



Digital Bros
digital entertainment

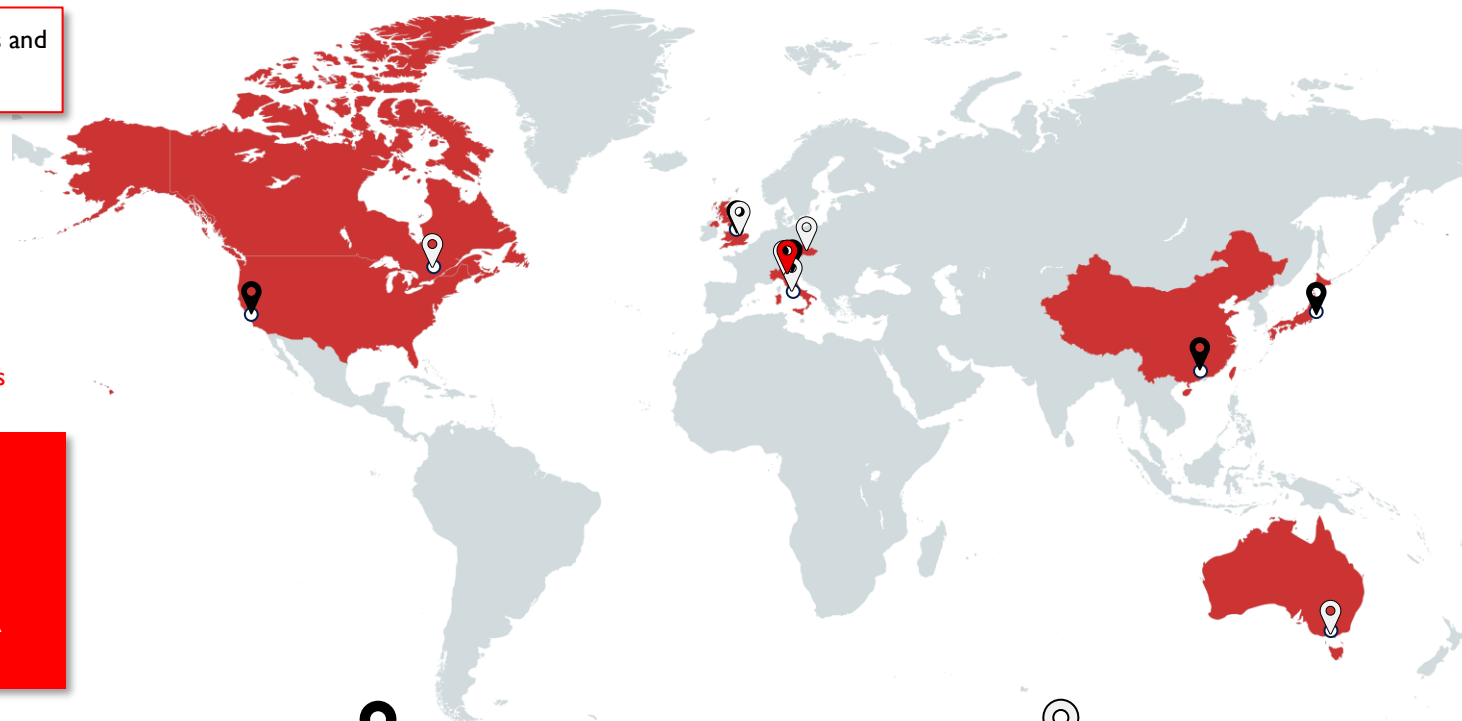
Investor Presentation

H1 FY25

Company Overview

Digital Bros creates, develops, and publishes video games for all Consoles, PC, Mobile and Streaming platforms, and distributes them worldwide

Listed on the Euronext STAR Milan, Digital Bros operates in both the Premium Games and Free to Play market segments through two separate business units



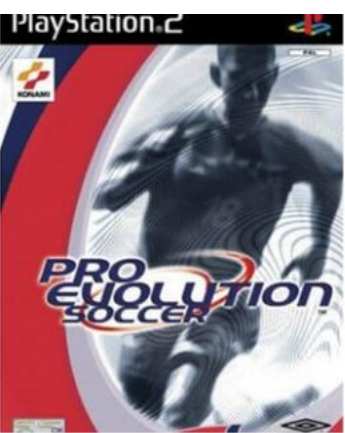
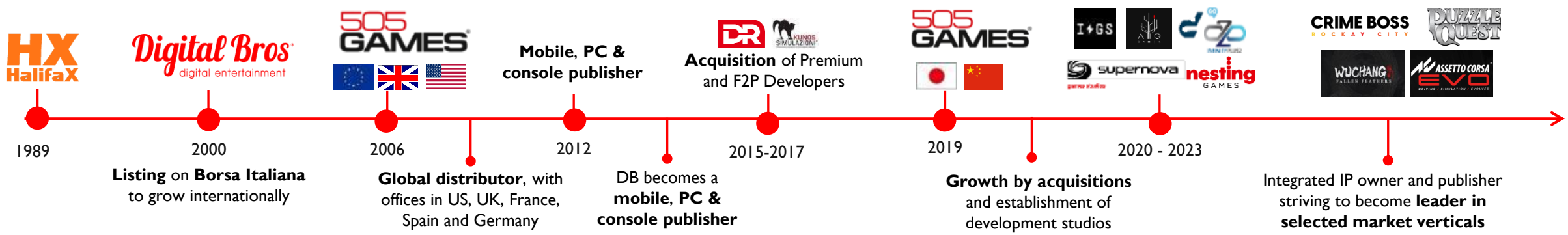
PUBLISHING

STUDIOS

Source: Digital Bros
Fiscal year represents a 30 June year end, FY2024 = year ended 30 June 2024

History and Milestones

Evolution of Digital Bros from a local Italian distributor, into a global gaming publisher and IP owner




Business Model

The Company operates through four operational business segments, covering the entire gaming value chain

<h2>PREMIUM GAMES</h2>	<ul style="list-style-type: none"> Development and publishing of videogames that require an upfront payment from consumers. <p>Publishing</p>  <p>Studios</p> 
<h2>FREE TO PLAY</h2>	<ul style="list-style-type: none"> Development and publishing of video games and/or apps that are available for free on digital marketplaces, with in-app purchase features. All IPs within this division are fully owned by the Group. <p>Publishing</p>  <p>Studios</p> 
<h2>DISTRIBUTION</h2>	<ul style="list-style-type: none"> Distribution of video of games in Italy under the Halifax brand – legacy business to be phased out
<h2>ACADEMY & OTHER</h2>	<ul style="list-style-type: none"> Video game training and professional courses through Digital Bros Game Academy S.r.l.
<h2>HOLDING</h2>	<ul style="list-style-type: none"> Management of HR, financial planning and business development

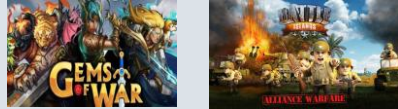
PREMIUM GAMES

- PC and console videogames within three main verticals (sim racing, action RPG, heist)
- Strong pipeline with balanced mix of sequels of successful games and high-potential new games within the verticals

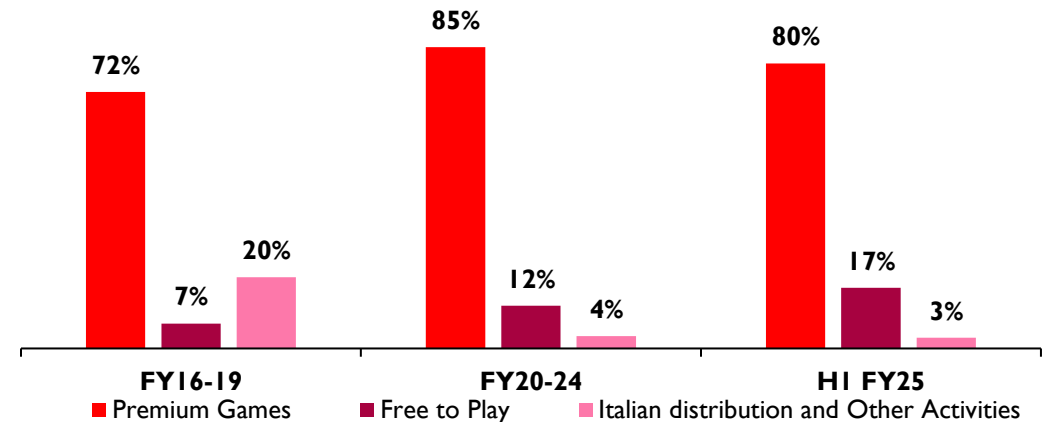


FREE TO PLAY

- Established game platforms available for free on PC, Console and Mobile
- Games require continuous development cycle with regular updates and new content to keep the players' engaged



REVENUE SPLIT



Source: Digital Bros

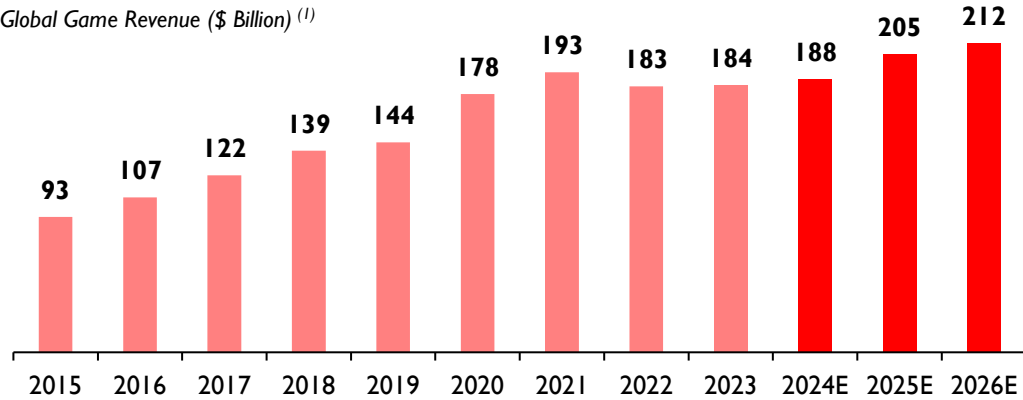
(1) All studios are 100% owned, except Nesting Games which is 75% owned

A more mature gaming market

Video games are the leading form of entertainment with over three billion people playing today, but the market is facing some challenges

POST PANDEMIC “PERFECT STORM”

Global Game Revenue (\$ Billion) ⁽¹⁾



2019-2021: gaming market expanded by 26% ⁽²⁾

Macroeconomic factors

- Rising inflation
- Geopolitical uncertainty
- Hiking interest rates

Industry-specific dynamics

- Exit of Marketplaces and shortage of B2B Deals
- Oversupply of games and market saturation ⁽³⁾
- Escalating development budgets
- Longer, more complex videogames
- Video games’ prices unable to absorb the increased development costs

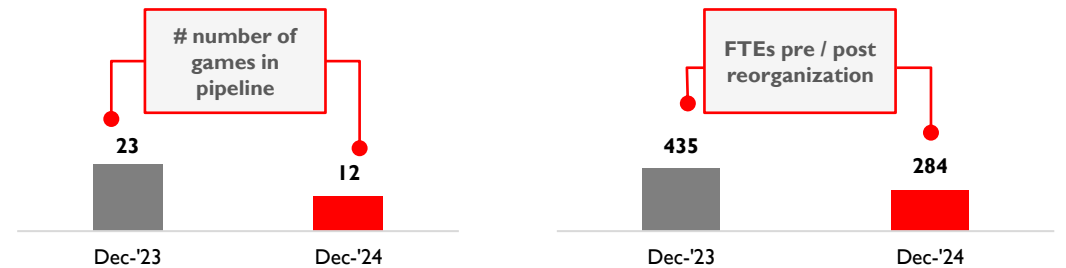
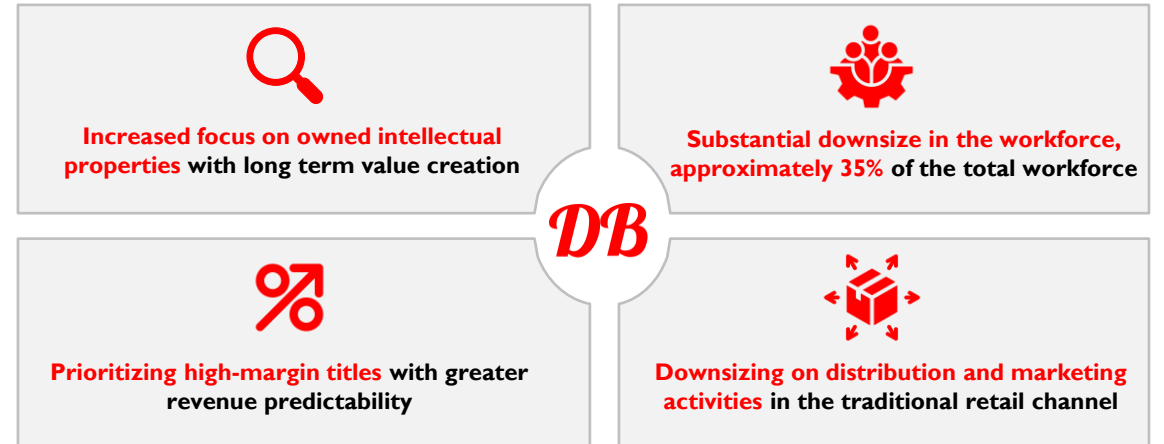
Note:

⁽¹⁾ Newzoo Global Games Market Report – August 2024

⁽²⁾ World Economic Forum: “Gaming is booming and is expected to keep growing” (July 2022)

2023-2024 Market adjustments

Most developers and publishers had to refocus on **revenue predictability** and **operational efficiency**⁽⁴⁾

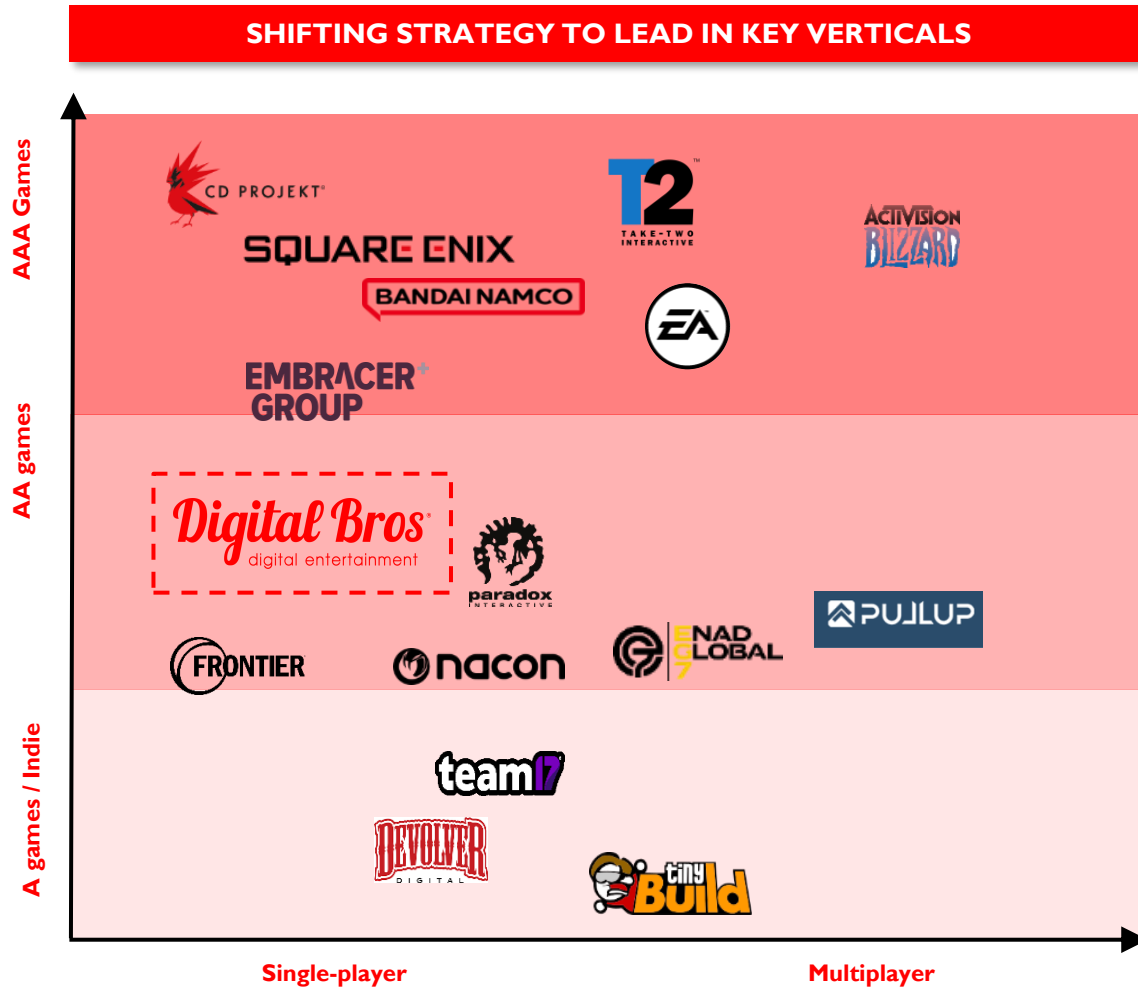


⁽³⁾ SteamDB: 14,531 new games released on Steam alone in 2023, +14% YoY. In 2024 it grew to 18,949

⁽⁴⁾ Game World Observer: over 14,000 employees in the gaming industry were laid off in 2024

Competitive positioning in the videogame industry

Refocused strategy from general “AA” games publisher to achieve leading position in strategic market verticals



Key verticals	Select games	Share of Group revenue ¹
Single-Player Adventure RPG	Eiyuden Chronicle — HUNDRED HEROES —, WUCHANG FALLEN FEATHERS, Bloodstained — RIPPED BY THE NIGHT —, BLADES OF FIRE	34%
Sim racing	ASSETTO CORSA, ASSETTO CORSA COMPETIZIONE, ASSETTO CORSA EVO	32%
Match-Three	PUZZLE QUEST, PUZZLE QUEST 3, GEMS OF WAR	17%
Heist	CRIME BOSS ROCKAY CITY	4%

VERTICALS SPECIFICS

- Market not so heavily contested by blockbuster titles.
- Strong relationships with specific gaming communities, more loyal and more engaged
- Higher revenue predictability.

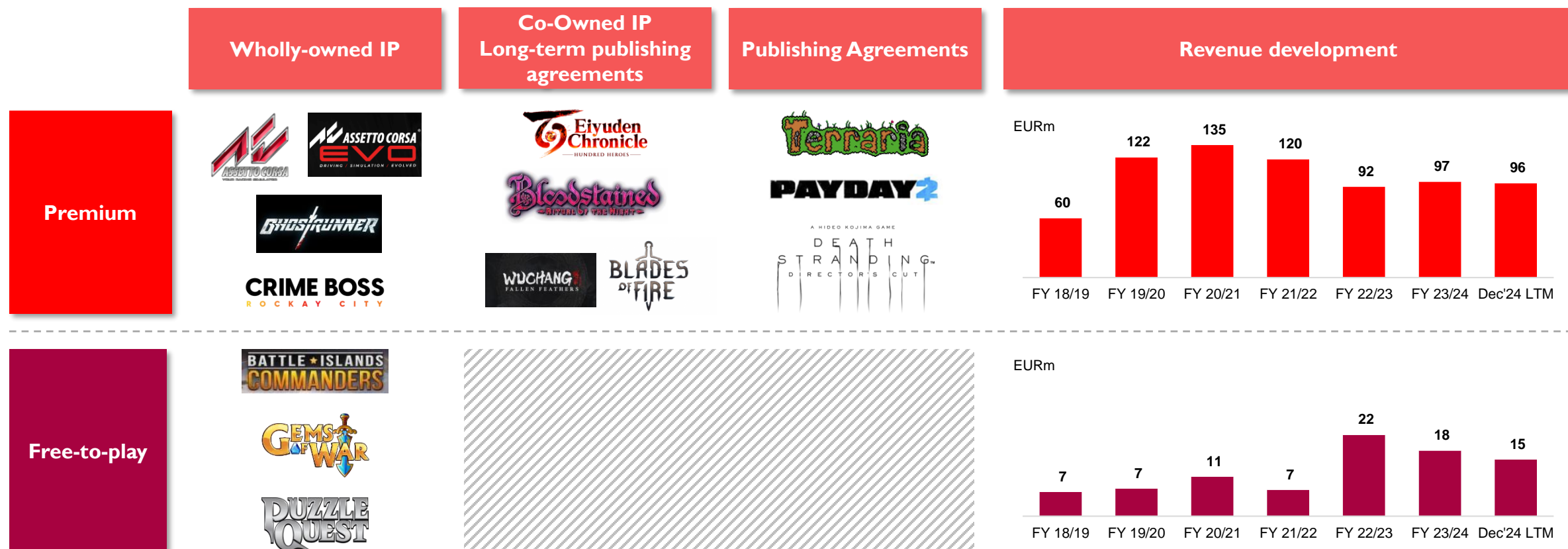
Source: Digital Bros

Note: ⁽¹⁾ Revenue split for H1 FY25 (July 1 – Dec. 31, 2024); the balance of 13% pertains to other genres.

Portfolio overview – Increased focus on owned IPs

Focus on risk-reward profile of each title, moving the strategy to become leaders in key verticals with long-term IP value potential

Current portfolio mix



Source: Digital Bros
 Note: ¹⁾ As of June 30, 2024

Case study – Assetto Corsa

Successful initial launch with compelling DLC and sequels following studio acquisition

Racing simulation video game developed by the Italian studio Kunos Simulazioni, designed with an emphasis on a realistic racing experience with support for extensive customization by players.



2013: Assetto Corsa launched on Steam (self-published by Kunos Simulazioni)

2016: Console versions published by 505 Games

Since launch, the game is constantly updated with new content

2017: Digital Bros buys 100% of Kunos Simulazioni S.r.l. for a total value of €4.3 m.

2018: Assetto Corsa franchise expanded in with Assetto Corsa Competizione – the official GT World Challenge video game

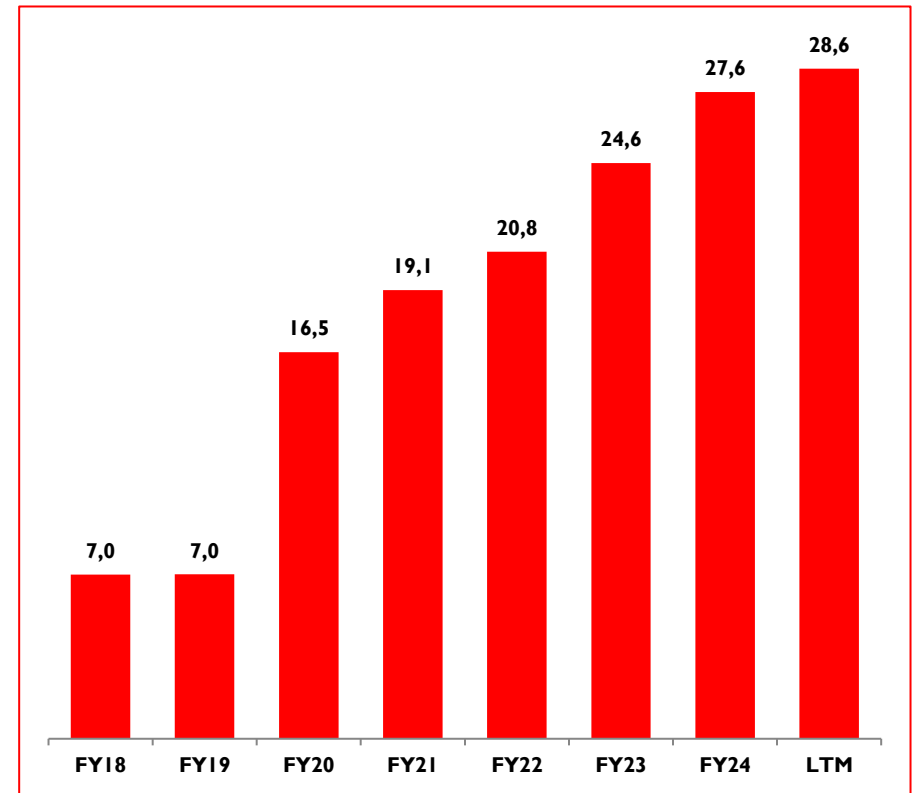
The Assetto Corsa franchise generated **€ 28 m revenue in FY24**. In **HI FY25** the franchise realized **€13.1 m revenue**

New release:

- **Assetto Corsa EVO: PC** version launched in **Early Access** on Steam on January 16, 2025 – **reaching #1 in Steam's best-selling chart at launch.**

- **1.0 Version** scheduled for **Fall 2025**

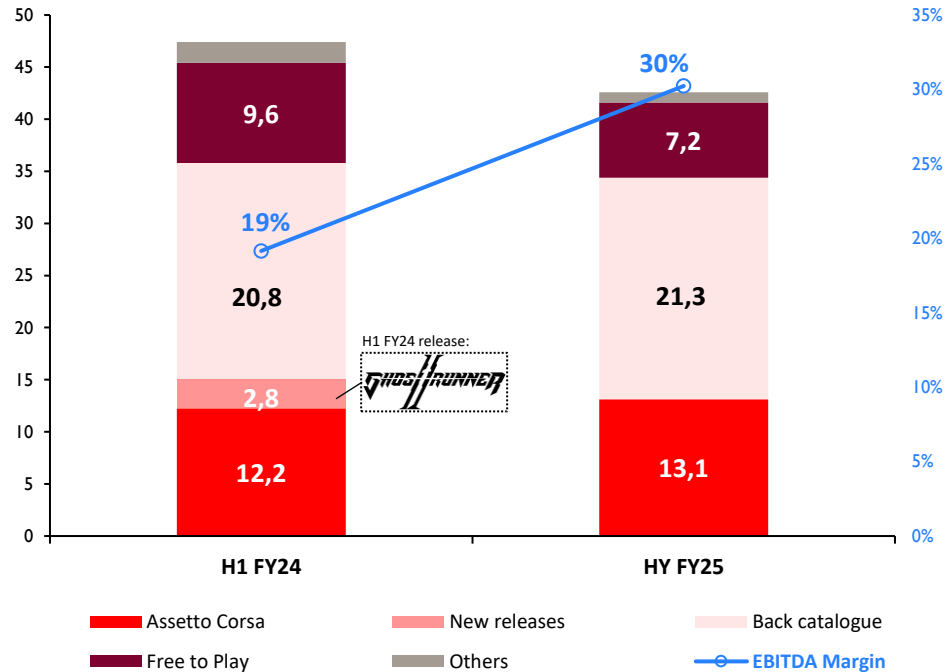
ASSETTO CORSA - BRAND REVENUE (€m)



Financial Overview – H1 FY25

€ 43 million revenue generated as of December 31, 2024, exclusively from back catalogue sales.

NET REVENUE (€m), EBITDA (€m) AND EBITDA MARGIN (%)



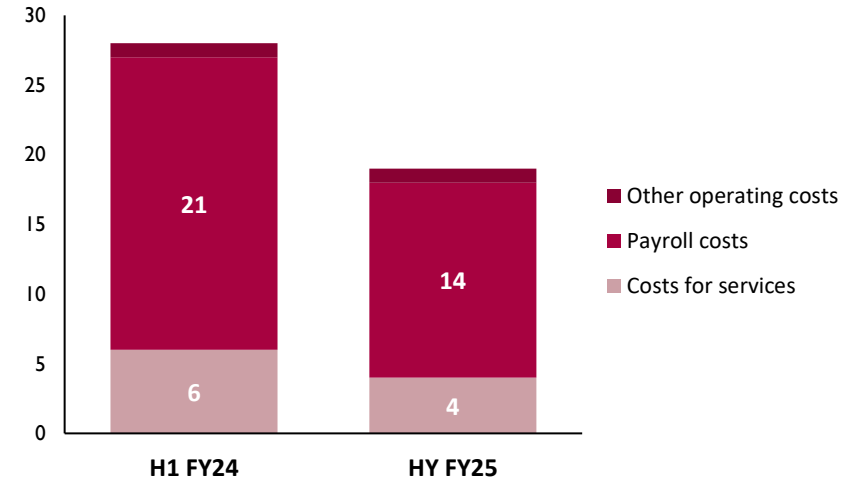
Key highlights

Significantly improved profitability

- Lower payroll costs as a result of the reorganization (-€9.6m)

Higher EBITDA and EBIT margins

- Despite the lower revenue, EBITDA grew by 35.4% and EBIT increased by €4.3m



Premium Games

No significant new launches but improved profitability

- Declining revenue (-4%) but + 20.6% EBITDA and +€3.5m EBIT
- 59% of revenue from owned IPs

Free to Play

-25% YoY due to the games' lifecycle
Conversion to Unity engine to **extend longevity and increase players' retention**

Signed settlement agreement with Starbreeze

- Resolved all outstanding contractual interpretations
- No significant impact on H1 net result

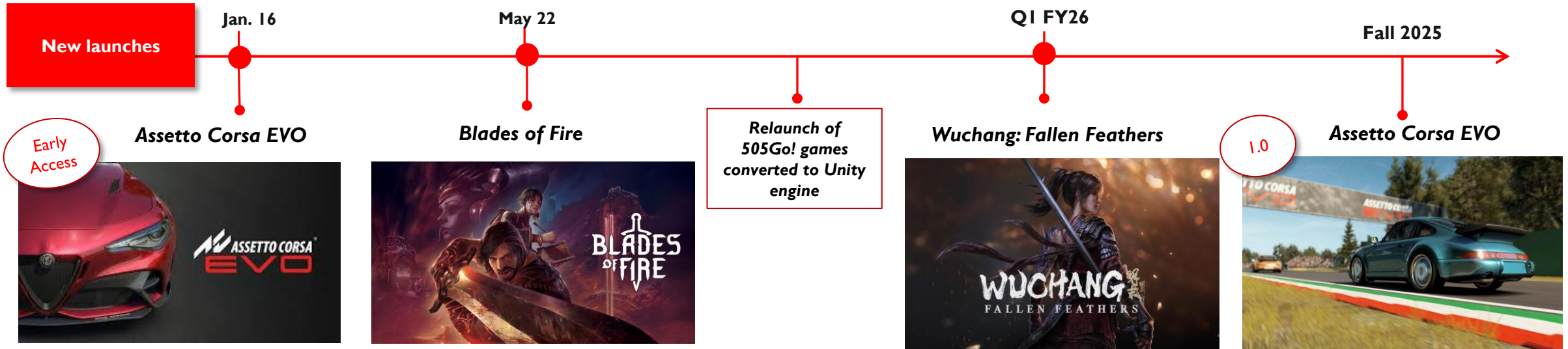
Net loss substantially reduced

- Net loss at €3.5m, from the € 6.4m net loss as of Dec. 31, 2023 (-45.6%)

Note: Financial Year End is June 30.

FY25 Business outlook

Confirmed guidance: lower revenue at fiscal year-end, with persistent challenging competitive environment



Confirmed FY25 Outlook

- Revenue in H2 expected to increase compared to H1 FY25
- Full-year revenue expected to decline YoY
- EBIT at fiscal year-end expected in line with June 30, 2024 benefiting from the effects of the reorganization

Strong H1 FY26

- Increased cash generation
- Blades of Fire and Assetto Corsa EVO sales
- Promotional campaigns scheduled in July 2025
- Launch of Wuchang: Fallen Feathers in Q1
- Substantial improvement of net financial debt expected

New Releases - Assetto Corsa EVO

Assetto Corsa EVO – third chapter of the beloved franchise developed by the internal studio Kunos Simulazioni.



Early Access PC version launched on Steam on **Jan. 16, 2025**

Reached **#1** in Steam's global top selling chart at launch.

- **Concurrent users (CCU)** peaked at launch, exceeding **25k** players.

Assetto Corsa EVO redefines realism in racing simulations, with a **new proprietary engine**, highly personalized driving experience, **improved graphics, physics and audio realism** with the soundscape adapting to time of day and location.

Early Access roadmap

- **Early Access** period including **regular updates**, expanding the range of cars and tracks
- **Open world feature** at first over a limited area, progressively expanded to cover the 1,600 km² around the famous Nürburgring circuit in Germany.
- **1.0 version** scheduled for **Fall 2025** with 15 tracks and over 100 cars.



Upcoming Releases – Blades Of Fire

Single Player weapon RPG set in a dark fantasy world



Announced at the **IGN Fan Fest** on **February 27, 2025**

Coming to **consoles and the Epic Game Store** on **May 22, 2025**.

- Developed by Spanish studio **MercurySteam**, experienced team behind **Metroid Dread**, best known for the quality of their video games collaborating with **Nintendo** for over two decades.

- **Co-owned IP** with developer MercurySteam Entertainment through the Spanish **joint-venture MSE & DB S.L.**

- Play as Aran de Lira, firstborn of the King's Ward, in order to stop the evil Queen Nerea, who has cast a spell that turns steel into stone.
- **Develop your forging skills and craft your weapon to suit your fighting style** – the weight, length, durability, penetration and edge quality depend on your choice.
- Choose between 7 different weapon families, more than 30 Forge Scrolls, and various materials to use, with **almost infinite weapon combinations**.



Upcoming Releases - Wuchang: Fallen Feathers

Soulslike action RPG set in China during the late Ming Dynasty



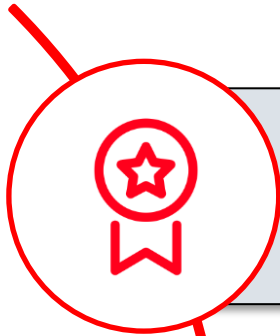
Announced at the **Xbox Games Showcase 2024** and featured during **Microsoft's October Xbox Partner Preview event**.

- **Soulslike, action RPG** set in the land of Shu during the dark and tumultuous **late Ming Dynasty**, plagued with warring factions and a mysterious illness spawning monstrous creatures.
- Developed by the **Chinese studio Lenzee**, coming to Xbox Series X|S, Windows PC, PlayStation 5 and available through Xbox Game Pass.
- One of the **most highly anticipated games of 2025**.
- Described by industry press as “**the next Black Myth: Wukong**”⁽¹⁾: Chinese game with similar style, atmosphere and quality that reached over 2.2m CCUs on Steam at launch, becoming the **single player game with most concurrent users** in the history of the PC platform.
- Currently at n. 18 in **Steam's most followed upcoming games** (> 95,000 followers)

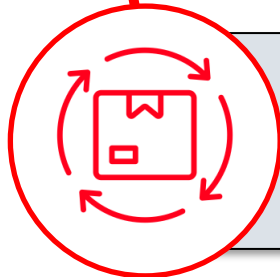


⁽¹⁾ GameSpot: “Wuchang: Fallen Feathers might be the next big soulslike from China”.

Key Takeaways



Well-established gaming publisher with a proven ability to adapt to industry trends and recent challenges, with experienced management team.



Refocused games portfolio offering Premium and Free to Play games, for PC, console and mobile within four key verticals: sim racing, heist games, action RPG and three-match games.



Robust and well-balanced pipeline of games targeting specific communities through sequels and spin-offs and new, high-potential games.



Appendix

Investment in Starbreeze



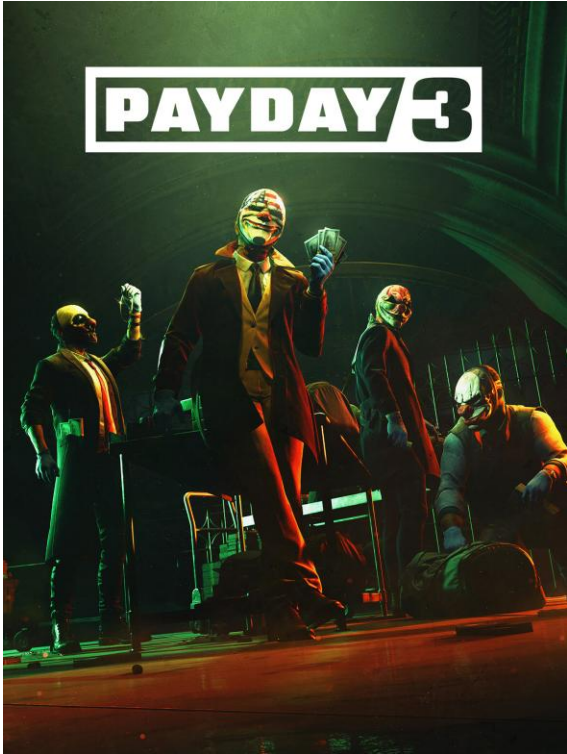
Digital Bros holds an investment in the Swedish developer and publisher Starbreeze AB

21% of capital

39.67% of voting rights

Still no significant influence:

- No significant commercial transactions with Starbreeze, except for the contract, now in a residual phase, for the publishing of the console version of PAYDAY 2;
- No exchange of personnel of any kind;
- No exchange of essential technical information.



Sept. 2023 **PAYADAY3 Launch**

Different interpretations between the Group and Starbreeze AB about the calculation of the earn out from PAYDAY3 and the repayment of receivables related to previous agreements.

June 30, 2024 At June 30, 2024 the Group allocated € 1.2m “Provision for Starbreeze arbitration costs” to reflect the **estimated arbitration costs**.

Feb. 2025 **Settlement Agreement**

- Feb 27, 2025: **Settlement agreement** between the Group and the Swedish developer:
- €1.2 m Provision for Starbreeze arbitration costs released
 - €0.9m losses on Starbreeze receivables
 - €0.3m financial charges for the net present value adjustment of the expected payments (due by Jan. 2027)

Summary tables

HI FY25 (July 1, 2024 – Dec. 31, 2024)

INCOME STATEMENT

€/100	Dec 31, 2024	Dec 31, 2023	Change €	Change %
Total net revenue	43,024	47,100	(4,076)	-8,7%
Total cost of sales	(14,874)	(15,855)	981	-6.2%
Gross profit (3+8)	28,150	31,245	(3,095)	-9,9%
Other income	3,603	6,225	(2,622)	-42.1%
Total operating costs	(18,664)	(27,793)	9,129	-32,8%
EBITDA (9+10+15)	13,089	9,677	3,412	35,3%
Total depreciation, amortization and impairment adjustments	(13,484)	(14,326)	842	-5.9%
EBIT (16+21)	(395)	(4,649)	4,254	n.m.
Net interest income/(expenses)	(2,536)	(1,179)	(1,357)	n.m.
Profit/(Loss) before tax	(2,931)	(5,828)	2,897	-49.7%
Total taxes	(559)	(592)	33	-5.5%
Net profit/(Loss)	(3,490)	(6,420)	2,930	-45,6%
Attributable to the shareholders of the Parent Company	(3,695)	(3,697)	2	-0,1%
Attributable to non-controlling interests	205	(2,723)	2,928	n.m.

Summary tables

HI FY25 (July 1, 2024 – Dec. 31, 2024)

BALANCE SHEET

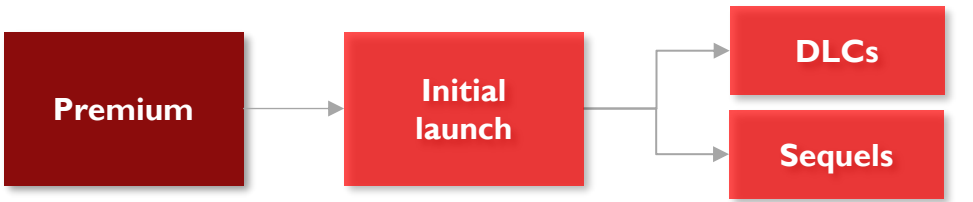
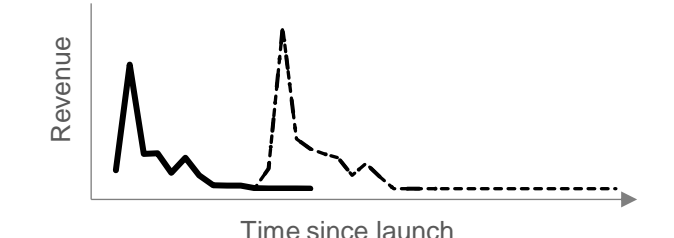
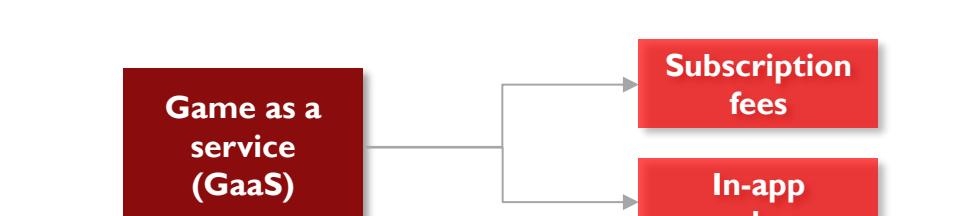
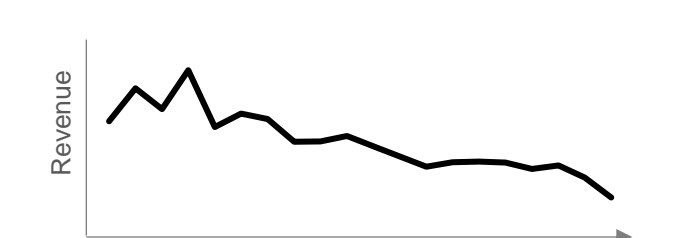
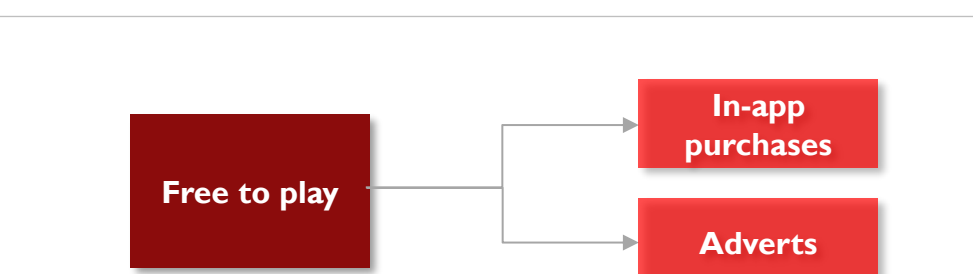
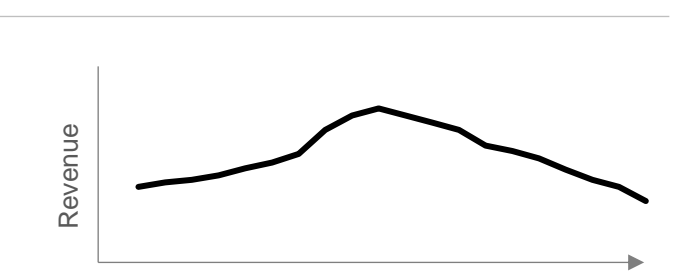
€/100	Dec 31, 2024	June 30, 2024
Total non-current assets	166,438	175,789
Total current assets	36,392	55,021
Total Assets	202,830	230,810
Total Net Equity	(122,257)	(127,686)
Total non-current liabilities	(7,848)	(13,511)
Total current liabilities	(72,725)	(89,613)
Total Liabilities	(80,573)	(103,124)
Total Net equity and liabilities	(202,830)	(230,810)

CASH FLOW

€/100	Dec 31, 2024	Dec 31, 2023
Opening net cash/debt	11,981	9,407
Cash flow from operating activities	3,256	(4,265)
Change in NWC	(6,578)	10,452
Cash flow from investing activities	2,954	(7,078)
Cash flow from financing activities	(8,246)	(3,872)
Changes in consolidated equity	0	0
Cash flow for the period	(8,614)	(4,763)
Closing net cash/debt	3,367	(4,763)

Overview of Revenue Models

Multiple avenues of monetization and distinct revenue profiles ensures diversification of revenue streams

MONETIZATION	DESCRIPTION	ILLUSTRATIVE REVENUE PROFILE
 <pre> graph LR Premium[Premium] --> Initial[Initial launch] Initial --> DLCs[DLCs] Initial --> Sequels[Sequels] </pre>	<ul style="list-style-type: none"> ▪ One-time fee to purchase the full game ▪ Greater budgets in marketing required to improve brand recognition ▪ Game life cycle can be extended through expansion packs or Downloadable Content (DLCs) with additional features 	
 <pre> graph LR GaaS[Game as a service (GaaS)] --> Sub[Subscription fees] GaaS --> InApp[In-app purchases] </pre>	<ul style="list-style-type: none"> ▪ Monetizing of digital games through subscription fees and consistent drop of DLCs ▪ New content introduced on a regular basis to increase retention of paying audience 	
 <pre> graph LR Free[Free to play] --> InApp[In-app purchases] Free --> Adverts[Adverts] </pre>	<ul style="list-style-type: none"> ▪ Free to access, but typically monetized by displaying ads and in-app purchases for virtual goods, currency or additional content (to speed up the in-game progress, unlock exclusive chapters, skins or customization) ▪ Need to keep users engaged by constantly updating and upgrading the game after the launch 	

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