

## PRESS RELEASE

*Board of Directors of Digital Bros Group approves the Draft Financial Statement for the year ending 30 June 2019*

### DIGITAL BROS GROUP:

**REVENUE AT EURO 81.3 MILLION (+6.9%)**

**EBITDA AT EURO 7.7 MILLION (+79,1%)**

**NET LOSS REDUCED TO EURO 1.5 MILLION**

**NET DEBT DECREASE TO EURO 16.2 MILLION**

**SIGNIFICANT REVENUE GROWTH EXPECTED**

**NO DIVIDEND DISTRIBUTION**

- ✓ *Financials at 30 June 2019 better than forecasts due to the better than expected performance of the videogame Bloodstained, launched in June*
- ✓ *Consolidated gross revenues of €81.3 million compared to €76 million on June 30<sup>th</sup>, 2018, +6.9% YoY*
- ✓ *EBITDA of €7.7 million compared to €4.3 million on June 30<sup>th</sup>, 2018 (+79.1%)*
- ✓ *EBIT remains negative at €1.3 million but better than last fiscal year (- €3.6 million)*
- ✓ *Loss before tax of €1.3 million compared to loss before tax of €2.9 million on June 30<sup>th</sup>, 2018*
- ✓ *Net loss reduced at €1.5 million compared to net loss of €5.9 million on March 31<sup>st</sup>, 2019 and to net loss of €2.9 million on June 30<sup>th</sup>, 2018*
- ✓ *Financial net debts better than forecasted, decreased compared to March 31<sup>st</sup>, 2019. Expected reduction along next fiscal year*
- ✓ *New videogame releases: Control in August, Indivisible in October and Journey to the Savage Planet in January 2020*
- ✓ *Significant revenue growth expected in the next fiscal year starting from the first quarter and significant improvement of all financial margins*
- ✓ *Digital Bros S.p.A. net profit entirely retained and no dividend distribution*

RESULTS FISCAL YEAR 2018–2019				
<i>Euro thousand</i>	<b>30.06.19</b>	<b>30.06.18</b>	<b>Change</b>	<b>Change %</b>
<b>Gross revenue</b>	81,317	76,038	5,279	6.9%
<b>Gross operating margin (EBITDA)</b>	7,676	4,287	3,389	79.1%
<b>Operating margin (EBIT)</b>	(1,345)	(3,563)	2,218	n.m.
<b>Profit/(loss) before tax</b>	(1,313)	(2,912)	1,599	n.m.
<b>Net profit/(loss)</b>	<b>(1,513)</b>	<b>(2,882)</b>	<b>1,369</b>	<b>n.m.</b>

Note: "n.m." in this and the tables which follow stands for not meaningful

Milan, 12 September 2019 - The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the Star segment of Borsa Italiana and which operates in the digital entertainment sector, **today approved the Draft Financial Statement for fiscal year 2018-2019** (1<sup>st</sup> July 2018 – 30<sup>th</sup> June 2019).

Digital Bros Group's key consolidated results for the financial year 2018-2019, together with prior year comparatives, are as follows:

- **Gross consolidated revenue** of €81.3 million, increased by 6.9% compared to €76 million on June 30<sup>th</sup>, 2018.
- **EBITDA** of €7.7 million, increased compared to €4.3 million on June 30<sup>th</sup>, 2018.
- **EBIT** negative at €1.3 million compared to negative €3.6 million on June 30<sup>th</sup>, 2018.
- **Loss before tax** at €1.3 million compared to loss before tax of €2.9 million on June 30<sup>th</sup>, 2018.
- **Net loss** of €1.5 million compared to net loss €2.9 million on June 30<sup>th</sup>, 2018.

## RESULTS OF OPERATING SEGMENTS

The Group entered into a significant investment program few years ago and Bloodstained, which was launched the last week of the fiscal year, is the first brand new videogame resulting out of this process. Control, launched on August 27, rapidly followed. The second quarter will benefit from the launch of the multiformat videogame Indivisible in October 2019 and the third quarter of the next fiscal year will see the market appearance, in January 2020, of Journey to the Savage Planet, available on consoles and on the Epic marketplace.

The above expectations performance realized by Bloodstained in the first week of sales together with the revenue recognition of the PC version of Control in the last quarter were the major effects that fueled the consolidated gross revenues, which were up +6,9% compared to the previous fiscal year.

Gross consolidated revenue amounted to €81.3 million an increase compared to €76 million, on June 30<sup>th</sup>, 2018. A breakdown of revenue by operating segment for the financial year ended 30 June 2019 and 2018 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2019	2018	Change		2019	2018	Change	
Premium Games	60,432	54,138	6,294	11.6%	57,883	50,736	7,147	14.1%
Italian Distribution	13,741	15,443	(1,702)	-11.0%	11,981	13,534	(1,553)	-11.5%
Free to Play	6,573	5,813	760	13.1%	6,573	5,813	760	13.1%
Other Projects	571	644	(73)	-11.5%	571	322	249	77.3%
<b>Total gross revenues</b>	<b>81,317</b>	<b>76,038</b>	<b>5,279</b>	<b>6.9%</b>	<b>77,008</b>	<b>70,405</b>	<b>6,603</b>	<b>9.4%</b>

The **Premium Games** operating segment gross revenue increased by 11.6%. Gross revenue amounted to €60.4 million compared to €54.1 million in the last fiscal year thanks to sales above expectation of the videogame Bloodstained in June and the completion of the development of the video game Control.

The **Italian Distribution** operating segment revenues decreased by €1.7 million, down by 11% compared to previous year due to a reduction in sales of retail videogames as the market continues to move to digital products. Collectible cards distribution, in contrast with the operating segment revenue trend, increased by €805 thousand (+21.1%).

The **Free to Play** operating segment revenue showed a €760 thousand increase, up by 13.1%, due to the positive performance of the videogame Gems of War. The videogame, now in its fourth year, generated more than two thirds of the total operating segment sales.

Digital Bros Group's revenues and margins by operating segments are as follows:

Euro thousand	Premium Games	Italian Distribution	Free to Play	Other Projects	Holding	Total
Gross revenue	60,432	13,741	6,573	571	0	<b>81,317</b>
EBITDA	13,007	(799)	1,762	(225)	(6,069)	<b>7,676</b>
EBIT	6,749	(1,128)	(284)	(310)	(6,372)	<b>(1,345)</b>

**Operating costs** decreased by 2.1%, in contrast with the revenue growth. Payroll costs, representing the most significant portion of operating costs, were €17.9 million, down by 2.5% compared to the previous fiscal year.

Amortization decreased by Euro 758 thousand due to completion of the amortization period of some intellectual property owned by the Group. Asset impairment charge amount to Euro 2.1 million refer both to development contract write-offs and impairment tests on videogames with results lower than expected for €2.2 million, net of the decreased accrual to the bad

debt provision for €277 thousand following application of the new IFRS 9. In spite of the impairment adjustments, the operating margin increased by €2.2 million compared to last fiscal year, to negative €1.3 million.

Net financial income amounted to €32 thousand, compared to €651 thousand for the previous fiscal year.

The **loss before tax** for the fiscal year ended 30 June 2019 amounted to €1.3 million, down by €1.6 million compared to the loss before tax of €2.9 million at June 30<sup>th</sup>, 2018.

The **net loss** for the period amounted to €1.5 million compared to net loss of €2.9 million for the fiscal year ended 30 June 2018.

**Basic loss per share** and **diluted loss per share** were €0.11 compared to the net loss per share of €0.20 for the fiscal year ended 30 June 2018.

## **NET FINANCIAL DEBTS**

Financial net debts, which were expected to increase at fiscal year end, decreased to €16.2 million, down by €1.4 million compared to March 31<sup>st</sup>, 2019.

## **THE PARENT COMPANY DIGITAL BROS SPA**

On the 30<sup>th</sup> of June 2019 the parent company Digital Bros S.p.A. realized **gross revenue** of €12.4 million, down by 25.3% compared to €16.6 million in the previous fiscal year. **Net profit** amounted to €840 thousand a decrease compared to €15.5 million of the previous fiscal year.

## **TREASURY SHARES**

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at 30<sup>th</sup> June 2019 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period.

## **PARENT COMPANY PROFIT ALLOCATION AND DIVIDEND**

The Board of Directors will propose to the General Shareholders Meeting to entirely retain the parent company net profit and not to proceed to any dividend distribution.

## **CALLING OF THE ANNUAL GENERAL MEETING**

The Board of Directors authorized the Chairman of the Board of Directors to call the Annual General Meeting on the 25<sup>th</sup> October 2019 at 9 a.m. (unique call).

The Shareholders meeting will be requested to approve the financial statements for the fiscal year 2018-2019, the Directors' Report, the Statutory Auditors Report, the Auditors Report, the Remuneration report pursuant to article 123-ter of Legislative Decree no. 58/98.

The Shareholders meeting will also need to appoint two new members or restate the number of the Board directors.

The documentation for Shareholders will be made available to the public according to the Law.

## **SIGNIFICANT EVENTS DURING THE PERIOD**

The most significant event of the period was:

- On February 27<sup>th</sup>, 2019, Skybound informed Starbreeze about the termination of the contract for rights to the video game OVERKILL's The Walking Dead. On April 8<sup>th</sup>, 2019, the subsidiary 505 Games S.p.A. terminated the contract with Starbreeze for the development and publishing of the console version of the videogame OVERKILL's The Walking Dead. Following that, Digital Bros Group demanded to Starbreeze the refund of the advances paid for US \$4.8 million and of all the expenses related to the project.

## **SUBSEQUENT EVENTS**

There were no significant events after June 30<sup>th</sup>, 2019.

## **BUSINESS OUTLOOK**

The launch of Bloodstained on Western markets together with the Switch version of the video game Terraria during the last week of the year are the first steps of a new phase of development that the Group has been preparing for in recent years.

This process has just started: the console and PC versions of the video game Control has been launched on August 27, 2019; The console and PC versions of the video game Indivisible and the video game Bloodstained in the Far East markets will follow in October 2019; Journey to the Savage Planet will be released in console and PC versions in January 2020; finally, during the last quarter of next fiscal year, the new version of the Free to Play video game Hawken will be launched together with a mobile version of Assetto Corsa.

Following the launch of a new video game and depending on its success, a DLC (additional downloadable content) strategy will be finalized. DLCs are distributed on digital marketplaces both paid and for free and the next fiscal year will start to benefit significantly of such a revenue stream.

According to this scenario, the Group forecasts a strong growth in revenues for the coming fiscal year, already visible from the first quarter, together with a significant improvement in all financial margins. Revenues will also benefit of a better predictability as some of the revenue components, such as the PC version of Journey to the Savage Planet and the mobile version of Assetto Corsa, as well as the sublicensing contracts with the Far East, are already contractually determined while others, such as DLCs, can be statistically estimated from the sales of the main videogame.

Net financial debt is expected to continue to decrease during the fiscal year.

#### **ART. 154-BIS OF THE CONSOLIDATED FINANCE ACT**

*As required by paragraph 2, Art. 154-bis of the Consolidated Finance Act, Digital Bros Group's financial reporting manager, Stefano Salbe, declares that the information contained in this press release corresponds to the Group's underlying documents, books and accounting records.*

*This press release is available on the websites [www.digitalbros.com](http://www.digitalbros.com) and [www.1info.it](http://www.1info.it)*

#### **DIGITAL BROS GROUP**

Listed on the Star segment of Borsa Italiana, Digital Bros Group is a global company that has been operating since 1989 as a developer, publisher and distributor of game entertainment content – video games - in a global market through various channels: retail and digital – web, social, mobile. Digital Bros Group is active around the world through its own direct operations in Italy, the United States, the UK, France, Spain, Germany, China and Hong Kong, with approximately 190 employees. The Group's head office is located in Milan, from where all activities are coordinated. Digital Bros operates in three markets, namely, development, publishing and distribution, under its own brands 505 Games and Halifax.

For further information:

**Digital Bros S.p.A.**

**Stefano Salbe**

CFO

Tel. + 39 02 413031

[ir@digitalbros.com](mailto:ir@digitalbros.com)

**FINANCIAL STATEMENTS****DIGITAL BROS GROUP****Consolidated statement of financial position at 30 June 2019**

	<b>Euro Thousand</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>Change</b>	
	<b>Non-current assets</b>				
1	Property, plant and equipment	3,584	6,000	(2,416)	-40.3%
2	Investment property	0	0	0	0.0%
3	Intangible assets	18,341	15,131	3,210	21.2%
4	Equity investments	1,706	1,270	436	34.3%
5	Non-current receivables and other assets	9,322	9,524	(202)	-2.1%
6	Deferred tax assets	2,745	2,365	380	16.1%
	<b>Total non-current assets</b>	<b>35,698</b>	<b>34,290</b>	<b>1,408</b>	<b>4.1%</b>
	<b>Non-current liabilities</b>				
7	Employee benefits	(573)	(516)	(57)	11.1%
8	Non-current provisions	(81)	(80)	(1)	1.0%
9	Other non-current payables and liabilities	(923)	(901)	(22)	2.4%
	<b>Total non-current liabilities</b>	<b>(1,577)</b>	<b>(1,497)</b>	<b>(80)</b>	<b>5.3%</b>
	<b>Net working capital</b>				
10	Inventories	13,909	15,059	(1,150)	-7.6%
11	Trade receivables	55,070	35,854	19,216	53.6%
12	Tax credits	6,076	4,316	1,760	40.8%
13	Other current assets	1,668	3,600	(1,932)	-53.7%
14	Trade payables	(24,631)	(20,811)	(3,820)	18.4%
15	Taxes payable	(1,138)	(1,021)	(117)	11.5%
16	Current provisions	(856)	(854)	(2)	0.2%
17	Other current liabilities	(3,761)	(1,241)	(2,520)	n.m.
	<b>Total net working capital</b>	<b>46,337</b>	<b>34,902</b>	<b>11,435</b>	<b>32.8%</b>
	<b>Capital and reserves</b>				
18	Share capital	(5,704)	(5,704)	0	0.0%
19	Reserves	(21,223)	(20,624)	(599)	2.9%
20	Treasury shares	0	0	0	0.0%
21	Retained earnings (accumulated losses)	(37,298)	(40,284)	2,986	-7.4%
	<b>Total equity</b>	<b>(64,225)</b>	<b>(66,612)</b>	<b>2,387</b>	<b>-3.6%</b>
	<b>Total net assets</b>	<b>16,233</b>	<b>1,083</b>	<b>15,150</b>	<b>n.m.</b>
22	Cash and cash equivalents	4,767	4,282	485	11.3%
23	Short-term payables to banks	(20,795)	(1,975)	(18,820)	n.m.
24	Other current financial assets and liabilities	2,155	(206)	2,361	n.m.
	<b>Current net cash/debt</b>	<b>(13,873)</b>	<b>2,101</b>	<b>(15,974)</b>	<b>n.m.</b>
25	Non-current financial assets	1,942	1,374	568	41.3%
26	Non-current bank debt	(4,293)	(4,533)	240	-5.3%
27	Other non-current financial liabilities	(9)	(25)	16	-64.0%
	<b>Non-current net financial assets/(debt)</b>	<b>(2,360)</b>	<b>(3,184)</b>	<b>824</b>	<b>-25.9%</b>
	<b>Total net cash/debt</b>	<b>(16,233)</b>	<b>(1,083)</b>	<b>(15,150)</b>	<b>n.m.</b>

**DIGITAL BROS GROUP**
**Consolidated Income Statement at 30 June 2019**

	<b>Euro thousand</b>	<b>30 June 2019</b>		<b>30 June 2018</b>		<b>Change</b>	
1	Gross revenue	81,317	105.6%	76,038	108.0%	5,279	6.9%
2	Revenue adjustments	(4,309)	-5.6%	(5,633)	-8.0%	1,324	-23.5%
<b>3</b>	<b>Net revenue</b>	<b>77,008</b>	<b>100.0%</b>	<b>70,405</b>	<b>100.0%</b>	<b>6,603</b>	<b>9.4%</b>
4	Purchase of products for resale	(14,675)	-19.1%	(19,377)	-27.5%	4,702	-24.3%
5	Purchase of services for resale	(6,586)	-8.6%	(6,488)	-9.2%	(98)	1.5%
6	Royalties	(20,671)	-26.8%	(15,016)	-21.3%	(5,655)	37.7%
7	Changes in inventories of finished products	(1,150)	-1.5%	2,244	3.2%	(3,394)	n.m.
<b>8</b>	<b>Total cost of sales</b>	<b>(43,082)</b>	<b>-55.9%</b>	<b>(38,637)</b>	<b>-54.9%</b>	<b>(4,445)</b>	<b>11.5%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>33,926</b>	<b>44.1%</b>	<b>31,768</b>	<b>45.1%</b>	<b>2,158</b>	<b>6.8%</b>
10	Other income	3,406	4.4%	2,796	4.0%	610	21.8%
11	Costs for services	(9,070)	-11.8%	(9,376)	-13.3%	306	-3.3%
12	Rent and Leasing	(1,460)	-1.9%	(1,458)	-2.1%	(2)	0.1%
13	Payroll costs	(17,903)	-23.2%	(18,366)	-26.1%	463	-2.5%
14	Other operating costs	(1,223)	-1.6%	(1,077)	-1.5%	(146)	13.5%
<b>15</b>	<b>Total operating costs</b>	<b>(29,656)</b>	<b>-38.5%</b>	<b>(30,277)</b>	<b>-43.0%</b>	<b>621</b>	<b>-2.1%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>7,676</b>	<b>10.0%</b>	<b>4,287</b>	<b>6.1%</b>	<b>3,389</b>	<b>79.1%</b>
17	Depreciation and amortisation	(6,970)	-9.1%	(7,728)	-11.0%	758	-9.8%
18	Provisions	0	0.0%	0	0.0%	0	n.m.
19	Asset impairment charge	(2,051)	-2.7%	(122)	-0.2%	(1,929)	n.m.
20	Impairment reversal	0	0.0%	0	0.0%	(0)	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(9,021)</b>	<b>-11.7%</b>	<b>(7,850)</b>	<b>-11.2%</b>	<b>(1,171)</b>	<b>14.9%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(1,345)</b>	<b>-1.7%</b>	<b>(3,563)</b>	<b>-5.1%</b>	<b>2,218</b>	<b>-62.3%</b>
23	Interest and finance income	1,438	1.9%	1,998	2.8%	(560)	-28.0%
24	Interest expense and finance costs	(1,406)	-1.8%	(1,347)	-1.9%	(59)	4.4%
<b>25</b>	<b>Net interest income/(expense)</b>	<b>32</b>	<b>0.0%</b>	<b>651</b>	<b>0.9%</b>	<b>(619)</b>	<b>-95.0%</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>(1,313)</b>	<b>-1.7%</b>	<b>(2,912)</b>	<b>-4.1%</b>	<b>1,600</b>	<b>-54.9%</b>
27	Current tax	28	0.0%	293	0.4%	(265)	n.m.
28	Deferred tax	(228)	-0.3%	(263)	-0.4%	35	-13.3%
<b>29</b>	<b>Total taxes</b>	<b>(200)</b>	<b>-0.3%</b>	<b>30</b>	<b>0.0%</b>	<b>(230)</b>	<b>n.m.</b>
<b>30</b>	<b>Profit / (Loss) from continuing operations (26+29)</b>	<b>(1,513)</b>	<b>-2.0%</b>	<b>(2,882)</b>	<b>-4.1%</b>	<b>1,369</b>	<b>-47.5%</b>
	<b>Profit/(loss) from discontinued operations</b>	<b>0</b>	<b>0.0%</b>	<b>12,056</b>	<b>17.1%</b>	<b>(12,056)</b>	<b>n.m.</b>
	<b>Net profit/loss</b>	<b>(1,513)</b>	<b>-2.0%</b>	<b>9,174</b>	<b>13.0%</b>	<b>(10,687)</b>	<b>n.m.</b>

## Earnings per share at 30 June 2019

	Earnings per share (in Euro)	30 June 2019	30 June 2018	Change	
33	Basic earnings per share from continuing operations	(0.11)	(0.20)	0.09	-45.0%.
33	Basic earnings per share from discontinued operations	0	0.85	(0.85)	n.m.
<b>33</b>	<b>Total basic earnings per share</b>	<b>(0.11)</b>	<b>0.65</b>	<b>(0.76)</b>	<b>n.m.</b>
34	Diluted earnings per share from continuing operations	(0.11)	(0.20)	0.09	-45.0%.
34	Diluted earnings per share from discontinued operations	0	0.85	(0.85)	n.m.
<b>34</b>	<b>Diluted earnings per share</b>	<b>(0.11)</b>	<b>0.65</b>	<b>(0.76)</b>	<b>n.m.</b>

## DIGITAL BROS GROUP

### Consolidated cash flows statement at 30 June 2019

	Euro thousand	30 June 2019	30 June 2018
<b>A.</b>	<b>Opening net cash/debt</b>	<b>(1,083)</b>	<b>12,027</b>
<b>B.</b>	<b>Cash flows from operating activities</b>		
	Profit (loss) for the period attributable to the Group	(1,513)	9,174
	<i>Depreciation, amortisation and non-monetary costs:</i>		
	Provisions and impairment losses	2,051	122
	Amortisation of intangible assets	4,778	7,076
	Depreciation of property, plant and equipment	528	652
	Net change in other provisions	1	1
	Net change in employee benefit provisions	57	(29)
	Net change in other non-current liabilities	22	901
	<b>SUBTOTAL B.</b>	<b>5,924</b>	<b>17,897</b>
<b>C.</b>	<b>Change in net working capital</b>		
	Inventories	1,150	(2,244)
	Trade receivables	(20,089)	7,154
	Current tax assets	(1,760)	(2,252)
	Other current assets	1,932	(6,789)
	Trade payables	3,820	(6,869)
	Current tax liabilities	117	(4,715)
	Current provisions	2	0
	Other current liabilities	2,520	(2,713)
	<b>SUBTOTAL C.</b>	<b>(12,308)</b>	<b>(18,428)</b>
<b>D.</b>	<b>Cash flows from investing activities</b>		
	Net payments for intangible assets	(9,035)	(3,340)
	Net payments for property, plant and equipment	1,888	(33)
	Net payments for non-current financial assets	(744)	(7,869)
	<b>SUBTOTAL D.</b>	<b>(7,891)</b>	<b>(11,242)</b>
<b>E.</b>	<b>Cash flows from financing activities</b>		
	Capital increases	0	0
	Share premium accounts	0	0
	<b>SUBTOTAL E.</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Changes in consolidated equity</b>		
	Dividends distributed	0	(2,139)
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	(875)	803
	<b>SUBTOTAL F.</b>	<b>(875)</b>	<b>(1,336)</b>
<b>G.</b>	<b>Cash flows for the period (B+C+D+E+F)</b>	<b>(15,150)</b>	<b>(13,110)</b>
<b>H.</b>	<b>Closing net cash/debt (A+G)</b>	<b>(16,233)</b>	<b>(1,083)</b>



## SEGMENT REPORTING

### Consolidated Income Statement per Operating Segment at 30 June 2019

	Euro Thousand	Premium Games	Free to Play	Italian Distribution	Other projects	Holding	Total
1	Gross revenue	60,432	6,573	13,741	571	0	81,317
2	Revenue adjustments	(2,549)	0	(1,760)	0	0	(4,309)
<b>3</b>	<b>Net revenue</b>	<b>57,883</b>	<b>6,573</b>	<b>11,981</b>	<b>571</b>	<b>0</b>	<b>77,008</b>
4	Purchase of products for resale	(6,141)	0	(8,534)	0	0	(14,675)
5	Purchase of services for resale	(3,812)	(2,088)	(657)	(29)	0	(6,586)
6	Royalties	(20,180)	(464)	0	(27)	0	(20,671)
7	Changes in inventories of finished products	(435)	0	(715)	0	0	(1,150)
<b>8</b>	<b>Total cost of sales</b>	<b>(30,568)</b>	<b>(2,552)</b>	<b>(9,906)</b>	<b>(56)</b>	<b>0</b>	<b>(43,082)</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>27,315</b>	<b>4,021</b>	<b>2,075</b>	<b>515</b>	<b>0</b>	<b>33,926</b>
10	Other income	1,344	1,829	0	0	233	3,406
11	Cost of services	(5,875)	(240)	(1,252)	(154)	(1,549)	(9,070)
12	Rent and leasing	(623)	(49)	(34)	(5)	(749)	(1,460)
13	Payroll costs	(8,760)	(3,609)	(1,370)	(543)	(3,621)	(17,903)
14	Other operating costs	(394)	(190)	(218)	(38)	(383)	(1,223)
<b>15</b>	<b>Total operating costs</b>	<b>(15,652)</b>	<b>(4,088)</b>	<b>(2,874)</b>	<b>(740)</b>	<b>(6,302)</b>	<b>(29,656)</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>13,007</b>	<b>1,762</b>	<b>(799)</b>	<b>(225)</b>	<b>(6,069)</b>	<b>7,676</b>
17	Depreciation and amortisation	(4,693)	(1,759)	(262)	(85)	(171)	(6,970)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(1,565)	(286)	(67)	0	(132)	(2,051)
20	Impairment reversal	0	0	0	0	0	0
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(6,258)</b>	<b>(2,046)</b>	<b>(329)</b>	<b>(85)</b>	<b>(303)</b>	<b>(9,021)</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>6,749</b>	<b>(284)</b>	<b>(1,128)</b>	<b>(310)</b>	<b>(6,372)</b>	<b>(1,345)</b>

**FINANCIAL STATEMENTS****DIGITAL BROS S,p,A****Statement of financial position at 30 June 2019**

	<b>Euro Thousand</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>Change</b>	
	<b>Non-current assets</b>				
1	Property, plant and equipment	2,817	2,982	(165)	-5.5%
2	Investment property	0	0	0	0.0%
3	Intangible assets	256	302	(46)	-15.2%
4	Equity investments	16,968	16,432	536	3.3%
5	Non-current receivables and other assets	9,126	9,337	(211)	-2.3%
6	Deferred tax assets	582	330	252	76.4%
	<b>Total non-current assets</b>	<b>29,749</b>	<b>29,383</b>	<b>366</b>	<b>1.2%</b>
	<b>Non-current liabilities</b>				
7	Employee benefits	(436)	(419)	(17)	4.1%
8	Non-current provisions	(81)	(80)	(1)	0.8%
9	Other non-current payables and liabilities	(923)	(901)	(22)	2.4%
	<b>Total non-current liabilities</b>	<b>(1,440)</b>	<b>(1,400)</b>	<b>(40)</b>	<b>2.8%</b>
	<b>Net working capital</b>				
10	Inventories	3,747	3,688	59	1.6%
11	Trade receivables	1,260	1,802	(542)	-30.1%
12	Receivables from subsidiaries	28,136	23,233	4,903	21.1%
13	Tax credits	4,492	1,968	2,524	n.m.
14	Other current assets	1,003	2,957	(1,954)	-66.1%
15	Trade payables	(916)	(2,012)	1,096	-54.5%
16	Payable to subsidiaries	(9,088)	(8,933)	(155)	1.7%
17	Taxes payable	(145)	(216)	71	-32.9%
18	Current provisions	(256)	(2,393)	2,137	-89.3%
19	Other current liabilities	(621)	(753)	132	-17.6%
	<b>Total net working capital</b>	<b>27,612</b>	<b>19,341</b>	<b>8,271</b>	<b>42.8%</b>
	<b>Capital and reserves</b>				
20	Share capital	(5,704)	(5,704)	0	0.0%
21	Reserves	(21,084)	(20,577)	(507)	2.5%
22	Treasury shares	0	0	0	0.0%
23	Retained earnings (accumulated losses)	(20,751)	(20,606)	(145)	0.7%
	<b>Total equity</b>	<b>(47,539)</b>	<b>(46,887)</b>	<b>(652)</b>	<b>1.4%</b>
	<b>Total net assets</b>	<b>8,382</b>	<b>437</b>	<b>7,945</b>	<b>n.m.</b>
	<b>Current net cash/debt</b>				
24	Cash and cash equivalents	83	609	(526)	-86.3%
25	Short-term payables to banks	(10,284)	(845)	(9,439)	n.m.
26	Other current financial assets and liabilities	(114)	(176)	62	-35.2%
	<b>Current net cash/debt</b>	<b>(10,315)</b>	<b>(412)</b>	<b>(9,903)</b>	<b>n.m.</b>
	<b>Non-current net financial assets/debt</b>				
27	Non-current financial assets	1,942	0	1,942	n.m.
28	Non-current bank debt	0	0	0	n.m.
29	Other non-current financial liabilities	(9)	(25)	16	-64.0%
	<b>Non-current net financial assets/debt</b>	<b>1,933</b>	<b>(25)</b>	<b>1,958</b>	<b>n.m.</b>
	<b>Total net cash/debt</b>	<b>(8,382)</b>	<b>(437)</b>	<b>(7,945)</b>	<b>n.m.</b>

**DIGITAL BROS S.P.A**
**Income statement at 30 June 2019**

	<b>Euro thousand</b>	<b>30 June 2019</b>		<b>30 June 2018</b>		<b>Change</b>	
1	Gross revenue	12,380	109.6%	16,578	107.8%	(4,198)	-25.3%
2	Revenue adjustments	(1,086)	-9.6%	(1,198)	-7.8%	112	-9.3%
<b>3</b>	<b>Net revenue</b>	<b>11,294</b>	<b>100.0%</b>	<b>15,380</b>	<b>100.0%</b>	<b>(4,086)</b>	<b>-26.6%</b>
4	Purchase of products for resale	(8,534)	-75.6%	(11,248)	-73.1%	2,714	-24.1%
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	59	0.5%	(270)	-1.8%	329	n.s.
<b>8</b>	<b>Total cost of sales</b>	<b>(8,475)</b>	<b>-75.0%</b>	<b>(11,518)</b>	<b>-74.9%</b>	<b>3,043</b>	<b>-26.4%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>2,819</b>	<b>25.0%</b>	<b>3,862</b>	<b>25.1%</b>	<b>(1,043)</b>	<b>-27.0%</b>
10	Other income	2,675	23.7%	2,772	18.0%	(97)	-3.5%
11	Cost of services	(2,440)	-21.6%	(2,684)	-17.5%	244	-9.1%
12	Rent and Leasing	(727)	-6.4%	(730)	-4.7%	3	-0.5%
13	Payroll costs	(4,934)	-43.7%	(5,315)	-34.6%	381	-7.2%
14	Other operating costs	(532)	-4.7%	(536)	-3.5%	4	-0.7%
<b>15</b>	<b>Total operating costs</b>	<b>(8,633)</b>	<b>-76.4%</b>	<b>(9,265)</b>	<b>-60.2%</b>	<b>632</b>	<b>-6.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>(3,139)</b>	<b>-27.8%</b>	<b>(2,631)</b>	<b>-17.1%</b>	<b>(508)</b>	<b>19.3%</b>
17	Depreciation and amortisation	(369)	-3.3%	(389)	-2.5%	20	-5.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(623)	-5.5%	(1,235)	-8.0%	612	-49.6%
20	Impairment reversal	0	0.0%	0	0.0%	0	n.s.
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(992)</b>	<b>-8.8%</b>	<b>(1,624)</b>	<b>-10.6%</b>	<b>632</b>	<b>-38.9%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>(4,131)</b>	<b>-36.6%</b>	<b>(4,255)</b>	<b>-27.7%</b>	<b>124</b>	<b>-2.9%</b>
23	Interest and finance income	5,047	44.7%	20,087	130.6%	(15,040)	n.s.
24	Interest expense and finance costs	(652)	-5.8%	(714)	-4.6%	62	-8.7%
<b>25</b>	<b>Net finance income (expense)</b>	<b>4,395</b>	<b>38.9%</b>	<b>19,373</b>	<b>126.0%</b>	<b>(14,978)</b>	<b>-77.3%</b>
<b>26</b>	<b>Profit/(loss) before tax (22+25)</b>	<b>264</b>	<b>2.3%</b>	<b>15,118</b>	<b>98.3%</b>	<b>(14,854)</b>	<b>-98.3%</b>
27	Current tax	638	5.6%	476	3.1%	162	34.1%
28	Deferred tax	(62)	-0.5%	(74)	-0.5%	12	-17.3%
<b>29</b>	<b>Total income tax expense</b>	<b>576</b>	<b>5.1%</b>	<b>402</b>	<b>2.6%</b>	<b>174</b>	<b>43.2%</b>
<b>30</b>	<b>Profit/(loss) for the period (26+29)</b>	<b>840</b>	<b>7.4%</b>	<b>15,520</b>	<b>100.9%</b>	<b>(14,680)</b>	<b>-94.6%</b>

**DIGITAL BROS S.P.A.****Cash flows statement at 30 June 2019**

	<b>Euro thousand</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>A.</b>	<b>Opening net cash/debt</b>	<b>(437)</b>	<b>5.173</b>
<b>B.</b>	<b>Cash flows from operating activities</b>		
	Profit (loss) for the period attributable to the Group	840	15.521
	<i>Depreciation, amortisation and non-monetary costs:</i>		
	Provisions and impairment losses	623	89
	Amortisation of intangible assets	147	154
	Depreciation of property, plant and equipment	222	235
	Net change in other provisions	1	1
	Net change in employee benefit provisions	17	2
	Net change in other non-current liabilities	22	901
	<b>SUBTOTAL B.</b>	<b>1.872</b>	<b>16.902</b>
<b>C.</b>	<b>Change in net working capital</b>		
	Inventories	(59)	270
	Trade receivables	568	320
	Receivables due from subsidiaries	(4.903)	(3.006)
	Current tax assets	(2.524)	(1.641)
	Other current assets	1.954	(2.521)
	Trade payables	(1.096)	(294)
	Payables to subsidiaries	155	(7.329)
	Current tax liabilities	(71)	(399)
	Current provisions	(2.137)	1.147
	Other current liabilities	(132)	(1.524)
	<b>SUBTOTAL C.</b>	<b>(8.245)</b>	<b>(14.976)</b>
<b>D.</b>	<b>Cash flows from investing activities</b>		
	Net payments from intangible assets	(101)	(89)
	Net payments from property, plant and equipment	(57)	(57)
	Net payments from non-current financial assets	(1.226)	(6.051)
	<b>SUBTOTAL D.</b>	<b>(1.384)</b>	<b>(6.198)</b>
<b>E.</b>	<b>Cash flows from financing activities</b>		
	Capital increases	0	0
	Share premium accounts	0	0
	<b>SUBTOTAL E.</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Changes in consolidated equity</b>		
	Dividends distributed	0	(2.139)
	Increases (decreases) in other equity components	(188)	801
	<b>SUBTOTAL F.</b>	<b>(188)</b>	<b>(1.338)</b>
<b>G.</b>	<b>Cash flow for the period (B+C+D+E+F)</b>	<b>(7.945)</b>	<b>(5.610)</b>
<b>H.</b>	<b>Total net cash/debt (A+G)</b>	<b>(8.382)</b>	<b>(437)</b>