



PRESS RELEASE

The Board of Directors of Digital Bros Group approved the Half year condensed financial statements as of December 31st, 2024 (first half of the Fiscal Year 2024-2025)

FY2024- 2025 FIRST HALF RESULTS:

- NET REVENUE AT EURO 43 MILLION (-8.7%)
- EBITDA AT EURO 13.1 MILLION (+35.3%)
- NEGATIVE EBIT AT EURO 395 THOUSAND SIGNIFICANTLY IMPROVED (+EURO 4.2 MILLION)
- NET LOSS AT EURO 3.5 MILLION REDUCED BY EURO 2.9 MILLION
- NET FINANCIAL DEBT AT EURO 29.7 MILLION
- CONFIRMED FULL YEAR OUTLOOK EXPECTING DECREASING REVENUE BUT CONSTANT EBIT

- ✓ Consolidated revenue at Euro 43 million, exclusively from back catalogue sales, down by 8.7%, from Euro 47.1 million as of December 31st, 2023,
- ✓ EBITDA at Euro 13.1 million (30.4% of net revenue), up Euro 3.4 million from Euro 9.7 million as of December 31st, 2023, benefiting from lower payroll and service costs following 2023 reorganization
- ✓ Negative EBIT at Euro 395 thousand, a Euro 4.3 million improvement compared to negative Euro 4.6 million as of December 31st, 2023
- ✓ Net loss at Euro 3.5 million, substantially reduced from the Euro 6.4 million net loss of the first half in the previous fiscal year
- ✓ Net financial debt at Euro 29.7 million (Euro 26.5 million net of the IFRS16 effect), increasing by Euro 4.9 million, in line with expectations
- ✓ Settlement agreement signed with Starbreeze AB resolving all the outstanding contractual interpretations, with no significant impact on the net result of the period.

Milan, March 6th, 2025 - The **Board of Directors of Digital Bros Group (DIB:MI)**, a video game company listed on the Euronext STAR Milan (ISIN: IT0001469995) and part of the FTSE Italia Small Cap index, **today approved the Half year condensed financial statements as of December 31st, 2024** (first half of the fiscal year from July 1st, 2024 to June 30th, 2025).

Digital Bros Group's key consolidated results for the first half of FY 2024-2025, together with the previous year comparatives, are as follows:

FY 2024-2025 half year results (from July 1st, 2024 to December 31st, 2024)

Euro thousand	December 31st, 2024	December 31st, 2023	Change €	Change %
Gross revenue	43,024	47,134	(4,110)	-8.7%
Gross operating margin (EBITDA)	13,089	9,677	3,412	35.3%
Operating margin (EBIT)	(395)	(4,649)	4,254	n.m.
Profit / (loss) before tax	(2,931)	(5,828)	2,897	-49.7%
Net profit / (net loss)	(3,490)	(6,420)	2,930	-45.6%

- **Consolidated gross revenue** down by Euro 4.1 million (-8.7%);
- **EBITDA margin** increased by Euro 3.4 million (+35.3%);
- **EBIT margin** improved by Euro 4.3 million, but still negative at Euro 395 thousand;
- **Loss before tax** decreased by Euro 2.9 million (-49.7%);
- **Net loss** reduced by Euro 2.9 million (-45.6%).

RESULTS BY OPERATING SEGMENT

The video game market continues to present uncertainties and challenging competitive dynamics after the pandemic growth. Key challenges include rising development budgets, increased consumer product selection, and reduced market liquidity. During the past fiscal year, the publishing strategies and organizational structures adopted by developers and publishers during the pandemic were no longer sustainable. As a result, the Group re-evaluated its investment strategy, prioritizing development projects with higher-margin and greater revenue predictability, particularly focusing on fully owned Intellectual Properties to leverage on their long-term value creation. Given these market challenges and the corrective actions undertaken, the Group expects a decline in full-year revenue, while EBIT is expected to remain at the same level as the one realized in the last fiscal year-end.

As of December 31st, 2024, revenue amounted to Euro 43 million, down by 8.7%, made exclusively by back catalogue sales, differently from the first half of the last fiscal year, in consideration that no video games were launched during the reporting period.

The breakdown of net revenue by operating segment as of December 31st, 2024, compared to the same period of the previous fiscal year is as follows:

Net revenue

Euro thousand	December 31, 2024	December 31, 2023	Change €	Change %
Premium Games	34,409	35,851	(1,442)	-4,0%
Free to Play	7,223	9,633	(2,410)	-25,0%
Italian Distribution	1,061	1,204	(143)	-11,9%
Other Activities	331	412	(81)	-19,7%
Total net revenue	43,024	47,100	(4,075)	-8,7%

As of December 31st, 2024, **Premium Games** revenue was at Euro 34.4 million, down 4% and accounted for 80% of total net revenue. The Assetto Corsa brand showed strong performances, generating Euro 13.1 million during the reporting period. The new version Assetto Corsa EVO, developed by the Group's subsidiary Kunos Simulazioni, was released in Early Access on Steam on January 16th, 2025. Video games developed by the internal studios and fully owned intellectual properties (IPs) accounted for 59% of the total revenue for the Premium Games operating segment, while 24% of Premium Games revenue was generated by co-owned IPs and long-term publishing agreements. This is in line with the previous fiscal year and consistent with the Group's strategy, looking to reduce third party IPs, generally less profitable and less effective in creating long-term value.

Free-to-Play revenues amounted to Euro 7.2 million, down by 25% compared to the first semester of the previous fiscal year. Starting from the previous fiscal year, the video game published by the subsidiary 505 Go! has been undergoing a software conversion to the Unity game engine, which is expected to enhance performance of the live support activities by allowing further reaching and more complex event updates, together with easier and more frequent promotion activities. The conversion will also support localization into additional languages, expanding the game's player game to a global audience. As of the reporting date, the game is primarily available in English and, to a lesser extent, in major Western languages, with most revenue generated in the U.S.. The software conversion to Unity is being finalized with the new version currently in test, with a global launch expected in Q4 of the current fiscal year.

Non-domestic revenues accounted for 96% of total net revenue, while **digital sales** amounted to 91% of the total net revenue, in line with previous fiscal years.

The **gross profit** for the period decreased by Euro 3,095 thousand, from Euro 31,245 thousand as of December 31st, 2023 to Euro 28,150 thousand, considering the lower **cost of sales** for Euro 981 thousand. **Inventories** decreased significantly, as a result of the Group's strategy of reducing the stock levels of finished products for the retail channel, now a fractional segment of the market.

Other revenue amounted to Euro 3,603 thousand, down by Euro 2,622 thousand due to lower capitalization of internal studios development of video games, since most of their projects have now transitioned to the live support phase.

EBITDA amounted to Euro 13,089 thousand, up by Euro 3,412 thousand. As of December 31st, 2024, EBITDA benefited from lower costs for services and a significant reduction in payroll costs, down by Euro 6,960 thousand in H1, as a result of the reorganization implemented from Q2 last year.

Total **depreciation, amortization and impairment adjustments** decreased by Euro 832 thousand and contributed to the Euro 4,254 thousand improvement of the EBIT margin. Nevertheless, EBIT remained slightly negative for Euro 395 thousand in the reporting period. Detailed changes are:

- **depreciation and amortization** amounted to Euro 13,115 thousand, a Euro 1,328 thousand decrease from Euro 14,443 thousand as of December 31st, 2023;
- **provisions** were positive for Euro 1,241 thousand, reflecting the reversal of the "Provision for Starbreeze arbitration costs" allocated as of June 30th, 2024. On February 27th, 2025, the Group reached an agreement with the Swedish developer about the calculation of the earn out on PAYDAY3 net revenues and the repayment of receivables related to other contracts between the two groups. Following the agreement, no arbitration between the parties is needed. The agreement had no significant effects on the net result as of December 31st, 2024, as the amounts released were balanced by losses on Starbreeze receivables of Euro 966 thousand and financial charges of Euro 276 thousand, related to the net present value adjustment of the expected payments which will occur before January 2027;
- **asset impairment charges** amounted to Euro 1,741 thousand and included the above-mentioned losses on Starbreeze receivables. The remaining portion was mainly related to the lower-than-expected performance of some video games, whose impairment tests resulted in write-offs of Euro 750 thousand.

The **net interest expense** amounted to Euro 2,536 thousand, compared to the Euro 1,179 thousand of the first half of the last fiscal year. This was primarily driven by increasing exchange rate losses.

The **loss before tax** was at Euro 2,931 thousand, improving from the Euro 5,828 thousand loss before tax realized as of December 31st, 2023.

The consolidated **net loss** for the period amounted to Euro 3,490 thousand, significantly reduced compared to the Euro 6,420 thousand net loss of the first half of the last fiscal year.

The **net loss attributable to the shareholders of the Parent Company** was at Euro 3,695 thousand, almost unchanged compared to the previous fiscal year. The **net profit attributable to non-controlling interests** amounted to Euro 205 thousand, compared to the net loss of Euro 2,723 thousand in the previous year. In the first half of the previous fiscal year, the net loss attributable to non-controlling interests included Euro 2,615 thousand representing the 40% minority interest in the net result of the Dutch subsidiary Rasplata B.V., fully owned by the Group from August 2024.

The **basic loss per share** amounted to Euro 0.25 and the **diluted loss per share** was Euro 0.25, in line with the results as of December 31st, 2023.

NET FINANCIAL POSITION

The net financial debt amounted to Euro 29,711 thousand as of December 31st, 2024, increasing by Euro 4,927 thousand, in line with expectations. The Group will be able to manage its current liabilities with its future cash flow generation. The net financial position net of the IFRS16 effect was negative at Euro 26,510 thousand.

TREASURY SHARES

As of December 31st, 2024, Digital Bros S.p.A. did not hold any treasury shares, and no transactions have been made in the period, in accordance with Art. 2428 paragraph 2, comma 3 of the Italian Civil Code.

SIGNIFICANT EVENTS DURING THE PERIOD

On October 28th, 2024, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2023-2024 and appointed attorney Veronica Devetag Chalaupka as a new member to the Board of Directors. The new Director will remain in office until the expiry of the current Board of Directors, i.e. until the Shareholders' Meeting convened for the approval of the financial statements as at June 30th, 2026.

SUBSEQUENT EVENTS

The only subsequent event was the settlement agreement signed by the Group with Starbreeze AB on February 27th, 2025. Its effects have been reflected in the consolidated half-year financial statements, with no significant impact on the net result of the reporting period.

BUSINESS OUTLOOK

The new video game Assetto Corsa EVO was released in Early Access on Steam on January 16th, 2025. The Early Access version provides for the regular release of additional content (multiplayer, free roaming, etc.) until the launch of the final version of the game, which is scheduled for Fall 2025. The Premium Games release schedule will additionally benefit from the recently announced new video game Blades of Fire, scheduled to launch on May 22nd, 2025. In the second half of the fiscal year, the Group will also release the Free to Play games converted to the Unity engine.

As a result of the new launches, revenue is expected to improve in the second half of the current fiscal year compared to the first. Despite this, the Group reiterates its business outlook, projecting a decline in full-year revenue. The actions implemented in the previous fiscal year, including the reorganization and the refocused investments, are expected to maintain FY25 EBIT at the same level as of June 30th, 2024.

At fiscal year-end, the net financial debt is expected to remain in line with the same level as of December 31st, 2024. The forecasted improvement in the Group's financial debt is now expected to occur during the first quarter of the next fiscal year. In such a period, the Group is expected to collect the Blades of Fire sales, the effects of the promotional campaigns scheduled for June 2025 and benefit from the receipt of the highly anticipated video game Wuchang: Fallen Feathers, which attracted over 95,000 followers on Steam to date.

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.iinfo.it.

DIGITAL BROS GROUP

Listed on the Euronext STAR Milan and part of Euronext Tech Leaders, 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 markets 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, Czech Republic, China, Japan, Australia and Canada with 286 employees.

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DIGITAL BROS GROUP- FINANCIAL STATEMENTS
Consolidated statement of financial position as of December 31st, 2024

Euro thousand		December 31, 2024	June 30, 2024
	Non-current assets		
1	Property, plant and equipment	6,477	7,379
2	Investment properties	0	0
3	Intangible assets	125,702	129,614
4	Equity investments	5,788	9,685
5	Non-current receivables and other assets	2,920	7,945
6	Deferred tax assets	22,656	21,166
7	Non-current financial activities	2,895	0
	Total non-current assets	166,438	175,789
	Current assets		
8	Inventories	1,624	2,668
9	Trade receivables	13,869	16,887
10	Tax receivables	3,920	4,345
11	Other current assets	7,126	8,902
12	Cash and cash equivalents	4,631	11,981
13	Other current financial assets	5,221	10,238
	Total current assets	36,392	55,021
	TOTAL ASSETS	202,830	230,810
	Shareholders' equity		
14	Share capital	(5,706)	(5,706)
15	Reserves	(9,929)	(11,868)
16	Treasury shares	0	0
17	Retained earnings	(105,842)	(113,426)
	Equity attributable to the shareholders of the Parent Company	(121,477)	(131,000)
	Equity attributable to non-controlling interests	(780)	3,314
	Total net equity	(122,257)	(127,686)
	Non-current liabilities		
18	Employee benefits	(1,036)	(967)
19	Non-current provisions	(877)	(563)
20	Other non-current payables and liabilities	(771)	(1,657)
21	Non-current financial liabilities	(5,164)	(10,324)
	Total non-current liabilities	(7,848)	(13,511)
	Current liabilities		
22	Trade payables	(30,096)	(43,737)
23	Tax payables	(1,444)	(1,299)
24	Short term provisions	0	(1,241)
25	Other current liabilities	(3,891)	(6,657)
26	Current financial liabilities	(37,294)	(36,679)
	Total current liabilities	(72,725)	(89,613)
	TOTAL LIABILITIES	(80,573)	(103,124)
	TOTAL NET EQUITY AND LIABILITIES	(202,830)	(230,810)

Consolidated Profit and Loss statement as of December 31st, 2024

	Euro thousand	December 31, 2024	December 31, 2023
1	Gross revenue	43,024	47,134
2	Revenue adjustments	0	(34)
3	Net revenue	43,024	47,100
4	Purchase of products for resale	(343)	(1,522)
5	Purchase of services for resale	(3,381)	(5,092)
6	Royalties	(10,106)	(9,321)
7	Changes in inventories of finished products	(1,044)	80
8	Total cost of sales	(14,874)	(15,855)
9	Gross profit (3+8)	28,150	31,245
10	Other income	3,603	6,225
11	Costs for services	(3,976)	(5,973)
12	Rent and leasing	(237)	(250)
13	Payroll costs	(13,887)	(20,847)
14	Other operating costs	(564)	(723)
15	Total operating costs	(18,664)	(27,793)
16	Gross operating margin (EBITDA) (9+10+15)	13,089	9,677
17	Depreciation and amortization	(13,115)	(14,443)
18	Provisions	1,241	0
19	Asset impairment charge	(1,741)	(779)
20	Impairment reversal	131	896
21	Total depreciation, amortization and impairment adjustments	(13,484)	(14,326)
22	Operating margin (EBIT) (16+21)	(395)	(4,649)
23	Interest and financial income	843	1,389
24	Interest and financial expenses	(3,379)	(2,568)
25	Net interest income/(expenses)	(2,536)	(1,179)
26	Profit/ (loss) before tax (22+25)	(2,931)	(5,828)
27	Current tax	(1,639)	425
28	Deferred tax	1,080	(1,017)
29	Total taxes	(559)	(592)
30	Net profit/loss	(3,490)	(6,420)
	attributable to the shareholders of the Parent Company	(3,695)	(3,697)
	attributable to non-controlling interests	205	(2,723)
	Earnings per share:		
33	Basic earnings per share (in Euro)	(0.26)	(0.26)
34	Diluted earnings per share (in Euro)	(0.25)	(0.25)

Consolidated statement of comprehensive income as of December 31st, 2024

Euro thousand	December 31 st , 2024	December 31 st , 2023
Profit (loss) for the period (A)	(3,490)	(6,420)
Actuarial profit (loss)	(29)	(5)
Tax effect regarding the actuarial profit (loss)	7	1
Changes in the fair value	(3,895)	(9,234)
Tax effect regarding fair value measurement of financial assets	935	2,216
Items that will not be subsequently reclassified to profit or loss (B)	(2,982)	(7,022)
Exchange differences on translation of foreign operations	807	(521)
Items that will subsequently be reclassified to profit or loss (C)	807	(521)
Total other comprehensive income D= (B)+(C)	(2,175)	(7,543)
Total comprehensive income (loss) (A)+(D)	(5,665)	(13,963)
Attributable to:		
Shareholders of the Parent Company	(5,870)	(11,240)
Non-controlling interests	205	(2,723)

Consolidated cash flow statement as of December 31st, 2024

Euro thousand	December 31 st , 2024	December 31 st , 2023
A. Opening net cash/debt	11,981	9,407
B. Cash flows from operating activities		
Profit (loss) for the period	(3,490)	(6,420)
<i>Depreciation, amortization and non-monetary costs:</i>		
Provisions and impairment losses	1,741	779
Amortization of intangible assets	11,924	13,097
Depreciation of property, plant and equipment	1,191	1,346
Net change in tax advance	(1,490)	(1,125)
Net change in other provisions	314	106
Net change in employee benefit provisions	69	67
Other nonmonetary changes to the net equity	(1,939)	(7,809)
SUBTOTAL B.	8,320	41
C. Change in net working capital		
Inventories	1,044	(80)
Trade receivables	2,993	930
Current tax assets	425	(1,361)
Other current assets	1,775	14,007
Trade payables	(13,641)	939
Current tax liabilities	145	(672)
Current provisions	(1,241)	0
Other current liabilities	(2,766)	(997)
Other non-current liabilities	(886)	(234)
Non-current receivables and other assets	4,060	(355)
SUBTOTAL C.	(8,092)	12,177
D. Cash flows from investing activities		
Net payments for intangible assets	(8,761)	(20,518)
Net payments for property, plant and equipment	(290)	(374)
Net payments for non-current financial assets	3,897	(2,162)
Changes in financial assets	2,121	11,200
SUBTOTAL D.	(3,033)	(11,854)
E. Cash flows from financing activities		
Capital increases	0	0
Changes in financial liabilities	(4,545)	(5,545)
Changes in financial assets	0	0
SUBTOTAL E.	(4,545)	(5,545)
F. Changes in consolidated equity		
Dividends paid	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)	(7,350)	(5,181)
H. Closing net cash/debt (A+G)	4,631	4,226

Consolidated statement of profit and loss per operating segment as of December 31st, 2024

Euro thousand	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Currency translation reserve	Other reserves	Total reserves (B)	Treasury shares (C)	Retained earnings	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 as of July 1st, 2023	5,706	18,528	1,141	1,367	(913)	1,244	21,367	0	105,587	9,683	115,270	142,343	1,375	143,718
Allocation of previous year result							0		9,683	(9,683)	0	0	0	0
Other changes						78	78		370		370	448	(714)	(266)
Comprehensive income (loss)					(521)	(7,022)	(7,543)			(3,697)	(3,697)	(11,240)	(2,723)	(13,963)
Total as of December 31st, 2023	5,706	18,528	1,141	1,367	(1,434)	(5,700)	13,902	0	115,640	(3,697)	111,943	131,551	(2,062)	129,489
Total as of July 1st, 2024	5,706	18,528	1,141	1,367	(709)	(8,459)	11,868	0	115,640	(2,214)	113,426	131,000	(3,314)	127,686
Allocation of previous year result							0		(2,214)	2,214	0	0	0	0
Other changes						236	236		(3,889)		(3,889)	(3,653)	3,889	236
Comprehensive income (loss)					807	(2,982)	(2,175)			(3,695)	(3,695)	(5,870)	205	(5,665)
Total as of December 31st, 2024	5,706	18,528	1,141	1,367	98	(11,205)	9,929	0	109,537	(3,695)	105,842	121,477	780	122,257