

AGREEMENT BETWEEN DIGITAL BROS AND SMILEGATE HOLDINGS ABOUT STARBREEZE AB

Digital Bros has entered into a call/put option scheme with Smilegate Holdings related to Starbreeze AB:

- *a call option to buy Starbreeze's Convertible Bond of SEK 215 million (Euro 20.4 million) held by Smilegate Holdings for a total compensation of Euro 17 million;*
- *a call/put option to buy/sell Starbreeze's credit of approximately Euro 13.8 million held by Smilegate Holdings in Starbreeze for a compensation of Euro 2 million.*

Subject to Digital Bros' Board of Directors approval, Digital Bros has alternatively granted the possibility to buy all the assets held by Smilegate Holdings in Starbreeze AB (the Convertible Bond, the credit of approximately Euro 13.8 million and the total Starbreeze STAR A and STAR B shares) for an amount of Euro 19.2 million. The total assets value is approximately 35.8 million.

Milan – 14 January 2020 – Digital Bros Group (DIB:MI), which is listed on the STAR segment of Borsa Italiana and operates in the video games market, today announces it has signed an agreement with Smilegate Holdings about the assets held by them in Starbreeze AB.

Starbreeze AB is a Swedish Company listed on Nasdaq Stockholm, publisher of the famous videogame Payday. The Company successfully exit a reconstruction process on December 6th, 2019 with a composition proposal to creditors approved by the Stockholm District Court.

Smilegate Holdings is a South Korean video game developer and publisher, which develops, publishes and services mobile and PC online games. The Company holds a Convertible Bond of SEK 215 million (Euro 20.4 million) and a credit of approximately Euro 13.8 million in Starbreeze. Smilegate Holdings also owns 3,601,083 shares STAR A and 6,018,948 STAR B corresponding to 2.92% of Starbreeze share capital and 5.21% of Starbreeze AB voting rights.

Digital Bros secured a call option to buy the Convertible Bond of SEK 215 million (Euro 20.4 million) issued by Starbreeze AB to Smilegate Holdings for a total compensation of Euro 17 million. If exercised, the purchase price will be paid in two installments: Euro 7 million on the date of exercise and Euro 10 million on 28th February 2021. If not exercised, Digital Bros will pay a penalty of Euro 2 million.

The Starbreeze AB Extraordinary General Meeting held on January 13th, 2020, restated the strike price for the Convertible Bond to SEK 2.25 per share. If converted into Starbreeze AB shares, the Bond would result in no. 95,578,667 newly issued STAR B shares corresponding to 22.49% of Starbreeze AB share capital and 10.60% of its voting rights.

Digital Bros has signed a call option and a put option agreement regarding the credit of approximately Euro 13.8 million held by Smilegate Holdings in Starbreeze AB. The credit has been included in Starbreeze's reconstruction plan and shall be paid within the framework of the stipulated composition approved by the Stockholm District Court and no later than 5 years. Digital Bros has a call option to buy, and Smilegate Holdings has a put option to sell, the credit held by Smilegate in Starbreeze AB for a fixed price of Euro 2 million.

Alternatively to the above option scheme, Digital Bros has granted the possibility to buy all the assets held by Smilegate Holdings in Starbreeze AB for a total amount of Euro 19.2 million. The overall assets nominal value is approximately Euro 35.8 million, detailed as follows:

- Convertible Bond of Euro 20.4 million;
- credit of approximately Euro 13.8 million;
- 3,601,083 Starbreeze shares STAR A and 6,018,948 Starbreeze shares of approximately Euro 1.7 million (valued at STAR A and STAR B opening share price of today).

Following such transaction and after the potential full conversion of the Convertible Bond, Digital Bros may own 25.72% in Starbreeze's share capital and 19.80% of the total voting rights. The potential transaction is subject to the approval by Digital Bros' Board of Directors.

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 200 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.

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