

PRESS RELEASE

The Board of Directors of Digital Bros Group approves the Draft Financial Statements for the year ending 30 June 2020

- **FINANCIAL YEAR 2019-2020 RESULTS:**

- REVENUES AT EURO 139 MILLION (+71%)
- EBIT AT EURO 20.1 MILLION
- NET PROFIT AT EURO 15 MILLION (EURO 16.3 MILLION NET OF NON-RECURRING ITEMS)
- POSITIVE NET FINANCIAL POSITION AT EURO 2.6 MILLION

- **REVENUE GROWTH FORECASTED FOR THE NEXT FISCAL YEAR**

- **DIVIDEND PROPOSAL OF EURO 0.15 PER SHARE**

- ✓ *Consolidated gross revenues of €139 million increased compared to €81.3 million on June 30th, 2019 (+71% YoY)*
- ✓ *EBIT of €20.1 million significantly increased compared to negative €1.3 million at 30th June, 2019*
- ✓ *Net profit of €15 million (€16.3 million net of the non-recurring items) compared to net loss of €1.5 million on June 30th, 2019*
- ✓ *Positive net financial position of €2.6 million, significantly increased compared to net debt of 16.2 million at 30th June, 2019 (24.2 million excluding IFRS 16 effect)*
- ✓ *Revenues growth expected in next fiscal year thanks to new releases: PC version of Death Stranding, Ghostrunner and new versions of Control in the Premium segment; Portal Knights MMO and Puzzle Quest 3 in the Free to Play segment*
- ✓ *Dividend distribution proposal of €0.15 per share*

RESULTS FOR THE FINANCIAL YEAR 2019–2020				
<i>Euro thousand</i>	30.06.20	30.06.19	Change	Change %
Gross revenues	139,033	81,317	57,716	71.0%
Gross operating margin (EBITDA)	34,678	7,676	27,002	n.s.
Operating margin (EBIT)	20,055	(1,345)	21,400	n.s.
Profit/(loss) before tax	20,683	(1,313)	21,996	n.s.
Net profit/(loss)	14,949	(1,513)	16,462	n.s.
Net recurrent profit	16,347	(1,513)	17,860	n.s.

Milan, 22 September 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 Draft Financial Statements for the fiscal year 2019/2020** (1st July 2019 – 30th June 2020).

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

- **Gross consolidated revenues** of €139 million, increased compared to €81.3 million on June 30th, 2019 (+71% YoY).
- **EBITDA** of €34.7 million, increased compared to €7.7 million on June 30th, 2019.
- **EBIT** of €20.1 million compared to negative €1.3 million on June 30th, 2019.

- **Profit before tax** of €20.7 million compared to loss before tax of €1.3 million on June 20th, 2019.
- **Net profit** of €15 million significantly increased compared to net loss of €1.5 million on June 30th, 2019. **Recurring profit** of €16.3 million.

RESULTS BY OPERATING SEGMENT

The videogames Control, Indivisible and Journey to the Savage Planet were launched during the financial year. These 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 financial margins.

Starting from January 2020, 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 increased by 71% in the fiscal year from €81.3 million to €139 million. A breakdown by operating segment at 30th June, 2020 compared to prior fiscal year is provided below:

Euro thousand	Gross revenue				Net revenue			
	2020	2019	Change		2020	2019	Change	
Premium Games	122,287	60,432	61,855	102.4%	116,521	57,883	58,638	101.3%
Italian Distribution	8,653	13,741	(5,088)	-37.0%	8,609	11,981	(3,372)	-28.1%
Free to Play	7,476	6,573	903	13.7%	7,476	6,573	903	13.7%
Other Projects	617	571	46	8.0%	617	571	46	8.0%
Total gross revenues	139,033	81,317	57,716	71.0%	133,223	77,008	56,215	73.0%

The **Premium Games** operating segment gross revenues amounted for 88% of the consolidated revenues and significantly increased (up by €61.9 million) as a result of the sales of Control, released on August 27th, 2019, Bloodstained, launched in June 2019 and Journey to the Savage Planet, launched in January 2020. Revenue from Control amounted to €34.4 million in the period while Bloodstained and Journey to the Savage Planet sales amounted to €11.8 million and €12.1 million respectively.

The **Italian Distribution** operating segment revenues decreased by €5.1 million, showing a reduction of 37% compared to the previous fiscal year due to the effects of Covid-19 on retail businesses.

The **Free to Play** operating segment revenue showed a 13.7% increase, following the positive performance of the videogame Gems of War.

Digital Bros Group's revenues and earnings by operating segments for the fiscal year 2019-2020 are as follows:

Euro thousand	Premium Games	Italian Distribution	Free to Play	Other Projects	Holding	Total
Gross revenues	122,287	8,653	7,476	617	0	139,033
EBITDA	44,281	(6,106)	2,151	55	(5,703)	34,678
EBIT	31,655	(6,279)	678	(55)	(5,944)	20,055

Operating costs increased by €6.2 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 €5.6 million mainly because of higher depreciation and amortization for €6.3 million due both to depreciation of the Group's intellectual properties and the application of the new IFRS 16 for €1.3 million. Write-offs amounted to €2.2 million compared to €2.1 million on June 30, 2019.

Net financial income amounted to €628 thousand compared to €32 thousand on June 30, 2019.

The **profit before tax** at June 30, 2020 amounted to €20.7 million, up by €22 million compared to the loss before tax of €1.3 million on June 30th, 2019.

Net profit for the fiscal year amounted to €15 million compared to net loss of €1.5 million on June 30th, 2019. Recurrent profit for the period was €16.3 million.

Net profit attributable to the shareholders of the Group was €14.9 million.

Basic profit per share and **diluted profit per share** were €1.05 and €1.03 respectively compared to the net loss per share of €0.11 at June 30th, 2019.

NET FINANCIAL POSITION

Significant improvement in the **net financial position** with net cash standing at €2.6 million compared to net debt of €16.2 million on June 30, 2019 despite the investments made by the Group during the financial year.

Net debt decreased by €18.9 million compared to June 30th, 2019 including the application of the new IFRS 16 (which resulted in a €5.3 million increase). Cash flow generation, excluding the application of the IFRS 16, was €24.2 million.

PARENT COMPANY DIGITAL BROS S.P.A.

On June 30th, 2020, the parent company Digital Bros S.p.A. realized **gross revenue** of €13.9 million, down by 6.9% compared to €14.9 million in the previous fiscal year. **Net loss** amounted to €273 thousand compared to net profit of €840 thousand on June 30th, 2020.

The parent company Digital Bros S.p.A. expects to reach a significant net profit in the next fiscal year.

TREASURY SHARES

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at 30th June, 2020 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period.

DIVIDEND PAYMENT PROPOSAL

Considering the strong financial results realized by the Group's subsidiaries which will lead to a greater flow of dividends in the next fiscal year, the Board of Directors proposes to the General Shareholders' Meeting to distribute a dividend of €0.15 per share, corresponding to a total consideration of €2.1 million through the use of retained earnings. Upon resolution of the shareholders' meeting, the dividend will have a payment date on 16 December 2020, with the exclusion of treasury shares in the portfolio, by clipping coupon no. 10 on 14 December 2020, in accordance with the Borsa Italiana calendar, and record date on 15 December 2020.

CALLING OF THE ANNUAL GENERAL MEETING

The Board of Directors on September 16th, 2020 authorized the Chairman to call the Annual General Meeting on October 28th, 2020 at 9 a.m. (one and only call).

The Shareholders' meeting is called to approve the financial statements for the fiscal year 2019-2020, the Directors' Report, the Statutory Auditors Report, the Auditors' Report, the Report on the Policy regarding Remuneration and Fees paid pursuant art. 123 of the Legislative Decree no. 58/98 and art. 84-quater of the Issuers' Regulation.

The Shareholders' meeting is also called to appoint the new Board of Directors and the new Board of Statutory Auditors.

The shareholders' documentation will be available to the public according to Law.

SIGNIFICANT EVENTS DURING THE PERIOD

The most significant events during the period were as follows:

- on October 28th, 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 2nd, 2020, it was announced that the PC version of the videogame Death Stranding was expected to be released on June 2, 2020. On April 21st, 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 26th, 2020, Digital Bros acquired all the assets held by the South Korean company Smilegate Holdings in the Swedish company Starbreeze AB for a total price of €19.2 million (overall nominal value of approx. €35.3 million). The assets acquired by the Group include a convertible bond of SEK 215 million (approx. €19.7 million) issued by Starbreeze AB, a credit of US \$16.3 million (approx. €14.8 million) that will be paid before December 2024 and no. 3,601,083 Starbreeze AB STAR A shares and 6,018,948 Starbreeze AB STAR B shares. The total consideration is paid in two installments: €9.2 million at the closing date and the remainder €10 million before February 28th, 2021;
- On February 28th, 2020, the independent Director Paola Carrara resigned from the Board of Directors for personal reasons;

- On March 3rd, 2020, Digital Bros acquired the remaining 51% of Ovosonico S.r.l. for a total consideration of €210 thousand. The studio, that is currently working on the development of one of the Group's IP, was renamed in Avantgarden S.r.l.;
- On March 5th, 2020, the Group signed 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 unrecognized items from vendors against the withholding taxes the company will pay on their behalf;
- on March 5th, 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

Following Covid-19 emergency and provisions issued by the Prime Minister Office from March 2020 and still currently valid, the Group proactively enabled remote working for the majority of its employees and associates before the provisions entered in force, both in Italy and around the world. Remote working is still currently used by the Group even if mitigated in respect of the first weeks of lockdown. From an operating perspective, remote working did not impact the Group's main activities segments.

Most relevant impacts caused by the pandemic on videogames market can be summarized as follows:

- higher use of videogames during lockdown, especially for mass market products, casual gamers and videogames under promotions;
- generic growth in digital revenues;
- drastic reduction of revenues coming from physical distribution, except for a marginal portion of e-commerce sales.

On the videogame's development side, considering that development teams are spread around the world, the remote working has inevitably delayed the development of new products. Such delays were more affecting larger development teams or in the last months prior to the product's launch, where the team is usually called to greater interaction.

Thus, the Group had to postpone the launch of the PC version of the videogame Death Stranding by six weeks, initially planned in early June, and then released after the fiscal year closing, on July 14th, 2020.

As regards to other development processes, the Group did not face any particular problems given that most of these projects are carried out by teams of a size which allow considerable efficiency even when working remotely.

The digitalization of the market was accelerated by the inability of consumers to reach traditional stores. Therefore, the Group realized most of its revenues on digital marketplaces, generating a significant increase in operating margins due to higher profitability per unit and considerably lower production and logistics costs.

The increase in digital revenues concentrated revenues from a limited number of clients. They have financial solidity well above the traditional retail clients and shorter payment terms. Therefore, the Group did not record significant impacts deriving from adjustments in the estimate of expected losses on trade receivables (IFRS 9).

Impairment tests performed mostly on license of videogames did not generate any significant difference and even though write-offs registered during the fiscal year were €2.2 million, they are not a direct consequence of Covid-19, but they are in line with previous fiscal years.

However, the sharp decrease in revenues from traditional distribution has accelerated a process that has already been underway for some years; the drastic decline recorded since March 2020 led to a reduction in the prices of products in stock with an increase in the obsolescence of inventories. This factor was taken into consideration by the Group which wrote-off the valuation of inventories at the end of the fiscal year to €4.8 million, corresponding to a 40% of inventories' book value.

SUBSEQUENT EVENTS

There were no significant events after June 30th, 2020.

BUSINESS OUTLOOK

Next fiscal year launch plan includes the PC version of the videogame Death Stranding, already launched in the first quarter of the fiscal year, the release of the new videogame Ghost Runner in October 2020 and next gen consoles versions (Sony PlayStation 5 and Microsoft Xbox X) of the videogame Control by the third quarter of the fiscal year. In the Free to Play segment, Puzzle Quest 3 and the MMO (massive multiplayer) version of the videogame Portal Knights are expected to be launched globally during the third quarter, while Hawken development is expected to be completed in the last quarter of the fiscal year.

Following the continuous launches of new products, together with sales of recently released products, revenues are forecasted to grow in the next fiscal year. The increase in revenues will not be as significant as in fiscal year 2019-2020.

Operating margins will remain stable despite revenues' growth, mainly because of marketing campaigns costs to promote new videogames launches in the Free to Play segment.

Net financial position improvement, which led to a positive net financial position at the end of last fiscal year, is expected to continue during the next fiscal year.

The Group will monitor all impacts caused by the Covid-19 pandemic undertaking all necessary actions required and will communicate to the market any potential matter not adequately already disclosed.

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 and 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 220 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 30 June 2020

	Euro Thousand	30 June 2020	30 June 2019	Change	
	Non-current assets				
1	Property, plant and equipment	8,837	3,584	5,253	n.m.
2	Investment property	0	0	0	0.0%
3	Intangible assets	33,248	18,341	14,907	81.3%
4	Equity investments	5,488	1,706	3,782	n.m.
5	Non-current receivables and other assets	6,744	9,322	(2,578)	-27.7%
6	Deferred tax assets	3,482	2,745	737	26.8%
7	Non-current financial activities	17,251	1,942	15,309	n.m.
	Total non-current assets	75,050	37,640	37,410	99.4%
	Current assets				
8	Inventories	7,989	13,909	(5,920)	-42.6%
9	Trade receivables	28,168	27,660	508	1.8%
10	Tax credit	3,100	6,076	(2,976)	-49.0%
11	Other current assets	32,816	29,078	3,738	n.m.
12	Cash and cash equivalent	8,527	4,767	3,760	78.9%
13	Other financial assets	0	2,277	(2,277)	n.m.
	Total current assets	80,600	83,767	(3,167)	-3.8%
	TOTAL ASSETS	155,650	121,407	34,243	28.2%
	Capital and reserves				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(20,960)	(21,223)	263	-1.2%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings (accumulated losses)	(52,288)	(37,298)	(14,990)	40.2%
	Equity attributable to Parent Company	(78,952)	(64,225)	(14,727)	22.9%
	Equity attributable to minority shareholders	(979)	0	(979)	n.m.
	Total equity	(79,931)	(64,225)	(15,706)	24.5%
	Non-current liabilities				
18	Employee benefits	(659)	(573)	(86)	15.0%
19	Non-current provisions	(81)	(81)	0	0.7%
20	Other non-current payables and liabilities	(469)	(923)	454	-49.2%
21	Non-current financial liabilities	(6,369)	(4,302)	(2,067)	48.0%
	Total non-current liabilities	(7,578)	(5,879)	(1,699)	28.9%
	Current liabilities				
22	Trade payables	(41,140)	(24,631)	(16,509)	67.0%
23	Taxes payable	(5,473)	(1,138)	(4,335)	n.m.
24	Current provisions	(0)	(856)	856	n.m.
25	Other current liabilities	(4,721)	(3,761)	(960)	n.m.
26	Current financial liabilities	(16,807)	(20,917)	4,110	-19.6%
	Total net working capital	(68,141)	(51,303)	(16,838)	32.8%
	TOTAL LIABILITIES	(75,719)	(57,182)	(18,537)	32.4%
	TOTAL NET EQUITY AND LIABILITIES	(155,650)	(121,407)	(34,243)	28.2%

DIGITAL BROS GROUP
Consolidated Income Statement at 30 June 2020

	Euro thousand	30 June 2020		30 June 2019		Change	
1	Gross revenue	139,033	104.4%	81,317	105.6%	57,716	71.0%
2	Revenue adjustments	(5,810)	-4.4%	(4,309)	-5.6%	(1,501)	34.8%
3	Net revenue	133,223	100.0%	77,008	100.0%	56,215	73.0%
4	Purchase of products for resale	(16,743)	-12.6%	(14,675)	-19.1%	(2,068)	14.1%
5	Purchase of services for resale	(8,857)	-6.6%	(6,586)	-8.6%	(2,271)	34.5%
6	Royalties	(34,600)	-26.0%	(20,671)	-26.8%	(13,929)	67.4%
7	Changes in inventories of finished products	(5,920)	-4.4%	(1,150)	-1.5%	(4,770)	n.m.
8	Total cost of sales	(66,120)	-49.6%	(43,082)	-55.9%	(23,038)	53.5%
9	Gross profit (3+8)	67,103	50.4%	33,926	44.1%	33,177	97.8%
10	Other income	3,458	2.6%	3,406	4.4%	52	1.5%
11	Costs for services	(13,559)	-10.2%	(9,070)	-11.8%	(4,489)	49.5%
12	Rent and Leasing	(247)	-0.2%	(1,460)	-1.9%	1,213	-83.1%
13	Payroll costs	(20,908)	-15.7%	(17,903)	-23.2%	(3,005)	16.8%
14	Other operating costs	(1,169)	-0.9%	(1,223)	-1.6%	54	-4.5%
15	Total operating costs	(35,883)	-26.9%	(29,656)	-38.5%	(6,227)	21.0%
16	Gross operating margin (EBITDA) (9+10+15)	34,678	26.0%	7,676	10.0%	27,002	n.m.
17	Depreciation and amortisation	(13,266)	-10.0%	(6,970)	-9.1%	(6,296)	90.3%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(2,206)	-1.7%	(2,051)	-2.7%	(155)	7.5%
20	Impairment reversal	849	0.6%	0	0.0%	849	n.m.
21	Total depreciation, amortization and impairment	(14,623)	-11.0%	(9,021)	-11.7%	(5,602)	62.1%
22	Operating margin (EBIT) (16+21)	20,055	15.1%	(1,345)	-1.7%	21,400	n.m.
23	Interest and finance income	4,037	3.0%	1,438	1.9%	2,599	n.m.
24	Interest expense and finance costs	(3,409)	-2.6%	(1,406)	-1.8%	(2,003)	n.m.
25	Net interest income/(expense)	628	0.5%	32	0.0%	596	n.m.
26	Profit/ (loss) before tax (22+25)	20,683	15.5%	(1,313)	-1.7%	21,996	n.m.
27	Current tax	(6,363)	-4.8%	28	0.0%	(6,391)	n.m.
28	Deferred tax	629	0.5%	(228)	-0.3%	857	n.m.
29	Total taxes	(5,734)	-4.3%	(200)	-0.3%	(5,534)	n.m.
30	Net profit/loss	14,949	11.2%	(1,513)	-2.0%	16,462	n.m.
	attributable to the shareholders of the Group	14,970	11.2%	(1,513)	-2.0%	16,484	n.m.
	attributable to minority shareholders	(21)	0.0%	0	0.0%	(21)	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	1.05		(0.11)		1.16	n.m.
34	Diluted earnings per share (in Euro)	1.05		(0.11)		1.16	n.m.

Earnings per share at 30 June 2020

Earnings per share (in Euro)	30 June 2020	30 June 2019
Net profit from continuing operations (1)	14.970	(1.513)
Net profit from discontinued operations (2)	0	0
Total net profit	14.970	(1.513)
Avg. number of shares (3)	14.260.837	14.260.837
Avg. number of treasury shares in the fiscal year (4)	0	0
Total avg. number of shares (5)=(3)-(4)	14.260.837	14.260.837
Earnings per share from continuing operations (1)*1000/(5) (in Euro)	1,05	(0,11)
Earnings per share from discontinued operations (2)*1000/(5) (in Euro)	0,00	0,00
Total earnings per share (in Euro)	1,05	(0,11)

DIGITAL BROS GROUP

Consolidated Cash Flow Statement at 30 June 2020

	<i>Euro thousand</i>	30 June 2020	30 June 2019
A.	Opening net cash/debt	4,767	4,282
B.	Cash flows from operating activities		
	Profit (loss) for the period attributable to the Group	14,949	(1,513)
	<i>Depreciation, amortisation and non-monetary costs:</i>		
	Provisions and impairment losses	2,206	2,051
	Amortisation of intangible assets	11,400	4,778
	Depreciation of property, plant and equipment	1,866	528
	Net change in advance taxes	(737)	(380)
	Net change in other provisions	0	1
	Net change in employee benefit provisions	86	57
	Net change in other non-current liabilities	(454)	22
	SUBTOTAL B.	29,316	5,544
C.	Change in net working capital		
	Inventories	5,920	1,150
	Trade receivables	(589)	(20,089)
	Current tax assets	2,976	(1,760)
	Other current assets	(4,768)	1,932
	Trade payables	16,509	3,820
	Current tax liabilities	4,335	117
	Current provisions	(856)	2
	Other current liabilities	960	2,520
	SUBTOTAL C.	24,488	(12,308)
D.	Cash flows from investing activities		
	Net payments for intangible assets	(27,403)	(9,035)
	Net payments for property, plant and equipment	(7,119)	1,888
	Net payments for non-current financial assets	(1,204)	(364)
	SUBTOTAL D.	(35,726)	(7,511)
E.	Cash flows from financing activities		
	Capital increases	0	0
	Changes in financial liabilities	(2,043)	18,580
	Changes in financial assets	(13,032)	(2,945)
	SUBTOTAL E.	(15,075)	15,635
F.	Changes in consolidated equity		
	Dividends distributed	0	0
	Changes in treasury shares held	0	0
	Increases (decreases) in other equity components	757	(875)
	SUBTOTAL F.	757	(875)
G.	Cash flow for the period (B+C+D+E+F+G)	3,760	485
H.	Closing net cash/debt (A+H)	8,527	4,767

SEGMENT REPORTING

Consolidated Income Statement per Operating Segment at June 30, 2020

	Euro Thousand	Premium Games	Italian Distribution	Free to Play	Other projects	Holding	Total
1	Gross revenue	122,287	8,653	7,476	617	0	139,033
2	Revenue adjustments	(5,766)	(44)	0	0	0	(5,810)
3	Net revenue	116,521	8,609	7,476	617	0	133,223
4	Purchase of products for resale	(11,291)	(5,452)	0	0	0	(16,743)
5	Purchase of services for resale	(6,528)	(128)	(2,189)	(12)	0	(8,857)
6	Royalties	(34,207)	0	(363)	(30)	0	(34,600)
7	Changes in inventories of finished products	425	(6,345)	0	0	0	(5,920)
8	Total cost of sales	(51,601)	(11,925)	(2,552)	(42)	0	(66,120)
9	Gross profit (3+8)	64,920	(3,316)	4,924	575	0	67,103
10	Other income	1,336	0	2,039	0	83	3,458
11	Cost of services	(10,352)	(1,208)	(271)	(163)	(1,565)	(13,559)
12	Rent and leasing	(81)	(29)	(19)	(1)	(117)	(247)
13	Payroll costs	(11,144)	(1,365)	(4,440)	(324)	(3,635)	(20,908)
14	Other operating costs	(398)	(188)	(82)	(32)	(469)	(1,169)
15	Total operating costs	(21,975)	(2,790)	(4,812)	(520)	(5,786)	(35,883)
16	Gross operating margin (EBITDA) (9+10+15)	44,281	(6,106)	2,151	55	(5,703)	34,678
17	Depreciation and amortisation	(11,025)	(173)	(1,127)	(110)	(831)	(13,266)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(1,860)	0	(346)	0	0	(2,206)
20	Impairment reversal	259	0	0	0	590	849
21	Total depreciation, amortization and impairment	(12,626)	(173)	(1,473)	(110)	(241)	(14,623)
22	Operating margin (EBIT) (16+21)	31,655	(6,279)	678	(55)	(5,944)	20,055

FINANCIAL STATEMENTS**DIGITAL BROS S.p.A.****Statement of financial position at 30 June 2020**

	Euro Thousand	30 June 2020	30 June 2019	Change	
	Non-current assets				
1	Property, plant and equipment	7,273	2,817	4,456	n.m.
2	Investment property	0	0	0	0.0%
3	Intangible assets	196	256	(60)	-23.6%
4	Equity investments	24,081	16,968	7,113	41.9%
5	Non-current receivables and other assets	6,542	9,126	(2,584)	-28.3%
6	Deferred tax assets	613	582	31	5.3%
7	Non-current financial activities	17,251	1,942	15,309	n.m.
	Total non-current assets	55,956	31,691	24,265	76.6%
	Current assets				
8	Inventories	1,987	3,747	(1,760)	-47.0%
9	Trade receivables	1,866	1,260	606	48.1%
10	Receivables from subsidiaries	14,455	28,136	(13,681)	-48.6%
11	Tax credit	2,221	4,492	(2,271)	-50.5%
12	Other current assets	5,301	1,003	4,298	n.m.
13	Cash and cash equivalent	858	83	775	n.m.
14	Other financial assets	0	0	0	n.m.
	Total current assets	26,688	38,721	(12,033)	-31.1%
	TOTAL ASSETS	82,644	70,412	12,232	17.4%
	Capital and reserves				
15	Share capital	(5,704)	(5,704)	0	0.0%
16	Reserves	(20,886)	(21,084)	198	-0.9%
17	Treasury shares	0	0	0	0.0%
18	Retained earnings (accumulated losses)	(20,478)	(20,751)	273	-1.3%
	Total equity	(47,068)	(47,539)	471	-1.0%
	Non-current liabilities				
19	Employee benefits	(429)	(436)	7	-1.6%
20	Non-current provisions	(81)	(81)	0	0.2%
21	Other non-current payables and liabilities	(469)	(923)	454	-49.2%
22	Non-current financial liabilities	(4,941)	(9)	(4,932)	n.m.
	Total non-current liabilities	(5,920)	(1,449)	(4,471)	n.m.
	Current liabilities				
23	Trade payables	(2,026)	(916)	(1,110)	n.m.
24	Payables to subsidiaries	(13,646)	(9,088)	(4,558)	50.2%
25	Taxes payable	(159)	(145)	(14)	n.m.
26	Current provisions	(446)	(256)	(190)	n.m.
27	Other current liabilities	(1,205)	(621)	(584)	n.m.
28	Current financial liabilities	(12,174)	(10,398)	(1,776)	17.1%
	Total net working capital	(29,656)	(21,424)	(8,232)	38.4%
	TOTAL LIABILITIES	(35,576)	(22,873)	(12,703)	55.5%
	TOTAL NET EQUITY AND LIABILITIES	(82,644)	(70,412)	(12,232)	17.4%

DIGITAL BROS S.P.A
Income statement at 30 June 2020

	Euro thousand	30 June 2020		30 June 2019		Change	
1	Gross revenue	13,881	125.5%	14,905	109.6%	(1,024)	-6.9%
2	Revenue adjustments	(2,821)	-25.5%	(1,086)	-9.6%	(1,735)	n.m.
3	Net revenue	11,060	100.0%	13,819	100.0%	(2,759)	-20.0%
4	Purchase of products for resale	(5,515)	-49.9%	(8,534)	-75.6%	3,019	-35.4%
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	(1,760)	-15.9%	59	0.5%	(1,819)	n.m.
8	Total cost of sales	(7,275)	-65.8%	(8,475)	-75.0%	1,200	-14.2%
9	Gross profit (3+8)	3,785	34.2%	5,344	25.0%	(1,559)	-29.2%
10	Other income	222	2.0%	150	23.7%	72	n.m.
11	Cost of services	(2,849)	-25.8%	(2,440)	-21.6%	(409)	16.7%
12	Rent and Leasing	(125)	-1.1%	(727)	-6.4%	602	-82.7%
13	Payroll costs	(4,890)	-44.2%	(4,934)	-43.7%	44	-0.9%
14	Other operating costs	(538)	-4.9%	(532)	-4.7%	(6)	1.2%
15	Total operating costs	(8,402)	-76.0%	(8,633)	-76.4%	231	-2.7%
16	Gross operating margin (EBITDA) (9+10+15)	(4,395)	-39.7%	(3,139)	-27.8%	(1,256)	40.0%
17	Depreciation and amortisation	(935)	-8.5%	(369)	-3.3%	(566)	n.m.
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(190)	-1.7%	(623)	-5.5%	433	-69.6%
20	Impairment reversal	591	5.3%	0	0.0%	591	n.m.
21	Total depreciation, amortization and impairment	(534)	-4.8%	(992)	-8.8%	458	-46.2%
22	Operating margin (EBIT) (16+21)	(4,929)	-44.6%	(4,131)	-36.6%	(798)	19.3%
23	Interest and finance income	5,466	49.4%	5,047	44.7%	419	n.m.
24	Interest expense and finance costs	(1,388)	-12.5%	(652)	-5.8%	(736)	n.m.
25	Net finance income (expense)	4,078	36.9%	4,395	38.9%	(317)	-7.2%
26	Profit/(loss) before tax (22+25)	(851)	-7.7%	264	2.3%	(1,115)	n.m.
27	Current tax	712	6.4%	638	5.6%	74	11.6%
28	Deferred tax	(134)	-1.2%	(62)	-0.5%	(72)	n.m.
29	Total income tax expense	578	5.2%	576	5.1%	2	0.3%
30	Profit/(loss) for the period (26+29)	(273)	-2.5%	840	7.4%	(1,113)	n.m.

DIGITAL BROS S.P.A.**Cash flows statement at 30 June 2020**

	<i>Euro thousand</i>	30 June 2020	30 June 2019
A.	Opening net cash/debt	83	609
B.	Cash flows from operating activities		
	Profit (loss) for the period attributable to the Group	(273)	840
	<i>Depreciation, amortisation and non-monetary costs:</i>		
	Provisions and impairment losses	(190)	623
	Amortisation of intangible assets	151	147
	Depreciation of property, plant and equipment	784	222
	Net change in advance taxes	(31)	(252)
	Net change in other provisions	0	1
	Net change in employee benefit provisions	(7)	17
	Net change in other non-current liabilities	(453)	22
	SUBTOTAL B.	19	1.620
C.	Change in net working capital		
	Inventories	1.760	(59)
	Trade receivables	(606)	568
	Receivables due from subsidiaries	13.681	(4.903)
	Current tax assets	2.271	(2.524)
	Other current assets	(4.298)	1.954
	Trade payables	1.110	(1.096)
	Payables from subsidiaries	4.558	155
	Current tax liabilities	14	(71)
	Current provisions	380	(2.137)
	Other current liabilities	584	(132)
	SUBTOTAL C.	19.454	(8.245)
D.	Cash flows from investing activities		
	Net payments for intangible assets	(91)	(101)
	Net payments for property, plant and equipment	(5.240)	(57)
	Net payments for non-current financial assets	(4.530)	(974)
	SUBTOTAL D.	(9.861)	(1.132)
E.	Cash flows from financing activities		
	Capital increases	0	0
	Changes in financial liabilities	6.708	9.361
	Changes in financial assets	(15.309)	(1.942)
	SUBTOTAL E.	(8.601)	7.419
F.	Changes in consolidated equity		
	Dividends distributed	(198)	(188)
	Increases (decreases) in other equity components	(198)	(188)
	SUBTOTAL F.	(198)	(188)
G.	Cash flow for the period (B+C+D+E+F+G)	774	(526)
H.	Closing net cash/debt (A+H)	858	83