

PRESS RELEASE

The Board of Directors of Digital Bros Group approves the Interim Report as of September 30th, 2022 (first quarter of the fiscal year 2022-2023)

FY2022-2023 FIRST QUARTER RESULTS:

- **REVENUE AT EURO 22.4 MILLION**
- **EBITDA AT EURO 5.2 MILLION, 23.1% OF GROSS REVENUE**
- **EBIT AT EURO 2.2 MILLION**
- **NET PROFIT OF EURO 3.1 MILLION**
- **NEGATIVE NET FINANCIAL POSITION OF EURO 14.2 MILLION**
- **REVENUE EXPECTED TO INCREASE IN THE NEXT TWO FISCAL YEARS**

AGREEMENT WITH REMEDY ENTERTAINMENT FOR CONTROL 2

FY2022-2023 FIRST QUARTER RESULTS:

- ✓ ***Consolidated gross revenue of Euro 22.4 million, down by 10.5%, 28% on a like-for-like consolidation basis, compared to Euro 25 million on September 30th, 2021 and almost entirely made up of the sales of back catalogue products***
- ✓ ***Newly acquired 505 Go Inc. revenue of Euro 4.4 million***
- ✓ ***EBITDA at Euro 5.2 million compared to Euro 7.8 million on September 30th, 2021, 23.1% of consolidated gross revenue***
- ✓ ***EBIT at Euro 2.2 million compared to Euro 4.5 million on September 30th, 2021***
- ✓ ***Profit before tax of Euro 3.7 million, compared to Euro 5.8 million on September 30th, 2021***
- ✓ ***Net profit of Euro 3.1 million, compared to Euro 4 million on September 30th, 2021***
- ✓ ***Negative net financial position of Euro 14.2 million (Euro 8.6 million gross of the IFRS 16 effect) in sync with the Group' significant investment plan***
- ✓ ***Revenue expected to increase in the next two fiscal years***

AGREEMENT WITH REMEDY ENTERTAINMENT FOR CONTROL 2:

- ✓ ***Signed with Remedy Entertainment Plc a contract for the co-development and co-publishing of Control 2 a sequel of the award-winning Control, which will be available on PC, PlayStation 5 and Xbox Series X|S. Control 2's initial development budget will be 50 million Euro***

Milan, November 11th, 2022 – The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the Euronext STAR segment of Borsa Italiana, is a member of Euronext Tech Leaders and operates in the video games market, **today approved the Interim Report as of September 30th, 2022** (first quarter of the fiscal year from July 1st, 2022 to June 30th, 2023).

FY2022-2023 Q1 RESULTS (FROM 01.07.2022 TO 30.09.2022)				
<i>Euro thousand</i>	30.09.22	30.09.21	Change	Change %
Gross revenue	22,387	25,016	(2,629)	-10.5%
Gross operating margin (EBITDA)	5,155	7,825	(2,670)	-34.1%
Operating margin (EBIT)	2,242	4,497	(2,255)	-50.1%
Profit / (loss) before tax	3,681	5,839	(2,158)	-37.0%
Net profit / (loss)	3,087	4,014	(927)	-23.1%

Digital Bros Group's key consolidated Q1 results for the fiscal year 2022-2023, together with prior year comparatives, are as follows:

- **Consolidated gross revenue** of Euro 22.4 million, down by 10.5%, 28% on a like-for-like consolidation basis, compared to Euro 25 million on September 30th, 2021;
- **EBITDA** of Euro 5.2 million (23.1% of consolidated gross revenue) compared to Euro 7.8 million on September 30th, 2021;
- **EBIT** of Euro 2.2 million compared to Euro 4.5 million on September 30th, 2021;
- **Profit before tax** of Euro 3.7 million compared to Euro 5.8 million on September 30th, 2021;
- **Net profit** of Euro 3.1 million, compared to Euro 4 million on September 30th, 2021.

RESULTS BY OPERATING SEGMENT

The Group's new releases are scheduled to arrive to the market starting the second half of the current fiscal year, in such a framework despite the significant investments made in new intellectual properties the revenues for the first quarter were almost exclusively made up of back catalogue products. The bestselling videogame was the evergreen Assetto Corsa, intellectual property owned by the Group, which continuously outperforms, exceeding Euro 5 million revenue this quarter. The recently acquired American subsidiary 505 Go Inc. generated Euro 4.4 million revenues. Total gross revenue amounted to Euro 22,387 thousand, down by 10.5%, 28% on a like-for-like consolidation basis.

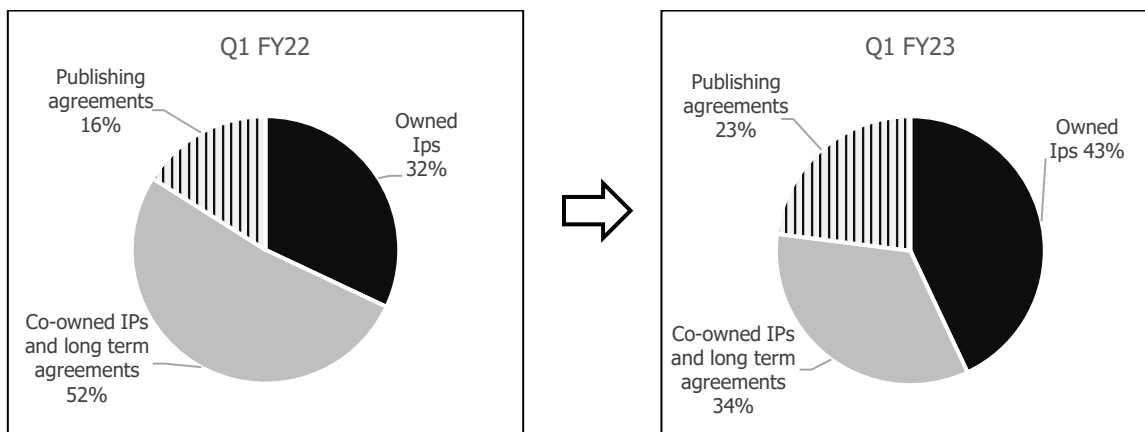
Revenues from international markets were 96% of the total revenues in the period and digital revenues in the period were 88% of the total.

A breakdown by operating segment for the period ended September 30th, 2022 compared to the period ended September 30th, 2021 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2023	2022	Change		2023	2022	Change	
Premium Games	15,529	22,525	(6,996)	-31.1%	15,529	22,439	(6,910)	-30.8%
Free to Play	5,971	1,773	4,198	n.m.	5,971	1,773	4,198	n.m.
Italian Distribution	698	599	99	16.6%	672	559	113	20.1%
Other Activities	189	119	70	59.1%	189	119	70	59.1%
Total gross revenue	22,387	25,016	(2,629)	-10.5%	22,361	24,890	(2,529)	-10.2%

The **Premium Games** operating segment represented 69% of the consolidated gross revenue compared to 90% of the previous fiscal year.

Video games developed by the internal studios and through intellectual properties (IPs) fully owned by the Group accounted for 43% of the total revenue from 32% as of September 30th, 2021. 34% of revenues was made by 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 as of September 30th, 2022 is provided below with comparative figures as of September 30th, 2021:



The **Free to Play** operating segment revenue increased by Euro 4,198 thousand, from Euro 1,773 thousand as of September 30th, 2021 to Euro 5,971 thousand, down by Euro 176 thousand on a like-for-like consolidation basis, following the acquisition of 505 Go Inc.. The videogames published by 505 Go Inc. generated Euro 4,379 thousand revenues.

The **Italian Distribution** operating sector revenue increased by Euro 99 thousand from Euro 599 thousand to Euro 698 thousand.

Digital Bros Group's revenue and earnings by operating segments for the first quarter of fiscal year 2022-2023 were as follows:

Euro thousand	Premium Games	Free to Play	Italian Distribution	Other Activities	Holding	Total
Gross revenue	15,529	5,971	698	189	0	22,387
EBITDA	6,426	935	(297)	(93)	(1,816)	5,155
EBIT	3,658	1,129	(332)	(180)	(2,033)	2,242

Total cost of sales decreased by Euro 2,271 thousand (-23.1%) more than the revenue decrease thus enabling only a small decrease in **gross profit** (-1.7%) from Euro 15,044 thousand to Euro 14,786 thousand, as the sale of back catalogue products generally entails lower operating costs.

Gross operating margin / **EBITDA** for the period amounted to Euro 5,155 thousand, corresponding to 23.1% of the consolidated gross revenue, decreasing by Euro 2,670 thousand from the Euro 7,825 thousand realized in the previous fiscal year.

Depreciation and **amortization** increased by Euro 410 thousand in sync with the higher percentage of revenues realized on fully owned intellectual properties.

Impairment reversal consisted exclusively of the difference between the price paid for the acquisition of D3Go Inc. and the net equity of the American subsidiary at the date of the consolidation.

EBIT amounted to Euro 2,242 thousand, decreasing by Euro 2,255 thousand compared to Euro 4,497 thousand as of September 30th, 2021.

Net interest income was positive for Euro 1,439 thousand, slightly increasing by 7.2% compared to Euro 1,342 thousand realized in the previous fiscal year.

Profit before tax for the period ended September 30th, 2022 amounted to Euro 3,681 thousand, a Euro 2,158 thousand decrease compared to profit before tax of Euro 5,839 thousand as of September 30th, 2021.

Net profit amounted to Euro 3,087 thousand compared to Euro 4,014 thousand as of September 30th, 2021.

Net profit attributable to the shareholders of the Parent Company was Euro 2,996 thousand. **Net profit attributable to non-controlling interests** was positive for Euro 91 thousand.

Basic earnings per share and **diluted earnings per share** were Euro 0.21 compared to Euro 0.29 and Euro 0.28 earnings per share as of September 30th, 2021.

NET FINANCIAL POSITION

The net financial position amounted to negative Euro 14,169 thousand. In sync with the significant investment plan implemented by the Group, it decreased by Euro 17,976 thousand from positive Euro 3,707 thousand as of June 30th, 2022. Post IFRS 16 adjustments, the net financial position amounted to negative Euro 8,561 thousand.

TREASURY SHARES

As of September 30th, 2022 Digital Bros S.p.A. did not hold any treasury shares, and no transactions have been performed in the period, in accordance with Art. 2428 paragraph 2.3 of the Italian Civil Code.

SIGNIFICANT EVENTS DURING THE PERIOD

No significant events occurred during the reporting period.

SIGNIFICANT EVENTS OCCURRED AFTER SEPTEMBER 30TH, 2022

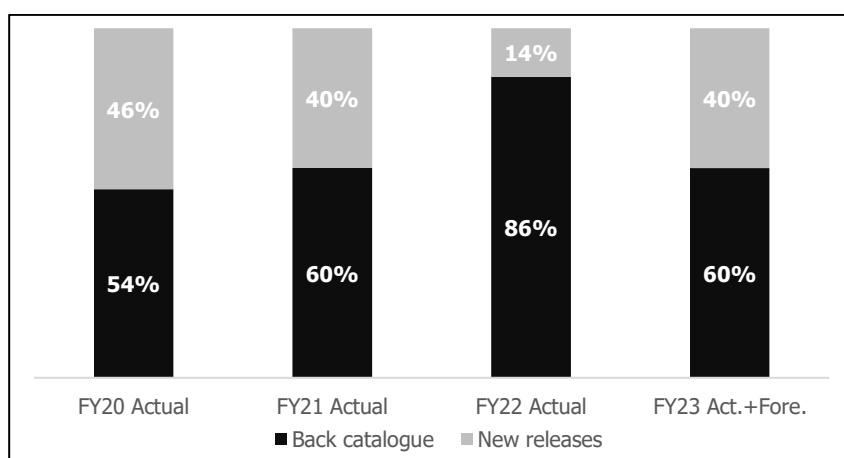
On October 26th, 2022, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2021-2022 and a dividend payment of Euro 0.18 per share.

BUSINESS OUTLOOK

Most of the video games currently under development will arrive to the market starting in the second half of the fiscal year creating new revenue streams together with revenues coming from the most recent acquisition of 505 Go!. The Group has planned to invest more than Euro 50 million in the current fiscal year as in the previous and as a result of that, the Group expects increasing revenue for at least the next two fiscal years.

The mix of products sold as of June 30th, 2022, made up by back catalogue products and by the record hitting Assetto Corsa, which propelled significant EBIT growth, is expected to change when the video games under development will reach the market. The launch of new intellectual properties will initially reduce the margin percentages on sales due to the initial investments needed for launch. No significant changes in the overall EBIT are expected for the full fiscal year 2023.

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



In accordance with the significant investments made in the period which will continue into the next fiscal year, the net financial position, positive for Euro 3.7 million as of June 30th, 2022, is expected to further decrease in the first three quarters of the current fiscal year. The net financial position is expected to increase back again during the last part of the fiscal year.

OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

Control 2 agreement

505 Games, the Group's fully owned worldwide publisher, and **Remedy Entertainment Plc** signed the agreement for the co-development and co-publishing of **Control 2**, a sequel of the award-winning Control.

Control 2's initial development budget will be 50 million Euro being a typical AAA-game production, and Remedy will retain the ownership of the game's intellectual property. The development and all related costs, including post-launch investments, will be equally split between 505 Games and Remedy Entertainment as well as the future net revenues generated by the game.

The game will be available on PC, PlayStation 5, and Xbox Series X|S, and it will be built on Remedy's proprietary Northlight® engine and tools. 505 Games will publish the game on the console platforms and Remedy will publish it on PC platform. **The project is currently in the concept stage.**

The critically acclaimed Control was published in 2019 **generating revenues exceeding Euro 92 million**. Since its release, Control was nominated for 11 BAFTA® Games Awards and received over 20 "Game of the Year" awards including IGN's 2019 Game of the Year.

*"We are excited to deepen our cooperation with Remedy and continue the success story of Control together. Since its launch in 2019, **Control has sold over 3 million copies**." says Rami Galante and Raffi Galante, CEOs of Digital Bros Group. "Control was one of the largest investments 505 Games has ever made, so it has a special place in our heart. We are grateful for the whole player community that has made Control such a long-lasting and loved game and even more excited to bring out Control 2".*

ALTERNATIVE PERFORMANCE RATIOS

Since different fiscal years, the Group continuously utilizes some performance ratios to simplify the comprehension of the consolidated profit and loss statement and balance sheet. The following ratios are directly reported in the profit and loss statement:

- Gross profit being the difference between net revenue and total cost of sales;
- EBITDA, being the difference between gross profit, other income and total operating cost plus other income;
- EBIT, being the difference between EBITDA and Total depreciation, amortization and impairment adjustments.

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 video games 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 393 employees.

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FINANCIAL STATEMENTS

DIGITAL BROS GROUP

Consolidated balance sheet as of September 30th, 2022

	Euro thousand	September 30 th , 2022	June 30 th , 2022	Change	
	Non-current assets				
1	Property, plant and equipment	10,189	10,353	(164)	-1.6%
2	Investment properties	0	0	0	0.0%
3	Intangible assets	117,449	104,089	13,360	12.8%
4	Equity investments	7,650	7,511	139	1.9%
5	Non-current receivables and other assets	18,601	14,072	4,529	32.2%
6	Deferred tax assets	17,815	12,829	4,986	38.9%
7	Non-current financial activities	18,220	18,257	(37)	-0.2%
	Total non-current assets	189,924	167,111	22,813	13.7%
	Current assets				
8	Inventories	3,973	4,173	(200)	-4.8%
9	Trade receivables	21,181	27,781	(6,600)	-23.8%
10	Tax credit	1,545	2,926	(1,381)	-47.2%
11	Other current assets	13,362	13,030	332	2.5%
12	Cash and cash equivalent	8,706	10,961	(2,255)	-20.6%
13	Other current financial assets	329	329	0	0.0%
	Total current assets	49,096	59,200	(10,104)	-17.1%
	TOTAL ASSETS	239,020	226,311	12,709	5.6%
	Shareholders' equity				
14	Share capital	(5,706)	(5,705)	(1)	0.0%
15	Reserves	(22,778)	(22,030)	(748)	3.4%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(111,151)	(108,160)	(2,991)	2.8%
	Equity attributable to the shareholders of Parent Company	(139,635)	(135,895)	(3,740)	2.8%
	Equity attributable to non-controlling interests	(1,514)	(1,423)	(91)	6.4%
	Total net equity	(141,149)	(137,318)	(3,831)	2.8%
	Non-current liabilities				
18	Employee benefits	(811)	(761)	(50)	6.6%
19	Non-current provisions	(81)	(81)	0	0.0%
20	Other non-current payables and liabilities	(2,063)	(1,954)	(109)	5.6%
21	Non-current financial liabilities	(16,178)	(15,213)	(965)	6.3%
	Total non-current liabilities	(19,133)	(18,009)	(1,124)	6.2%
	Current liabilities				
22	Trade payables	(42,699)	(52,125)	9,426	-18.1%
23	Taxes payables	(4,482)	(3,575)	(907)	25.4%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(6,311)	(4,657)	(1,654)	35.5%
26	Current financial liabilities	(25,246)	(10,627)	(14,619)	n.m.
	Total current liabilities	(78,738)	(70,984)	(7,754)	10.9%
	TOTAL LIABILITIES	(97,871)	(88,993)	(8,878)	10.0%
	TOTAL NET EQUITY AND LIABILITIES	(239,020)	(226,311)	(12,709)	5.6%

DIGITAL BROS GROUP
Consolidated profit and loss statement for the period ended September 30th, 2022

	Euro thousand	September 30 th , 2022		September 30 th , 2021		Change	
1	Gross revenue	22,387	100.1%	25,016	100.5%	(2,629)	-10.5%
2	Revenue adjustments	(26)	-0.1%	(126)	-0.5%	100	-79.0%
3	Net revenue	22,361	100.0%	24,890	100.0%	(2,529)	-10.2%
4	Purchase of products for resale	(710)	-3.2%	(981)	-3.9%	271	-27.7%
5	Purchase of services for resale	(2,080)	-9.3%	(1,507)	-6.1%	(573)	38.0%
6	Royalties	(4,585)	-20.5%	(7,078)	-28.4%	2,493	-35.2%
7	Changes in inventories of finished products	(200)	-0.9%	(280)	-1.1%	80	-28.7%
8	Total cost of sales	(7,575)	-33.9%	(9,846)	-39.6%	2,271	-23.1%
9	Gross profit (3+8)	14,786	66.1%	15,044	60.4%	(258)	-1.7%
10	Other income	3,851	17.2%	1,736	7.0%	2,115	n.m.
11	Costs for services	(3,290)	-14.7%	(1,813)	-7.3%	(1,477)	81.5%
12	Rent and leasing	(193)	-0.9%	(104)	-0.4%	(89)	86.1%
13	Payroll costs	(9,608)	-43.0%	(6,719)	-27.0%	(2,889)	43.0%
14	Other operating costs	(391)	-1.7%	(319)	-1.3%	(72)	22.5%
15	Total operating costs	(13,482)	-60.3%	(8,955)	-36.0%	(4,527)	50.6%
16	Gross operating margin (EBITDA) (9+10+15)	5,155	23.1%	7,825	31.4%	(2,670)	-34.1%
17	Depreciation and amortization	(3,726)	-16.7%	(3,316)	-13.3%	(410)	12.4%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(12)	0.0%	12	n.m.
20	Impairment reversal	813	3.6%	0	0.0%	813	n.m.
21	Total depreciation, amortization and impairment	(2,913)	-13.0%	(3,328)	-13.4%	415	-12.5%
22	Operating margin (EBIT) (16+21)	2,242	10.0%	4,497	18.1%	(2,255)	-50.1%
23	Interest and financial income	2,798	12.5%	1,606	6.5%	1,192	74.2%
24	Interest and financial expenses	(1,359)	-6.1%	(264)	-1.1%	(1,095)	n.m.
25	Net interest income/(expenses)	1,439	6.4%	1,342	5.4%	97	7.2%
26	Profit/ (loss) before tax (22+25)	3,681	16.5%	5,839	23.5%	(2,158)	-37.0%
27	Current tax	(670)	-3.0%	(1,920)	-7.7%	1,250	-65.1%
28	Deferred tax	76	0.3%	95	0.4%	(19)	-20.1%
29	Total taxes	(594)	-2.7%	(1,825)	-7.3%	1,231	-67.4%
30	Net profit/loss	3,087	13.8%	4,014	16.1%	(927)	-23.1%
	attributable to the shareholders of the Parent Company	2,996	13.4%	4,092	16.4%	(1,096)	-26.8%
	attributable to non-controlling interests	91	0.4%	(78)	-0.3%	169	n.m.
	Earnings per share:						
33	Basic earnings per share (in Euro)	0.21		0.29		(0.08)	-26.8%
34	Diluted earnings per share (in Euro)	0.21		0.28		(0.07)	-25.4%

DIGITAL BROS GROUP**Consolidated comprehensive income statement as of September 30th, 2022**

Euro thousand	September 30th, 2022	September 30th, 2021	Change
Profit (Loss) for the period (A)	3,087	4,014	(927)
Changes in the fair value	139	(131)	270
Tax effect regarding fair value measurement of financial assets	(33)	31	(64)
Items that will not be subsequently reclassified through profit or loss (B)	106	(100)	206
Exchange differences on translation of foreign operations	581	234	347
Items that will subsequently be reclassified through profit or loss (C)	581	234	347
Total other comprehensive income D=(B)+(C)	687	134	553
Total comprehensive income (loss) (A)+(D)	3,774	4,148	(374)
Attributable to:			
Shareholders of the Parent Company	3,683	4,226	(543)
Non-controlling interests	91	(78)	169

Changes in fair value reflected the changes in third party equity investments that were classified in the consolidated comprehensive income statement and not in the consolidated profit and loss statement.

DIGITAL BROS GROUP
Consolidated cash flow statement as of September 30th, 2022

<i>Euro thousand</i>	September 30th, 2022	September 30th, 2021
A. Opening net cash/debt	10,961	35,509
B. Cash flows from operating activities		
Profit (loss) for the period	3,087	4,014
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	0	0
Amortization of intangible assets	3,098	2,872
Depreciation of property, plant and equipment	628	444
Net change in tax advance	(4,986)	(368)
Net change in employee benefit provisions	50	72
Net change in other non-current liabilities	743	216
SUBTOTAL B.	2,620	7,250
C. Change in net working capital		
Inventories	200	280
Trade receivables	6,600	2,715
Current tax assets	1,381	(527)
Other current assets	(332)	(981)
Trade payables	(9,426)	(5,650)
Current tax liabilities	907	1,779
Current provisions	(0)	(0)
Other current liabilities	1,654	165
Other non-current liabilities	109	97
Non-current receivables and other assets	(4,529)	(880)
SUBTOTAL C.	(3,436)	(3,002)
D. Cash flows from investing activities		
Net payments for intangible assets	(16,458)	(9,808)
Net payments for property, plant and equipment	(464)	(412)
Net payments for non-current financial assets	(139)	131
SUBTOTAL D.	(17,061)	(10,089)
E. Cash flows from financing activities		
Capital increases	1	0
Changes in financial liabilities	15,584	14,050
Changes in financial assets	37	(106)
SUBTOTAL E.	15,622	13,944
F. Changes in consolidated equity		
Dividends pay-out	0	0
Changes in treasury shares held	0	0
Increases (decreases) in other equity components	0	0
SUBTOTAL F.	0	0
G. Cash flow for the period (B+C+D+E+F)	(2,255)	8,103
H. Closing net cash/debt (A+G)	8,706	43,612

DIGITAL BROS GROUP

Consolidated profit and loss statement per operating segment for the period ended September 30th, 2022

	Euro thousand	Premium Games	Free to Play	Italian Distribution	Other Activities	Holding	Total
1	Gross revenue	15,529	5,971	698	189	0	22,387
2	Revenue adjustments	0	0	(26)	0	0	(26)
3	Net revenue	15,529	5,971	672	189	0	22,361
4	Purchase of products for resale	(169)	0	(541)	0	0	(710)
5	Purchase of services for resale	(1,185)	(895)	0	0	0	(2,080)
6	Royalties	(2,913)	(1,672)	0	0	0	(4,585)
7	Changes in inventories of finished products	(127)	0	(73)	0	0	(200)
8	Total cost of sales	(4,394)	(2,567)	(614)	0	0	(7,575)
9	Gross profit (3+8)	11,135	3,404	58	189	0	14,786
10	Other income	2,942	909	0	0	0	3,851
11	Cost for services	(1,824)	(774)	(124)	(136)	(432)	(3,290)
12	Rent and leasing	(56)	(91)	(3)	(2)	(41)	(193)
13	Payroll costs	(5,637)	(2,444)	(200)	(136)	(1,191)	(9,608)
14	Other operating costs	(134)	(69)	(28)	(8)	(152)	(391)
15	Total operating costs	(7,651)	(3,378)	(355)	(282)	(1,816)	(13,482)
16	Gross operating margin (EBITDA) (9+10+15)	6,426	935	(297)	(93)	(1,816)	5,155
17	Depreciation and amortization	(2,768)	(619)	(35)	(87)	(217)	(3,726)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	0	0	0	0	0
20	Impairment reversal	0	813	0	0	0	813
21	Total depreciation, amortization and impairment	(2,768)	194	(35)	(87)	(217)	(2,913)
22	Operating margin (EBIT) (16+21)	3,658	1,129	(332)	(180)	(2,033)	2,242