

## PRESS RELEASE

*The Board of Directors of Digital Bros Group approves the Third Quarterly Report for the period ended March 31<sup>st</sup>, 2021 (first nine months of the financial year 2020 – 2021)*

### FIRST NINE MONTHS RESULTS:

- REVENUES AT €115.4 MILLION (+ 16.4%)
  - 96% OF REVENUES REALIZED ON INTERNATIONAL MARKETS AND 87% ON DIGITAL MARKETPLACES
  - EBIT MORE THAN DOUBLED AT €25 MILLION
  - NET PROFIT OF €20.3 MILLION
  - POSITIVE NET FINANCIAL POSITION OF €22.8 MILLION
  - NET EQUITY ABOVE €100 MILLION
- 
- ✓ Consolidated Gross Revenues of €115.4 million, compared to €99.1 million on March 31<sup>st</sup>, 2020 (+16.4 %)
  - ✓ 96% of revenues realized on international markets and 87% on digital marketplaces
  - ✓ EBITDA at €45.9 million, significantly increased compared to €20.6 million on March 31<sup>st</sup>, 2020
  - ✓ EBIT of €25 million, significantly increased compared to €10.2 million on March 31<sup>st</sup>, 2020
  - ✓ Profit before tax of €28.3 million, a significant increase compared to €9.9 million on March 31<sup>st</sup>, 2020
  - ✓ Net profit increased to €20.3 million, compared to €6.4 million on March 31<sup>st</sup>, 2020
  - ✓ Positive net financial position of €22.8 million (€28 million excluding the IFRS 16 effect), increased by €20 million compared to the end of the previous period
  - ✓ Net equity above €100 million
  - ✓ Adoption of January 31<sup>st</sup>, 2020 new Corporate Governance Code
  - ✓ Ordinary Shareholders' Meeting convened for June 15<sup>th</sup>, 2021

| RESULTS FOR THE FIRST NINE MONTHS OF FINANCIAL YEAR 2020-2021 (AT 31.03.2021) |          |          |        |          |
|---|----------|----------|--------|----------|
| <i>Euro thousand</i>  | 31.03.21 | 31.03.20 | Change | Change % |
| Gross revenues  | 115,427  | 99,143   | 16,284 | 16.4%    |
| Gross operating margin (EBITDA)   | 45,864   | 20,565   | 25,299 | n.m.     |
| Operating margin (EBIT)   | 24,973   | 10,207   | 14,766 | n.m.     |
| Profit / (loss) before tax  | 28,302   | 9,932    | 18,370 | n.m.     |
| Net profit / (loss)   | 20,269   | 6,381    | 13,887 | n.m.     |

Milan, May 10<sup>th</sup>, 2021 – 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 Third Quarterly Report for the period ended March 31<sup>st</sup>, 2021** (first nine months of the fiscal year from July 1<sup>st</sup>, 2020 to June 30<sup>th</sup>, 2021).

Digital Bros Group’s key consolidated results for the first nine months of financial year 2020-2021, together with prior period comparatives, are as follows:

- **Consolidated gross revenues** increased to €115.4 million, compared to €99.1 million on March 31<sup>st</sup>, 2020 (+**16.4** %);
- **EBITDA** of €45.9 million, significantly increased compared to €20.6 million on March 31<sup>st</sup>, 2020;
- **EBIT** of €25 million, significantly increased compared to €10.2 million on March 31<sup>st</sup>, 2020;
- **Profit before tax** of €28.3 million, significantly increased compared to €9.9 million on March 31<sup>st</sup>, 2020;
- **Net profit** increased to €20.3 million, compared to €6.4 million on March 31<sup>st</sup>, 2020.

## RESULTS BY OPERATING SEGMENT

Consolidated gross revenues amounted to €115.43 million, increased compared to the €99.14 million recorded in the first half of the previous year (+16.4%). Net revenue growth was +22.3% due to the increased portion of digital sales that do not require revenue adjustments.

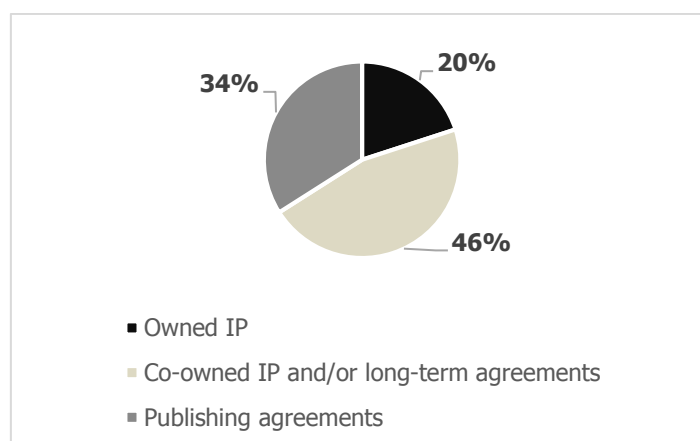
Digital revenues in the period represented 87% of the total consolidated revenues in respect of the 59% achieved in the previous year.

A breakdown by operating segment for the period ended March 31<sup>st</sup>, 2021 compared to the period ended March 31<sup>st</sup>, 2020 is provided below:

| Euro thousand               | Gross revenue  |               |               |              | Net revenue    |               |               |              |
|-----------------------------|----------------|---------------|---------------|--------------|----------------|---------------|---------------|--------------|
|                             | 2021           | 2020          | Change        |              | 2021           | 2020          | Change        |              |
| Premium Games               | 102,842        | 86,764        | 16,078        | 18.5%        | 101,589        | 81,275        | 20,314        | 25.0%        |
| Free-to-Play                | 8,455          | 5,117         | 3,338         | 65.2%        | 8,455          | 5,117         | 3,338         | 65.2%        |
| Italian Distribution        | 3,724          | 6,811         | (3,087)       | -45.3%       | 3,502          | 6,298         | (2,796)       | -44.4%       |
| Other projects              | 406            | 451           | (45)          | -9.8%        | 406            | 451           | (45)          | -9.8%        |
| <b>Total gross revenues</b> | <b>115,427</b> | <b>99,143</b> | <b>16,284</b> | <b>16.4%</b> | <b>113,952</b> | <b>93,141</b> | <b>20,811</b> | <b>22.3%</b> |

The **Premium Games** operating segment revenues represented 89% of the total consolidated gross revenues. They significantly increased by €16.08 million and the corresponding net revenues increased by €20.31 million, as a result of the sales of Death Stranding, the Steam version of Control, Ghostrunner but also the long-lasting performance of Assetto Corsa.

A breakdown of Premium Games revenues by type of rights held by the Group for the period ended March 31<sup>st</sup>, 2021 is provided below:



Video games developed by the internal studios and intellectual properties owned by the Group accounted for 20% of consolidated revenues in the period and are represented by the revenues generated by 2 intellectual properties. 46% of revenues came from the sale of intellectual properties on which the Group holds co-ownership rights and / or multi-year rights exceeding ten years. 5 intellectual properties were part of this category.

The **Free-to-Play** operating segment showed a 65.2% increase, from €5.12 million to €8.46 million. Gems of War, a Free-to-Play video game launched by the Group more than five years ago and constantly updated and improved, is continuously outperforming quarter after quarter. This game became part of the Group's IP portfolio as a result of the acquisition of the Australian studio – Infinity Plus Two - in January 2021.

The **Italian Distribution** operating sector revenues decreased by 45.3% (from €6.81 million down to €3.72 million), impacted by the continuing decline retail distribution and accelerated by the effects of the COVID-19 pandemic.

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

| <b>Euro thousand</b> | <b>Premium Games</b> | <b>Free-to-Play</b> | <b>Italian Distribution</b> | <b>Other Activities</b> | <b>Holding</b> | <b>Total</b> |
|----------------------|----------------------|---------------------|-----------------------------|-------------------------|----------------|--------------|
| Gross revenues       | 102,842              | 8,455               | 3,724                       | 406                     | 0              | 115,407      |
| EBITDA               | 47,343               | 4,477               | (813)                       | 7                       | (5,150)        | 45,864       |
| EBIT                 | 27,845               | 3,966               | (932)                       | (55)                    | (5,851)        | 24,973       |

The **EBITDA** amounted to €45.86 million corresponding to 39.7% of the gross consolidated revenues, considerably growing from the €20.57 million realized in the previous year.

**Amortization and depreciation** increased by €10.71 million compared to March 31<sup>st</sup>, 2020 due to higher costs associated with the amortization of an incremental number of intellectual properties published/owned by the Group.

The significant growth of the digital revenue portion in respect of the total sales pushed the **EBIT to more than double, up to €24.97 million compared to €10.20 million** as at March 31<sup>st</sup>, 2020. Digital sales, in fact, show better profitability rates due to the narrow value chain, less operational complexity and better payment conditions by customers. **The EBIT stood at 21.6% of the consolidated gross revenues for the period.**

The **net financial income** was positive for €3.33 million compared to the negative € 275 thousand realized in the previous year.

**Profit before tax** for the period ended March 31<sup>st</sup>, 2021 amounted to €28.30 million, an increase of €18.37 million compared to profit before tax of €9.93 million as at March 31<sup>st</sup>, 2020.

**Net profit** for the period amounted to €20.27 million compared to €6.38 million as at March 31<sup>st</sup>, 2020.

**Net profit attributable to the shareholders of the Group** was €20.34 million.

**Basic profit per share** and **diluted profit per share** were respectively €1.43 and €1.40 compared to the €0.45 profit per share as at March 31<sup>st</sup>, 2020.

## **NET FINANCIAL POSITION**

The Net Financial Position amounted to €22.77 million, significantly increasing by €20.17 million compared to €2.60 million as at June 30<sup>th</sup>, 2020. **Excluding the IFRS 16 effect, the Net Financial Position amounted to €28 million.**

## **NET EQUITY**

As a result of the profit generated at March 31<sup>st</sup>, 2021, **the Group's net equity surpassed €100 million.**

## **TREASURY SHARES**

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at March 31<sup>st</sup>, 2021 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**

- On October 28<sup>th</sup>, 2020, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2019-2020, a dividend distribution of €0.15 per share and appointed the new Board of Directors and the new Board of Statutory Auditors for the three-year period 2021-2023 (until the approval of the Financial Statements for the fiscal year ending June 30<sup>th</sup>, 2023);

- On January 7<sup>th</sup>, 2021, the Group acquired 100% of Infinity Interactive Pty. and Infinity Interactive Two Pty, the Australian companies that own the intellectual property of the Puzzle Quest and Gems of War video games and are responsible for their development. The transaction was carried out through the subsidiary 505 Games Australia Pty., recently established by the Group. The total fixed consideration amounts to USD 4.5 million, inclusive of a profit scheme for the key employees. In addition to the fixed consideration, an earn-out scheme has been agreed on: the earn-out may range between 0% and 9% of the revenues generated by the products developed by subsidiaries over the next 48 months;
- On February 11<sup>th</sup>, 2021 the Group announced the forthcoming worldwide publication of the video game Eiyuden Chronicle - Hundred Heroes on both personal computers and consoles. The release of the video game is scheduled for the financial year ending June 30<sup>th</sup>, 2023 and the Group expects to lifetime revenues in excess of € 30 million.

## **SUBSEQUENT EVENTS**

There were no significant subsequent events.

## **OUTLOOK**

The fourth quarter of the year is expected to be in line with the quarter just ended. Last quarter sales will focus on products already launched which, as a result of target promotions, are continuously generating a stream of revenues. Non-significant video games launches are expected in the next quarter.

Fourth quarter's costs are expected to slightly grow compared to the previous, without creating a drastic decrease in quarter profitability.

Following the third quarter positive trend and the forecasts for the last quarter, the management expects an increase in revenues for the total fiscal year and a further increase in operating profit at the end of the year, significantly above the previous.

The Group continues to reinvest a large portion of the free cash flow generated in the acquisition and development of new intellectual properties. The intellectual properties portfolio of the Group widened with the acquisition of Ghostrunner rights in April. Despite the continuous investments plan, the net financial position at the end of the fiscal year is expected to further improve.

The Group will continue to monitor the effects deriving from the spread of the COVID-19 pandemic, adopting appropriate mitigation measures as necessary, and reporting to the market on any issues not already adequately considered.

## **OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS**

### ***Adoption of the New Corporate Governance Code***

The Board of Directors resolved to adopt the Corporate Governance Code, approved by the [Corporate Governance Committee](#) and published on January 31<sup>st</sup>, 2020.

The Group will adopt the new code starting **July 1<sup>st</sup>, 2021** and will inform the market of its implementation through the Corporate Governance and Ownership Structure Report (Art. 123-bis of TUF) to be published in **October 2022**.

### ***Joint venture with MercurySteam Entertainment S.L.***

Digital Bros S.p.A. announces the contract between its subsidiary 505 Games and **MercurySteam Entertainment S.L.** for development and the world-wide publishing of a brand-new videogame to be released on both PC and consoles.

MercurySteam Entertainment is the award-winning development studio behind the bestselling *Castlevania: Lords of Shadow* series, the critically acclaimed *Metroid: Samus Returns*, and the self-published co-op shooter *Spacelords*.

### ***Convening of the Ordinary Shareholders' Meeting***

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting on June 15<sup>th</sup>, 2021, in a single call.

The items on the agenda of the Shareholders' Meeting called are:

- Approval of the new remuneration policy;
- Approval of the 2021 – 2027 Monetary LTI Plan.

Notice of convening will be published in a concise format in the newspaper "Italia Oggi", while the full version will be made available to the public on the website [www.digitalbros.com](http://www.digitalbros.com) (Investor section) and on the authorized storage system 1info ([www.1info.it](http://www.1info.it)). Similarly, and within the terms envisaged by current laws, documentation relating to the items on the Agenda will be made available to the public.

#### **ART. 154-BIS OF THE "TUF" (TESTO UNICO DELLA FINANZA)**

*As required by paragraph 2, Art. 154-bis of the "Testo Unico della Finanza", Digital Bros Group's Chief Financial Officer, 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 videogames through its brand 505 Games. The Group distributes its contents on both retail and digital channels. Digital Bros Group is active around the world through its own direct operations in Italy, United States, UK, France, Spain, Germany, China, Japan and Australia with approximately 250 employees.

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**FINANCIAL STATEMENTS**  
**DIGITAL BROS GROUP**

**Consolidated statement of financial position at March 31<sup>st</sup>, 2021**

|    | <i>Euro Thousand</i>                                | <b>March 31<sup>st</sup>, 2021</b> | <b>June 30<sup>th</sup>, 2020</b> | <b>Change</b>   |               |
|----|---|------------------------------------|-----------------------------------|-----------------|---------------|
|    |   |                                    |                                   |                 |               |
|    | <b>Non-current Assets</b>                           |                                    |                                   |                 |               |
| 1  | Property, plant and equipment                       | 8,516                              | 8,837                             | (321)           | -3.6%         |
| 2  | Investment property                                 | 0                                  | 0                                 | 0               | 0.0%          |
| 3  | Intangible assets                                   | 59,765                             | 33,248                            | 26,517          | 79.8%         |
| 4  | Equity investments                                  | 13,806                             | 5,488                             | 8,318           | n.m.          |
| 5  | Non-current receivables and other assets            | 4,304                              | 6,744                             | (2,440)         | -36.2%        |
| 6  | Deferred tax assets                                 | 2,019                              | 3,482                             | (1,463)         | -42.0%        |
| 7  | Non-current financial activities                    | 18,951                             | 17,251                            | 1,700           | 9.8%          |
|    | <b>Total non current assets</b>                     | <b>107,361</b>                     | <b>75,050</b>                     | <b>32,311</b>   | <b>43.1%</b>  |
|    |   |                                    |                                   |                 |               |
|    | <b>Current assets</b>                               |                                    |                                   |                 |               |
| 8  | Inventories   | 6,925                              | 7,989                             | (1,064)         | -13.3%        |
| 9  | Trade receivables                                   | 23,250                             | 28,168                            | (4,918)         | -17.5%        |
| 10 | Tax receivables                                     | 2,696                              | 3,100                             | (404)           | -13.0%        |
| 11 | Other current assets                                | 20,577                             | 32,816                            | (12,239)        | -37.3%        |
| 12 | Cash and cash equivalent                            | 20,907                             | 8,527                             | 12,380          | n.m.          |
| 13 | Other financial assets                              | 0                                  | 0                                 | 0               | 0.0%          |
|    | <b>Total current assets</b>                         | <b>74,355</b>                      | <b>80,600</b>                     | <b>(6,245)</b>  | <b>-7.7%</b>  |
|    |   |                                    |                                   |                 |               |
|    | <b>TOTAL ASSETS</b>                                 | <b>181,716</b>                     | <b>155,650</b>                    | <b>26,066</b>   | <b>16.7%</b>  |
|    |   |                                    |                                   |                 |               |
|    | <b>Capital and reserves</b>                         |                                    |                                   |                 |               |
| 14 | Share capital                                       | (5,704)                            | (5,704)                           | 0               | 0.0%          |
| 15 | Reserves  | (24,780)                           | (20,960)                          | (3,820)         | 18.2%         |
| 16 | Treasury shares                                     | 0                                  | 0                                 | 0               | 0.0%          |
| 17 | Retained earnings                                   | (70,492)                           | (52,288)                          | (18,204)        | 34.8%         |
|    | <b>Equity attributable to Parent Company</b>        | <b>(100,976)</b>                   | <b>(78,952)</b>                   | <b>(22,024)</b> | <b>27.9%</b>  |
|    | <b>Equity attributable to minority shareholders</b> | <b>(912)</b>                       | <b>(979)</b>                      | <b>67</b>       | <b>-6.8%</b>  |
|    | <b>Total Net equity</b>                             | <b>(101,888)</b>                   | <b>(79,931)</b>                   | <b>(21,957)</b> | <b>27.5%</b>  |
|    |   |                                    |                                   |                 |               |
|    | <b>Non-current liabilities</b>                      |                                    |                                   |                 |               |
| 18 | Employee benefits                                   | (759)                              | (659)                             | (100)           | 15.1%         |
| 19 | Non-current provisions                              | (81)                               | (81)                              | 0               | 0.2%          |
| 20 | Other non-current payables and liabilities          | (5,206)                            | (469)                             | (4,737)         | n.m.          |
| 21 | Non-current financial liabilities                   | (13,227)                           | (6,369)                           | (6,858)         | n.m.          |
|    | <b>Total non-current liabilities</b>                | <b>(19,273)</b>                    | <b>(7,578)</b>                    | <b>(11,695)</b> | <b>n.m.</b>   |
|    |   |                                    |                                   |                 |               |
|    | <b>Current liabilities</b>                          |                                    |                                   |                 |               |
| 22 | Trade payables                                      | (42,849)                           | (41,140)                          | (1,709)         | 4.2%          |
| 23 | Taxes payables                                      | (9,561)                            | (5,473)                           | (4,088)         | 74.7%         |
| 24 | Short term provisions                               | 0                                  | 0                                 | 0               | 0.0%          |
| 25 | Other current liabilities                           | (4,288)                            | (4,721)                           | 433             | -9.2%         |
| 26 | Current financial liabilities                       | (3,857)                            | (16,807)                          | 12,950          | -77.1%        |
|    | <b>Total net working capital</b>                    | <b>(60,555)</b>                    | <b>(68,141)</b>                   | <b>7,586</b>    | <b>-11.1%</b> |
|    | <b>TOTAL LIABILITIES</b>                            | <b>(79,828)</b>                    | <b>(75,719)</b>                   | <b>(4,109)</b>  | <b>5.4%</b>   |
|    |   |                                    |                                   |                 |               |
|    | <b>TOTAL NET EQUITY AND LIABILITIES</b>             | <b>(181,716)</b>                   | <b>(155,650)</b>                  | <b>(26,066)</b> | <b>16.7%</b>  |

**DIGITAL BROS GROUP**
**Consolidated Income Statement at March 31<sup>st</sup>, 2021**

|           | <i>Euro Thousand</i>                                       | March 31 <sup>st</sup> , 2021 |               | March 31 <sup>st</sup> , 2020 |               | Change          |              |
|-----------|--|-------------------------------|---------------|-------------------------------|---------------|-----------------|--------------|
| 1         | Gross revenue  | 115,427                       | 101.3%        | 99,143                        | 106.4%        | 16,284          | 16.4%        |
| 2         | Revenue adjustments  | (1,475)                       | -1.3%         | (6,002)                       | -6.4%         | 4,527           | -75.4%       |
| <b>3</b>  | <b>Net revenue</b>   | <b>113,952</b>                | <b>100.0%</b> | <b>93,141</b>                 | <b>100.0%</b> | <b>20,811</b>   | <b>22.3%</b> |
| 4         | Purchase of products for resale                            | (4,452)                       | -3.9%         | (14,160)                      | -15.2%        | 9,708           | -68.6%       |
| 5         | Purchase of services for resale                            | (8,027)                       | -7.0%         | (6,421)                       | -6.9%         | (1,606)         | 25.0%        |
| 6         | Royalties  | (31,736)                      | -27.9%        | (26,883)                      | -28.9%        | (4,853)         | 18.1%        |
| 7         | Changes in inventories of finished products                | (1,064)                       | -0.9%         | 514                           | 0.6%          | (1,578)         | n.m.         |
| <b>8</b>  | <b>Total cost of sales</b>                                 | <b>(45,279)</b>               | <b>-39.7%</b> | <b>(46,950)</b>               | <b>-50.4%</b> | <b>1,671</b>    | <b>-3.6%</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                                  | <b>68,673</b>                 | <b>60.3%</b>  | <b>46,191</b>                 | <b>49.6%</b>  | <b>22,482</b>   | <b>48.7%</b> |
| 10        | Other income   | 3,326                         | 2.9%          | 2,375                         | 2.6%          | 951             | 40.0%        |
| 11        | Costs for services   | (7,431)                       | -6.5%         | (11,536)                      | -12.4%        | 4,105           | -35.6%       |
| 12        | Rent and Leasing   | (221)                         | -0.2%         | (183)                         | -0.2%         | (38)            | 20.3%        |
| 13        | Payroll costs  | (17,562)                      | -15.4%        | (15,358)                      | -16.5%        | (2,204)         | 14.4%        |
| 14        | Other operating costs                                      | (921)                         | -0.8%         | (924)                         | -1.0%         | 3               | -0.3%        |
| <b>15</b> | <b>Total operating costs</b>                               | <b>(26,135)</b>               | <b>-22.9%</b> | <b>(28,001)</b>               | <b>-30.1%</b> | <b>1,866</b>    | <b>-6.7%</b> |
| <b>16</b> | <b>Gross operating margin (EBITDA)<br/>(9+10+15)</b>       | <b>45,864</b>                 | <b>40.2%</b>  | <b>20,565</b>                 | <b>22.1%</b>  | <b>25,299</b>   | <b>n.m.</b>  |
| 17        | Depreciation and amortisation                              | (20,117)                      | -17.7%        | (9,405)                       | -10.1%        | (10,712)        | n.m.         |
| 18        | Provisions   | 0                             | 0.0%          | 0                             | 0.0%          | 0               | 0.0%         |
| 19        | Asset impairment charge                                    | (774)                         | -0.7%         | (1,189)                       | -1.3%         | 415             | -34.9%       |
| 20        | Impairment reversal  | 0                             | 0.0%          | 236                           | 0.3%          | (236)           | n.m.         |
| <b>21</b> | <b>Total depreciation, amortization and<br/>impairment</b> | <b>(20,891)</b>               | <b>-18.3%</b> | <b>(10,358)</b>               | <b>-11.1%</b> | <b>(10,533)</b> | <b>n.m.</b>  |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                     | <b>24,973</b>                 | <b>21.9%</b>  | <b>10,207</b>                 | <b>11.0%</b>  | <b>14,766</b>   | <b>n.m.</b>  |
| 23        | Interest and finance income                                | 6,281                         | 5.5%          | 2,521                         | 2.7%          | 3,760           | n.m.         |
| 24        | Interest expense and finance costs                         | (2,952)                       | -2.6%         | (2,796)                       | -3.0%         | (156)           | 5.6%         |
| <b>25</b> | <b>Net interest income/(expense)</b>                       | <b>3,329</b>                  | <b>2.9%</b>   | <b>(275)</b>                  | <b>-0.3%</b>  | <b>3,604</b>    | <b>n.m.</b>  |
| <b>26</b> | <b>Profit/ (loss) before tax (22+25)</b>                   | <b>28,302</b>                 | <b>24.8%</b>  | <b>9,932</b>                  | <b>10.7%</b>  | <b>18,370</b>   | <b>n.m.</b>  |
| 27        | Current tax  | (8,908)                       | -7.8%         | (3,114)                       | -3.3%         | (5,794)         | n.m.         |
| 28        | Deferred tax   | 875                           | 0.8%          | (437)                         | -0.5%         | 1,312           | n.m.         |
| <b>29</b> | <b>Total taxes</b>   | <b>(8,033)</b>                | <b>-7.0%</b>  | <b>(3,551)</b>                | <b>-3.8%</b>  | <b>(4,482)</b>  | <b>n.m.</b>  |
| <b>30</b> | <b>Net profit/loss</b>                                     | <b>20,269</b>                 | <b>17.8%</b>  | <b>6,381</b>                  | <b>6.9%</b>   | <b>13,887</b>   | <b>n.m.</b>  |
|           | <b>attributable to the shareholders of the Group</b>       | <b>20,336</b>                 | <b>17.8%</b>  | <b>6,389</b>                  | <b>6.9%</b>   | <b>13,946</b>   | <b>n.m.</b>  |
|           | <b>attributable to minority shareholders</b>               | <b>(67)</b>                   | <b>-0.1%</b>  | <b>(8)</b>                    | <b>0.0%</b>   | <b>(59)</b>     | <b>n.m.</b>  |
|           | <b>Earnings per share</b>                                  |                               |               |                               |               |                 |              |
| <b>33</b> | <b>Total basic earnings per share (in Euro)</b>            | <b>1.43</b>                   |               | <b>0.45</b>                   |               | <b>0.98</b>     | <b>n.m.</b>  |
| <b>34</b> | <b>Diluted earnings per share (in Euro)</b>                | <b>1.40</b>                   |               | <b>0.45</b>                   |               | <b>0.95</b>     | <b>n.m.</b>  |

**DIGITAL BROS GROUP****Consolidated statement of comprehensive income at March 31<sup>st</sup>, 2021**

| <b>Migliaia di Euro</b>  | <b>31 marzo 2021</b> | <b>31 marzo 2020</b> | <b>Variazioni</b> |
|--|----------------------|----------------------|-------------------|
| <b>Profit (Loss) for the period (A)</b>  | <b>20,269</b>        | <b>6,381</b>         | <b>13,888</b>     |
| <b>Items that will not be subsequently recycled through profit or loss (B)</b>           | <b>0</b>             |                      | <b>0</b>          |
| Actuarial gain (loss)  | (11)                 | 9                    | (20)              |
| Income tax relating to actuarial gain (loss)   | 3                    | (2)                  | 5                 |
| Exchange differences on translation of foreign operations                                | 46                   | 301                  | (255)             |
| Income tax relating to exchange differences on translation of foreign operations         | 0                    | 0                    | 0                 |
| Fair value measurement of shares designated as "available for sale"                      | 4,653                | (1,168)              | 5,821             |
| Tax effect regarding fair value measurement of shares designated as "available for sale" | (1,117)              | 280                  | (1,397)           |
| <b>Items that will subsequently be recycled through profit or loss (C)</b>               | <b>3,574</b>         | <b>(580)</b>         | <b>4,154</b>      |
| <b>Total other comprehensive income D= (B)+(C)</b>                                       | <b>3,574</b>         | <b>(580)</b>         | <b>4,154</b>      |
| <b>Total comprehensive income (loss) (A)+(D)</b>   | <b>23,843</b>        | <b>5,801</b>         | <b>18,042</b>     |
| Attributable to:   |                      |                      |                   |
| <b>Shareholders of the Group</b>   | <b>23,910</b>        | <b>5,809</b>         | <b>18,101</b>     |
| <b>Minority shareholders</b>   | <b>(67)</b>          | <b>(8)</b>           | <b>(59)</b>       |



**DIGITAL BROS GROUP**
**Consolidated Cash Flow Statement at March 31st, 2021**

|   | <i>Euro Thousand</i> | <b>March 31<sup>st</sup>, 2021</b> | <b>March 31<sup>st</sup>, 2020</b> |
|---|----------------------|------------------------------------|------------------------------------|
| <b>A. Opening net cash/debt</b>                           |                      | <b>8,527</b>                       | <b>4,767</b>                       |
| <b>B. Cash flows from operating activities</b>            |                      |                                    |                                    |
| Profit (loss) for the period                              |                      | 20,269                             | 6,381                              |
| <i>Depreciation, amortisation and non-monetary costs:</i> |                      |                                    |                                    |
| Provisions and impairment adjustments                     |                      | (753)                              | 1,189                              |
| Amortisation of intangible assets                         |                      | 18,779                             | 7,993                              |
| Depreciation of property, plant and equipment             |                      | 1,338                              | 1,412                              |
| Net change in deferred tax assets                         |                      | 1,463                              | 57                                 |
| Net change in employee benefit provisions                 |                      | 100                                | 73                                 |
| Net change in other non-current liabilities               |                      | 3,827                              | 332                                |
| <b>SUBTOTAL B.</b>  |                      | <b>45,023</b>                      | <b>17,437</b>                      |
| <b>C. Change in net working capital</b>                   |                      |                                    |                                    |
| Inventories   |                      | 1,064                              | (514)                              |
| Trade receivables   |                      | 4,908                              | 4,125                              |
| Current tax assets  |                      | 404                                | 597                                |
| Other current assets                                      |                      | 13,002                             | (5,112)                            |
| Trade payables  |                      | 1,709                              | 12,223                             |
| Current tax liabilities                                   |                      | 4,088                              | 4,194                              |
| Current provisions  |                      | (0)                                | (856)                              |
| Other current liabilities                                 |                      | (433)                              | 5,764                              |
| Other non-current liabilities                             |                      | 4,737                              | (444)                              |
| Non-current receivables and other assets                  |                      | 2,440                              | 3,620                              |
| <b>SUBTOTAL C.</b>  |                      | <b>31,919</b>                      | <b>23,597</b>                      |
| <b>D. Cash flows from investing activities</b>            |                      |                                    |                                    |
| Net payments for intangible assets                        |                      | (45,296)                           | (20,949)                           |
| Net payments for property, plant and equipment            |                      | (1,017)                            | (6,945)                            |
| Net payments for non-current financial assets             |                      | (8,318)                            | (2,786)                            |
| <b>SUBTOTAL D.</b>  |                      | <b>(54,631)</b>                    | <b>(30,680)</b>                    |
| <b>E. Cash flows from financing activities</b>            |                      |                                    |                                    |
| Capital increases   |                      | 0                                  | 0                                  |
| Changes in financial liabilities                          |                      | (6,092)                            | 8,968                              |
| Changes in financial assets                               |                      | (1,700)                            | (14,958)                           |
| <b>SUBTOTAL E.</b>  |                      | <b>(7,792)</b>                     | <b>(5,990)</b>                     |
| <b>F. Changes in consolidated equity</b>                  |                      |                                    |                                    |
| Dividends distributed                                     |                      | (2,139)                            | 0                                  |
| Changes in treasury shares held                           |                      | 0                                  | 0                                  |
| Increases (decreases) in other equity components          |                      | 0                                  | 0                                  |
| <b>SUBTOTAL F.</b>  |                      | <b>(2,139)</b>                     | <b>0</b>                           |
| <b>G. Cash flow for the period (B+C+D+E+F)</b>            |                      | <b>12,380</b>                      | <b>4,364</b>                       |
| <b>H. Closing net cash/debt (A+G)</b>                     |                      | <b>20,907</b>                      | <b>9,131</b>                       |

**DIGITAL BROS GROUP**
**Consolidated statement of changes in equity at March 31<sup>st</sup>, 2021**

|   | Share capital (A) | Share premium reserve | Legal reserve | IAS transition reserve | Translation reserve | Other reserves | Total reserves (B) | Treasury shares (C) | Retained earnings (Accumulated losses) | Profit (Loss) for the year | Total retained earnings (D) | Equity of parent company shareholders (A+B+C+D) | Equity of non-controlling interests | Total equity   |
|---|-------------------|-----------------------|---------------|------------------------|---------------------|----------------|--------------------|---------------------|--|----------------------------|-----------------------------|---|-------------------------------------|----------------|
| <i>Euro thousand</i>                        |                   |                       |               |                        |                     |                |                    |                     |  |                            |                             |   |                                     |                |
| <b>Total on July 1<sup>st</sup>, 2019</b>   | <b>5,704</b>      | 18,486                | 1,141         | 1,367                  | (1,350)             | 1,579          | <b>21,223</b>      | <b>0</b>            | 38,811                                 | (1,513)                    | <b>37,298</b>               | <b>64,225</b>                                   | <b>0</b>                            | <b>64,225</b>  |
| Allocation of profit for the year           |                   |                       |               |                        |                     |                | <b>0</b>           |                     | (1,513)                                | 1,513                      | <b>0</b>                    | <b>0</b>  | <b>0</b>                            | <b>0</b>       |
| Other changes                               |                   |                       |               |                        | (20)                | 248            | <b>228</b>         |                     |  | 20                         | <b>20</b>                   | <b>248</b>                                      | <b>664</b>                          | <b>912</b>     |
| Comprehensive income (loss)                 |                   |                       |               |                        | 301                 | (881)          | <b>(580)</b>       |                     |  | 6,389                      | <b>6,389</b>                | <b>5,809</b>                                    | <b>(8)</b>                          | <b>5,801</b>   |
| <b>Total on March 31<sup>st</sup>, 2020</b> | <b>5,704</b>      | 18,486                | 1,141         | 1,367                  | (1,069)             | 946            | <b>20,871</b>      | <b>0</b>            | 37,298                                 | 6,409                      | <b>43,707</b>               | <b>70,282</b>                                   | <b>656</b>                          | <b>70,938</b>  |
| <b>Total on July 1<sup>st</sup>, 2020</b>   | <b>5,704</b>      | 18,486                | 1,141         | 1,367                  | (1,416)             | 1,382          | <b>20,960</b>      | <b>0</b>            | 37,298                                 | 14,990                     | <b>52,288</b>               | <b>78,952</b>                                   | <b>979</b>                          | <b>79,931</b>  |
| Allocation of profit for the year           |                   |                       |               |                        |                     |                | <b>0</b>           |                     | 14,990                                 | (14,990)                   | <b>0</b>                    | <b>0</b>  | <b>0</b>                            | <b>0</b>       |
| Dividend distribution                       |                   |                       |               |                        |                     |                |                    |                     | (2,139)                                |                            | <b>(2,139)</b>              | <b>(2,139)</b>                                  |                                     | <b>(2,139)</b> |
| Other changes                               |                   |                       |               |                        |                     | 246            | <b>246</b>         |                     | 7                                      |                            | <b>7</b>                    | <b>253</b>                                      |                                     | <b>253</b>     |
| Comprehensive income (loss)                 |                   |                       |               |                        | 46                  | 3,528          | <b>3,574</b>       |                     |  | 20,336                     | <b>20,336</b>               | <b>23,910</b>                                   | <b>(67)</b>                         | <b>23,843</b>  |
| <b>Total on March 31<sup>st</sup>, 2021</b> | <b>5,704</b>      | 18,486                | 1,141         | 1,367                  | (1,370)             | 5,156          | <b>24,780</b>      | <b>0</b>            | 50,156                                 | 20,336                     | <b>70,492</b>               | <b>100,976</b>                                  | <b>912</b>                          | <b>101,888</b> |

**DIGITAL BROS GROUP**
**Consolidated Income Statement per Operating Segment at March 31<sup>st</sup>, 2021**

|           | <i>Euro Thousand</i>                                   | Free-to-Play   | Premium         | Italian Distribution | Other Activities | Holding        | Total           |
|-----------|--|----------------|-----------------|----------------------|------------------|----------------|-----------------|
| 1         | Gross revenue  | 8,455          | 102,842         | 3,724                | 406              | 0              | 115,427         |
| 2         | Revenue adjustments                                    | 0              | (1,253)         | (222)                | 0                | 0              | (1,475)         |
| <b>3</b>  | <b>Net revenue</b>                                     | <b>8,455</b>   | <b>101,589</b>  | <b>3,502</b>         | <b>406</b>       | <b>0</b>       | <b>113,952</b>  |
| 4         | Purchase of products for resale                        | (0)            | (2,526)         | (1,926)              | 0                | 0              | (4,452)         |
| 5         | Purchase of services for resale                        | (1,220)        | (6,804)         | 0                    | (3)              | 0              | (8,027)         |
| 6         | Royalties  | (161)          | (31,572)        | 0                    | (3)              | 0              | (31,736)        |
| 7         | Changes in inventories of finished products            | 0              | (298)           | (766)                | 0                | 0              | (1,064)         |
| <b>8</b>  | <b>Total cost of sales</b>                             | <b>(1,381)</b> | <b>(41,200)</b> | <b>(2,692)</b>       | <b>(6)</b>       | <b>0</b>       | <b>(45,279)</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>7,074</b>   | <b>60,389</b>   | <b>810</b>           | <b>400</b>       | <b>0</b>       | <b>68,673</b>   |
| 10        | Other income   | 1,572          | 1,720           | 0                    | 0                | 34             | 3,326           |
| 11        | Cost of services                                       | (307)          | (5,107)         | (540)                | (115)            | (1,362)        | (7,431)         |
| 12        | Rent and leasing                                       | (31)           | (72)            | (48)                 | (2)              | (68)           | (221)           |
| 13        | Payroll costs  | (3,739)        | (9,349)         | (910)                | (242)            | (3,322)        | (17,562)        |
| 14        | Other operating costs                                  | (92)           | (238)           | (125)                | (34)             | (432)          | (921)           |
| <b>15</b> | <b>Total operating costs</b>                           | <b>(4,169)</b> | <b>(14,766)</b> | <b>(1,623)</b>       | <b>(393)</b>     | <b>(5,184)</b> | <b>(26,135)</b> |
| <b>16</b> | <b>Gross operating margin (EBITDA) (9+10+15)</b>       | <b>4,477</b>   | <b>47,343</b>   | <b>(813)</b>         | <b>7</b>         | <b>(5,150)</b> | <b>45,864</b>   |
| 17        | Depreciation and amortisation                          | (511)          | (18,787)        | (119)                | (62)             | (638)          | (20,117)        |
| 18        | Provisions   | 0              | 0               | 0                    | 0                | 0              | 0               |
| 19        | Asset impairment charge                                | 0              | (711)           | 0                    | 0                | (63)           | (774)           |
| 20        | Impairment reversal                                    | 0              | 0               | 0                    | 0                | 0              | 0               |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(511)</b>   | <b>(19,498)</b> | <b>(119)</b>         | <b>(62)</b>      | <b>(701)</b>   | <b>(20,891)</b> |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                 | <b>3,966</b>   | <b>27,845</b>   | <b>(932)</b>         | <b>(55)</b>      | <b>(5,851)</b> | <b>24,973</b>   |

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

|           | <i>Euro Thousand</i>                                       | Q3 2020/2019    |               | Q3 2019/2020    |               | Change         |               |
|-----------|--|-----------------|---------------|-----------------|---------------|----------------|---------------|
| 1         | Gross revenue  | 33,046          | 100.1%        | 31,293          | 102.1%        | 1,753          | 5.6%          |
| 2         | Revenue adjustments  | (38)            | -0.1%         | (637)           | -2.1%         | 599            | -94.0%        |
| <b>3</b>  | <b>Net revenue</b>   | <b>33,008</b>   | <b>100.0%</b> | <b>30,656</b>   | <b>100.0%</b> | <b>2,352</b>   | <b>7.7%</b>   |
| 4         | Purchase of products for resale                            | (1,402)         | -4.2%         | (1,323)         | -4.3%         | (79)           | 6.0%          |
| 5         | Purchase of services for resale                            | (2,406)         | -7.3%         | (2,375)         | -7.7%         | (31)           | 1.3%          |
| 6         | Royalties  | (10,368)        | -31.4%        | (8,188)         | -26.7%        | (2,180)        | 26.6%         |
| 7         | Changes in inventories of finished products                | (549)           | -1.7%         | (878)           | -2.9%         | 329            | -37.4%        |
| <b>8</b>  | <b>Total cost of sales</b>                                 | <b>(14,725)</b> | <b>-44.6%</b> | <b>(12,764)</b> | <b>-41.6%</b> | <b>(1,961)</b> | <b>15.4%</b>  |
| <b>9</b>  | <b>Gross profit (3+8)</b>                                  | <b>18,283</b>   | <b>55.4%</b>  | <b>17,892</b>   | <b>58.4%</b>  | <b>391</b>     | <b>2.2%</b>   |
| 10        | Other income   | 1,032           | 3.1%          | 989             | 3.2%          | 43             | 4.4%          |
| 11        | Costs for services   | (2,055)         | -6.2%         | (2,781)         | -9.1%         | 726            | -26.1%        |
| 12        | Rent and Leasing   | (88)            | -0.3%         | (42)            | -0.1%         | (46)           | n.m.          |
| 13        | Payroll costs  | (6,602)         | -20.0%        | (5,345)         | -17.4%        | (1,257)        | 23.5%         |
| 14        | Other operating costs                                      | (311)           | -0.9%         | (301)           | -1.0%         | (10)           | 3.0%          |
| <b>15</b> | <b>Total operating costs</b>                               | <b>(9,056)</b>  | <b>-27.4%</b> | <b>(8,469)</b>  | <b>-27.6%</b> | <b>(587)</b>   | <b>6.9%</b>   |
| <b>16</b> | <b>Gross operating margin (EBITDA)<br/>(9+10+15)</b>       | <b>10,259</b>   | <b>31.1%</b>  | <b>10,412</b>   | <b>34.0%</b>  | <b>(153)</b>   | <b>-1.5%</b>  |
| 17        | Depreciation and amortisation                              | (4,717)         | -14.3%        | (4,266)         | -13.9%        | (451)          | 10.6%         |
| 18        | Provisions   | 0               | 0.0%          | 0               | 0.0%          | 0              | 0.0%          |
| 19        | Asset impairment charge                                    | (485)           | -1.5%         | (20)            | -0.1%         | (465)          | n.m.          |
| 20        | Impairment reversal  | 0               | 0.0%          | 32              | 0.1%          | (32)           | n.m.          |
| <b>21</b> | <b>Total depreciation, amortization and<br/>impairment</b> | <b>(5,202)</b>  | <b>-15.8%</b> | <b>(4,254)</b>  | <b>-13.9%</b> | <b>(948)</b>   | <b>22.3%</b>  |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                     | <b>5,057</b>    | <b>15.3%</b>  | <b>6,158</b>    | <b>20.1%</b>  | <b>(1,101)</b> | <b>-17.9%</b> |
| 23        | Interest and finance income                                | 1,687           | 5.1%          | 981             | 3.2%          | 706            | 71.9%         |
| 24        | Interest expense and finance costs                         | (595)           | -1.8%         | (856)           | -2.8%         | 261            | -30.4%        |
| <b>25</b> | <b>Net interest income/(expense)</b>                       | <b>1,092</b>    | <b>3.3%</b>   | <b>125</b>      | <b>0.4%</b>   | <b>967</b>     | <b>n.m.</b>   |
| <b>26</b> | <b>Profit/ (loss) before tax (22+25)</b>                   | <b>6,149</b>    | <b>18.6%</b>  | <b>6,283</b>    | <b>20.5%</b>  | <b>(134)</b>   | <b>-2.1%</b>  |
| 27        | Current tax  | (2,108)         | -6.4%         | (2,028)         | -6.6%         | (80)           | 3.9%          |
| 28        | Deferred tax   | 378             | 1.1%          | 188             | 0.6%          | 190            | n.m.          |
| <b>29</b> | <b>Total taxes</b>   | <b>(1,730)</b>  | <b>-5.2%</b>  | <b>(1,840)</b>  | <b>-6.0%</b>  | <b>110</b>     | <b>-6.0%</b>  |
| <b>30</b> | <b>Net profit/loss</b>                                     | <b>4,419</b>    | <b>13.4%</b>  | <b>4,443</b>    | <b>14.5%</b>  | <b>(24)</b>    | <b>-0.5%</b>  |
|           | <b>attributable to the shareholders of the Group</b>       | <b>4,430</b>    | <b>13.4%</b>  | <b>4,451</b>    | <b>14.5%</b>  | <b>(21)</b>    | <b>-0.5%</b>  |
|           | <b>attributable to minority shareholders</b>               | <b>(11)</b>     | <b>0.0%</b>   | <b>(8)</b>      | <b>0.0%</b>   | <b>(3)</b>     | <b>35.0%</b>  |
|           | <b>Earnings per share</b>                                  |                 |               |                 |               |                |               |
| <b>33</b> | <b>Total basic earnings per share (in Euro)</b>            | <b>0.31</b>     |               | <b>0.31</b>     |               | <b>(0,00)</b>  | <b>0.0%</b>   |
| <b>34</b> | <b>Diluted earnings per share (in Euro)</b>                | <b>0.31</b>     |               | <b>0.31</b>     |               | <b>(0,00)</b>  | <b>0.0%</b>   |