

PRESS RELEASE

The Board of Directors of Digital Bros Group approves the Half Year Financial Report at December 31st, 2021 (first half of the financial year 2021 – 2022)

FIRST HALF RESULTS:

- **REVENUE AT €55.5 MILLION**
- **BACK CATALOGUE REVENUE +35%**
- **95% OF REVENUE ON INTERNATIONAL MARKETS**
- **85% DIGITAL REVENUE**
- **EBIT AT €12.2 MILLION, 22.1% OF NET REVENUE**
- **NET PROFIT OF €10.4 MILLION**
- **POSITIVE NET FINANCIAL POSITION OF €18.2 MILLION**
- **EBIT FOR THE FULL FISCAL YEAR EXPECTED TO BE IN EXCESS OF €30 MILLION**

- ✓ *Consolidated gross revenues of €55.5 million, down by 32.6% compared to €82.4 million on December 31st, 2020, when the launches of the best-selling games Death Stranding and the Steam version of Control occurred*
- ✓ *95% of revenues realized on international markets and 85% on digital marketplaces*
- ✓ *Back catalogue revenue increased by 35%*
- ✓ *EBITDA at €19.7 million, compared to €35.6 million on December 31st, 2020*
- ✓ *EBIT of €12.2 million, 22.1% of consolidated net revenues, compared to €20 million on December 31st, 2020*
- ✓ *Profit before tax of €14.7 million, compared to €22.2 million on December 31st, 2020*
- ✓ *Net profit of €10.4 million, compared to €15.9 million on December 31st, 2020*
- ✓ *Net financial position positive of €18.2 million (€23.5 million gross of the IFRS 16 effect)*
- ✓ *Net operating margins for the full fiscal year expected to exceed the outstanding results (30 million EBIT) realized in the last fiscal, despite a small drop expected in revenues*

Milan, March 8th, 2022 – The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the Euronext STAR segment of Borsa Italiana and operates in the videogames market, **today approved the Half Year Financial Report for the period ended December 31st, 2021** (first half of the fiscal year from July 1st, 2021 to June 30th, 2022).

RESULTS FOR THE FIRST HALF OF FINANCIAL YEAR 2021-2022 (AT 31.12.2021)				
<i>Euro thousand</i>	31.12.21	31.12.20	Change	Change %
Gross revenue	55,518	82,381	(26,863)	-32.6%
Gross operating margin (EBITDA)	19,717	35,605	(15,888)	-44.6%
Operating margin (EBIT)	12,226	19,916	(7,690)	-38.6%
Profit before tax	14,726	22,153	(7,427)	-33.5%
Net profit	10,390	15,850	(5,460)	-34.4%

Digital Bros Group's key consolidated results for the first half of financial year 2021-2022, together with prior period comparatives, are as follows:

- **Consolidated gross revenues** of €55.5 million, compared to €82.4 million on December 31st, 2020 (-32.6%);
- **EBITDA** of €19.7 million, compared to €35.6 million on December 31st, 2020;
- **EBIT** of €12.2 million, compared to €20 million on December 31st, 2020;
- **Profit before tax** of €14.7 million, compared to €22.2 million on December 31st, 2020;
- **Net profit** increased to €10.4 million, compared to €15.9 million on December 31st, 2020.

RESULTS BY OPERATING SEGMENT

Revenue for the half year amounted to €55.5 million, decreasing by 32.6% compared to the previous fiscal year, when the best-selling video game Death Stranding and the Steam version of Control were initially launched.

With no significant new releases, the first half year revenue were a mix of different but existing back catalogue products. The best-selling videogame has been the evergreen Assetto Corsa, IP owned by the Group, which realized €9 million during the period. Back catalogue sales grew by 35%, increasing by €6.9 million compared to the previous fiscal year.

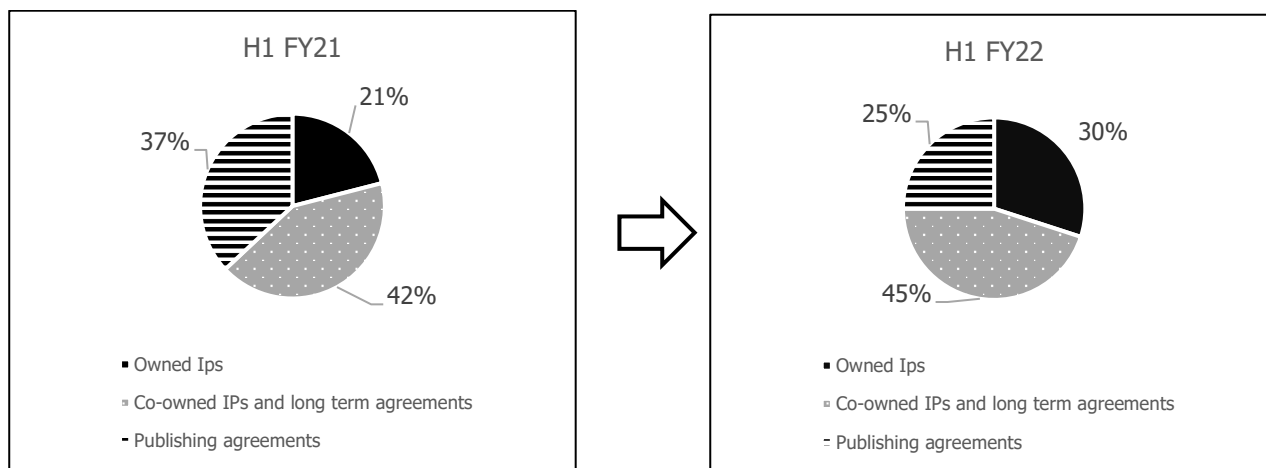
Revenue from international markets were 95% of the total revenues in the period and digital revenue in the period were 85% of the total.

A breakdown by operating segment for the period ended December 31st, 2021 compared to the period ended December 31st, 2020 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2022	2021	Change		2022	2021	Change	
Premium Games	49,348	74,739	(25,391)	-34.0%	49,263	73,496	(24,233)	-33.0%
Free to Play	3,670	4,483	(813)	-18.1%	3,670	4,483	(813)	-18.1%
Italian Distribution	2,189	2,932	(743)	-25.3%	2,081	2,738	(657)	-24.0%
Other projects	311	227	84	37.1%	311	227	84	37.1%
Total gross revenues	55,518	82,381	(26,863)	-32.6%	55,325	80,944	(25,619)	-31.7%

The **Premium Games** operating segment represents 89% of the gross revenue.

Video games developed by the internal studios and intellectual properties fully owned by the Group accounted for 30% of the total revenue in the period. 45% of revenue came from the co-owned IPs and long-term agreements (more than ten years). A breakdown of Premium Games revenue by the type of rights held by the Group at December 31st, 2021 is provided below with comparative figures at December 31st, 2020:



The **Free-to-Play** operating segment showed a 18.1% decrease from € 4.5 million at December 31st, 2020 to €3.7 million. The main Free to Play product launch of the current year, Puzzle Quest 3, will be released globally in March 2022.

The **Italian Distribution** operating sector revenue decreased by 25.3% (from €2.9 million down to €2.2 million), due to the continuous decline of retail distribution in the market, 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:

Euro thousand	Premium Games	Free to Play	Italian Distribution	Other Activities	Holding	Total
Gross revenues	49,348	3,670	2,189	311	0	55,518
EBITDA	22,538	1,109	(377)	(113)	(3,440)	19,717
EBIT	16,369	212	(501)	(137)	(3,717)	12,226

The **EBITDA** realized in the first half of the year has been €19.71 million corresponding to 35.6% of the consolidated net revenue, a decrease of €15.88 million compared to the €35.61 million realized in the previous year.

Depreciation and amortization decreased by €7.81 million.

The **EBIT** amounted to €12.23 million decreasing by €7.69 million compared to €19.92 million as at December 31st, 2020. The EBIT stood at 22.1% of the consolidated gross revenue for the period.

Net income was positive for €2.5 million, compared to €2.24 million realized in the previous year.

Profit before tax for the period ended December 31st, 2021 amounted to €14.73 million, a decrease of €7.43 million compared to profit before tax of €22.15 million as at December 31st, 2020.

Net profit for the period amounted to €10.39 million compared to €15.85 million as at December 31st, 2020.

Net profit attributable to the shareholders of the Group was €10.63 million.

Basic profit per share and **diluted profit per share** were respectively €0.75 and €0.72 compared to the €1.11 and €1.09 profit per share as at December 31st, 2020.

NET FINANCIAL POSITION

The Net Financial Position amounted to €18.23 million. As expected, it decreased from €38.25 million as at June 30th, 2021 by €20.02 million in sync with the significant investment plan conducted by the Group during the fiscal year. The Net Financial Position gross of the IFRS 16 effect amounted to €23.5 million.

TREASURY SHARES

It is hereby disclosed that as at December 31st, 2021 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period, pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code.

SIGNIFICANT EVENTS DURING THE PERIOD

The most significant events during the period were as follows:

- On October 27th, 2021, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2020-2021, a dividend distribution of €0.18 per share and appointed Ernest & Young S.p.A. as the new external auditor for the 2022-2030 period, until the approval of the Financial Statements at June 30th, 2030;
- On November 30th, 2021, the Group announced the agreement between 505 Games S.p.A. and MercurySteam Entertainment S.L. for the co-publishing and development on a new videogame set for multiplatform release. The intellectual property (IP) of the game is co-owned by Digital Bros and MercurySteam Entertainment through the joint-venture MSE & DB S.L. set up under the Spanish Law. The initial development investment amounts to Euro 27 million.

SIGNIFICANT EVENTS OCCURRED AFTER DECEMBER 31ST, 2021

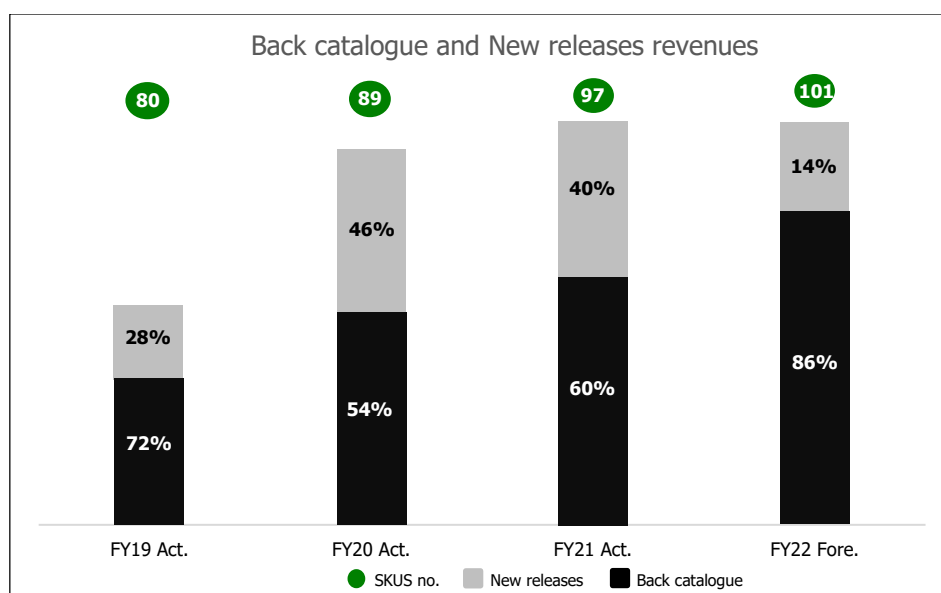
No significant event, even in relation to external factors, occurred after the end of the period.

BUSINESS OUTLOOK

The Group will invest over €78 million in 22 intellectual properties developed by external studios. Further investments are conducted through the seven internal studios.

Most of the videogames currently under development will hit the market starting from the fiscal year 2023 onwards. In respect with the previous full fiscal year outlook, the Group expects a small drop in revenue without any significant launch of new products, but higher net operating margin (EBIT) thanks to the higher profitability of the back catalogue sales and fully-owned intellectual properties.

A breakdown of back catalogue and new releases revenue expected for the full fiscal year is provided below with previous years comparisons:



In sync with the significant investments planned for the period, the net financial position, which was positive €18 million at the end of the period, is expected to further decrease during the third quarter. Positive cash flow expected in the last quarter.

ART. 154-BIS OF THE "T.U.F."

As required by paragraph 2, Art. 154-bis of the T.U.F., 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 and www.1info.it

DIGITAL BROS GROUP

Listed on the Euronext 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, Czech Republic, China, Japan, Australia and Canada with approximately 330 employees.

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FINANCIAL STATEMENTS**DIGITAL BROS GROUP****Consolidated statement of financial position at December 31st, 2021**

	<i>Euro Thousand</i>	December 31st, 2021	June 30th, 2021	Change	
	Non-current Assets				
1	Property, plant and equipment	9,141	8,198	943	11.5%
2	Investment property	0	0	0	0.0%
3	Intangible assets	85,132	66,776	18,356	27.5%
4	Equity investments	8,835	11,190	(2,355)	-21.0%
5	Non-current receivables and other assets	6,663	5,089	1,574	30.9%
6	Deferred tax assets	12,892	11,644	1,248	10.7%
7	Non-current financial activities	19,253	18,840	413	2.2%
	Total non current assets	141,916	121,737	20,179	16.6%
	Current assets				
8	Inventories	4,994	5,708	(714)	-12.5%
9	Trade receivables	19,273	18,283	990	5.4%
10	Tax receivables	2,100	1,500	600	40.0%
11	Other current assets	19,600	19,279	321	1.7%
12	Cash and cash equivalent	28,052	35,509	(7,457)	-21.0%
13	Other financial assets	0	0	0	0.0%
	Total current assets	74,019	80,279	(6,260)	-7.8%
	TOTAL ASSETS	215,935	202,016	13,919	6.9%
	Capital and reserves				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(21,870)	(23,016)	1,146	-5.0%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(90,239)	(82,181)	(8,058)	9.8%
	Equity attributable to Parent Company	(117,813)	(110,901)	(6,912)	6.2%
	Equity attributable to minority shareholders	(1,078)	(890)	(188)	21.1%
	Total Net equity	(118,891)	(111,791)	(7,100)	6.4%
	Non-current liabilities				
18	Employee benefits	(771)	(719)	(52)	7.2%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(4,491)	(5,415)	924	-17.1%
21	Non-current financial liabilities	(18,844)	(11,694)	(7,150)	61.1%
	Total non-current liabilities	(24,187)	(17,909)	(6,278)	35.1%
	Current liabilities				
22	Trade payables	(40,427)	(47,193)	6,766	-14.3%
23	Taxes payables	(13,031)	(10,782)	(2,249)	20.9%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(9,166)	(9,932)	766	-7.7%
26	Current financial liabilities	(10,233)	(4,409)	(5,824)	n.m.
	Total net working capital	(72,857)	(72,316)	(541)	0.7%
	TOTAL LIABILITIES	(97,044)	(90,225)	(6,819)	7.6%
	TOTAL NET EQUITY AND LIABILITIES	(215,935)	(202,016)	(13,919)	6.9%

DIGITAL BROS GROUP
Consolidated Income Statement at December 31st, 2021

	<i>Euro Thousand</i>	December 31 st , 2021		December 31 st , 2020		Change	
1	Gross revenue	55,518	100.3%	82,381	101.8%	(26,863)	-32.6%
2	Revenue adjustments	(193)	-0.3%	(1,437)	-1.8%	1,244	-86.6%
3	Net revenue	55,325	100.0%	80,944	100.0%	(25,619)	-31.7%
4	Purchase of products for resale	(2,804)	-5.1%	(3,050)	-3.8%	246	-8.1%
5	Purchase of services for resale	(2,958)	-5.3%	(5,621)	-6.9%	2,663	-47.4%
6	Royalties	(13,693)	-24.8%	(21,368)	-26.4%	7,675	-35.9%
7	Changes in inventories of finished products	(714)	-1.3%	(515)	-0.6%	(199)	38.6%
8	Total cost of sales	(20,169)	-36.5%	(30,554)	-37.7%	10,385	-34.0%
9	Gross profit (3+8)	35,156	63.5%	50,390	62.3%	(15,234)	-30.2%
10	Other income	5,155	9.3%	2,294	2.8%	2,861	n.m.
11	Costs for services	(4,205)	-7.6%	(5,376)	-6.6%	1,171	-21.8%
12	Rent and Leasing	(233)	-0.4%	(133)	-0.2%	(100)	74.8%
13	Payroll costs	(15,502)	-28.0%	(10,960)	-13.5%	(4,542)	41.4%
14	Other operating costs	(654)	-1.2%	(610)	-0.8%	(44)	7.3%
15	Total operating costs	(20,594)	-37.2%	(17,079)	-21.1%	(3,515)	20.6%
16	Gross operating margin (EBITDA) (9+10+15)	19,717	35.6%	35,605	44.0%	(15,888)	-44.6%
17	Depreciation and amortisation	(7,591)	-13.7%	(15,400)	-19.0%	7,809	-50.7%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(58)	-0.1%	(289)	-0.4%	231	-79.9%
20	Impairment reversal	158	0.3%	0	0.0%	158	n.m.
21	Total depreciation, amortization and impairment	(7,491)	-13.5%	(15,689)	-19.4%	8,198	-52.3%
22	Operating margin (EBIT) (16+21)	12,226	22.1%	19,916	24.6%	(7,690)	-38.6%
23	Interest and finance income	3,846	7.0%	4,594	5.7%	(747)	-16.3%
24	Interest expense and finance costs	(1,346)	-2.4%	(2,357)	-2.9%	1,011	-42.9%
25	Net interest income/(expense)	2,500	4.5%	2,237	2.8%	263	11.8%
26	Profit/ (loss) before tax (22+25)	14,726	26.6%	22,153	27.4%	(7,427)	-33.5%
27	Current tax	(4,569)	-8.3%	(6,800)	-8.4%	2,231	-32.8%
28	Deferred tax	233	0.4%	497	0.6%	(264)	-53.0%
29	Total taxes	(4,336)	-7.8%	(6,303)	-7.8%	1,967	-31.2%
30	Net profit/loss	10,390	18.8%	15,850	19.6%	(5,460)	-34.4%
	attributable to the shareholders of the Group	10,625	19.2%	15,890	19.6%	(5,265)	-33.1%
	attributable to minority shareholders	(235)	-0.4%	(40)	0.0%	(195)	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	0.75		1.11		(0.36)	-33.1%
34	Diluted earnings per share (in Euro)	0.72		1.09		(0.37)	-34.4%

DIGITAL BROS GROUP**Consolidated statement of comprehensive income at December 31st, 2021**

<i>Euro Thousand</i>	December 31st, 2021	December 31st, 2020	Change
Profit (Loss) for the period (A)	10,390	15,850	(5,460)
Items that will not be subsequently recycled through profit or loss (B)	0	0	0
Actuarial gain (loss)	(20)	(11)	(9)
Income tax relating to actuarial gain (loss)	5	3	2
Exchange differences on translation of foreign operations	476	(529)	1,005
Income tax relating to exchange differences on translation of foreign operations	0	0	0
Fair value measurement of shares designated as "available for sale"	(2,331)	1,480	(3,811)
Tax effect regarding fair value measurement of shares designated as "available for sale"	559	(355)	914
Items that will subsequently be recycled through profit or loss (C)	(1,311)	588	(1,899)
Total other comprehensive income D= (B)+(C)	(1,311)	588	(1,899)
Total comprehensive income (loss) (A)+(D)	9,079	16,438	(7,359)
Attributable to:			
Shareholders of the Group	9,314	16,478	(7,164)
Minority shareholders	(235)	(40)	(195)

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

	<i>Euro Thousand</i>	December 31st, 2021	December 31st, 2020
A. Opening net cash/debt		35,509	8,527
B. Cash flows from operating activities			
Profit (loss) for the period		10,390	15,850
<i>Depreciation, amortisation and non-monetary costs:</i>			
Provisions and impairment losses		(58)	(284)
Amortisation of intangible assets		6,683	14,495
Depreciation of property, plant and equipment		908	905
Net change in advance taxes		(1,248)	126
Net change in employee benefit provisions		52	35
Net change in other non-current liabilities		(723)	759
SUBTOTAL B.		16,004	31,886
C. Change in net working capital			
Inventories		714	515
Trade receivables		(937)	(1,627)
Current tax assets		(600)	1,305
Other current assets		(321)	10,028
Trade payables		(6,766)	362
Current tax liabilities		2,249	3,439
Current provisions		(0)	0
Other current liabilities		(766)	182
Other non-current liabilities		(924)	(469)
Non-current receivables and other assets		(1,574)	3,233
SUBTOTAL C.		(8,925)	16,968
D. Cash flows from investing activities			
Net payments for intangible assets		(25,039)	(28,816)
Net payments for property, plant and equipment		(1,851)	(933)
Net payments for non-current financial assets		2,360	(5,146)
SUBTOTAL D.		(24,530)	(34,895)
E. Cash flows from financing activities			
Capital increases		0	0
Changes in financial liabilities		12,974	(5,885)
Changes in financial assets		(413)	(1,595)
SUBTOTAL E.		12,561	(7,480)
F. Changes in consolidated equity			
Dividends distributed		(2,567)	(2,139)
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
SUBTOTAL F.		(2,567)	(2,139)
G. Cash flow for the period (B+C+D+E+F)		(7,457)	4,340
H. Closing net cash/debt (A+G)		28,052	12,867

DIGITAL BROS GROUP
Consolidated statement of changes in equity at December 31st, 2021

<i>Euro thousand</i>	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
Total on July 1st, 2020	5,704	18,486	1,141	1,367	(1,416)	1,382	20,960	0	37,298	14,990	52,288	78,952	979	79,931
Allocation of loss for the year							0		14,990	(14,990)	0	0	0	0
Dividend distribution									(2,139)		(2,139)	(2,139)		(2,139)
Other changes						164	164		7		7	171		171
Comprehensive income (loss)					(529)	1,117	588			15,890	15,890	16,478	(40)	16,438
Total on December 31st, 2020	5,704	18,486	1,141	1,367	(1,945)	2,663	21,712	0	50,156	15,890	66,046	93,462	939	94,401
Total on July 1st, 2021	5,704	18,486	1,141	1,367	(1,339)	3,361	23,016	0	50,156	32,025	82,181	110,901	890	111,791
Allocation of loss for the year							0		32,025	(32,025)	0	0	0	0
Dividend distribution									(2,567)		(2,567)	(2,567)		(2,567)
Other changes						165	165				0	165	423	588
Comprehensive income (loss)					476	(1,787)	(1,311)			10,625	10,625	9,314	(235)	9,079
Total on December 31st, 2021	5,704	18,486	1,141	1,367	(863)	1,739	21,870	0	79,614	10,625	90,239	117,813	1,078	118,891

DIGITAL BROS GROUP
Consolidated Income Statement per Operating Segment at December 31st, 2021

	<i>Euro Thousand</i>	Premium Games	Free to Play	Italian Distribution	Other Activities	Holding	Total
1	Gross revenue	49,348	3,670	2,189	311	0	55,518
2	Revenue adjustments	(85)	0	(108)	0	0	(193)
3	Net revenue	49,263	3,670	2,081	311	0	55,325
4	Purchase of products for resale	(1,599)	0	(1,205)	0	0	(2,804)
5	Purchase of services for resale	(2,614)	(344)	0	0	0	(2,958)
6	Royalties	(13,633)	(60)	0	0	0	(13,693)
7	Changes in inventories of finished products	(504)	0	(210)	0	0	(714)
8	Total cost of sales	(18,350)	(404)	(1,415)	0	0	(20,169)
9	Gross profit (3+8)	30,913	3,266	666	311	0	35,156
10	Other income	3,099	2,053	0	0	3	5,155
11	Cost of services	(2,696)	(291)	(399)	(144)	(675)	(4,205)
12	Rent and leasing	(93)	(42)	(12)	(2)	(84)	(233)
13	Payroll costs	(8,478)	(3,804)	(584)	(263)	(2,373)	(15,502)
14	Other operating costs	(207)	(73)	(48)	(15)	(311)	(654)
15	Total operating costs	(11,474)	(4,210)	(1,043)	(424)	(3,443)	(20,594)
16	Gross operating margin (EBITDA) (9+10+15)	22,538	1,109	(377)	(113)	(3,440)	19,717
17	Depreciation and amortisation	(6,174)	(897)	(71)	(24)	(425)	(7,591)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	0	(53)	0	(5)	(58)
20	Impairment reversal	5	0	0	0	153	158
21	Total depreciation, amortization and impairment	(6,169)	(897)	(124)	(24)	(277)	(7,491)
22	Operating margin (EBIT) (16+21)	16,369	212	(501)	(137)	(3,717)	12,226