

## **DIGITAL BROS ACQUIRES ALL THE STARBREEZE AB ASSETS HELD BY SMILEGATE HOLDINGS FOR EURO 19.2 MILLION**

*Digital Bros buys all the assets held by Smilegate Holdings in Starbreeze AB for a total amount of Euro 19.2 million.*

**Milan – 26 February 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 the acquisition of all the assets held by Smilegate Holdings in Starbreeze AB for a total price of Euro 19.2 million. The overall assets nominal value is approximately Euro 36.7 million.

Starbreeze AB is a Swedish Company listed on Nasdaq Stockholm, developer and publisher of the popular videogame PAYDAY. The Company successfully completed a reconstruction process on December 6<sup>th</sup>, 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. Digital Bros bought from the South Korean Company the following assets in Starbreeze AB, for an overall nominal value of approx. Euro 36.7 million:

- Convertible Bond of SEK 215 million (approx. Euro 20.4 million) issued by Starbreeze AB with a strike price of SEK 2.25 per share. If converted, the Convertible Bond would result in no. 95,578,667 newly issued STAR B shares corresponding to 20.87% of Starbreeze AB's share capital and 7.77% of its voting rights;
- credit of US \$15.9 million (approximately Euro 14.7 million) included in Starbreeze's reconstruction plan that will be paid within the framework of the Composition approved by the Stockholm District Court but no later than 5 years;
- 3,601,083 STAR A shares and 6,018,948 STAR B shares, corresponding to 2.66% of Starbreeze AB's share capital and 3.71% of Starbreeze AB voting rights for approx. Euro 1.6 million at the current share prices.

After the acquisition of Smilegate Holdings' shares in Starbreeze AB and the potential conversion of the Convertible Bond, Digital Bros will own 28.01% of Starbreeze AB's share capital and 29.93% of the voting rights. (Estimate based on the number of outstanding shares and the number of outstanding voting rights as communicated by Starbreeze after the share issue on February 19<sup>th</sup>, 2020).

The deal will be financed through actual credit lines and cash flow generated by the operating activities. The total consideration of Euro 19.2 million will be paid in two installments: Euro 9.2 million at the closing date and Euro 10 million on February 28<sup>th</sup>, 2021.

The Group does not expect any significant impacts on the profitability margins in the current fiscal year.

## **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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