

Digital Bros

digital entertainment

PRESENTATION MAY 2020



COVID-19 UPDATE

The world is currently undergoing a harrowing and unprecedented event: the COVID-19 pandemic. The health and well-being of our employees is our greatest priority.

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 during these times significantly impacted the demand for home entertainment and increased the revenue stream coming from digital distribution improving the operating margins of the Group.

Digital Bros have monitored the evolution of the pandemic emergency since the beginning and has responded to the changing needs of its people in real time. We have been acting and will continue to act in the best interests of the community, following government authorities' guidelines. We have asked to most of our employees to work from home to limit the spread of the Covid-19 and we have implemented all prevention and protection measures to guarantee safety of our organization and continuity of the business.

OUR MILESTONES



1989
FOUNDATION

2000
LISTING

2007
RETAIL
PUBLISHING

2013
MOBILE
PUBLISHING

2015
MOBILE AND CONSOLE
DEVELOPERS ACQUISITION

2017

2020
LAUNCH OF
BRAND NEW IP



WE DEVELOP, PUBLISH AND MARKET MULTICHANNEL VIDEOGAMES



STUDIOS

DR Studios

Kunos Simulazioni

Avantgarden



PUBLISHING

IP scouting and selection

Production Survey

Marketing & PR

Sales and Promotions

Customer Support



DISTRIBUTION

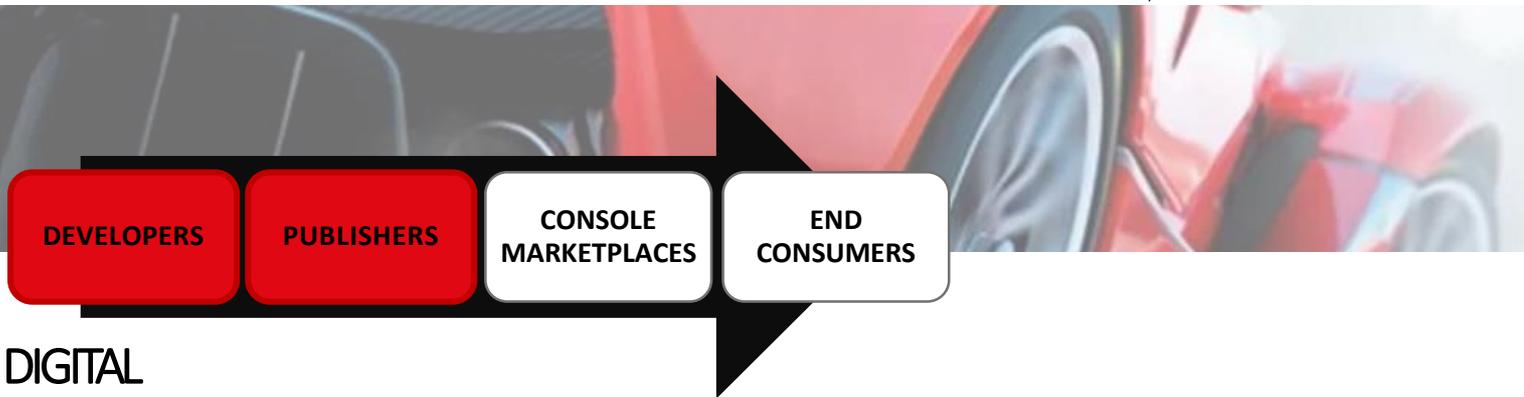
Retail Distribution
(Chains and Stores –
Global Distribution
Network)



MARKET STRUCTURE



RETAIL



DIGITAL

DIGITAL CHANNELS DRIVING GROWTH AND MARGINS

FROM TRADITIONAL RETAIL DISTRIBUTION TO DIGITAL, MOBILE & STREAMING



▲ GAAS (GAME AS A SERVICE)

GAME AS A SERVICE IS A COMMUNITY GAME THAT RETAINS GAMERS THROUGH THE CONTINUOUS DELIVERY OF ADDITIONAL CONTENTS

▲ MULTICHANNEL

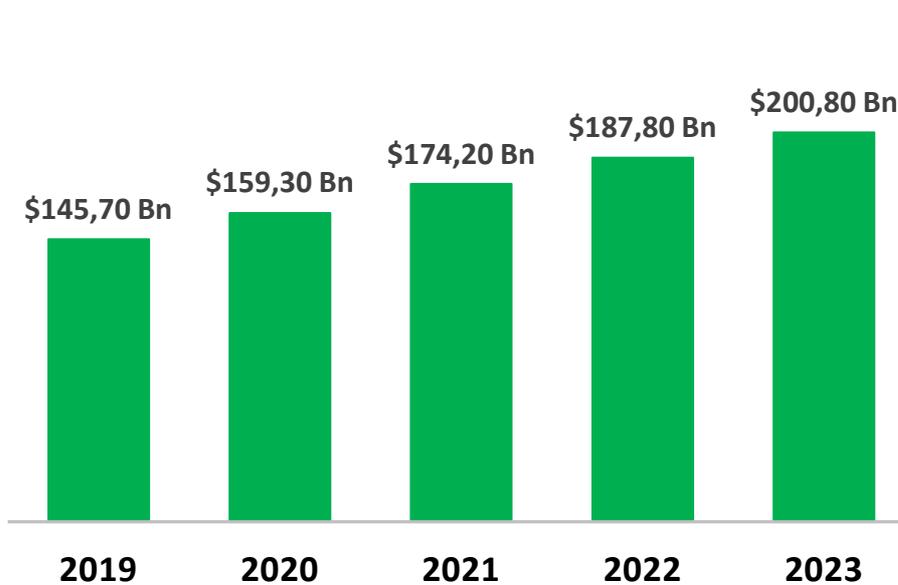
GAMERS NOW ACCESS CONTENT ACROSS THE WEB THROUGH ALL AVAILABLE DIGITAL CHANNELS INCLUDING CONSOLES, SMARTPHONES, TABLETS AND STREAMING

▲ MOBILE & SOCIAL

WITH THE EXPLOSION IN MOBILE DEVICES EVERYONE IS NOW A GAMER, THE SIZE OF THE MARKET OPPORTUNITY IN SOCIAL AND MOBILE GAMING HAS INCREASED EXPONENTIALLY

MARKET SIZE

THE WORLDWIDE GAMES MARKET WILL REACH \$200.8 BILLION BY 2023



+8.3%

TOTAL MARKET CAGR
2019-2023

SOURCE: NEWZOO MAY 2020

PRODUCTS

PREMIUM AND FREE TO PLAY

PREMIUM GAMES

- Internal development/acquisition of contents rights from developers (IP ownership, long term agreements)
- Distribution of the videogames through traditional international sales network and digital marketplaces (Steam, Sony Playstation Network, Microsoft Xbox Live and Epic Games Store)

FREE TO PLAY

- Internal development and publishing of videogames available for free on the main digital marketplaces (console, mobile and social platforms);
- In App purchases are the main revenue stream
- Continuous development and improvements after the launch to maintain stickiness

CHANNELS

DIGITAL AND RETAIL

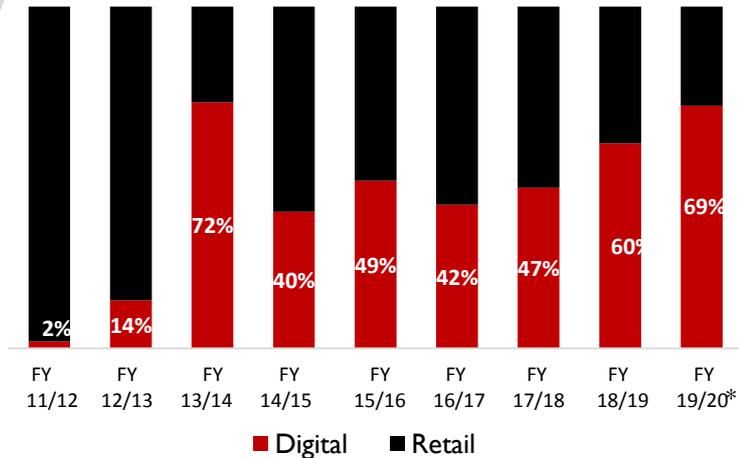
DIGITAL DISTRIBUTION

- Online Marketplaces:
Steam
Playstation Network
Xbox Live
Epic Games Store
- Game App Download:
Mobile And Tablet
Stores
- Online Social
Platforms:
Main Social Networks

RETAIL DISTRIBUTION

- Main Chains & Stores
- E-commerce

REVENUES TREND RETAIL VS DIGITAL



* Q4 FY19/20 – Digital Revenue expected to be 81% of total revenue (fiscal year closes on June 30)

1 FINANCIALS



CONSOLIDATED P&L – Q3 FY19/20 YTD



Euro million	31.03.20	31.03.19	Change	Change %
Gross revenue	99.1	42.6	56.5	132.7%
Gross operating margin (EBITDA)	20.6	(1.6)	22.2	n.m.
Operating margin (EBIT)	10.2	(7.6)	17.8	n.m.
Profit/(loss) before tax	9.9	(7.5)	17.4	n.m.
Net profit/(loss)	6.4	(5.9)	12.3	n.m.
Recurring profit	7.8	(5.9)	13.7	n.m.

FISCAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

SIGNIFICANT REVENUE GROWTH IN THE FIRST NINE MONTHS AND IMPROVEMENT OF ALL FINANCIAL MARGINS FUELED BY NEW VIDEOGAME RELEASES: BLOODSTAINED (Q4 FY18/19), CONTROL (Q1 FY19/20), INDIVISIBLE (Q2 FY19/20), JOURNEY TO THE SAVAGE PLANET (Q3 FY19/20)

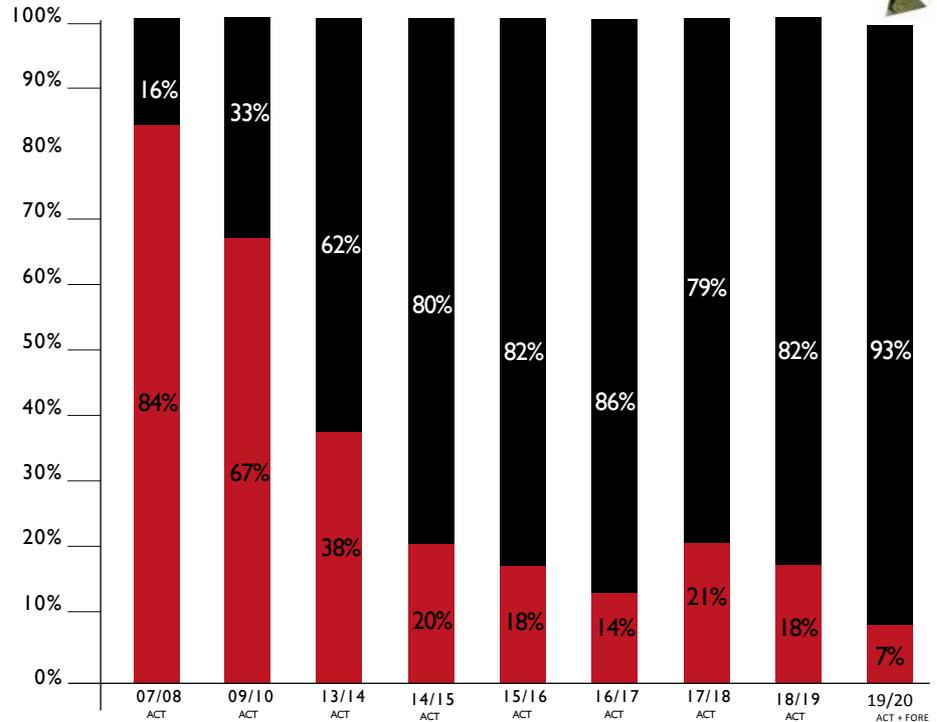
COVID-19 PANDEMIC INCREASED REVENUES FROM DIGITAL DISTRIBUTION IMPROVING THE OPERATING MARGINS

GLOBALIZATION



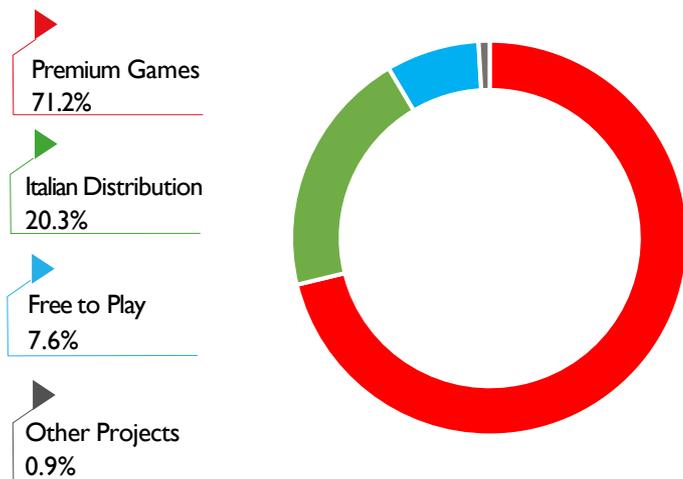
REVENUES TREND ITALY VS INTERNATIONAL

- ▲ Italy
- ▲ International

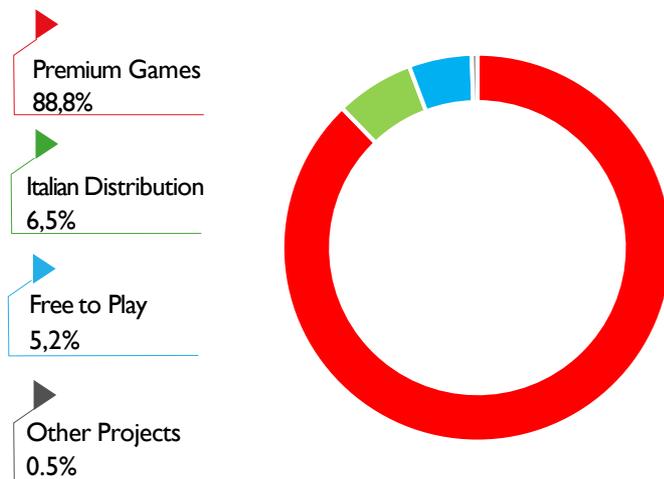


REVENUE BREAKDOWN BY SEGMENT

CONSOLIDATED FY 18/19



CONSOLIDATED Q3 YTD ACTUAL
+ FY 19/20 FORECAST



PREMIUM GAMES – Q3 FY19/20 YTD



Euro million	31.12.19	31.12.18	Change	Change %
Gross revenue	86.8	25.7	61.0	n.m.
Net revenue	81.3	24.3	57.0	n.m.
Gross operating margin (EBITDA)	24.8	1.6	23.2	n.m.
Operating margin (EBIT)	16.6	(2.1)	18.7	n.m.

FISCAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

PREMIUM GAMES ACCOUNTED FOR 87% OF TOTAL REVENUES

REVENUE BY BRAND – Q3 FY19/20 YTD

Euro million	31.03.20	% on total
Control	30.0	34.6%
Journey to the Savage Planet	10.9	12.6%
Bloodstained	9.9	11.4%
Terraria	9.7	11.2%
Assetto Corsa	6.1	7.0%
Indivisible	4.0	4.7%
PAYDAY 2	3.1	3.6%
Other Products	7.0	8.1%
Retail Products	5.9	6.8%
Premium Games	86.8	100.0%

FISICAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

FREE TO PLAY – Q3 FY19/20 YTD



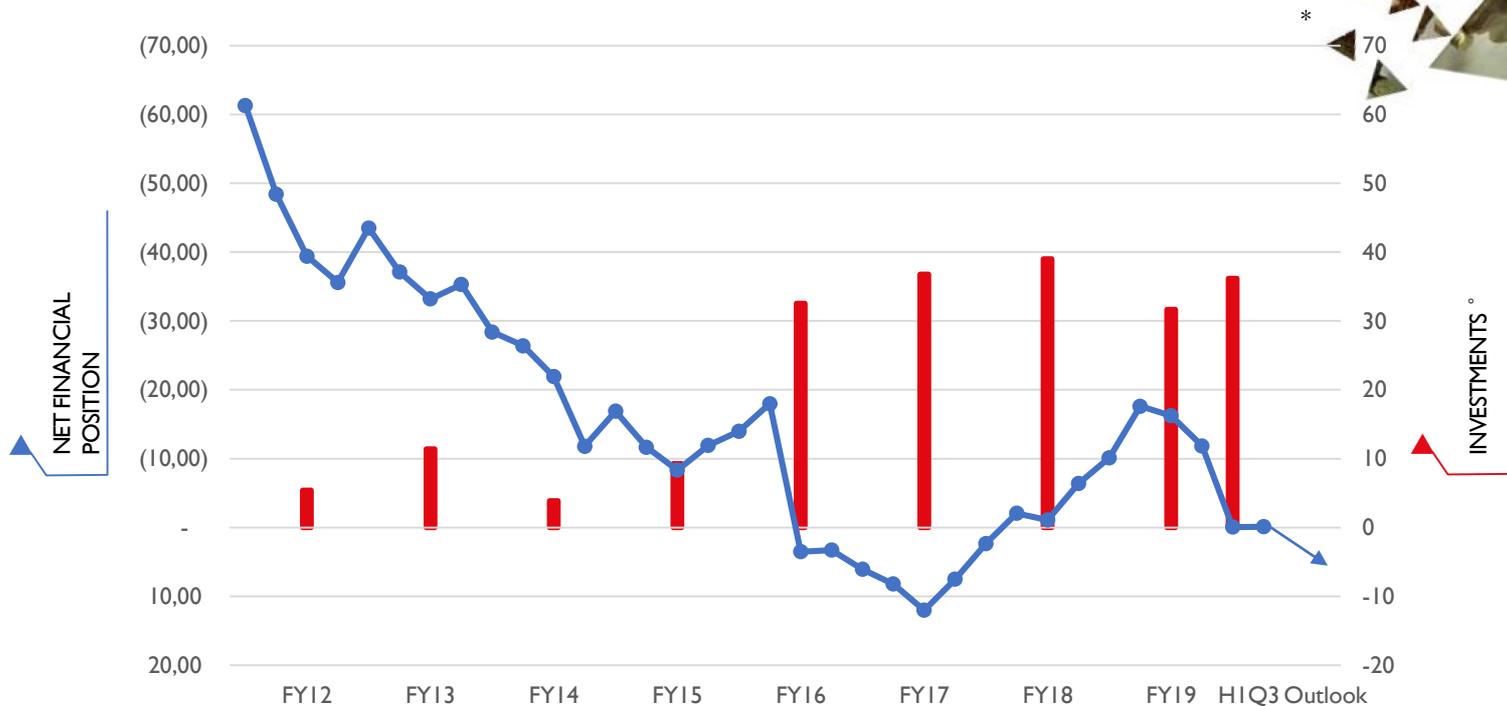
Euro million	31.03.20	31.03.19	Change	Change %
Gross revenue	5.1	4.8	0.4	7.6%
Net revenue	5.1	4.8	0.4	7.6%
Gross operating margin (EBITDA)	1.2	1.4	(0.2)	-14.2%
Operating margin (EBIT)	(0.08)	(0.3)	231	73.8%

FISCAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

REVENUES GROWTH BY 7.6% THANKS TO THE POSITIVE PERFORMANCE OF GEMS OF WAR
FOUR NEW VIDEOGAME RELEASES IN NEXT FISCAL YEAR

NET FINANCIAL POSITION OVER THE LAST YEARS



* ADVANCES PAID FOR IPs AND LICENSES + TANGIBLE AND INTAGIBLE ASSETS

STARBREEZE AB INVESTMENT

SUCCESSFUL PROTECTION OF INTEREST IN PAYDAY

- Starbreeze AB (SB) is a Swedish videogame developer and publisher owner of the famous PAYDAY IP that successfully exited a reconstruction period on 6th December 2019.
- Digital Bros is a major stakeholder of Starbreeze (shareholding in the Company, earn out of USD 40m on PAYDAY 3, PAYDAY 2 console publishing rights and US USD 4.8m credit on the advance payments).
- To protect its stake in SB, especially its interest in the PAYDAY IP, Digital Bros has several steps leading to the Group holding 10.05% of Starbreeze AB's share capital and 24.44% of the voting rights;
- The transactions included the acquisition of all Starbreeze assets held by Smilegate Holdings for €19.2 m. The overall assets nominal value is €35.3 m (including a convertible bond of €19.7m, credit of approx. €14.8m, as well as shares)



OUTLOOK

- REVENUES GROWTH AT THE END OF THE FISCAL YEAR
- EXPECTED IMPROVEMENT OF FINANCIAL MARGINS RESULTING FROM INCREASED DIGITAL SALES
- LAUNCH OF ASSETTO CORSA COMPETIZIONE CONSOLE VERSIONS AND NINTENDO SWITCH VERSIONS OF INDIVISIBLE AND JOURNEY TO THE SAVAGE PLANET IN Q4
- DEATH STRANDING PC LAUNCH Q1 FISCAL YEAR 2020/21 - JULY 14, 2020 (LIFETIME REVENUE FORECASTED IN EXCESS OF €50 MILLION)
- POSITIVE NET FINANCIAL POSITION AT THE END OF THE FISCAL YEAR (GROSS OF THE IFRS 16 EFFECT)



2 IP PORTFOLIO

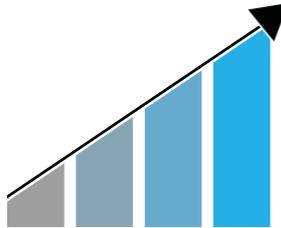


WHAT HAPPENED IN RECENT YEARS

Our successful products generated cash



To invest for growth



We entered into the largest investment plan through strategic acquisitions and brand-new publishing deals



IP PORTFOLIO

MAY 2020

OWNED IP



LONG TERM AGREEMENTS

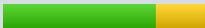
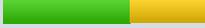


THIRD PARTY PARTNERSHIPS



LARGE QUALITY IP PORTFOLIO

Metacritic's #1 Publisher of the Year

	Scored Products	Distinct Titles	Average Metascore	Metascore Distribution	Points
	5	8	80.0		306.7
	17	8	79.9		301.4
	24	24	80		299.2
	10	7	77.8		296.8
	24	13	79.1		291.1



BAFTA Nominations



BRITISH ACADEMY
GAMES AWARDS



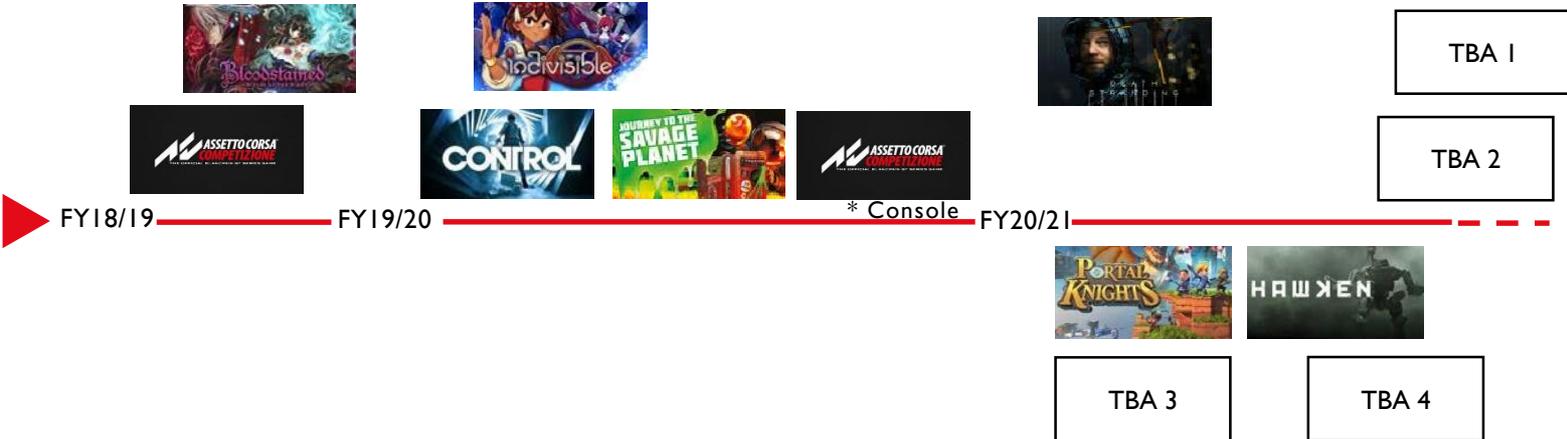
11 out of 11 nomination



11 out of 11 nomination

SIGNIFICANT RELEASES BY FISCAL YEAR PREMIUM AND FREE TO PLAY

PREMIUM DIGITAL & RETAIL



FREE TO PLAY CONSOLE AND MOBILE

CONTROL

CONTROL

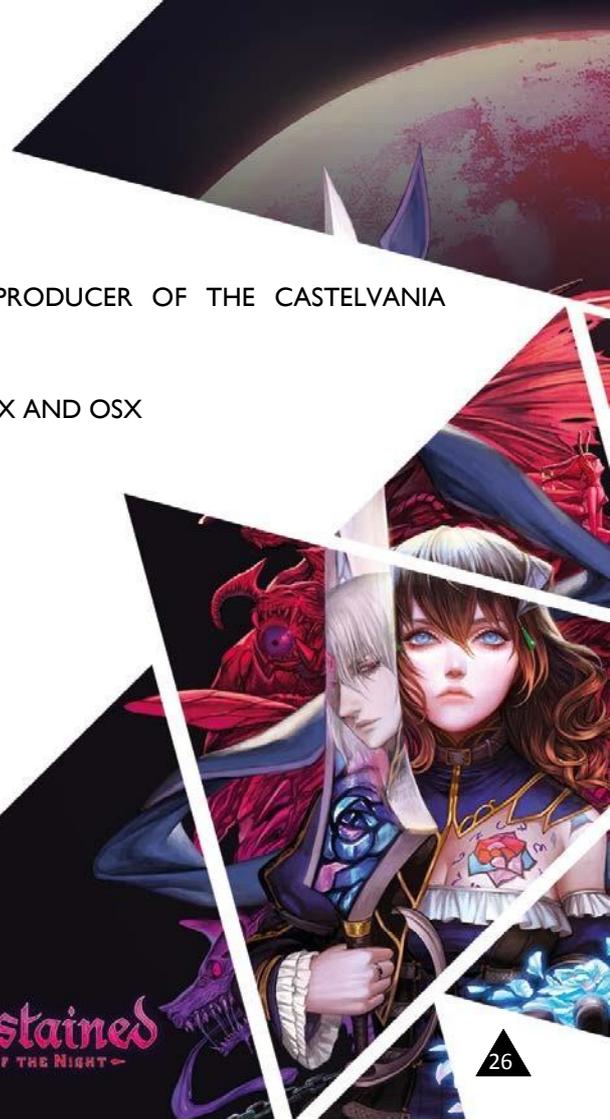
- CINEMATIC THIRD PERSON ACTION GAME BUILT ON REMEDY'S PROPRIETARY NORTHLIGHT® TECHNOLOGY
- DEVELOPED BY REMEDY ENTERTAINMENT, DEVELOPER OF AAA VIDEO GAMES (MAX PAYNE, ALAN WAKE AND QUANTUM BREAK)
- WORLDWIDE PUBLISHING RIGHTS ON PC, PS4 AND XBOX ONE
- PUBLISHING PARTNERSHIP WITH EPIC GAMES
- DLCs LAUNCH PROGRAM (First DLC released on March 26th, 2020)
- HIGH METACRITIC SCORE (AVG. 83)
- EURO 39.5 MILLION LTD REVENUES

WORLDWIDE LAUNCH ON 27TH AUGUST 2019
STEAM LAUNCH IN AUGUST 2020

BLOODSTAINED

- LATEST CREATION OF KOJI IGARASHI, THE FORMER SERIES PRODUCER OF THE CASTELVANIA FRANCHISE
- THE GAME IS AVAILABLE FOR PS4, XBOX ONE, PC WINDOWS, LINUX AND OSX
- HIGH METACRITIC SCORE (AVG. ABOVE 83)
- EURO 23.8 MILLION LTD REVENUES
- EXPECTED LIFETIME REVENUES OF AT LEAST EURO 30 MILLION
- SECOND VERSION ALREADY UNDER DISCUSSION

RELEASED ON JUNE 2019



JOURNEY TO THE SAVAGE PLANET

- FIRST-PERSON ADVENTURE GAME SET IN A BRIGHT AND COLORFUL ALIEN WORLD
- DEBUT TITLE FROM INDUSTRY VETERANS ALEX HUTCHINSON, YASSINE RIAHI AND REID SCHNEIDER'S NEW MONTREAL-BASED DEVELOPMENT STUDIO, TYPHOON STUDIOS (ACQUIRED BY GOOGLE DEC 2019)
- WORLDWIDE PUBLISHING RIGHTS ON PC, PS4 & XBOX ONE AND NINTENDO SWITCH
- PUBLISHING PARTNERSHIP WITH EPIC GAMES
- HIGH METACRIT SCORE (AVG. ABOVE 75)
- EURO 10.9 MILLION LTD REVENUES

RELEASED ON JANUARY 28, 2020



ASSETTO CORSA

- ASSETTO CORSA IS THE #1 RACING SIMULATOR – 6.9 MILLION COPIES SOLD AND MORE THAN EURO 42.2 MILLION REVENUES
- NEW EPISODE ASSETTO CORSA COMPETIZIONE: OFFICIAL GAME OF THE BLANCPAIN GT SERIES (3 YEARS PARTNERSHIP)
- FULLY LICENSED GT CARS FROM TOP MANUFACTURERS: FERRARI, LAMBORGHINI, MCLAREN UNIQUE SELLING POINTS OF THE GAME:
 - Extraordinary level of simulation quality
 - Outstanding level of details with circuit laser scan technology
 - New unreal engine 4
- MOBILE VERSION UNDER DEVELOPMENT

CONSOLE VERSIONS RELEASE
JUNE 2020



DEATH STRANDING

- GROUNDBREAKING EXPERIENCE FROM LEGENDARY GAME CREATOR HIDEO KOJIMA
- CONSOLE VERSION PUBLISHED BY SONY INTERACTIVE ENTERTAINMENT
 - Released on November 8, 2019
 - High Metacritic Score: avg. 83
- WORLDWIDE PUBLISHING RIGHTS ON PC FOR DIGITAL BROS
- EXPECTED LIFETIME REVENUE FROM THE PC VERSION OF THE VIDEOGAME IN EXCESS OF EURO 50 MILLION

RELEASE
ON JULY 14, 2020

A HIDEO KOJIMA GAME
DEATH
STRANDING

HAWKEN

- MECH GENRE: COLLECT, BUILD AND CUSTOMIZE YOUR MECH
- STRONG F2P SYSTEM WITH PVE ELEMENTS
- LARGE POPULATION OF GAMERS
- THE ACTUAL PRODUCTION IS NOT JUST A SEQUEL:
 - New game design
 - Objective-based PVE to maximize revenues without being 'pay-to-win' & to create sustainable long-term product growth
 - Enhanced mech customization system for deeper monetization streams
 - Mech differentiation to enhance KPIs

RELEASE IN Q2 FY2020/2021

DIGITAL BROS - A SNAPSHOT

- GLOBAL COMPANY, OPERATING ACROSS THE VIDEOGAME MARKET
- DEVELOPMENT, PUBLISHING AND MARKETING MULTICHANNEL VIDEOGAMES
- COMBINING PREMIUM GAMES AND FREE TO PLAY TO MAXIMIZE THE BRAND PROFITABILITY
- ACQUISITION OF UNDERPERFORMING INTELLECTUAL PROPERTIES (I.E. ASSETTO CORSA) TO BE EXPLOITED AND TO MANAGE RISK ACROSS MULTIPLE PLATFORMS
- FLEXIBLE APPROACH ON CONTENT ACQUISITION: IP ACQUISITION, LONG-TERM CO-PUBLISHING, LICENSING IN THE FAR EAST, CROWDFUNDING
- STRONG LAUNCH PLAN OF NEW VIDEOGAMES: ASSETTO CORSA COMPETIZIONE, BLOODSTAINED, CONTROL, INDIVISIBLE, JOURNEY TO THE SAVAGE PLANET
- HISTORY OF STRONG FREE CASHFLOW GENERATION THROUGHOUT THE CYCLE

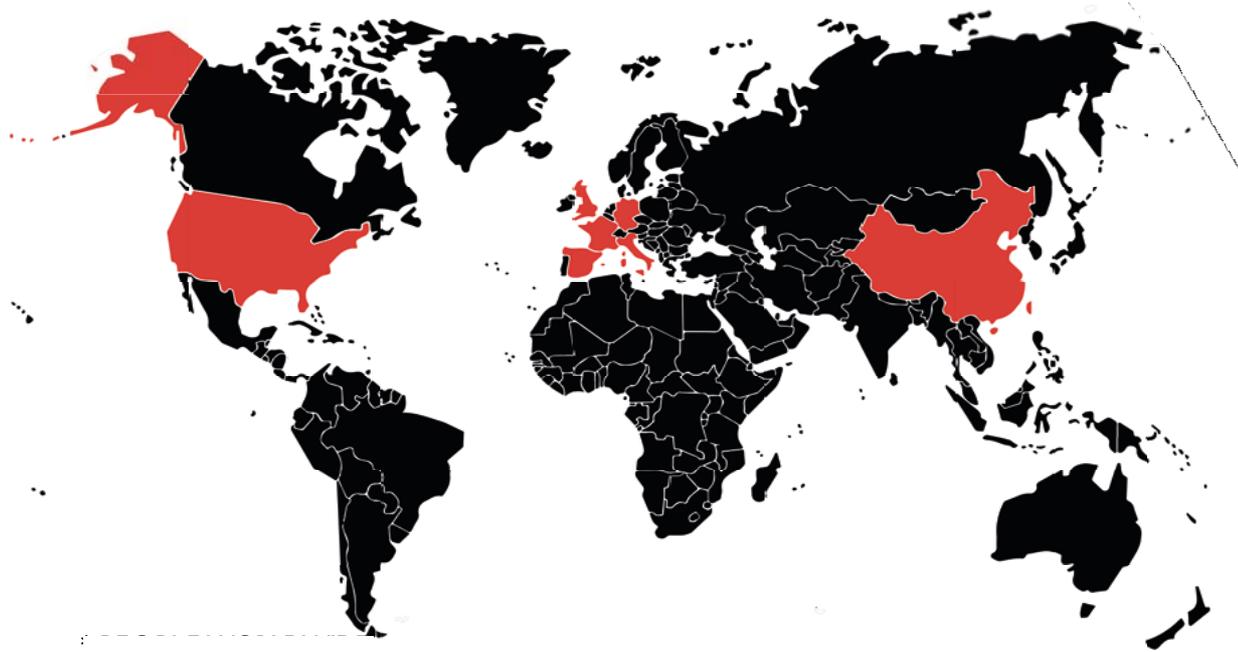
3 APPENDIX

Bloodstained
- RITUAL OF THE NIGHT -



WORLDWIDE PRESENCE

HEADQUARTERS: MILAN



CLOUD & STREAMING: THE FUTURE OF GAMING

▲ CLOUD GAMING

Videogames can be played on any device without owning a specific hardware and with no local/physical copy of the game itself. Videogames are streamed from the cloud on demand.

- advantages:
- mobility
 - constant upgrades
 - ubiquity
 - no expensive hardware
 - instant play

▲ MAIN STREAMING GAMESERVICES

	SERVICE	DEVICES AVAILABLE	MODEL
Google STADIA (available)	Streaming	PC, mobile, Smart TV and Consoles	Subscription -Pro: 9.99€ per month + single game purchase -Base: free + single game purchase
Apple Arcade (available)	Digital download (possibly with streaming for specific contents)	Apple devices only (Mac, Apple TV, iPad, iPhones)	Subscription 4.99€ per month
Microsoft Game Pass (available)	Digital download	Xbox One and PC (Windows 10) Likely to expand to others	Subscription 9.99€ per month
Sony PlayStation Now (available)	Streaming	PlayStation 4 and PC	Subscription. 14.99€ per month

WHO ARE OUR COMPETITORS

	RETAIL PUBLISHING	DIGITAL PUBLISHING	F2P	DEVELOPMENT	FAR EAST
FOCUS HOMEINTERACTIVE	✓	✓			
FRONTIER		✓	✓	✓	
GLUMOBILE		✓	✓		
PARADOX		✓		✓	
STARBREEZE AB		✓		✓	
THQ NORDIC AB	✓	✓		✓	
TEAM 17		✓		✓	
BIG BEN GROUP	✓	✓		✓	✓
DIGITALBROS	✓	✓	✓	✓	✓

SOURCE: DIGITALBROS

ITALIAN DISTRIBUTION – Q3 FY19/20 YTD

Euro million	31.03.20	31.03.19	Change	Change %
Gross revenue	6.8	11.7	(4.9)	-41.7%
Net revenue	6.3	10.3	(4.0)	-38.7%
Gross operating margin (EBITDA)	(1.2)	0.1	(1.3)	n.m.
Operating margin (EBIT)	(1.3)	(0.2)	(1.1)	n.m.

FISICAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

DECREASE IN REVENUE FROM RETAIL VIDEO GAMES DISTRIBUTION (-41.7%),
EFFECT OF THE RETAIL BUSINESS CLOSURE CAUSED BY COVID-19

OTHER ACTIVITIES – Q3 FY19/20 YTD

Euro million	31.03.20	31.03.19	Change	Change %
Gross revenue	0.5	0.4	0.1	10.4%
Net revenue	0.5	0.4	0.1	10.4%
Gross operating margin (EBITDA)	0.0	(0.2)	0.3	n.m.
Operating margin (EBIT)	0.1	(0.3)	0.2	82.5%

FISCAL YEAR ENDING 30TH JUNE

SOURCE: DIGITAL BROS

DIGITAL BROS GAME ACADEMY REVENUE

INDIVISIBLE

- CLASSICALLY-INFLUENCED RPG AND PLATFORMER HYBRID CREATED BY LAB ZERO GAMES (DEVELOPER OF SKULLGIRLS)
- CROWDFUNDED ON INDIGOGO IN 2015 (MORE THAN US \$2 MILLION RAISED) UNIQUE SELLING POINTS OF THE GAME:
 - Mix of RPG action and platform
 - Huge character roster
- WORLDWIDE PUBLISHING RIGHTS ON PC, PLAYSTATION 4, XBOX ONE AND NINTENDO SWITCH
- HIGH METACRITIC SCORE (AVG. ABOVE 80)
- EURO 4.1 MILLION REVENUES LTD

RELEASED ON OCTOBER 8, 2019

The logo for the game 'Indivisible' is located in the top right corner. It features the word 'Indivisible' in a stylized, golden font with a red flame-like effect on the letter 'i'. The logo is set against a dark blue background with a circular emblem behind it.



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