

## PRESS RELEASE

*The Board of Directors of Digital Bros Group approves the Third Quarterly Report for period ended 31 March 2020 (first nine months of financial year 2019 – 2020)*

### FIRST NINE MONTHS RESULTS:

- **REVENUES AT EURO 99.1 MILLION (+132.7%)**
- **EBIT AT EURO 10.2 MILLION**
- **NET PROFIT AT EURO 6.4 MILLION (EURO 7.8 MILLION NET OF THE NON-RECURRING ITEMS)**
- **FREE CASHFLOW GENERATION WAS AHEAD OF EXPECTATION AND AS A RESULT FINANCIAL NET DEBT REMAINED STABLE AT EURO 5.9 MILLION DESPITE CONTINUING INVESTMENTS MADE BY THE GROUP**

- ✓ *Consolidated gross revenues of €99.1 million more than doubled compared to €42.6 million on March 31<sup>st</sup>, 2019 (+132.7% YoY) resulting from the performance of new videogames Control, Bloodstained and Journey to the Savage Planet*
- ✓ *EBIT of €10.2 million compared to negative €7.6 million at 31 March 2019*
- ✓ *Net profit of €6.4 million (€7.8 million net of the non-recurring items) compared to net loss of €5.9 million on March 31<sup>st</sup>, 2019*
- ✓ *Net debt remained stable compared to December 31<sup>st</sup> 2019, despite the investments made by the Group during the period*
- ✓ *Third quarter results showed a significant growth compared to Q3 2018/2019: revenues at €31.3 million (€12.4 million), EBIT at €6.2 million (€ -3.5 million), net profit at €4.4 million (€ -2.7 million)*

RESULTS FOR THE FIRST NINE MONTHS OF FINANCIAL YEAR 2019–2020 (AT 31.03.2020)				
<i>Euro thousand</i>	<b>31.03.20</b>	<b>31.03.19</b>	<b>Change</b>	<b>Change %</b>
<b>Gross revenues</b>	99,143	42,601	56,542	132.7%
<b>Gross operating margin (EBITDA)</b>	20,565	(1,640)	22,205	n.m.
<b>Operating margin (EBIT)</b>	10,207	(7,612)	17,819	n.m.
<b>Profit/(loss) before tax</b>	9,932	(7,502)	17,434	n.m.
<b>Net profit/(loss)</b>	<b>6,381</b>	<b>(5,882)</b>	<b>12,271</b>	<b>n.m.</b>
<b>Net recurrent profit</b>	<b>7,779</b>	<b>(5,882)</b>	<b>13,661</b>	<b>n.m.</b>

Milan, 13 May 2020 - The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the STAR segment of Borsa Italiana and operates in the videogames market, **today approved the quarterly report for the period ended 31 March, 2020** (first nine months of the fiscal year from July 1<sup>st</sup>, 2019 to June 30<sup>th</sup>, 2020).

Digital Bros Group's key consolidated results for the first nine months of financial year 2019-2020, together with prior period comparatives, are as follows:

- **Gross consolidated revenues** of €99.1 million, increased compared to €42.6 million on March 31<sup>st</sup>, 2019 (+132.7% YoY).
- **EBITDA** of €20.6 million, increased compared to negative €1.6 million on March 31<sup>st</sup>, 2019.
- **EBIT** of €10.2 million compared to negative €7.6 million on March 31<sup>st</sup>, 2019.

- **Profit before tax** of €9.9 million compared to loss before tax of €7.5 million on March 31<sup>st</sup>, 2019.
- **Net profit** of €6.4 million significantly increased compared to net loss of €5.9 million on March 31<sup>st</sup>, 2019. Recurring profit of €7.8 million.

## RESULTS BY OPERATING SEGMENT

The videogames Control, Indivisible and Journey to the Savage Planet were launched on all platforms during the period. The Nintendo Switch console versions of Indivisible and Journey to the Savage Planet are expected to be released in the last quarter of the fiscal year. The launches are part of the investment plan of new videogames started during the last quarter of the past fiscal year with the launch of Bloodstained. The release plan enabled a significant increase of revenues and of all financial margins.

During the third quarter of the fiscal year, the world has been materially affected by the Covid-19 pandemic. The precautionary measures adopted by governments around the world, to contain the spread of the contagion, locked people in their houses and caused the shutdown of numerous retail stores and chains. The free time from work and school significantly impacted the demand for home entertainment and increased the revenue stream coming from digital distribution improving the operating margins of the Group.

Consolidated gross revenues more than doubled in the first half to €99.1 million from €42.6 million. A breakdown by operating segment for the period ended 31 March 2020 compared to the period ended 31 March 2019 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2020	2019	Change		2020	2019	Change	
Premium Games	86,764	25,743	61,021	237.0%	81,275	24,304	56,971	234.4%
Italian Distribution	6,811	11,692	(4,881)	-41.7%	6,298	10,273	(3,975)	-38.7%
Free to Play	5,117	4,758	359	7.6%	5,117	4,758	359	7.6%
Other Projects	451	408	43	10.5%	451	408	43	10.5%
<b>Total gross revenues</b>	<b>99,143</b>	<b>42,601</b>	<b>56,542</b>	<b>132.7%</b>	<b>93,141</b>	<b>39,743</b>	<b>53,398</b>	<b>134.4%</b>

The **Premium Games** operating segment gross revenues amounted for 87% of the consolidated revenues and significantly increased (up by €61 million) as a result of the sales of Control, released on August 27<sup>th</sup>, 2019, Bloodstained, launched in June 2019 and Journey to the Savage Planet, launched in January 2020. Revenue from Control amounted to €30 million in the period while Bloodstained and Journey to the Savage Planet sales amounted to €9.9 million and €10.8 million respectively.

The **Italian Distribution** operating segment revenues decreased by €4.9 million, down by 41.7% compared to the same period of previous year as an effect of retail business activities closure during Covid-19 emergency.

The **Free to Play** operating segment revenue showed a 7.6% increase, following the positive performance of the videogame Gems of War, launched more five years ago.

Digital Bros Group's revenues and earnings by operating segments for the period are as follows:

Euro thousand	Premium Games	Italian Distribution	Free to Play	Other Projects	Holding	Total
Gross revenues	86,764	6,811	5,117	451	0	<b>99,143</b>
EBITDA	24,835	(1,160)	1,157	30	(4,297)	<b>20,565</b>
EBIT	16,571	(1,333)	(82)	(51)	(4,898)	<b>10,207</b>

**Operating costs** increased by €7.4 million due to higher marketing and advertising costs to support new videogames launches and payroll costs. The increase in operating costs has been proportionally lower than the increase in revenues.

**Non-monetary costs** increased by €4.4 million mainly because of higher depreciation of the Group's intellectual properties, €4.1 million, and the application of the new IFRS 16 for €897 thousand. Write-offs, mainly consisting of early cancellation of contracts, amounted for €1.2 million compared to €0.7 million on March 31, 2019.

The **profit before tax** for the period ended 31 March 2020 amounted to €9.9 million, up by €17.4 million compared to the loss before tax of €7.5 million at March 31<sup>st</sup>, 2019. Recurrent profit before tax was €11.1 million, up by €18.6 million compared to same period of previous year.

**Net profit** for the period amounted to €6.4 million compared to net loss of €5.9 million for the period ended 31 March 2019. Recurrent profit for the period was €7.8 million.

**Net profit attributable to the shareholders of the Group** was €6.4 million.

**Basic profit per share** and **diluted profit per share** were €0.45 compared to the net loss per share of €0.41 for the first nine months of last fiscal year.

## NET FINANCIAL DEBTS

Better than expected, profitability and free cashflow generation meant that **net debt** remained stable at €5.9 million compared to December 31<sup>st</sup>, 2019 including the investments made by the Group during the third quarter.

Net debt decreased by €10.4 million compared to June 30<sup>th</sup>, 2019 including the application of the IFRS 16 (which resulted in a €5.5 million increase). Net financial debts, excluding the application of the IFRS 16, decreased by €15.8 million.

## TREASURY SHARES

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at 31<sup>st</sup> March 2020 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period.

## SIGNIFICANT EVENTS DURING THE PERIOD

The most significant events during the period were as follows:

- on October 28<sup>th</sup>, 2019, Digital Bros Group announced the deal with the studio Kojima Productions for the worldwide publishing rights of the PC version of the videogame Death Stranding. The Group expects to generate lifetime revenues in excess of €50 million from the PC version of the videogame. On March 2<sup>nd</sup>, 2020, it has been announced that the PC version of the videogame Death Stranding was expected to be released on June 2, 2020. On April 21<sup>st</sup>, 2020 the release date was moved to July 2020 following the temporary closure of the studio Kojima Productions for Covid-19 precautionary measures;
- On February 28<sup>th</sup>, 2020, the independent Director Paola Carrara resigned from the Board of Directors for personal reasons;
- On March 3<sup>rd</sup>, 2020, Digital Bros acquired the remaining 51% of Ovosonico S.r.l. for a total consideration of Euro 210 thousand. The studio, that is currently working on the development of one of the Group's IP, changed its company name in Avantgarden S.r.l.;
- On March 5<sup>th</sup>, 2020, the Group subscribed a settlement agreement with the Italian Tax Authorities (Agenzia delle Entrate) referred to the tax litigation for the years 2011-2015. This dispute is related to some operations of the subsidiary 505 Games S.p.A. which, based on the assessments conducted by the financial administration, would have been considered as royalty and therefore subject to withholding tax. Even if the Group considers the transactions as purchases of goods and/or services and does not agree, both in form and substance, with the claims of the Italian Tax Authorities, to avoid a potentially long and costly litigation, the Company has decided to enter into a conciliatory agreement. Following the above the Group recorded non-recurring costs for Euro 1.4 million at 31 December 2019. The amount includes interest of €580 thousand and penalties of €224 thousand together with potential credit losses of €594 thousand relating to potential unrecognized items from vendors against the withholding taxes the company will pay on their behalf;
- on March 5<sup>th</sup>, 2020 the Board of Directors appointed Laura Soifer as new Independent Director. The Board of Directors after having verified the independence requirements of the new Director, appointed Laura Soifer as member of the Control and Risks Committee and the Related Parties Committee.

## COVID-19

The health and wellbeing of its employees have been Digital Bros' priority during Covid-19 pandemic. The Group has monitored the emergency since the beginning and anticipated precautionary measures, following the government authority's guidance, to guarantee employees' safety and ensure business continuity.

Among the measures undertaken, Digital Bros:

- activated remote working for the majority of its employees in all its offices around the world;
- implemented all prevention and protection measures, in view of offices' reopening, including sanitization of the workplace and provision of the individual protection equipment;
- activated a supplementary insurance coverage for all its Italian employees in the case of Covid-19 hospitalization.

## SUBSEQUENT EVENTS

On April 21<sup>st</sup>, 2020, Digital Bros S.p.A., announced that the PC version of the videogame Death Stranding will be launched worldwide on July 14<sup>th</sup>, 2020 instead of June 2<sup>nd</sup>, 2020. The change came after the precautionary measures related to Coronavirus with the studio Kojima Productions, developer of the videogame, temporarily closing its Tokyo offices. The Group confirmed

expected revenues in excess of Euro 50 million from the PC version of the videogame.

## **BUSINESS OUTLOOK**

The investment plan in new videogames started last June with Bloodstained and continued with the releases of Control in August, Indivisible in October, and Journey to the Savage Planet in January 2020. It will be completed in the last quarter of the fiscal year with the launch of the console versions of the videogame Assetto Corsa Competizione and the Nintendo Switch versions of Indivisible and Journey to the Savage Planet. The launch of the videogame Death Stranding on PC was moved to next fiscal year, during July 2020. The revenue stream coming from the videogame Control is expected to continue also in the coming quarters due to the new contents' releases and the availability of the Steam version in August 2020.

According to this scenario, the Group expects to maintain significant revenues growth at the end of the fiscal year together with a significant improvement in all financial margins. The increased portion of revenues coming from digital distribution in the last quarter would improve the operating margins even if revenue will remain stable.

Considering the better than expected trend of net financial debts during the third quarter, which remained stable despite the significant investments made by the Group during the period, the Group forecasts a positive net financial position, gross of the IFRS 16 effect, at the end of 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, Hong Kong and Japan, with approximately 210 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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# FINANCIAL STATEMENTS

## DIGITAL BROS GROUP

### Consolidated statement of financial position at 31 March 2020

	<b>Euro Thousand</b>	<b>31 March 2020</b>	<b>30 June 2019</b>	<b>Change</b>	
	<b>Non-current assets</b>				
1	Property, plant and equipment	9,117	3,584	5,533	n.m.
2	Investment property	0	0	0	0
3	Intangible assets	30,778	18,341	12,437	67.8%
4	Equity investments	4,492	1,706	2,786	n.m.
5	Non-current receivables and other assets	5,702	9,322	(3,620)	-38.8%
6	Deferred tax assets	2,688	2,745	(57)	-2.1%
	<b>Total non-current assets</b>	<b>52,777</b>	<b>35,698</b>	<b>17,079</b>	<b>47.8%</b>
	<b>Non-current liabilities</b>				
7	Employee benefits	(646)	(573)	(73)	12.7%
8	Non-current provisions	(81)	(81)	0	0
9	Other non-current payables and liabilities	(479)	(923)	444	-48.1%
	<b>Total non-current liabilities</b>	<b>(1,206)</b>	<b>(1,577)</b>	<b>371</b>	<b>-23.5%</b>
	<b>Net working capital</b>				
10	Inventories	14,423	13,909	514	3.7%
11	Trade receivables	50,877	55,070	(4,193)	-7.6%
12	Tax credits	5,479	6,076	(597)	-9.8%
13	Other current assets	6,178	1,668	4,510	n.s.
14	Trade payables	(36,854)	(24,631)	(12,223)	49.6%
15	Taxes payable	(5,332)	(1,138)	(4,194)	n.s.
16	Current provisions	0	(856)	856	n.s.
17	Other current liabilities	(9,525)	(3,761)	(5,764)	n.s.
	<b>Total net working capital</b>	<b>25,246</b>	<b>46,337</b>	<b>(21,091)</b>	<b>-45.5%</b>
	<b>Capital and reserves</b>				
18	Share capital	(5,704)	(5,704)	0	0
19	Reserves	(20,871)	(21,223)	352	-1.7%
20	Treasury shares	0	0	0	0
21	Retained earnings (accumulated losses)	(43,707)	(37,298)	(6,409)	17.2%
	<b>Total equity</b>	<b>(70,282)</b>	<b>(64,225)</b>	<b>(6,057)</b>	<b>9.4%</b>
	<b>Equity attributable to minority shareholders</b>	<b>(656)</b>	<b>0</b>	<b>(656)</b>	<b>n.m.</b>
	<b>Total net assets</b>	<b>5,879</b>	<b>16,233</b>	<b>(10,354)</b>	<b>-63.8%</b>
22	Cash and cash equivalents	9,131	4,767	4,364	91.5%
23	Short-term payables to banks	(14,822)	(20,795)	5,973	-28.7%
24	Other current financial assets and liabilities	(11,336)	2,155	(13,491)	n.m.
	<b>Current net cash/debt</b>	<b>(17,027)</b>	<b>(13,873)</b>	<b>(3,156)</b>	<b>22.7%</b>
25	Non-current financial assets	16,900	1,942	14,958	n.m.
26	Non-current bank debt	(1,349)	(4,293)	2,944	-68.6%
27	Other non-current financial liabilities	(4,403)	(9)	(4,394)	n.m.
	<b>Non-current net financial assets/(debt)</b>	<b>11,148</b>	<b>(2,360)</b>	<b>13,508</b>	<b>n.m.</b>
	<b>Total net cash/debt</b>	<b>(5,879)</b>	<b>(16,233)</b>	<b>10,354</b>	<b>-63.8%</b>

**DIGITAL BROS GROUP**
**Consolidated Income Statement at 31 March 2020**

	Euro thousand	31 March 2020		31 March 2019		Change	
1	Gross revenue	99,143	106.4%	42,601	107.2%	56,542	132.7%
2	Revenue adjustments	(6,002)	-6.4%	(2,858)	-7.2%	(3,146)	n.m.
<b>3</b>	<b>Net revenue</b>	<b>93,141</b>	<b>100.0%</b>	<b>39,743</b>	<b>100.0%</b>	<b>53,398</b>	<b>134.4%</b>
4	Purchase of products for resale	(14,160)	-15.2%	(10,777)	-27.1%	(3,383)	31.4%
5	Purchase of services for resale	(6,421)	-6.9%	(4,337)	-10.9%	(2,084)	48.1%
6	Royalties	(26,883)	-28.9%	(7,898)	-19.9%	(18,985)	n.m.
7	Changes in inventories of finished products	514	0.6%	(172)	-0.4%	686	n.m.
<b>8</b>	<b>Total cost of sales</b>	<b>(46,950)</b>	<b>-50.4%</b>	<b>(23,184)</b>	<b>-58.3%</b>	<b>(23,766)</b>	<b>102.5%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>46,191</b>	<b>49.6%</b>	<b>16,559</b>	<b>41.7%</b>	<b>29,632</b>	<b>n.m.</b>
10	Other income	2,375	2.6%	2,426	6.1%	(51)	-2.1%
11	Costs for services	(11,536)	-12.4%	(5,613)	-14.1%	(5,923)	n.m.
12	Rent and Leasing	(183)	-0.2%	(1,069)	-2.7%	886	-82.8%
13	Payroll costs	(15,358)	-16.5%	(13,118)	-33.0%	(2,240)	17.1%
14	Other operating costs	(924)	-1.0%	(825)	-2.1%	(99)	11.9%
<b>15</b>	<b>Total operating costs</b>	<b>(28,001)</b>	<b>-30.1%</b>	<b>(20,625)</b>	<b>-51.9%</b>	<b>(7,376)</b>	<b>35.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>20,565</b>	<b>22.1%</b>	<b>(1,640)</b>	<b>-4.1%</b>	<b>22,205</b>	<b>n.m.</b>
17	Depreciation and amortisation	(9,405)	-10.1%	(5,307)	-13.4%	(4,098)	77.2%
18	Provisions	0	0.0%	0	0.0%	0	n.m.
19	Asset impairment charge	(1,189)	-1.3%	(665)	-1.7%	(524)	78.7%
20	Impairment reversal	236	0.3%	0	0.0%	236	n.m.
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(10,358)</b>	<b>-11.1%</b>	<b>(5,972)</b>	<b>-15.0%</b>	<b>(4,386)</b>	<b>73.4%</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>10,207</b>	<b>11.0%</b>	<b>(7,612)</b>	<b>-19.2%</b>	<b>17,819</b>	<b>n.m.</b>
23	Interest and finance income	2,521	2.7%	1,066	2.7%	1,455	n.m.
24	Interest expense and finance costs	(2,796)	-3.0%	(956)	-2.4%	(1,840)	n.m.
<b>25</b>	<b>Net interest income/(expense)</b>	<b>(275)</b>	<b>-0.3%</b>	<b>110</b>	<b>0.3%</b>	<b>(385)</b>	<b>n.m.</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>9,932</b>	<b>10.7%</b>	<b>(7,502)</b>	<b>-18.9%</b>	<b>17,434</b>	<b>n.m.</b>
27	Current tax	(3,114)	-3.3%	1,433	3.6%	(4,547)	n.m.
28	Deferred tax	(437)	-0.5%	187	0.5%	(624)	n.m.
<b>29</b>	<b>Total taxes</b>	<b>(3,551)</b>	<b>-3.8%</b>	<b>1,620</b>	<b>4.1%</b>	<b>(5,171)</b>	<b>n.m.</b>
<b>30</b>	<b>Net profit/loss</b>	<b>6,381</b>	<b>6.9%</b>	<b>(5,882)</b>	<b>-14.8%</b>	<b>12,263</b>	<b>n.m.</b>
	attributable to the shareholders of the Group	6,389	6.9%	(5,882)	-14.8%	12,271	n.m.
	attributable to minority shareholders	(8)	0.0%	0	0.0%	(8)	n.m.
	<b>Earnings per share</b>						
<b>33</b>	<b>Total basic earnings per share (in Euro)</b>	<b>0,45</b>		<b>(0,41)</b>		<b>0,86</b>	<b>n.m.</b>
<b>34</b>	<b>Diluted earnings per share (in Euro)</b>	<b>0,45</b>		<b>(0,41)</b>		<b>0,86</b>	<b>n.m.</b>

# DIGITAL BROS GROUP

## Consolidated Cash Flow Statement at 31 March 2020

	<i>Euro thousand</i>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>A.</b>	<b>Opening net cash/debt</b>	<b>(16,233)</b>	<b>(1,083)</b>
<b>B.</b>	<b>Cash flows from operating activities</b>		
	Profit (loss) for the period attributable to the Group	6,381	(5,882)
	<i>Depreciation, amortisation and non-monetary costs:</i>		
	Provisions and impairment losses	1,189	601
	Amortisation of intangible assets	7,993	4,778
	Depreciation of property, plant and equipment	1,412	528
	Net change in other provisions	0	0
	Net change in employee benefit provisions	73	10
	Net change in other non-current liabilities	(444)	34
	<b>SUBTOTAL B.</b>	<b>16,604</b>	<b>69</b>
<b>C.</b>	<b>Change in net working capital</b>		
	Inventories	(514)	172
	Trade receivables	4,125	(7,124)
	Current tax assets	597	(2,493)
	Other current assets	(5,112)	1,374
	Trade payables	12,223	(3,052)
	Current tax liabilities	4,194	(249)
	Current provisions	(856)	2
	Other current liabilities	5,764	1,388
	<b>SUBTOTAL C.</b>	<b>20,421</b>	<b>(9,982)</b>
<b>D.</b>	<b>Cash flows from investing activities</b>		
	Net payments for intangible assets	(20,949)	(6,390)
	Net payments for property, plant and equipment	(6,945)	1,737
	Net payments for non-current financial assets	891	(1,122)
	<b>SUBTOTAL D.</b>	<b>(27,003)</b>	<b>(5,775)</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	0
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	332	(852)
	<b>SUBTOTAL F.</b>	<b>332</b>	<b>(852)</b>
<b>G.</b>	<b>Cash flow for the period (B+C+D+E+F+G)</b>	<b>10,354</b>	<b>(16,540)</b>
<b>H.</b>	<b>Closing net cash/debt (A+H)</b>	<b>(5,879)</b>	<b>(17,623)</b>

## SEGMENT REPORTING

### Consolidated Income Statement per Operating Segment at 31 December 2019

	Euro Thousand	Premium Games	Italian Distribution	Free to Play	Other projects	Holding	Total
1	Gross revenue	86,764	6,811	5,117	451	0	99,143
2	Revenue adjustments	(5,489)	(513)	0	0	0	(6,002)
<b>3</b>	<b>Net revenue</b>	<b>81,275</b>	<b>6,298</b>	<b>5,117</b>	<b>451</b>	<b>0</b>	<b>93,141</b>
4	Purchase of products for resale	(9,842)	(4,318)	0	0	0	(14,160)
5	Purchase of services for resale	(4,648)	(128)	(1,636)	(9)	0	(6,421)
6	Royalties	(26,618)	0	(244)	(21)	0	(26,883)
7	Changes in inventories of finished products	1,287	(773)	0	0	0	514
<b>8</b>	<b>Total cost of sales</b>	<b>(39,821)</b>	<b>(5,219)</b>	<b>(1,880)</b>	<b>(30)</b>	<b>0</b>	<b>(46,950)</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>41,454</b>	<b>1,079</b>	<b>3,237</b>	<b>421</b>	<b>0</b>	<b>46,191</b>
10	Other income	749	0	1,555	0	71	2,375
11	Cost of services	(8,940)	(1,026)	(232)	(122)	(1,216)	(11,536)
12	Rent and leasing	(56)	(22)	(13)	(1)	(91)	(183)
13	Payroll costs	(8,051)	(1,041)	(3,324)	(239)	(2,703)	(15,358)
14	Other operating costs	(321)	(150)	(66)	(29)	(358)	(924)
<b>15</b>	<b>Total operating costs</b>	<b>(17,368)</b>	<b>(2,239)</b>	<b>(3,635)</b>	<b>(391)</b>	<b>(4,368)</b>	<b>(28,001)</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>24,835</b>	<b>(1,160)</b>	<b>1,157</b>	<b>30</b>	<b>(4,297)</b>	<b>20,565</b>
17	Depreciation and amortisation	(7,684)	(129)	(893)	(81)	(618)	(9,405)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(767)	(44)	(346)	0	(32)	(1,189)
20	Impairment reversal	187	0	0	0	49	236
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(8,264)</b>	<b>(173)</b>	<b>(1,239)</b>	<b>(81)</b>	<b>(601)</b>	<b>(10,358)</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>16,571</b>	<b>(1,333)</b>	<b>(82)</b>	<b>(51)</b>	<b>(4,898)</b>	<b>10,207</b>



**DIGITAL BROS GROUP**
**Consolidated Income Statement for the third quarter**

	<b>Euro thousand</b>	<b>Q3 2019/2020</b>		<b>Q3 2018/2019</b>		<b>Change</b>	
1	Gross revenue	31,293	102.1%	12,385	107.0%	18,908	152.7%
2	Revenue adjustments	(637)	-2.1%	(816)	-7.0%	179	n.m.
<b>3</b>	<b>Net revenue</b>	<b>30,656</b>	<b>100</b>	<b>11,569</b>	<b>100.0%</b>	<b>19,087</b>	<b>165.0%</b>
4	Purchase of products for resale	(1,323)	-4.3%	(3,429)	-29.6%	2,106	-61.4%
5	Purchase of services for resale	(2,375)	-7.7%	(967)	-8.4%	(1,408)	n.m.
6	Royalties	(8,188)	-26.7%	(2,384)	-20.6%	(5,804)	n.m.
7	Changes in inventories of finished products	(878)	-2.9%	(433)	-3.7%	(445)	n.m.
<b>8</b>	<b>Total cost of sales</b>	<b>(12,764)</b>	<b>-41.6%</b>	<b>(7,213)</b>	<b>-62.3%</b>	<b>(5,551)</b>	<b>77.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>17,892</b>	<b>58.4%</b>	<b>4,356</b>	<b>37.6%</b>	<b>13,536</b>	<b>n.m.</b>
10	Other income	989	3.2%	880	7.6%	109	n.m.
11	Costs for services	(2,781)	-9.1%	(1,701)	-14.7%	(1,080)	63.5%
12	Rent and Leasing	(42)	-0.1%	(358)	-3.1%	316	-88.4%
13	Payroll costs	(5,345)	-17.4%	(4,667)	-40.3%	(678)	14.5%
14	Other operating costs	(301)	-1.0%	(286)	-2.5%	(15)	5.3%
<b>15</b>	<b>Total operating costs</b>	<b>(8,469)</b>	<b>-27.6%</b>	<b>(7,012)</b>	<b>-60.6%</b>	<b>(1,457)</b>	<b>20.8%</b>
<b>16</b>	<b>Gross operating margin (EBITDA) (9+10+15)</b>	<b>10,412</b>	<b>34.0%</b>	<b>(1,776)</b>	<b>-15.3%</b>	<b>12,188</b>	<b>n.m.</b>
17	Depreciation and amortisation	(4,266)	-13.9%	(1,714)	-14.8%	(2,552)	n.m.
18	Provisions	0	0	0	0.0%	0	n.m.
19	Asset impairment charge	(20)	-0.1%	0	0.0%	(20)	n.m.
20	Impairment reversal	32	0.1%	0	0.0%	32	n.m.
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(4,254)</b>	<b>-13.9%</b>	<b>(1,714)</b>	<b>-14.8%</b>	<b>(2,540)</b>	<b>n.m.</b>
<b>22</b>	<b>Operating margin (EBIT) (16+21)</b>	<b>6,158</b>	<b>20.1%</b>	<b>(3,490)</b>	<b>-30.2%</b>	<b>9,648</b>	<b>n.m.</b>
23	Interest and finance income	981	3.2%	396	3.4%	585	n.m.
24	Interest expense and finance costs	(856)	-2.8%	(465)	-4.0%	(391)	n.m.
<b>25</b>	<b>Net interest income/(expense)</b>	<b>125</b>	<b>0.4%</b>	<b>(69)</b>	<b>-0.6%</b>	<b>194</b>	<b>n.m.</b>
<b>26</b>	<b>Profit/ (loss) before tax (22+25)</b>	<b>6,283</b>	<b>20.5%</b>	<b>(3,559)</b>	<b>-30.8%</b>	<b>9,842</b>	<b>n.m.</b>
27	Current tax	(2,028)	-6.6%	745	6.4%	(2,773)	n.m.
28	Deferred tax	188	0.6%	92	0.8%	96	n.m.
<b>29</b>	<b>Total taxes</b>	<b>(1,840)</b>	<b>-6.0%</b>	<b>837</b>	<b>7.2%</b>	<b>(2,677)</b>	<b>n.m.</b>
<b>30</b>	<b>Recurrent net profit/loss</b>	<b>4,443</b>	<b>14.5%</b>	<b>(2,722)</b>	<b>-23.5%</b>	<b>7,165</b>	<b>n.m.</b>
	<b>attributable to the shareholders of the Parent Company</b>	<b>4,451</b>	<b>14.5%</b>	<b>(2,722)</b>	<b>-23.5%</b>	<b>7,173</b>	<b>n.m.</b>
	<b>attributable to minority shareholders</b>	<b>(8)</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>(8)</b>	<b>n.m.</b>