. The Group continues to offer key publishing services, including IP protection, legal support, and privileged access to marketplaces, leveraging the long-standing expertise of its management team.

Dependence on Third-Party trademarks

As with other forms of entertainment, the video game industry often relies on distinctive third-party brands and trademarks coming from sports, films and books, or toy brands leveraging their existing visibility and consumer bases to enhance marketing effectiveness. However, licensing agreements are also risky: any point between signing the contract and the release of the game the brand may lose value, for example due to a celebrity scandal or a poorly performing film. If the brand's appeal is weaker than expected, revenues and margins may suffer.

This risk is mitigated by the management's longstanding experience and by the possibility to launch the game by using a different licensee or without any licensed brand. The Group's strategy deliberately focuses on video games with limited reliance on third-party trademarks. Long and short-term strategic plans are reviewed on a quarterly basis, allowing the timely implementation of corrective measures.

Reliance on Key Personnel

The Group's success depends on the performance of key professionals with significant experience in the industry. Executive Directors, i.e. the Chairman, CEOs and the CFO play a critical role in managing operations. Should the Group loose any of these individuals without planning an adequate succession, the Group's results could be negatively affected. This would also hinder the Group's ability to identify, assess, and monitor risks.

This risk is mitigated by the fact that both CEOs are also the main shareholders, while the CFO is one of the beneficiaries of a long-term incentive plan. The Group has also established a Nomination Committee entrusted with the preparation of a succession plan for executive directors.

Risks Associated with Artificial Intelligence (AI)

AI is one of the most significant technological developments of recent years, presenting both opportunities and risks across most industries. With regards to the entertainment sector, and video games in particular, AI brings innovation, efficiency, and productivity but also challenges the existing business models.

By streamlining production processes, AI exacerbates existing risks such as publisher disintermediation, the ability to deliver competitive products, the management of external development teams, the inability to adequately forecast customer demand patterns, and the risk of misuse of third-party IPs.

The Group's publishing strategy focuses on establishing a leadership position in niche markets through recognized brands. This could mitigate the risks related to AI adoption because the loyal player communities within such niches are more shielded against competitive pressure. In addition, developing new titles through internal studios or trusted long-term partners allows greater oversight of how AI is deployed.

Management of financial risks and financial instruments

The main financial instruments used by the Company are:

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

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

Credit facilities granted to the Company and utilized as of June 30th, 2025 are as follows:

Euro thousands	Total amount	Disposed	Available
Bank overdrafts	1,200	902	298
Short term financing	6,500	6,358	142
Advances on invoices and cash orders subject to collection	1,000	0	1,000
Total	**8,700**	**7,260**	**1,440**

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 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:

- Foreign rate risk;
- Interest rate risk;
- Liquidity risk.

Foreign Exchange Risk

The Group is exposed to the US dollar due to the fact that sales are denominated in that currency. This is mitigated by the fact that a significant number of video game development contracts are also denominated in US dollars. Any negative changes in the EUR/USD exchange rate would therefore increase production costs and post-launch royalties, but at the same time increase revenues in US dollars, and vice versa.

The Group is also exposed to fluctuations in the Chinese Renminbi. Adverse movements in the EUR/CNY exchange rate would negatively affect revenues denominated in such currency.

The Group takes into account such risk when preparing its short- and long-term strategic plans, by using forward exchange rates based on reports from independent analysts. The risk is further mitigated by the fact that a significant portion of the payments in foreign currency are made in advance: the Groups recognized the actual costs for advances for video game production at the time of payment, therefore it is able to reflect potential additional charges from exchange rate fluctuations in its sales prices. In addition, selling prices can be adjusted to offset adverse exchange rate movements, and contracts are generally denominated in the same currency, thereby reducing exposure to currency fluctuations.

Interest Rate Risk

The Group is exposed to the risk of rising interest rates on short-term financial instruments, as any increase cannot be immediately passed through to sales prices.

Liquidity Risk

Liquidity risk is associated with limited access to credit markets. Following the pandemic, financial markets have generally seen a lower credit availability, due to macroeconomic uncertainty.

Video game development takes multiple years, which may require the Group to secure additional credit lines to cover the period between the investment and the recovery of the invested capital after the launch.

To mitigate liquidity risk, cash flows, financing needs, and liquidity are monitored by the Group's treasury with a centralized structure, to ensure efficient financial management and maintain adequate liquidity levels. The Group's strong capitalization and high EBITDA margin provide further flexibility to increase the use of financial leverage. Short-, medium-, and long-term strategic planning also enable the Group to forecast its cash requirements well in advance.

Based on current financial planning, the liquidity currently available, together with operating cash flows expected to be generated, is deemed sufficient to cover planned investment activities, working capital requirements, and scheduled debt maturities, while ensuring that future funding needs are identified and addressed on a timely basis.

11. CONTINGENT AQSSETS AND LIABILITIES

As of June 30th, 2025 there were no contingent assets or liabilities, in line with the previous fiscal year.

12. SUBSEQUENT EVENTS

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

13. BUSINESS OUTLOOK

For the fiscal year ending June 30th, 2026, the Company anticipates a continued gradual contraction of its distribution activities.

With limited revenues from commercial operations, the Company will primarily focus on coordinating the Group's subsidiaries with service agreements that remain substantially unchanged from the previous year.

From a forward-looking standpoint, the Company expects higher dividend income and no significant impairment charges. As a result, the profit before tax for the next fiscal year is projected to increase despite slightly lower expected revenues.

OTHER INFORMATION

EMPLOYEES

The following table details the number of employees as of June 30th, 2025 with comparative figures for the prior fiscal year:

Category	**June 30th, 2025**	**June 30th, 2024**	**Change**
Managers	6	6	0
Office workers	25	25	0
Blue-collar workers and apprentices	4	4	0
Total employees	**35**	**35**	**0**

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

Category	**Average no. in 2025**	**Average no. in 2024**	**Change**
Managers	6	6	0
Office workers	25	27	(2)
Blue-collar workers and apprentices	4	4	0
Total employees	**35**	**37**	**(2)**

The Company's employees are employed under the current Confcommercio National Collective Labor Agreement for the commerce, distribution, and services sector.

ENVIRONMENTAL ISSUES

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

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

The Company updates obsolete equipment as much as possible and recycles all components correctly. The Company stores everything in a digital format and prints documents only if required by the Law or if the scope of a specific task requires it. Consumables such as printer toners and similar waste are returned to the supplier for correct recycling. The Company is committed to replace travel with digital communications (i.e. video conferencing) to improve sustainability both from an environmental and a cost reduction standpoint.

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Digital Bros S.p.A.

Draft Financial statements as of June 30th,2025

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Balance sheet as of June 30th, 2025

	Euro thousand	June 30th, 2025	June 30th, 2024
	Non-current assets		
1	Property, plant and equipment	3,653	4,336
2	Investment properties	0	0
3	Intangible assets	194	193
4	Equity investments	23,854	26,374
5	Non-current receivables and other assets	641	641
6	Deferred tax assets	4,771	4,215
7	Non-current financial activities	19,046	24,378
	Total non-current assets	**52,159**	**60,137**
	Current assets		
8	Inventories	1,192	1,949
9	Trade receivables	327	527
10	Receivables from subsidiaries	44,763	35,532
11	Tax receivables	7,192	2,926
12	Other current assets	567	677
13	Cash and cash equivalent	20	709
14	Other current financial assets	1,041	2,316
	Total current assets	**55,102**	**44,636**
	TOTAL ASSETS	***107,261***	***104,773***
	Capital and reserves		
15	Share capital	(5,706)	(5,706)
16	Reserves	(9,875)	(11,070)
17	Treasury shares	0	0
18	Retained earnings	(38,119)	(37,975)
	Total net equity	**(53,700)**	**(54,751)**
	Non-current liabilities		
19	Employee benefits	(299)	(295)
20	Non-current provisions	(59)	(81)
21	Other non-current payables and liabilities	0	0
22	Non-current financial liabilities	(934)	(1,535)
	Total non-current liabilities	**(1,292)**	**(1,911)**
	Current liabilities		
23	Trade payables	(1,364)	(1,328)
24	Payables to subsidiaries	(42,097)	(39,122)
25	Taxes payables	(132)	(129)
26	Short term provisions	0	(414)
27	Other current liabilities	(824)	(735)
28	Current financial liabilities	(7,852)	(6,383)
	Total current liabilities	**(52,269)**	**(48,111)**
	TOTAL LIABILITIES	**(53,561)**	**(50,022)**
	TOTAL NET EQUITY AND LIABILITIES	***(107,261)***	***(104,773)***

Profit and loss statement for the period ended June 30th, 2025

	Euro thousand	June 30th, 2025	June 30th, 2024
1	Gross revenue	6,971	6,896
2	Revenue adjustments	0	(29)
3	**Net revenue**	**6,971**	**6,867**
4	Purchase of products for resale	(29)	(977)
5	Purchase of services for resale	0	0
6	Royalties	0	0
7	Changes in inventories of finished products	(757)	(480)
8	**Total cost of sales**	**(786)**	**(1,457)**
9	**Gross profit (3+8)**	**6,185**	**5,410**
10	Other income	168	123
11	Costs for services	(2,771)	(2,074)
12	Rent and leasing	(324)	(230)
13	Payroll costs	(4,481)	(4,468)
14	Other operating costs	(469)	(425)
15	**Total operating costs**	**(8,045)**	**(7,197)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(1,692)**	**(1,664)**
17	Depreciation and amortization	(835)	(872)
18	Provisions	414	(414)
19	Asset impairment charge	(8,313)	(3,819)
20	Impairment reversal	0	16
21	**Total depreciation, amortization and impairment adjustments**	**(8,734)**	**(5,089)**
22	**Operating margin (EBIT) (16+21)**	**(10,426)**	**(6,753)**
23	Interest and financial income	13,402	11,594
24	Interest and financial expanses	(2,997)	(1,332)
25	**Net interest income/(expenses)**	**10,405**	**10,262**
26	**Profit/ (loss) before tax (22+25)**	**(21)**	**3,509**
27	Current tax	136	501
28	Deferred tax	29	70
29	**Total taxes**	**165**	**571**
30	**Net profit/loss (26+29)**	**144**	**4,080**

Comprehensive income statement as of June 30th, 2025

Euro thousand	June 30th, 2025	June 30th, 2024
Profit (loss) for the period (A)	**144**	**4,080**
Actuarial gain (loss)	8	9
Income tax relating to actuarial gain (loss)	(2)	(2)
Changes in the fair value	(2,199)	(12,959)
Tax effect regarding fair value measurement of financial assets	528	3,110
Items that will not be subsequently reclassified to profit or loss (B)	**(1,665)**	**(9,842)**
Total comprehensive income (loss) (A)+(B)	**(1,521)**	**(5,762)**

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

Cash flow statement as of June 30th, 2025

	Euro thousand	June 30th, 2025	June 30th, 2024
A.	**Opening net cash/debt**	**709**	**163**
B.	**Cash flows from operating activities**		
	Profit (loss) for the period	144	4.080
	Depreciation, amortization and non-monetary costs:		
	Provisions and impairment losses	8.442	3.810
	Amortization of intangible assets	91	98
	Depreciation of property, plant and equipment	744	774
	Net change in deferred tax assets	(556)	(3.183)
	Net change in other provisions	(436)	0
	Net change in employee benefit provisions	4	(58)
	Nonmonetary changes in net equity	1.002	3.431
	Total cash flows from operating activities (B)	**9.435**	**8.952**
C.	**Change in net working capital**		
	Inventories	757	480
	Trade receivables	122	116
	Receivables due from subsidiaries	(9.231)	(14.168)
	Tax receivables	(4.266)	(693)
	Other current assets	110	12.534
	Trade payables	36	122
	Payables to subsidiaries	2.975	1.307
	Current tax liabilities	3	(154)
	Current provisions	0	414
	Other current liabilities	89	(35)
	Other non-current liabilities	0	0
	Non-current receivables and other assets	0	0
	Total change in net working capital (C)	**(9.405)**	**(77)**
D.	**Cash flows from investing activities**		
	Net investment in intangible assets	(92)	(145)
	Net investment in property, plant and equipment	(61)	(29)
	Net investment in non-current financial assets	(260)	(9.837)
	Changes in financial assets	(1.174)	6.761
	Total cash flows from investing activities (D)	**(1.587)**	**(3.250)**
E.	**Cash flows from financing activities**		
	Capital increases	0	0
	Change in financial liabilities	868	(5.079)
	Total cash flows from financing activities (E)	**868**	**(5.079)**
F.	**Changes in consolidated equity**		
	Dividends paid	0	0
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	0	0
	Total changes in consolidated equity (F)	**0**	**0**
G.	**Cash flow for the period (B+C+D+E+F)**	**(689)**	**546**
H.	**Closing net cash/debt (A+G)**	**20**	**709**

Statement of changes in equity as of June 30th, 2025

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	Profit (loss) for the year	Total retained earnings (D)	Equity of Parent Company shareholders (A+B+C+D)
Total on July 1st, 2023												
Allocation of previous year result							**0**		4,933	(4,933)	**0**	**0**
Other changes						314	**314**				**0**	**314**
Comprehensive income (loss)					7	(9,849)	**(9,842)**			4,080	**4,080**	**(5,762)**
Total on June 30th, 2024	**5,706**	18,528	1,141	(142)	(61)	(8,396)	**11,070**	**0**	33,895	4,080	**37,975**	**54,751**
Total on July 1st, 2024												
Allocation of previous year result							**0**		4,080	(4,080)	**0**	**0**
Other changes						470	**470**				**0**	**470**
Comprehensive income (loss)					6	(1,671)	**(1,665)**			144	**144**	**(1,521)**
Total on June 30th, 2025	**5,706**	18,528	1,141	(142)	(55)	(9,597)	**9,875**	**0**	37,975	144	**38,119**	**53,700**

A) not available;

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

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

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Digital Bros S.p.A.

Draft Financial statements
as of June 30th 2025

Explanatory Notes

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1. CONTENT AND OTHER GENERAL INFORMATION

The main activities performed by Digital Bros S.p.A. and its subsidiaries are detailed in the Directors' Report.

Accounting standards

The Company's financial statements as of June 30th, 2025 have been prepared in accordance with International Accounting Standards (IAS/IFRS) and the related interpretations (SIC/IFRIC) endorsed by the European Commission and in force at that date. The financial statements provide comparative information related to the previous fiscal period.

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

The consolidated financial statements are presented in Euro, with amounts rounded to the nearest thousand, unless otherwise stated.

Going concern principle

The financial statements as of June 30th, 2025, have been prepared on a going concern basis. The Company has assessed that the uncertainties and risks described in the Directors' Report do not question its ability to continue operating as a going concern. In particular, the Company, in its role as Parent Company of Digital Bros Group has assessed that:

- the consolidated EBITDA was positive at Euro 33,457 thousand as of June 30, 2025. The negative components below the EBITDA margin primarily consist of non-cash items such as depreciation and impairment charges;
- the Group generated significant operating cash flow during the fiscal year, and has full access to available bank credit facilities;
- the strategic plan includes an investment program that remains flexible, as the investments are not necessarily subject to binding agreements and development is often carried out by internal studios.

The financial statements and accompanying notes have been prepared in accordance with the supplementary disclosure requirements on formats and reporting prescribed by Consob Resolution No. 15519 of July 27, 2006, and Consob Communication No. 6064293 of July 28, 2006.

The financial statements include:

- the balance sheet as of June 30th, 2025 with comparative figures as of June 30th, 2024 (the last fiscal year-end);
- the profit and loss statement for the fiscal year ended June 30th, 2025 with comparative figures as of June 30th, 2024;
- the comprehensive income statement as of 30th, 2025 with comparative figures as of June 30th, 2024;
- the cash flow statement as of 30th, 2025 with comparative figures as of J June 30th, 2024;
- the statement of changes in net equity as of 30th, 2025 with comparative figures as of June 30th, 2024.

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

The balance sheet components are divided into the following five categories:

- 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 that will be collected in future years. 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 disclosed separately.

Non-current liabilities consist of provisions that are 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, 2026.

Current liabilities include obligations due by June 30th, 2026 and mainly include trade payables, tax liabilities, and current financial liabilities.

The net financial position is divided into current net financial position and non-current financial position. Its total amount reflects the total net financial assets.

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

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, whereby profit is adjusted for the effects of transactions with a non-cash nature, changes in net working capital, cash flows from financing and investing activities and changes in the consolidated equity.

The consolidated cash flow statement has been prepared using the indirect method. This approach consists of adjusting the net profit net of 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, 2024 and June 30th, 2025. Non-controlling interests are disclosed separately.

2. ACCOUNTING STANDARDS

The assessment criteria used for preparing the Company's financial statements as of June 30th, 2025, are consistent with those used to prepare of the financial statements as of June 30th, 2024, except for the new accounting introduced from July 1st, 2024.

Property, plant and equipment

Property, plant, and equipment are recognized at purchase or production cost, net of depreciation and impairment. No assets have been reversed compared to 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	3%
Plant and machinery	12%-25%
Industrial and commercial equipment	20%
Other assets	20%-25%
Leasehold improvements	17%

Assets held under finance leases are recognized at the lower of fair value at the commencement date or the present value of minimum lease payments, provided that substantially all risks and rewards incidental to ownership are transferred to the Company. The corresponding lease obligations are recognized as financial liabilities. Depreciation is charged on a straight-line basis over the estimated useful life of the related asset class.

Land is not depreciated. However, impairment adjustments are performed 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 for leased assets is recorded as assets on the effective date of the leasing contract, or the date on which a lessor makes the underlying asset available to the lessee. In some circumstances, the lease agreement may contain different components, requiring the effective date tot be determined for each individual lease component.

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

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

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

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

Intangible assets

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

Intangible assets acquired separately are initially recognized at cost. For intangible assets acquired in a business combination, the cost corresponds to the fair value at the acquisition date. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization of intangible assets with finite useful lives is recognized in profit or loss in a manner consistent with the function of the asset.

The useful life of intangible assets is classified as either finite or indefinite. The Group does not hold intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are amortized systematically over their estimated useful lives, starting from the moment when the asset is available for use. The amortization method is determined individually for each asset, based on the expected trend identified at the time of the video game's release.

The amortization rates applied are as follows:

- Brands/Trademarks - 10%
- ERP licenses and Long-term licenses / User rights - 20%.

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.

Equity investments

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

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

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

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

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

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

Investments in associates and other entities

An associate is a company over which the Company 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.

A joint venture is a type of joint arrangement whereby the parties that share joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations applied to determine significant influence or joint control are similar to those used to assess control over subsidiaries. The Company's investments in associates and joint ventures are accounted for using the equity method.

The Company's share of the profit or loss of an associate or joint venture is reported in the profit and loss statement outside of the operating profit and represents the profit or loss net of taxes and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, an investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is subsequently adjusted to reflect the Company's share of changes in the net assets of the associate or joint venture from the acquisition date. The income statement reflects the Company's share of the operating results of the associates or joint ventures. Any changes in other comprehensive income (OCI) of such investees are presented as part of the Company's OCI. Furthermore, when changes are recognized directly in the equity of an associate or joint venture, the Group recognizes its share of such changes, where applicable, in the statement of changes in the net equity. Unrealized gains and losses arising from transactions between the Group and its associate or joint venture are eliminated to the extent of the Company's interest in the investee.

Financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Adjustments are made, if necessary, to align the accounting policies with those of the Company.

Having applied the equity method, the Company assesses whether there is any indication of impairment of its investment in an associate or joint venture. At each reporting date, the Company evaluates whether there is objective evidence that the investment in the associate or joint venture is impaired. If such evidence exists, the Company measures the impairment loss as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognizes the loss under "Share of profit of associates and joint ventures" in the profit and loss statement.

In the event that significant influence over an associate or joint control over a joint venture is lost, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture at the date significant influence or joint control is lost and the fair value of the retained investment and proceeds from disposal is recognized in the income statement.

In accordance with IFRS 9, investments in entities other than subsidiaries and associates, classified as non-current financial assets and not held for trading, are measured at fair value, except in cases where fair value cannot be reliably determined. In such cases, the cost method is applied. Consistent with the irrevocable option exercised by the Company, changes in fair value are recognized in other comprehensive income (fair value through other comprehensive income – FVOCI), with no subsequent reclassification to profit or loss upon disposal of the investment.

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

Asset impairment

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

Accordingly, at least once a year, the Company tests the recoverability of the carrying amount of the above assets.

If an impairment loss is identified, the recoverable amount of the asset is estimated in order to determine the extent of the adjustment required. The Company estimates the recoverable amount of the cash-generating unit to which the asset belongs when it is not possible to estimate the recoverable amount of an individual asset.

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

An impairment loss is recognised if the recoverable amount is less than carrying amount. If impairment is subsequently reduced or reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment adjustment been recognised. This is except for goodwill in relation to which impairment adjustments cannot be reversed. A reversal of an impairment adjustment is recognised immediately in profit and loss.

Inventories

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

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

Receivables and payables

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

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

Payables are stated at nominal amount.

Employee benefits

Current employee benefits relating to salaries and wages, social security and pension contributions, accrued but unused leave expected to be settled within twelve months of the reporting date, and other fringe benefits arising from the employment relationship are recognized in the period in which the related service is performed.

Benefits payable to employees at the end of their employment, through defined benefit or defined contribution plans, are recognized over the period in which the employee provides service (“vesting period”).

Defined benefit plans

Defined benefit plans are based on employees' working life and the remuneration earned over a specified period. The Company's obligation to fund these plans and the annual expense recognized in the profit and loss statement are determined using actuarial valuations based on the projected unit credit method. The net cumulative actuarial gains and losses are recognized entirely in other comprehensive income in the period in which they arise.

The liability for defined benefit plans recognized in the balance sheet reflects the present value of the defined benefit obligation.

Defined contribution plans

Payments related to defined contribution plans made by Company are recognized in the profit and loss statement as costs, when incurred.

Employees participate in defined benefit plans. In particular, the Italian post-employment benefit known as Trattamento di Fine Rapporto (TFR) is a statutory severance indemnity under Article 2120 of the Italian Civil Code. The TFR is a form of deferred remuneration linked to the employee's service seniority and remuneration earned during the service period.

Until December 31, 2006, the TFR was considered a defined benefit plan. Legislative amendments introduced by Law No. 296 of December 27, 2006 ("Finance Act 2007") and subsequent regulations, effective in early 2007, introduced significant changes, including giving employees the option to allocate their accrued TFR either to complementary pension funds or to the Treasury Fund managed by INPS.

As a result, from January 1, 2007, TFR contributions are treated as a defined contribution plan, while previously accrued TFR balances retain their nature as defined benefit obligations under IAS 19.

Actuarial gains and losses in accordance with the IAS 19 amendment for defined benefit plans are recognized in other comprehensive income under items that will not be reclassified to profit or loss and are recorded in the net equity under 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 Company recognizes the net total of the retirement cost directly in profit or loss.

Share-based payments

Some of the Company's managers and employees are beneficiaries of share-based incentives, which provides for the remuneration for their services through equity instruments (equity-settled transactions) under a stock option plan. The Stock Options Plan provides for a final vesting date of 1 July 2025 and an exercise expiry of 30 June 2026.

The cost of equity-settled transactions is measured at fair value at the grant date using an appropriate valuation model.

This cost is recognized in personnel expenses in the profit and loss statement, together with a corresponding increase in the net equity (Other Capital Reserves), over the vesting period. The cost/credit recognized in the profit and loss statement at each given period reflects the change in the cumulative cost the beginning to the end of period.

Non-market service and performance conditions are not taken into account in determining the fair value of the incentive when it is granted; however, the probability of meeting such conditions is incorporated into the Group's best estimate of the number of equity instruments that will ultimately vest. Market-based performance conditions are reflected in the grant-date fair value. Any other award conditions not linked to a service requirement are treated as non-vesting conditions. Non-vesting conditions are reflected in the fair value of the incentive and result in immediate recognition unless service and/or performance conditions also exist.

The dilutive effect of outstanding options is considered in the calculation of diluted earnings per share as additional potential ordinary shares.

Current and non-current provisions

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

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

Financial assets and liabilities

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

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

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

Initial measurement

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

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

Subsequent evaluation

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

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

Financial assets measured at amortized cost (debt instruments)

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

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

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

Investments in equity instruments

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

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

Financial assets measured at fair value in the profit and loss statements

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

Cancellation

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

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

Initial assessment

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

Subsequent evaluation

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

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

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

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

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

Financial liabilities measured at amortized cost (financing and loans)

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

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

Cancellation

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

Fair value

Fair value consists of the price that would be received to sell an asset or paid to transfer a liability in an free transaction between informed and independent parties at the measurement date. For assets traded on regulated markets, fair value is determined based on the market price (bid price) at the end of trading on the closing date of the period. When market prices are not available, fair value is determined using appropriate valuation techniques. These may include discounted cash flow analysis using market data available at the measurement date.

Transactions are recognized based on the trade date, which is the date when the Group commits to buy or sell the asset. If fair value cannot be reliably measured, the financial asset is valued at cost. The explanatory notes should disclose the type of asset and the reasons for using the cost method.

Derivative financial instruments and hedge accounting

Initial assessment and Subsequent evaluation

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

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

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

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

Fair value hedge

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

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

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

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

Cash flow hedge

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

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

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

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

Hedges of a net investment

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

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

Leased assets liabilities

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

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

Revenue

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

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

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

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

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

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

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

Costs

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

Cost of sales

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

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

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 on tax loss carryforwards and unused tax credits are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow full or partial utilization of such assets. Unrecognized deferred tax assets are reassessed at each balance sheet date and recognized when it becomes probable that future taxable income will be sufficient to enable their recovery. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the periods in which the temporary differences are realized or settled.

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 Company did not issue any convertible financial instruments, the diluted earnings per share correspond to the basic earnings per share during the reporting period.

Foreign currency transactions

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

Share-based payments - Payment transactions settled with equity instruments

The Company'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, together with the corresponding increase in equity, is recognized under personnel expenses over the period in which the service and/or performance conditions are satisfied. The cumulative expense recognized in respect of such arrangements at each reporting date up to the vesting date is based on the vesting period elapsed and on the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or income recognized in the profit and loss statement for a period represents the change in the cumulative expense recognized between the beginning and the end of that period.

Service or non-market performance conditions are not taken into account when determining the fair value of the plan at the grant date. However, the probability of satisfying such conditions is considered when estimating the number of equity instruments expected to vest. Market performance conditions are reflected in the grant-date fair value. Any other condition attached to the plan that does not involve a service requirement is considered a non-vesting condition. Non-vesting conditions are reflected in the fair value of the plan and lead to the immediate recognition of the cost of the plan, unless service and/or performance conditions also apply.

No expense is recognized for rights that do not ultimately vest because service and/or performance conditions are not satisfied. When the rights are subject to a market condition or a non-vesting condition, they are treated as vested irrespective of whether the market condition or the non-vesting condition is ultimately satisfied, provided that all other service and/or performance conditions are met.

If the terms of a plan are modified, at a minimum the expense recognized is the grant-date fair value of the plan as if it had not been modified, provided the original vesting conditions are satisfied. In addition, any increase in the fair value of the plan, or any modification otherwise favorable to employees, is recognized as additional cost, measured at the date of the modification. When a plan is cancelled by the entity or by the counterparty, any remaining unrecognized fair value of the plan is expensed immediately in the profit and loss statement.

The dilutive effect of unexercised options is reflected in the calculation of diluted earnings per share.

New accounting standards

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

Further information on the application of accounting standards by Digital Bros S.p.A., is available in the Company's financial statements as of June 30th, 2024, published on the corporate website.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, not yet mandatory, which were not applied by the Group as of June 30th, 2025

Pursuant to European regulations, the accounting standards used by the Company have not taken into account the rules and interpretations published by IASB and IFRIC as of June 30th, 2025, that have yet to be endorsed by the European Union.

Outlined below are the accounting standards, amendments, and interpretations issued as of September 25, 2025, but not yet effective. The Group will adopt these standards, where applicable, from the date they come into force:

IASB and IFRS IC Documents	Effective Date
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
Amendments IFRS 9 — Financial Instruments and IFRS 7 — Financial Instruments: Disclosures for nature-dependent electricity contracts (issued on 18 December 2024)	01/01/2026
IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027

3. DISCRETIONARY ITEMS AND SIGNIFICANT ESTIMATES

Discretionary assessments

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

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

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

Recoverable amount of equity investments

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

Employee benefits

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

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

Deferred tax

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

4. RELATIONSHIPS WITH STARBREEZE

Over the past fiscal years, Digital Bros S.p.A. and Starbreeze group ("Starbreeze") 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, which was launched in September 2023.

In January and February 2020, the Company performed 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;
- 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 July 19th, 2023, the Company requested the full conversion of the convertible bond, which resulted in the issuance of no. 148.3 million Starbreeze B shares.

During the last months of the previous fiscal year, different interpretations emerged between the Company and Starbreeze AB about the calculation of the earn out from the transfer of PAYDAY 2 rights to the Swedish developer and the repayment of receivables related to other contracts between the two groups. The receivable from Starbreeze as of June 30th, 2024 amounted to Euro 4,425 thousand.

On February 27th, 2025, the Company reached a settlement agreement with the Swedish developer, resolving all outstanding matters. Consequently, the Provision for Starbreeze arbitration costs accrued as of June 30, 2024 was released, as no arbitration proceeding is required. The agreement had a neutral impact on the Company's half-year-consolidated financial statements.

The Company submitted an alternative list of candidates for the Board of Directors of the Swedish company, differing from the initial proposal presented by its Nomination Committee ahead of the Annual General Meeting (AGM) of Starbreeze AB, convened for May 15th, 2025. Following the AGM's approval of such list and with the election of Digital Bros' CFO to Starbreeze's Board of Directors, the Company considers that it has acquired significant influence over the Swedish company starting from that date. The assessment particularly focused the following criteria pursuant to IAS28:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions.

As of June 30th, 2025, the Company holds no. 87 million Starbreeze A shares and no. 223.4 million Starbreeze B shares. This accounts for 19.11% of the share capital and 37.65% of voting rights.

Pursuant to IAS 28, the investment in Starbreeze has been accounted for using the equity method starting from the date when Digital Bros S.p.A. acquired significant influence.

Up to that moment, the investment had been classified under Other investments and measured at fair value in accordance with IFRS 9, with changes recognized in Other Comprehensive Income. The change in fair value of the Starbreeze shares recorded in Other Comprehensive Income between July 1st, 2024 and May 15th, 2025 was negative at Euro 2,176 thousand. Following the acquisition of significant influence and in compliance with IAS 28, the investment was reclassified as Equity investments and initially recognized at cost, corresponding to the fair value of the shares as of May 15th, 2025. The fair value of the shares as of May 15th, 2025 amounted to Euro 7,310 thousand.

As of June 30th, 2025, the carrying amount of the investment was adjusted to reflect the Group's share of the losses of Swedish company accrued up to that date. This resulted in a reduction in the equity investment of Euro 210 thousand. On top of this, the Company recognized an impairment loss on the investment in Starbreeze, adjusting its carrying amount to the recoverable amount, identified as the fair value of Starbreeze shares as of June 30th, 2025. This adjustment better reflects the effective value of the investment, also considering the share price movement in recent months. The adjustment resulted in Euro 1,628 thousand write offs, which were accounted for as Financial expenses.

As of June 30th, 2025, the equity investment in Starbreeze amounted to Euro 5,638 thousand.

5. BALANCE SHEET AS OF JUNE 30TH, 2025

	Euro thousand	June 30th, 2024	June 30th, 2022	Change	
	Non-current assets				
1	Property, plant and equipment	3,653	4,336	(683)	-15.8%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	194	193	1	0.3%
4	Equity investments	23,854	26,374	(2,520)	-9.6%
5	Non-current receivables and other assets	641	641	0	0.0%
6	Deferred tax assets	4,771	4,215	556	13.2%
7	Non-current financial assets	19,046	24,378	(5,332)	-21.9%
	Total non-current assets	**52,159**	**60,137**	**(7,978)**	**-13.3%**
	Current assets				
8	Inventories	1,192	1,949	(757)	-38.8%
9	Trade receivables	327	527	(200)	-38.0%
10	Receivables from subsidiaries	44,763	35,532	9,231	26.0%
11	Tax receivables	7,192	2,926	4,266	n.s.
12	Other current assets	567	677	(110)	-16.2%
13	Cash and cash equivalent	20	709	(689)	-97.2%
14	Other current financial assets	1,041	2,316	(1,275)	-55.1%
	Total current assets	**55,102**	**44,636**	**10,466**	**23.4%**
	TOTAL ASSETS	***107,261***	***104,773***	***2,488***	***2.4%***
	Capital and reserves				
15	Share capital	(5,706)	(5,706)	0	0.0%
16	Reserves	(9,875)	(11,070)	1,195	-10.8%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings	(38,119)	(37,975)	(144)	0.4%
	Total net equity	**(53,700)**	**(54,751)**	**1,051**	**-1.9%**
	Non-current liabilities				
19	Employee benefits	(299)	(295)	(4)	1.3%
20	Non-current provisions	(59)	(81)	22	-27.3%
21	Other non-current payables and liabilities	0	0	0	0.0%
22	Non-current financial liabilities	(934)	(1,535)	601	-39.1%
	Total non-current liabilities	**(1,292)**	**(1,911)**	**619**	**-32.4%**
	Current liabilities				
23	Trade payables	(1,364)	(1,328)	(36)	2.8%
24	Payables to subsidiaries	(42,097)	(39,122)	(2,975)	7.6%
25	Taxes payables	(132)	(129)	(3)	2.8%
26	Short term provisions	0	(414)	414	n.s.
27	Other current liabilities	(824)	(735)	(89)	12.1%
28	Financial liabilities	(7,852)	(6,383)	(1,469)	23.0%
	Total current liabilities	**(52,269)**	**(48,111)**	**(4,158)**	**8.6%**
	TOTAL LIABILITIES	**(53,561)**	**(50,022)**	**(3,539)**	**7.1%**
	TOTAL NET EQUITY AND LIABILITIES	***(107,261)***	***(104,773)***	***(2,488)***	***2.4%***

NON CURRENT ASSETS

1. Property, plant and equipment

Property, plant and equipment slightly decrease from Euro 4,336 thousand to Euro 3,653 thousand as of June 30th, 2025. Details are provided below:

Euro thousand	July 1st, 2024	Invest.	Disposals	Deprec'n	Use of accum. dep'n	June 30th, 2025
Industrial buildings	3,538	1	0	(679)	0	**2,860**
Land	635	0	0	0	0	**635**
Indust. and comm. equipment	135	35	0	(44)	0	**126**
Other assets	28	0	(62)	(16)	62	**12**
Leasehold improvements	0	25	0	(5)	0	**20**
Total	**4,336**	**61**	**(62)**	**(744)**	**62**	**3,653**

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

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

Industrial building as of June 30th, 2025 included:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Trezzano sul Naviglio warehouse	1,110	1,188	(78)
Via Labus (Milan) offices	310	336	(26)
Application of IFRS 16 to Via Tortona (Milan) offices	1,440	2,014	(574)
Total	**2,860**	**3,538**	**(678)**

Investments in industrial and commercial equipment amount to Euro 35 thousand and mainly relate to office furniture and office automation equipment. Leasehold improvements amount to Euro 25 thousand and relate to the office locations in Via Tortona, Milan.

Details on the changes to the gross carrying amount of property, plant and equipment and on the accumulated depreciation during the fiscal year are provided below, together with comparative figures of the previous fiscal year:

Current reporting period

Gross amount of property, plant and equipment

Euro thousand	July 1st, 2024	Investments	Disposals	June 30th, 2025
Industrial buildings	8,160	1	0	**8,161**
Land	635	0	0	**635**
Plant and equipment	2,478	35	0	**2,513**
Other assets	1,555	0	(62)	**1,493**
Leasehold improvements	0	25	0	**25**
Total	**12,828**	**61**	**(62)**	**12,827**

Accumulated depreciation

Euro thousand	July 1st, 2024	Investments	Disposals	June 30th, 2025
Industrial buildings	(4,622)	(679)	0	**(5,301)**
Land	0	0	0	**0**
Plant and equipment	(2,343)	(44)	0	**(2,387)**
Other assets	(1,527)	(16)	62	**(1,481)**
Leasehold improvements	0	(5)	0	**(5)**
Total	**(8,492)**	**(744)**	**62**	**(9,174)**

Previous reporting period

Gross amount of property, plant and equipment

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

Accumulated depreciation

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

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

3. Intangible assets

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

Intangible assets increase by Euro 1 thousand, net of Euro 91 thousand amortization. The following table shows movements for the current reporting period and the previous reporting period by asset:

Euro thousand	July 1st, 2024	Investments	Disposals	Amort'n	June 30th, 2025
Concessions and licenses	188	92	0	(89)	191
Trademarks and similar rights	2	0	0	(1)	1
Other intangible assets	3	0	0	(1)	2
Total	**193**	**92**	**0**	**(91)**	**194**

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

Concessions and licenses amount to Euro 194 thousand, increasing by Euro 92 thousand mainly due to expenditure on ERP systems.

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

Current reporting period

Gross amount of intangible assets

Euro thousands	July 1st, 2024	Investments	Disposals	June 30th, 2025
Concessions and licenses	3,476	92	0	3,568
Trademarks and similar rights	1,518	0	0	1,518
Other intangible assets	106	0	0	106
Total	**5,100**	**92**	**0**	**5,192**

Accumulated amortization

Euro thousands	July 1st, 2024	Investments	Disposals	June 30th, 2025
Concessions and licenses	(3.288)	(89)	0	(3.377)
Trademarks and similar rights	(1.516)	(1)	0	(1.517)
Other intangible assets	(103)	(1)	0	(104)
Total	**(4.907)**	**(91)**	**0**	**(4.998)**

Previous reporting period

Gross amount of intangible assets

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

Accumulated amortization

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

4. Equity investments

Equity investments amount to Euro 25,854 thousand, decreasing by Euro 2,520 thousand compared to the prior fiscal year. The following table details the equity investments as of June 30th, 2025, together with comparatives for the previous fiscal year:

Euro thousand	**June 30, 2025**	**June 30, 2024**	**Change**
505 Games S.p.A.	10,100	10,100	0
Digital Bros Game Academy S.r.l.	169	203	(34)
Game Network S.r.l.	0	(40)	40
Digital Bros Game China	100	100	0
Digital Bros Holdings Ltd.	125	125	0
Kunos Simulazioni S.r.l.	4,676	4,676	0
Digital Bros Asia Pacific Ltd.	100	100	0
Rasplata B.V.	0	0	0
AvantGarden S.r.l.	495	495	0
Seekhana Ltd.	0	0	0
Supernova Games S.r.l.	100	100	0
Chrysalide Jeux et Divertissement Inc.	0	0	0
Ingame Studios a.s.	830	830	0
Total subsidiaries (A)	**16,695**	**16,689**	**6**
MSE&DB S.l.u.	1,305	5	1,300
Starbreeze AB	5,682	0	5,682
Total associated companies (B)	**6,987**	**5**	**6,982**
Starbreeze AB - A shares	0	2,812	(2,812)
Starbreeze AB - B shares	0	6,674	(6,674)
Noobz from Poland s.a.	172	194	(22)
Total other equity investments (C)	**172**	**9,680**	**(9,508)**
Total equity investments (A)+(B)+(C)	**23,854**	**26,374**	**(2,520)**

The equity investments in subsidiaries amount to Euro 16,695 thousand compared to Euro 16,689 thousand in the previous fiscal year, reflecting the completion of the voluntary liquidation process of Game Network S.r.l. and the recognition of a Euro 34 thousand impairment on Digital Bros Game Academy S.r.l.

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

Company	Location	Carrying amount (a)	Capital (b)	Pro-rata share of equity (c)	Profit/(loss) for the fiscal year	Change d=c-a
505 Games S.p.A.	Milan	10,100	10,000	28,041	(16,419)	17,941
Digital Bros Game Academy S.r.l.	Milan	169	300	169	(34)	0
Digital Bros China (Shenzhen) Ltd.	Shenzhen	100	100	147	8	47
Digital Bros Holdings Ltd.	Milton Keynes	125	125	106	0	(19)
Kunos Simulazioni S.r.l.	Rome	4,676	10	51,903	15,709	47,227
Digital Bros Asia Pacific (HK) Ltd.	Hong Kong	100	100	237	18	137
AvantGarden S.r.l.	Milan	495	100	255	52	(240)
Supernova Games S.r.l.	Milan	100	100	512	203	412
Rasplata BV	Amsterdam	0	2	(8,554)	(7,568)	(8,554)
Seekhana Ltd.	Milton Keynes	0	840	4	(146)	4
Chrysalide Jeux et Divertissement Inc.	Québec City	0	0	1,310	1,094	1,310
Ingame Studios a.s.	Brno	830	410	2,355	182	1,525
Total subsidiaries		**16,695**				

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

During the fiscal year, the Company acquired the remaining 40% of the Dutch subsidiary Rasplata B.V..

The carrying amounts of Digital Bros Game Academy, Seekhana Ltd. and Rasplata B.V. are presented net of the impairments, which amounted to Euro 131 thousand, Euro 504 thousand, and Euro 2,269 thousand, respectively, to reflect their recoverable value.

At the end of the fiscal year, the Company performed an impairment test on all significant investments and on all investments that had a net asset value below their carrying amount. For these investments, the carrying value was compared to the recoverable value.

The impairment tests on equity investments as of June 30th, 2025 is based on the projected cash flows and revenues from the 2026-2030 Business Plan, approved by the Board of Directors on July 22nd, 2025. The growth rate "g" is set at 1.0%. The growth rate ("g") used remained unchanged from the previous fiscal year, set at 1.0%. The discount rate was calculated using the Weighted Average Cost of Capital (WACC), which considers the expected return on invested capital net of financing costs for a sample of companies within the same industry as well as companies generating revenue within the same geographic area. With regards to Rasplata B.V., a negative growth rate "g" was applied, reflecting the projected performance of the video game in the periods following those covered by the 2026–2030 Strategic Plan.

The WACC used for the impairment tests performed on equity investments by geographical area are as follows.

	Italy	Netherlands	UK	Czech Republic
WACC post tax	10.14%	9.38%	11.04%	10.74%

The WACC used for impairment testing on equity investments in the previous fiscal year was:

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

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

The impairments tests resulted in write-offs on the investment in Digital Bros Game Academy S.r.l. for Euro 34 thousand and Rasplata BV for Euro 8,042 thousand.

As of June 30th, 2025, the impairment provision relating to Rasplata B.V. amounts to Euro 11,415 thousand, of which Euro 2,669 thousand was allocated to fully write down the value of the investment, and Euro 9,146 thousand to reduce the financial receivable from the Dutch company.

The change in investments in associated companies reflects the recognition of the Group's share of the profit generated as of June 30th, 2025 by the Spanish joint venture MSE&DB SL together with the initial application of the equity method to the investment in Starbreeze AB, effective from May 15th, 2025, the date on which the Company determined that it had acquired significant influence over the Swedish company.

Other investments decrease by Euro 9,508 thousand, primarily due to the reclassification of Euro 9,486 thousand relating to the investment in Starbreeze, now recognized as an associated company. The residual Euro 22 thousand relates to shares in Noobz from Poland S.A. (listed on the New Connect segment of the Warsaw Stock Exchange), reflecting the fair value measurement with recognition in equity reserves of the difference between the carrying amount and the market value as of June 30th, 2025, for no. 70,000 shares representing 4.5% of the share capital, classified as financial instruments measured at fair value through other comprehensive income (FVOCI).

5 Non-current receivables and other assets

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

Euro thousand	June 30th 2025	June 30th 2024	Changes
Guarantee deposit – rental of offices in Via Tortona, Milan	635	635	0
Other guarantee deposits	6	6	0
Total non-current receivables and other assets	**641**	**641**	**0**

As of June 30th, 2025, non-current receivables and other assets only include guarantee deposits related to contractual obligations. The largest deposit is Euro 635 thousand paid to Matov Imm. S.r.l. as a deposit for the rental of the Company's headquarters at Via Tortona 37, Milan.

6. Deferred tax assets

As of June 30th, 2025, deferred tax assets amount to Euro 4,771 thousand, increasing by Euro 556 thousand compared to June 30th, 2024. The balance includes IRES deferred tax for Euro 4,759 thousand and IRAP deferred tax for Euro 12 thousand.

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

The most significant change relates to deferred tax assets recognized on the fair value adjustment, recorded in equity reserves, of the difference between the carrying amount and the market value of the Starbreeze shares as of May 15th, 2025, the date on which the Company determined that it had acquired significant influence under IAS 28.

Deferred tax assets are calculated on temporary differences between tax bases and carrying amounts and are estimated using the tax rates expected to apply when the differences reverse, based on the tax rates in force or already enacted at the time such reversals are expected. The IRES rate applied is 24%. The following table provides details of the temporary differences as of June 30th, 2025 for IRES purposes, compared with those as of June 30th, 2024:

Description	Temporary differences as of June 30, 2024	Changes in temporary differences in the year	Temporary differences as of June 30, 2025	Defered tax assets for IRES as of June 30th, 2024[(a)]
Taxed provision for bad debts	811	106	917	220
Directors' remuneration not related to period	101	(2)	99	24
TFR/Employee termination indemnity	197	10	207	50
Inventory obsolescence provision	221	0	221	53
Reserve for write-down of securities	16,195	2,195	18,390	4,414
Other	(13)	5	(8)	(2)
Total	**17,512**	**2,314**	**19,826**	**4,759**

(a) Calculated as 24% of temporary differences

CURRENT ASSETS

As of June 30th, 2025, the Company has no receivables or payables with a residual duration of more than five years and no payables were secured on the Company's assets. Exchange rate fluctuation after the reporting date had no significant effect. There were no receivables or payables linked to repurchase agreements.

The following table breaks down the items included in total current assets as of June 30th, 2025 by geographic area:

	Euro thousand	Italy	EU	Non-EU	Total
8	Inventories	1,192	0	0	1,192
9	Trade receivables	292	35	0	327
10	Receivables from subsidiaries	39,302	0	5,461	44,763
11	Tax receivables	7,192	0	0	7,192
12	Other current assets	567	0	0	567
13	Cash and cash equivalents	20	0	0	20
14	Other financial assets	1,041	0	0	1,041
	Total current assets	**49,606**	**35**	**5,461**	**55,102**

8. Inventories

Inventories consist of finished products for resale. During the reporting period, the activities related to the distribution of video games were only limited to the sales of inventories, with purchase of products for resale almost nil. As of June 30th, 2025, inventories decreased by Euro 757 thousand. Inventories are stated net of obsolescence adjustments, which amount to Euro 100 thousand during the fiscal year. Details below:

	June 30th, 2024	June 30th, 2024	Change
Video games	793	830	(37)
Trading cards	399	1,119	(720)
Total inventories	**1,192**	**1,949**	**(757)**

9. Trade receivables

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

Euro thousand	June 30th, 2024	June 30th, 2024	Change
Trade receivables - Italy	1,483	1,586	(103)
Trade receivables - EU	35	9	26
Trade receivables - Rest of the world	0	26	(26)
Provision for doubtful accounts	(1,191)	(1,094)	(96)
Total trade receivables	**327**	**527**	**(200)**

As of June 30th, 2025, total trade receivables amount to Euro 327 thousand compared to Euro 527 thousand of the previous fiscal year. The Company's trade receivables are attributable for the most part to Italian customers. The total trade receivables is net of provision for doubtful accounts.

The provision for doubtful accounts amounted to Euro 1,191 thousand, increasing by Euro 96 thousand compared to the previous fiscal year-end. The provision is assessed based on a detailed analysis of each trade receivable balance, to define its recoverability and the application of IFRS 9.

The following table contains a breakdown of trade receivables as of June 30th, 2025 by due date, together with comparative figures as of June 30th, 2024. All figures are stated net of the provision for doubtful accounts:

Euro thousand	June 30th, 2025	% on total	June 30th, 2024	% on total
Current	214	65%	305	58%
0 - 30 days overdue	0	0%	0	0%
30 - 60 days overdue	0	0%	0	0%
60 - 90 days overdue	0	0%	0	0%
> 90 days overdue	113	35%	222	42%
Total trade receivables	**327**	**100%**	**527**	**100%**

10. **Receivables from subsidiaries**

Receivables from subsidiaries amount to Euro 44,763 thousand, increasing by Euro 9,231thousand compared to the last fiscal year. Details below:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
505 Games S.p.A.	36,476	29,878	6,598
505 Games Australia Pty Ltd.	3,581	3,827	(246)
505 Mobile S.r.l.	2,826	562	2,264
505 Go Inc.	983	0	983
Chrysalide Jeux et Divertissement Inc.	860	939	(79)
505 Games Japan KK	37	71	(34)
Game Network S.r.l.	0	255	(255)
Total receivables from subsidiaries	**44,763**	**35,532**	**9,231**

The most significant changes relate to the Euro 6,598 thousand receivable from 505 Games S.p.A. to finance the investment of the subsidiary.

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

11. Tax receivables

As of June 30th, 2025, tax receivables amount to Euro 7,192 thousand, increasing by Euro 4,266 thousand compared to Euro 2,926 thousand as of June 30th, 2024.

Tax receivables as of June 30th, 2025 are analyzed as follows:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Receivable under domestic tax group consolidation	5,725	1,796	3,929
VAT receivable	1,302	968	334
Other receivables	165	162	3
Total tax receivables	**7,192**	**2,926**	**4,266**

The increase in the receivable from the national tax consolidation scheme reflects the reduction in the taxable income of the Italian companies participating in the scheme

12. Other current assets

Other current assets decrease from Euro 677 thousand as of June 30th, 2024 to current Euro 567 thousand The total other current assets is broken down as follows:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Receivables from suppliers	357	530	(173)
Advances to employees	190	122	68
Other receivables	20	25	(5)
Total other current assets	**567**	**677**	**(110)**

NET EQUITY

The net equity as of June 30th, 2025 is as follows:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Share capital	5,706	5,706	0
Legal reserve	1,141	1,141	0
Share premium reserve	18,528	18,528	0
IFRS adoption reserve	(142)	(142)	0
Reserve for actuarial gains and losses	(55)	(61)	6
Reserve for measurement of securities	(13,975)	(12,304)	(1,671)
Stock option reserve	4,378	3,908	470
Retained earnings	38,670	34,590	4,080
Application of IFRS 9	(695)	(695)	0
Profit /(loss) for the year	144	4,080	(3,936)
Total shareholders' equity	**53,700**	**54,751**	**(1,051)**

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

Euro thousand	**June 30th, 2025**	**June 30th, 2024**	**Change**
Opening net equity	**54,751**	**60,199**	**(5,448)**
Share capital increase	0	0	0
Share premium reserve increase	0	0	0
Dividends payment	0	0	0
Change in treasury shares	0	0	0
Actuarial gains (losses)	6	7	(1)
Change in reserve for measurement of securities	(1,668)	(9,832)	8,164
Change in reserve for financial instruments	(3)	(17)	14
Stock option reserve	470	314	156
Profit/(loss) for the year	144	4,080	(3,936)
Closing net equity	**53,700**	**54,751**	**(1,051)**

The share capital as of June 30th, 2025 remains unchanged compared to the previous fiscal year. The share capital is divided into no. 14,265,037 ordinary shares with a par value of Euro 0.4 each, for a total of Euro 5,706 thousand.

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

Digital Bros S.p.A. has implemented a stock option plan for the period 2016-2026, providing for a maximum distribution of no. 800,000 options. On January 20th, 2017, and May 12th, 2017, the Board of Directors approved the assignment of no.744,000 options with an exercise price of Euro 10.61 and of no.56,000 options with an exercise price of Euro 12.95. All the options will expire on June 30th, 2026. Following Digital Bros S.p.A.'s extraordinary capital increase on March 13th, 2017, the exercise price of the unexercised options granted on January 20th, 2017 was adjusted to Euro 10.50 per share.

The change in the stock option plan reserve amounts to Euro 470 thousand and reflects the portion attributable to the year for the 2016–2026 Stock Option Plan, the terms of which are available on the Company's website.

As of June 30th, 2025, there are no. 720,800 options available, following the resignations of some beneficiaries and the exercise of 4,200 options during the previous fiscal years.

Digital Bros S.p.A. has not applied any vesting conditions to the total number of outstanding options. As of June 30th, 2025, the options outstanding therefore amounted to no. 720,800, resulting in a stock option reserve of Euro 4,378 thousand. Further details on the Stock Option Plan are available on the Company's website under the Governance / Remuneration section. Details on the number of outstanding options are outlined below:

Number of options	**Stock Option Plan 2016 - 2026**
Assigned	800,000
Expired	-
Resignation	(75,000)
Exercised	(4,200)
Number of outstanding options as of June 30,2025	**720,800**

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

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

NON-CURRENT LIABILITIES

19. Employee benefits

Employee benefits are assessed at the actuarial value at the closing date of the Company's liability to employees, as calculated by an independent actuary. As of June 30th, 2025, it increased by Euro 4 thousand compared to the prior fiscal year.

The IAS 19 actuarial measurement as of June 30th, 2025 was performed using a discount rate based on the Iboxx Corporate A 10y+ index, in line with the rate used at the previous reporting date. The use of a discount rate based on the Iboxx Corporate AA index would not create a significant difference.

The calculation method can be summarized as follows:

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

The estimate is based on the actual headcount as of June 30th, 2025, which consisted of 35 employees.

The economic and financial parameters used in the actuarial calculation as of June 30th, 2025were as follows:

- annual interest rate of 3.7%;
- 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, 2024 were as follows:

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

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

Euro thousand	**June 30th, 2024**	**June 30th, 2024**
Provision for employee termination indemnities as of July 1st, 2024	**295**	**353**
Utilization of provision for payments to leavers	0	(66)
Provision of the period	121	135
Measurement of supplementary pension schemes	(109)	(123)
Actuarial measurement	(8)	(4)
Provisions for employee termination indemnities as of June 30th, 2025	**299**	**295**

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

20. Non-current provisions

Non-current provisions are entirely made of the sales representatives' termination indemnity provision. The item amount to Euro 59 thousand as of June 30th, 2025, a Euro 22 thousand decrease compared to the previous fiscal year.

21. Other non-current payables and liabilities

As of June 2025, similarly to the previous fiscal year, there are no other non-current payables and liabilities.

CURRENT LIABILITIES

The following table breaks down total current liabilities as of June 30th, 2025 by geographical area:

	Euro thousands	Italy	Other EU	NON-EU	Total
23	Trade payables	(1,226)	(138)	0	(1,364)
24	Payables to subsidiaries	(18,791)	(6,971)	(16,335)	(42,097)
25	Tax payables	(132)	0	0	(132)
26	Current provisions	0	0	0	0
27	Other current liabilities	(824)	0	0	(824)
28	Current financial liabilities	(7,852)	0	0	(7,852)
	Total current liabilities	**(28,825)**	**(7,109)**	**(16,335)**	**(52,269)**

23. Trade payables

Trade payables due within a year increase by Euro 36 thousand and mainly consist of payables for the purchase of video games, trading cards and services. The balance is analyzed below:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Trade payables – Italy	(1,226)	(1,197)	(29)
Trade payables – EU	(138)	(107)	(31)
Trade payables – Rest of world	0	(24)	24
Total trade payables	**(1,364)**	**(1,328)**	**(36)**

24. Payables to subsidiaries

Payables to subsidiaries amount to Euro 42,097 thousand, increasing by Euro 2,975 thousand compared to the previous fiscal year. They are analyzed as follows:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Kunos Simulazioni S.r.l.	(15,961)	(11,646)	(4,315)
505 Games Ltd.	(8,582)	(8,091)	(491)
DR Studios Ltd.	(6,450)	(5,975)	(475)
505 Games GmbH	(2,975)	(2,864)	(111)
505 Games (US) Inc.	(2,377)	(3,091)	714
Supernova Games Studios S.r.l.	(1,776)	(1,161)	(615)
Ingame Studios a.s.	(1,619)	(1,616)	(3)
505 Games Mobile (US)	(923)	(1,079)	156
Avantgarden S.r.l.	(436)	(372)	(64)
Digital Bros Game Academy S.r.l.	(321)	(456)	135
Digital Bros Asia Pacific (HK) Ltd.	(183)	(172)	(11)
Game Entertainment S.r.l.	(169)	(169)	0
505 Pulse S.r.l.	(128)	(1,083)	955
Digital Bros Holdings Ltd.	(106)	(107)	1
Digital Bros China (Shenzen) Ltd.	(91)	(98)	7
505 Games Interactive	0	(629)	629
505 Games France S.a.s.	0	(263)	263
505 Go Inc.	0	(250)	250
Total	**(42,097)**	**(39,122)**	**(2,975)**

25. Tax payables

Tax payables increase from Euro 129 thousand as of June 30th, 2024 to Euro 132 thousand as of June 30th, 2025. Tax payables primarily consist of payables related wages, 14th month pay and the remuneration of Directors related to their service for the month of June.

26. Current provisions

As of June 30th, 2024, Current provisions solely consisted of the Provision for Starbreeze arbitration costs for Euro 414 thousand. This provision represented the estimated arbitration costs that the Company expected to incur to resolve differing interpretations with Starbreeze AB regarding the calculation of the earn-out from the transfer of PAYDAY 2 rights to the Swedish developer, as well as disagreements over the repayment of receivables related to other contracts between the two parties. On February 27th, 2025, the parties reached a settlement agreement, resulting in the full release of the provision.

27. Other current liabilities

Other current liabilities increase by Euro 89 thousand from Euro 735 thousand as of June 30th, 2024 to the current Euro 824 thousand. Details are provided below:

Euro thousand	June 30th, 2025	June 30th, 2024	Change
Amounts due to social security institutions	(187)	(179)	(8)
Amounts due to employees	(592)	(510)	(82)
Amounts due to contract staff	(36)	(37)	1
Other payables	(8)	(8)	0
Total other current liabilities	**(824)**	**(735)**	**(89)**

As of June 30th, 2025, Amounts due to employee only include accruals related to unused vacation and leave days at the end of the fiscal year, as well as accruals for future payment of the thirteenth-month salary.

NET FINANCIAL POSITION

The Company's net financial position as of June 30th, 2025 is analyzed in detail below with comparative figures from the previous fiscal year:

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

	Euro thousand	**June 30th, 2024**	**June 30th, 2024**	**Change**	
13	Cash and cash equivalents	20	709	(689)	-97.2%
14	Other current financial assets	1,041	2,316	(1,275)	-55.1%
28	Current financial liabilities	(7,852)	(6,383)	(1,469)	23.0%
	Current net financial position	**(6,791)**	**(3,358)**	**(3,433)**	**102.2%**
7	Non-current financial assets	19,046	24,378	(5,332)	-21.9%
22	Non-current financial liabilities	(934)	(1,535)	601	-39.2%
	Non-current financial liabilities	**18,112**	**22,843**	**(4,731)**	**-20.7%**
	Total net financial position	***11,321***	***19,485***	***(8,164)***	**-41.9%**

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

At fiscal year-end, the net financial position was positive by Euro 11,321 thousand compared to Euro 19,485 thousand as of June 30th, 2024, down by Euro 8,164 thousand. The net financial position, excluding the impact of IFRS 16, was positive at Euro 12,824 thousand compared to Euro 21,572 thousand as of June 30th, 2024.

Current net financial position

13. Cash and cash equivalents

Cash and cash equivalents amount to Euro 20 thousand as of June 30th, 2025, a Euro 689 thousand decrease compared to June 30th, 2024. They have no encumbrances and consist entirely of current account deposits available on demand.

14. Other financial assets

Other current financial assets as of June 30th, 2025 amount to Euro 1,041 thousand and consisted exclusively of the portion due within 12 months of the loan to the subsidiary Rasplata B.V. for the development of the video game Crime Boss: Rockay City.

28. Current financial liabilities

Total current financial liabilities consist of loans due within a year and other current financial liabilities for a total amount of Euro 7,852 thousand. Details are as follows:

Euro thousands	June 30th, 2025	June 30th, 2024	Change
Instalment loans due within a year	0	(323)	323
Other current financial liabilities	(7,852)	(6,060)	(1,792)
Total current financial liabilities	**(7,852)**	**(6,383)**	**(1,469)**

During the fiscal year, the Euro 1,375 thousand loan granted from Unicredit S.p.A. on January 28th, 2021 arrived at maturity on January 31st, 2025.

Total other current financial liabilities are detailed as follows:

Euro thousands	June 30th, 2025	June 30th, 2024	Change
Liabilities for bank accounts	(902)	0	(902)
Liabilities for bank loans relating to import	(6,358)	(5,470)	(888)
Lease contracts liabilities	(575)	(575)	0
Other current financial liabilites	(17)	(15)	(2)
Total current financial liabilities	**(7,852)**	**(6,060)**	**(1,792)**

7. Non current financial assets

As of June 30th, 2025, non current financial assets amount to Euro 19,046 thousand and solely consist of the portion of the receivable from Rasplata B.V. due beyond 12 months, net of a Euro 9,146 thousand impairment provision.

22. Non-current financial liabilitiesi

Non-current financial liabilities solely consist of other non-current financial liabilities for a total of Euro 934 thousand.

Other non-current financial liabilities amount to Euro 934 thousand, of which Euro 927 thousand related to the long-term portion of lease liabilities recognized in accordance with IFRS 16 and Euro 7 thousand related to lease payments falling due beyond twelve months.

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

Euro thousand	June 30, 2025	June 30, 2024	Change
Within 1 year	592	590	2
1-5 years	934	1,535	(601)
More than 5 years	0	0	0
Total	**1,526**	**2,125**	**(609)**

The following table details 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 30, 2025	June 30, 2024	Change	
A.	Cash	20	709	(689)	-97.2%
B.	Cash equivalents	0	0	0	0.0%
C.	Other current financial assets	0	0	0	0.0%
D.	**Liquidity (A + B + C)**	**20**	**709**	**(689)**	**-97.2%**
E.	Current financial debt[1]	0	0	0	0.0%
F.	Current portion of non-current financial debt	7,852	6,383	1,469	23.0%
G.	**Net current financial indebtedness (E+F)**	**7,852**	**6,383**	**1,469**	**23.0%**
H.	**Net current financial indebtedness (G-D)**	**7,832**	**5,675**	**2,157**	**38.0%**
I.	Non-current financial debt[2]	934	1,535	(601)	-39.1%
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)**	934	1,535	(601)	-39.1%
M.	***Total financial indebtedness (H+L)***	**8,766**	**7,210**	**1,556**	**21.6%**

[1] with debt instrument, but without the current portion of the non-current financial debt

[2] without the current portion of debt instruments

As of June 30th, 2025, the difference between the Group's total financial indebtedness as shown in the above table and the net financial position detailed in the previous section amounted to Euro 20,087 thousand, which reflects the Group's financial receivables from Rasplata B.V., of which Euro 19,046 are non-current financial receivables and Euro 1,041 are current financial receivables.

CONTRACTUAL OBLIGATIONS AND RISKS

Contractual obligations relating to credit mandates decrease by Euro 2,361 thousand, from Euro 43,664 thousand as of June 30th, 2024 to Euro 41,283 thousand as of June 30th, 2025.

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

Euro thousand	June 30, 2024	June 30, 2024	Change
UniCredit credit mandate to 505 Games S.p.A.	12,600	13,750	(1,150)
Intesa SanPaolo credit mandate to 505 Games S.p.A.	14,100	17,894	(3,794)
Banco BPM credit mandate to 505 Games S.p.A.	11,500	8,917	2,583
Monte dei Paschi credit mandate to 505 Mobile S.r.l.	1,000	1,000	0
Monte dei Paschi credit mandate to 505 Games S.p.A.	2,083	2,083	0
Total	**41,283**	**43,644**	**(2,361)**

6. PROFIT AND LOSS STATEMENT

3. Net revenue

Total net revenue amounted to Euro 6,867 thousand, compared to Euro 6,867 thousand as of June 30th,2024.

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Gross sales – Italy	6,971	6,896	75	1.1%
Gross sales – Other countries	0	0	0	n.m.
Total gross revenue	**6,971**	**6,896**	**75**	**1.1%**
Total revenue adjustments	**0**	**(29)**	**29**	**n.s.**
Total net revenue	**6,971**	**6,867**	**104**	**1.5%**

Further details on the Company's revenue are provided in the Directors' Report.

8. Cost of sales

Cost of sales is analyzed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Purchases of products for resale	(29)	(977)	948	-97.0%
Change in inventories of finished products	(757)	(480)	(277)	n.m.
Total cost of sales	**(786)**	**(1,457)**	**671**	**-46.0%**

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

10. Other income

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

11. Costs of services

Costs for services are detailed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Advertising, marketing, trade fairs and exhibitions	(22)	(34)	12	-35.6%
Transport and freight	(10)	(29)	19	-65.4%
Sub-total: sales related services	**(32)**	**(63)**	**31**	**-49.4%**
Sundry insurance	(27)	(42)	15	-34.6%
Legal and notary consultancy fees	(1,359)	(1,277)	(82)	6.4%
Postage and telegraph	(193)	(154)	(39)	25.5%
Travel and subsistence costs	(175)	(130)	(45)	34.3%
Utilities	(95)	(94)	(1)	1.3%
Maintenance	(86)	(69)	(17)	24.6%
Statutory Auditors' fees	(74)	(74)	0	0.0%
Sub-total: general services	**(2,009)**	**(1,840)**	**(169)**	**9.2%**
Intercompany services	(730)	(171)	(559)	n.m.
Total costs for services	**(2,771)**	**(2,074)**	**(697)**	**33.6%**

Total costs for services increased by Euro 697 thousand, from Euro 2,074 thousand to Euro 2,771 as of June 30th, 2025, primarily due to higher costs to be recharged to subsidiaries.

12. Lease and rental costs

Lease and rental costs amounted to Euro 324 thousand compared to Euro 230 thousand as of June 30th, 2024 and included Euro 250 thousand of ancillary expenses relating to the rental of the Company's offices and Euro 74 thousand of lease costs for cars and warehouse equipment that do not fall within the scope of application of IFRS 16 because of their modest amount or the short residual duration of the lease.

13. Payroll costs

Payroll costs amounted to Euro 4,481thousand, largely unchanged compared to Euro 4,468 thousand as of June 30th, 2024. Payroll costs 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 30, 2025	June 30, 2024	Change €	Change %
Wages and salaries	(2,071)	(2,173)	102	-4.7%
Social contributions	(792)	(817)	25	-3.1%
Employee termination indemnity	(123)	(131)	8	-6.4%
Stock option plan	(470)	(314)	(156)	49.7%
Directors' fees	(965)	(949)	(16)	1.7%
Agents' commission	(3)	(2)	(1)	56.1%
Other payroll costs	(57)	(82)	25	-30.0%
Total payroll costs	**(4,481)**	**(4,468)**	**(13)**	**0.3%**

Payroll costs include wages and salaries, social contributions and the employee termination indemnity. They decreased by Euro 135 thousand compared to the previous fiscal year:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Wages and salaries	(2,071)	(2,173)	102	-4.7%
Social contributions	(792)	(817)	25	-3.1%
Employee termination indemnity	(123)	(131)	8	-6.4%
Total payroll costs	**(2,986)**	**(3,121)**	**135**	**-4.3%**
Average number of employees	35	37	(2)	-5.4%
Average cost per employee	**(85)**	**(84)**	**(1)**	**1.1%**

The average cost per employee amounted to Euro 85 thousand, substantially unchanged from the previous fiscal year.

A breakdown of the Group's workforce by employee category as of June 30th, 2025 is provided in the Directors' Report

14. Other operating costs

Total other operating costs amounted to Euro 469 thousand, up by 10.4% due to higher general and administrative costs.

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

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Purchases of sundry materials	(19)	(19)	(0)	0.0%
General & administrative costs	(382)	(330)	(52)	15.6%
Entertainment expenses	(4)	(24)	20	-82.9%
Sundry bank charges	(64)	(52)	(12)	22.4%
Total other operating costs	**(469)**	**(425)**	**(44)**	**10.4%**

21. Depreciation, amortization and impairment adjustments

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Depreciation and amortisation	(835)	(872)	37	-4.3%
Provisions	414	(414)	828	n.m.
Asset impairment charge	(8,313)	(3,819)	(4,494)	n.m.
Impairment reversal	0	16	(16)	n.m.
Total depreciation, amortization and impairment adjustments	**(8,734)**	**(5,089)**	**(3,645)**	**71.6%**

Total depreciation, amortization and impairment adjustments amounted to Euro 8,734 thousand, increasing by Euro 3,645 thousand due to higher asset impairment charges by Euro 4,494 thousand, only partially offset by the release of the Provision for Starbreeze arbitration costs, which amounted to Euro 414 thousand.

Asset impairment charges as of 30^{th}, 2025 are analyzed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change
Impairment adjustment to investment in Rasplata BV	(8,042)	(3,373)	(4,669)
Impairment adjustment to investment in Game Network S.r.l	(159)	0	(159)
Impairment adjustment to investment in Seekhana Ltd.	0	(262)	262
Impairment adjustment to investment in Digital Bros Game Academy S.r.l.	(34)	(97)	63
Impairment adjustment to trade receivables	(78)	(78)	0
Impairment adjustment to investment in Artractive S.A.	0	(9)	9
Total asset impairment change	**(8,313)**	**(3,819)**	**(4,494)**

25. Net financial income/ (expenses)

Net financial income amounted to Euro 10,405 thousand compared to Euro10,262 thousand in the prior fiscal year. Furter details are analyzed as follows:

	Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
23	Interest and financial income	13,402	11,594	1,808	15.6%
24	Interest and financial expenses	(2,997)	(1,332)	(1,665)	n.m.
25	**Net interest and financial income**	**10,405**	**10,262**	**143**	**1.4%**

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

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Dividends from subsidiaries	10,000	10,000	0	0.0%
Financial income	2,419	1,031	1,388	n.m.
Currency exchange gains	983	563	423	75.1%
Net interest and financial income	**13,402**	**11,594**	**1,808**	**15.6%**

As of June 30th, 2025, all dividends were from Kunos Simulazioni S.r.l..

Financial income amounted to Euro 2,419 thousand and included:

- Euro 1,300 thousand from the Group's share of the positive equity variation of the joint venture MSE&DB SL;
- Euro 1,119 thousand from interest accrued on the loan granted to Rasplata B.V..

Financial expenses amounted to Euro 2,997 thousand, an increase of Euro 1,665 thousand compared with the prior year. The increase is primarily attributable to the Euro 1,628 thousand impairment loss recognized on the investment in Starbreeze, which had been classified under fair value adjustments in the consolidated statement of comprehensive income in previous years and up to May 15th, 2025.

Interest and financial expenses are analyzed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Interest expenses on bank accounts	(450)	(489)	39	-8.0%
Interest expenses on loans and leases	(39)	(103)	64	-61.8%
Total interest expenses on sources of finance	**(489)**	**(592)**	**103**	**-17.4%**
Currency exchange losses	(880)	(740)	(140)	19.0%
Reclassification of Starbreeze shares	(1,628)	0	(1,628)	n.m.
Total interest and financial expenses	**(2,997)**	**(1,332)**	**(1,665)**	**n.m.**

29. Total taxes

Current and deferred taxes as of June 30th, 2025 are detailed as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
Current taxes	136	501	(365)	-72.9%
Deferred taxes	29	70	(41)	-58.2%
Total taxes	**165**	**571**	**(406)**	**-71.0%**

Current taxes for the fiscal year were follows

Euro thousand	June 30, 2025	June 30, 2024	Change €	Change %
IRES	(136)	(442)	306	-69.2%
IRAP	0	(59)	59	n.m.
Total current taxes	**(136)**	**(501)**	**365**	**-72.9%**

IRES for the period is as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change €
Taxable income for IRES	117	1,842	(1.725)
IRES rate	24.0%	24.0%	
IRES for the period	(28)	(442)	414
Prior fiscal year taxes	(108)	0	(108)
IRES for the period	**(136)**	**(442)**	**306**

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

Euro thousand	June 30, 2025		June 30, 2024	
Company profit before taxation	**(20)**		**3,509**	
IRES rate	**24.0%**		**24.0%**	
Theoretical taxation	**5**	**-24.0%**	**(842)**	**-24.0%**
Tax effect of non-deductible costs	170	n.m.	1,332	38%
Tax effect of utilization of tax loss carryforwards	0		0	
Net tax effect of reversal of deferred tax assets not included in items above	69		(48)	
Prior fiscal year taxation	0		0	
Taxes on income for the year and effective tax rate	**244**	**n.m.**	**442**	**12.6%**

IRAP for the year was determined as follows:

Euro thousand	June 30, 2025	June 30, 2024	Change
Taxable income for IRAP purposes	0	0	0
IRAP rate	5.57%	5.57%	0
IRAP for the period	0	0	0
IRAP relating to prior fiscal year	0	0	0
IRAP for the period	**0**	**0**	**0**

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

Euro thousand	June 30, 2025		June 30, 2024	
Operating margin/EBIT of the Company	**1,501**		**1,383**	
IRAP rate	**5.57%**		**5.57%**	
Theoretical IRAP	**(84)**	-5.57%	**(77)**	-5.57%
Tax effect of non-deductible costs	97	6.5%	79	5.7%
Net tax effect of reversal of deferred tax assets not included in items above	0		0	
Tax on income for the period and effective tax rate	**0**	**0.0%**	**0**	**0.0%**

Digital Bros S.p.A falls within the scope of application of the 5.57% IRAP rate for industrial holding companies.

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

The main financial instruments used by the Company are:

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

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

Credit facilities granted to the Company and utilized as of June 30th, 2025 are as follows:

Euro thousands	Total amount	Disposed	Available
Bank overdrafts	1,200	902	298
Short term financing	6,500	6,358	142
Advances on invoices and cash orders subject to collection	1,000	0	1,000
Total	**8,700**	**7,260**	**1,440**

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

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

Financial instruments: Digital Bros S.p.A. balance sheet as of June 30th, 2025

Category of financial assets in terms of IFRS 9

Financial instruments – Assets as of June 30, 2024 (in Euro thousands)	**FVTPL**	**Assets at amortized cost**	**FVTOCI**	**Carrying amount as of June 30, 2025**	**Notes**
Non-current receivables and other assets	-	641	-	641	5
Non-current financial assets	-	19,046	-	19,046	7
Trade receivables	-	327	-	327	9
Receivables from subsidiaries	-	44,763	-	44,763	10
Other current assets	-	567	-	567	12
Cash and cash equivalents	-	20	-	20	13
Other current financial assets	-	1,041	-	1,041	14
Total	**-**	**66,405**	**-**	**66,405**	

Category of financial liabilities in terms of IFRS 9

Financial instruments – Liabilities as of June 30, 2025 (in Euro thousands)	**FVTPL**	**Liabilities at amortized cost**	**FVTOCI**	**Carrying amount as of June 30, 2025**	**Notes**
Other non-current liabilities	-	-	-	-	21
Non-current financial liabilities	-	934	-	934	22
Trade payables	-	1,364	-	1,364	23
Payables to subsidiaries	-	42,097	-	42,097	24
Other current liabilities	-	824	-	824	27
Current financial liabilities	-	7,852	-	7,852	28
Total	**-**	**53,071**	**-**	**53,071**	

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

Category of financial assets in terms of IFRS 9

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

Categoria di passività finanziarie secondo il principio IFRS 9

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

The main risks deriving from the Company's financial instruments are:

- Foreign rate risk;
- Interest rate risk;
- Liquidity risk.

Interest rate risk

The Company is exposed to the risk of rising interest rates on short-term financial instruments, as any increase cannot be immediately passed through to sales prices.

Liquidity risk

Liquidity risk is associated with limited access to credit markets. Following the pandemic, financial markets have generally seen a lower credit availability, due to macroeconomic uncertainty.

Video game development takes multiple years, which may require the Company to secure additional credit lines to cover the period between the investment and the recovery of the invested capital after the launch.

To mitigate liquidity risk, cash flows, financing needs, and liquidity are monitored by the Company's treasury with a centralized structure, to ensure efficient financial management and maintain adequate liquidity levels. The Group's strong capitalization and high EBITDA margin provide further flexibility to increase the use of financial leverage. Short-, medium-, and long-term strategic planning also enable the Group to forecast its cash requirements well in advance.

Based on current financial planning, the liquidity currently available, together with operating cash flows expected to be generated, is deemed sufficient to cover planned investment activities, working capital requirements, and scheduled debt maturities, while ensuring that future funding needs are identified and addressed on a timely basis.

Exchange rate risk

The Company holds a significant stake in the publicly traded Swedish company Starbreeze AB. As a result, it is exposed to the EUR/SEK exchange rate fluctuations.

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

Financial liabilities as of June 30th, 2025 (in Euro thousand)	**Carrying amount**	**Within a year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**	**Total**	**Notes**
Non-current financial liabilities	934		610	324				934	22
Current financial liabilities	7,852	7,852						7,852	28
Total	**8,786**	**7,852**	**610**	**324**				**8,786**	

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

The Company has sufficient financial resources to meet its obligations that are due within the fiscal year, relying on available liquidity, unused credit lines and facilities amounting to approximately Euro 1.4 million as of the reporting date, and on cash flows generated by its core operations.

Fair value of financial assets and liabilities and calculation models used

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

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

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

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

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

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

Euro thousand	**Carrying amount as of June 30th, 2025**	***Mark to Market***	***Mark to Model***	**Total fair *value***	**Notes**
		Fair Value	*Fair Value*		
Non-current financial assets	19,046	19,046	-	19,046	7
Cash and cash equivalents	20	20	-	20	13
Other current financial assets	1,041	1,041	-	1,041	14
Non-current financial liabilities	934	934	-	934	22
Current financial liabilities	7,852	7,852	-	7,852	28

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	24,378	24,378	-	24,378	7
Cash and cash equivalents	709	709	-	709	13
Other current financial assets	2,316	2,316	-	2,316	14
Non-current financial liabilities	1,535	1,535	-	1,535	22
Current financial liabilities	6,383	6,383	-	6,383	28

Exchange rate risk: sensitivity analysis

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

As a result of the investment in Starbreeze shares, the Company 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 450 thousand.

Fair Value hierarchy

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

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

The Company uses different measurement and valuation models to determine the fair value of financial instruments. The following table summarizes such financial instruments as of June 30th, 2025 and in the previous fiscal year:

Carrying amount as of June 30, 2025	Instrument	Level 1	Level 2	Level 3	Total	Notes
Investments	Listed shares	5,854			5,854	4

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

8. NON-RECURRING ITEMS

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

	Euro thousand	**June 30th, 2025**		**June 30th, 2024**	
		Total	**Of which non recurring**	**Total**	**Of which non recurring**
1	Gross revenue	6,971	0	6,896	0
2	Revenue adjustments	0	0	(29)	0
3	**Net revenue**	**6,971**	**0**	**6,867**	**0**
4	Purchase of products for resale	(29)	0	(977)	0
5	Purchase of services for resale	0	0	0	0
6	Royalties	0	0	0	0
7	Changes in inventories of finished products	(757)	0	(480)	0
8	**Total cost of sales**	**(786)**	**0**	**(1,457)**	**0**
9	**Gross profit (3+8)**	**6,185**	**0**	**5,410**	**0**
10	Other income	168	0	123	0
11	Costs for services	(2,771)	0	(2,074)	0
12	Rent and leasing	(324)	0	(230)	0
13	Payroll costs	(4,481)	0	(4,468)	(196)
14	Other operating costs	(469)	0	(425)	0
15	**Total operating costs**	**(8,045)**	**0**	**(7,197)**	**(196)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(1,692)**	**0**	**(1,664)**	**(196)**
17	Depreciation and amortization	(835)	0	(872)	0
18	Provisions	414	414	(414)	(414)
19	Asset impairment charge	(8,313)	0	(3,819)	0
20	Impairment reversal	0	0	16	0
21	**Total depreciation, amortization and impairment adjustments**	**(8,734)**	**414**	**(5,089)**	**(414)**
22	**Operating margin (EBIT) (16+21)**	**(10,426)**	**414**	**(6,753)**	**(610)**
23	Interest and financial income	13,402	0	11,594	0
24	Interest and financial expenses	(2,997)	0	(1,332)	0
25	**Net interest income/(expenses)**	**10,405**	**0**	**10,262**	**0**
26	**Profit/ (loss) before tax (22+25)**	**(21)**	**414**	**3,509**	**(610)**
27	Current tax	136	0	501	0
28	Deferred tax	29	0	70	0
29	**Total taxes**	**165**	**0**	**571**	**0**
30	**Net profit/loss (26+29)**	**144**	**414**	**4,080**	**(610)**

During the fiscal year, non recurring income amounted to Euro 414 thousand resulting from the release of the Provision for Starbreeze arbitration costs.

9. CONTINGENT ASSETS AND LIABILITIES

As of June 30th, 2025, in line with the previous fiscal year, there were no contingent assets and liabilities.

10. RELATED PARTY TRANSACTIONS

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

Transactions between Digital Bros and subsidiaries

Commercial and financial transactions between Digital Bros S.p.A. and other Group companies as of June 30th, 2025 took place on an arm's length basis. The following table provides a summary of year end balances and transactions in the year, together with the prior year comparatives:

Euro thousands	Receivables		Payables		Revenue	Costs
	Trade	Financial	Trade	Financial		
Rasplata B.V.	0	29,233	0	0	1,115	0
505 Games S.p.A.	0	36,476	0	0	5,662	29
505 Games Australia Pty Ltd.	0	3,581	0	0	0	0
505 Mobile S.r.l.	0	2,826	0	0	0	0
505 Go Inc.	0	983	0	0	0	0
Chrysalide Jeux et Divertissement Inc.	0	860	0	0	0	0
505 Games Japan KK	0	37	0	0	0	0
Kunos Simulazioni S.r.l.	0	0	0	(15,961)	0	0
505 Games Ltd.	0	0	0	(8,582)	0	0
DR Studios Ltd.	0	0	0	(6,450)	0	0
505 Games GmbH	0	0	0	(2,975)	0	0
505 Games (US) Inc.	0	0	0	(2,377)	0	0
Supernova Games Studios S.r.l.	0	0	0	(1,776)	0	0
Ingame Studios a.s.	0	0	0	(1,619)	0	0
505 Games Mobile (US)	0	0	0	(923)	0	0
Avantgarden S.r.l.	0	0	0	(436)	53	0
Digital Bros Game Academy S.r.l.	0	0	0	(321)	61	0
Digital Bros Asia Pacific (HK) Ltd.	0	0	0	(183)	0	0
Game Entertainment S.r.l.	0	0	0	(169)	0	0
505 Pulse S.r.l.	0	0	0	(128)	0	0
Digital Bros Holdings Ltd.	0	0	0	(106)	0	0
Digital Bros China (Shenzen) Ltd.	0	0	0	(91)	0	0
Total	**0**	**73,996**	**0**	**(42,097)**	**6,891**	**29**

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

Other related parties

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

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

Euro thousands	Receivables		Payables		Revenues	Costs
	Trade	Financial	Trade	Financial		Trade
Matov Imm. S.r.l.	0	635	0	(1,502)	0	(856)
Total as of June 30th, 2025	**0**	**635**	**0**	**(1,502)**	**0**	**(856)**

Other related party transactions as of June 30th, 2024 were as follows:

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

The financial receivable due to Digital Bros S.p.A. from Matov Imm. S.r.l. relates to the security deposit paid as a guarantee on the lease agreements for the premises located at Via Tortona 37, Milan.

The financial liability reflects the application of IFRS 16 to lease payments that the Company is required to recognize over the period from the reporting date through the contractual expiry.

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., 505 Pulse S.r.l. and Supernova Games S.r.l., following the introduction into the Italian tax system of the tax filing system.

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

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

	Euro thousand	**June 30th, 2025**		**June 30th, 2024**	
		Total	**Of which non-recurring**	**Total**	**Of which non-recurring**
1	Gross revenue	6,971	0	6,896	0
2	Revenue adjustments	0	0	(29)	0
3	**Net revenue**	**6,971**	**0**	**6,867**	**0**
4	Purchase of products for resale	(29)	0	(977)	0
5	Purchase of services for resale	0	0	0	0
6	Royalties	0	0	0	0
7	Changes in inventories of finished products	(757)	0	(480)	0
8	**Total cost of sales**	**(786)**	**0**	**(1,457)**	**0**
9	**Gross profit (3+8)**	**6,185**	**0**	**5,410**	**0**
10	Other income	168	0	123	0
11	Costs for services	(2,771)	0	(2,074)	0
12	Rent and leasing	(324)	(250)	(230)	(179)
13	Payroll costs	(4,481)	0	(4,468)	0
14	Other operating costs	(469)	0	(425)	0
15	**Total operating costs**	**(8,045)**	**(250)**	**(7,197)**	**(179)**
16	**Gross operating margin (EBITDA) (9+10+15)**	**(1,692)**	**(250)**	**(1,664)**	**(179)**
17	Depreciation and amortization	(835)	(576)	(872)	(576)
18	Provisions	414	0	(414)	0
19	Asset impairment charge	(8,313)	0	(3,819)	0
20	Impairment reversal	0	0	16	0
21	**Total depreciation, amortization and impairment adj.**	**(8,734)**	**(576)**	**(5,089)**	**(576)**
22	**Operating margin (EBIT) (16+21)**	**(10,426)**	**(826)**	**(6,753)**	**(755)**
23	Interest and financial income	13,402	0	11,594	0
24	Interest and financial expenses	(2,997)	(30)	(1,332)	(39)
25	**Net interest income/(expenses)**	**10,405**	**(30)**	**10,262**	**(39)**
26	**Profit/ (loss) before tax (22+25)**	**(21)**	**(856)**	**3,509**	**(794)**
27	Current tax	136	0	501	0
28	Deferred tax	29	0	70	0
29	**Total taxes**	**165**	**0**	**571**	**0**
30	**Net profit/loss (26+29)**	**144**	**(856)**	**4,080**	**(794)**

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

	Euro thousand	June 30th, 2025		June 30th, 2024	
		Total	Of which with related parties	Total	Of which with related parties
	Non-current assets				
1	Property, plant and equipment	3,653	0	4,336	0
2	Investment properties	0	0	0	0
3	Intangible assets	194	0	193	0
4	Equity investments	23,854	0	26,374	0
5	Non-current receivables and other assets	641	635	641	635
6	Deferred tax assets	4,771	0	4,215	0
7	Non-current financial activities	19,046	0	24,378	0
	Total non-current assets	**52,159**	**635**	**60,137**	**635**
	Current assets				
8	Inventories	1,192	0	1,949	0
9	Trade receivables	327	0	527	0
10	Trade receivables to subsidiaries	44,763	0	35,532	0
11	Tax receivables	7,192	0	2,926	0
12	Other current assets	567	0	677	0
13	Cash and cash equivalents	20	0	709	0
14	Other current financial assets	1,041	0	2,316	0
	Total current assets	**55,102**	**0**	**44,636**	**0**
	TOTAL ASSETS	***107,261***	***635***	***104,773***	***635***
	Shareholders' equity				
15	Share capital	(5,706)	0	(5,706)	0
16	Reserves	(9,875)	0	(11,070)	0
17	Treasury shares	0	0	0	0
18	Retained earnings	(38,119)	0	(37,975)	0
	Total net equity	**(53,700)**	**0**	***(54,751)***	**0**
	Non-current liabilities				
19	Employee benefits	(299)	0	(295)	0
20	Non-current provisions	(59)	0	(81)	0
21	Other non-current payables and liabilities	0	0	0	0
22	Non-current financial liabilities	(934)	(927)	(1,535)	(1,502)
	Total non-current liabilities	**(1,292)**	**(927)**	**(1,911)**	**(1,502)**
	Current liabilities				
23	Trade payables	(1,364)	0	(1,328)	0
24	Payables to subsidiaries	(42,097)	0	(39,122)	0
25	Tax payables	(132)	0	(129)	0
26	Short term provisions	0	0	(414)	0
27	Other current liabilities	(824)	0	(735)	0
28	Current financial liabilities	(7,852)	(575)	(6,383)	(585)
	Total current liabilities	**(52,269)**	**(575)**	**(48,111)**	**(585)**
	TOTAL LIABILITIES	**(53,561)**	**(1,502)**	**(50,022)**	**(2,087)**
	TOTAL NET EQUITY AND LIABILITIES	***(107,261)***	***(1,502)***	***(104,773)***	***(2,087)***

11. ATYPICAL OR UNUSUAL TRANSACTIONS

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

12. OTHER INFORMATION

Income from equity investments other than dividends

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

Directors' fees

The fees paid to members of the Board of Directors amounted to Euro 965 thousand.

Statutory Auditors' fees

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

Financial instruments issued by the Company

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

Shareholders loans with subordination clauses

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

Capital earmarked for a specific use

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

Loans earmarked for a specific use

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

Off-balance sheet agreements

There were no off-balance sheet agreements.

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

Share capital structure

As of June 30th, 2025, share capital consisted of no. 14,265,037 issued and fully paid ordinary shares with a par value of Euro 0.4 each. The Company has not issued any different classes of shares or other financial instruments entitling the holder to subscribe to newly issued shares. On January 11th, 2017, Digital Bros' Shareholders' Meeting approved the 2016-2026 Stock Options Plan. As of June 30th, 2025, no. 434,400 options had already vested, of which no. 4,200 exercised.

Restrictions on the transfer of securities

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

Securities carrying special rights

No securities granting special rights of control have been issued.

Employee share ownership: exercise of voting rights

There are no employee share ownership schemes.

Restriction on voting rights

There are no restrictions on voting rights.

Shareholders agreements

There are no shareholders' agreements in place.

Appointment and replacement of Directors and By-law amendments

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

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

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

Change of control clauses

There are no change of control clauses.

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

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

14. ASSETS REVALUATION

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

15. LOANS GRANTED TO EXECUTIVES AND SUPERVISORY BODIES

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

16. AUDIT FEES

Pursuant to Art. 149- duodecies of the Issuers Regulation, fees paid to the external auditors EY S.p.A. amounted to Euro 121 thousand as of June 30th, 2025. Please refer to the Notes to the Consolidated Financial Statements for further information.

17. ALLOCATION OF NET PROFIT FOR THE YEAR

As of June 30th, 2025, the Company realized a net profit of Euro 144 thousand. The Board of Directors proposes to the Shareholders' Meeting to allocate the entire profit to Retained earnings.

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

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

- the adequacy in relation to the characteristics of the business; and
- the effective application of the administrative and accounting procedures for the preparation of the financial statements for the period July 1st, 2024 – June 30th, 2025. No significant issues have arisen.

We also confirm that:

1. the financial statements of Digital Bros S.p.A.as of June 30th, 2025:
   a. have been prepared in accordance with applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19th, 2002;
   b. reflect the accounting books and records;
   c. give a true and fair view of the results and financial position of the issuer;
2. the Directors' Report as of June 30th, 2025 accompanying the financial statements includes a reliable analysis of the results, as well as a description of the main risks and uncertainties to which Digital Bros S.p.A. is exposed.

Milan, September 25th, 2025

Signed

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