



DIGITAL BROS ACQUIRES INFINITE INTERACTIVE AND INFINITY PLUS TWO, THE DEVELOPMENT STUDIOS CREATORS OF THE VIDEOGAMES PUZZLE QUEST AND GEMS OF WAR

Digital Bros has signed a share purchase agreement for the acquisition of 100% of two Australian companies Infinite Interactive and Infinity Plus Two for a fixed consideration of USD 4.5 million together with a four year earn out plan.

Milan – January 7th, 2021 – Digital Bros Group (DIB:MI), which is listed on the STAR segment of Borsa Italiana and operates in the videogames market, today announces the acquisition of 100% of Infinite Interactive Pty. and Infinity Plus Two Pty., the Australian developers of the videogames Puzzle Quest and Gems of War. The transaction has been made through the recently incorporated fully owned subsidiary 505 Games Australia Pty..

The total fixed consideration amounts to USD 4.5 million on a debt and cash free basis, inclusive of a profit scheme for the key employees. In addition to the fixed consideration, an earn out scheme for the next four years based of the future revenues has also been agreed. Part of this earn out will be paid to the key employees in order to align the long-term interest. The earn out is not capped and could range from 0% to an 9% maximum of the revenues generated by the videogames realized by the two Australian companies.

Infinite Interactive and Infinity Plus Two are videogame development studios located in Melbourne, Australia, and specialized in the creation of original intellectual properties, puzzle and strategy games in the fantasy genre. Originally founded in 1989 by Game Designer Steven Fawkner, the team has produced over 30 titles, including the hit Puzzle Quest series and Gems of War. The team consists of 20 people and Steven Fawkner will remain part of the management team. Last fiscal year *pro forma* consolidated revenues were 4.3 million Australian Dollars, while last fiscal year *pro forma* net profit was 0.5 million Australian Dollars.

Puzzle Quest is a proven and highly successful genre-defining franchise, having generated over USD 200 million in revenues. Released in 2007, Puzzle Quest created the highly popular puzzle-RPG genre. Puzzle

Quest has won numerous game-of-the-year awards and since its initial launch, has seen 3 standalone expansions and successful partnerships with Marvel, Wizards of the Coast and Cartoon Network.

Digital Bros Group had already collaborated with Infinite Interactive and Infinity Plus Two teams on the publishing of the role-playing puzzle game Gems of War, which has generated more than Euro 5.6 million revenues in the last fiscal year and more than Euro 22 million since its launch. The game will continue to operate with new updates. Meanwhile, the studios are actually developing a new videogame, which will be communicated early 2021.

The transaction will be financed through actual credit lines and cash flow generated by the operating activities. The total fixed consideration of USD 4.5 million will be paid as follows:

- USD 2.5 million at closing;
- USD 2 million at December 15th, 2021.

The earn out will be paid in four yearly instalments starting May 2022 until May 2025.

"With the acquisition of Infinite Interactive and Infinity Plus Two, Digital Bros not only acquires an outstanding intellectual property with great and long-term potential, but also a competent and successful team led by Steven Fawkner, a veteran of the videogame industry" commented Raffaele Galante, CEO of Digital Bros Group.

The Group does not expect the acquisition to affect the guidance previously disclosed to the market.

DIGITAL BROS GROUP

Listed on the 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, the United States, the UK, France, Spain, Germany, China, Hong Kong and Japan with approximately 220 employees.

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