

Digital Bros

 digital entertainment

PRESS RELEASE

The Board of Directors of Digital Bros Group approves the Third Quarterly Report for the period ended March 31st, 2021 (first nine months of the financial year 2020 – 2021)

FIRST NINE MONTHS RESULTS:

- REVENUES AT €115.4 MILLION (+ 16.4%)
- 96% OF REVENUES REALIZED ON INTERNATIONAL MARKETS AND 87% ON DIGITAL MARKETPLACES
- EBIT MORE THAN DOUBLED AT €25 MILLION
- NET PROFIT OF €20.3 MILLION
- POSITIVE NET FINANCIAL POSITION OF €22.8 MILLION
- NET EQUITY ABOVE €100 MILLION

- ✓ Consolidated Gross Revenues of €115.4 million, compared to €99.1 million on March 31st, 2020 (+16.4 %)
- ✓ 96% of revenues realized on international markets and 87% on digital marketplaces
- ✓ EBITDA at €45.9 million, significantly increased compared to €20.6 million on March 31st, 2020
- ✓ EBIT of €25 million, significantly increased compared to €10.2 million on March 31st, 2020
- ✓ Profit before tax of €28.3 million, a significant increase compared to €9.9 million on March 31st, 2020
- ✓ Net profit increased to €20.3 million, compared to €6.4 million on March 31st, 2020
- ✓ Positive net financial position of €22.8 million (€28 million excluding the IFRS 16 effect), increased by €20 million compared to the end of the previous period
- ✓ Net equity above €100 million
- ✓ Adoption of January 31st, 2020 new Corporate Governance Code
- ✓ Ordinary Shareholders' Meeting convened for June 15th, 2021

RESULTS FOR THE FIRST NINE MONTHS OF FINANCIAL YEAR 2020-2021 (AT 31.03.2021)				
<i>Euro thousand</i>	31.03.21	31.03.20	Change	Change %
Gross revenues	115,427	99,143	16,284	16.4%
Gross operating margin (EBITDA)	45,864	20,565	25,299	n.m.
Operating margin (EBIT)	24,973	10,207	14,766	n.m.
Profit / (loss) before tax	28,302	9,932	18,370	n.m.
Net profit / (loss)	20,269	6,381	13,887	n.m.

Milan, May 10th, 2021 – The **Board of Directors of Digital Bros Group (DIB:MI)**, which is listed on the STAR segment of Borsa Italiana and operates in the videogames market, **today approved the Third Quarterly Report for the period ended March 31st, 2021** (first nine months of the fiscal year from July 1st, 2020 to June 30th, 2021).

Digital Bros Group's key consolidated results for the first nine months of financial year 2020-2021, together with prior period comparatives, are as follows:

- **Consolidated gross revenues** increased to €115.4 million, compared to €99.1 million on March 31st, 2020 (+**16.4** %);
- **EBITDA** of €45.9 million, significantly increased compared to €20.6 million on March 31st, 2020;
- **EBIT** of €25 million, significantly increased compared to €10.2 million on March 31st, 2020;
- **Profit before tax** of €28.3 million, significantly increased compared to €9.9 million on March 31st, 2020;
- **Net profit** increased to €20.3 million, compared to €6.4 million on March 31st, 2020.

RESULTS BY OPERATING SEGMENT

Consolidated gross revenues amounted to €115.43 million, increased compared to the €99.14 million recorded in the first half of the previous year (+16.4%). Net revenue growth was +22.3% due to the increased portion of digital sales that do not require revenue adjustments.

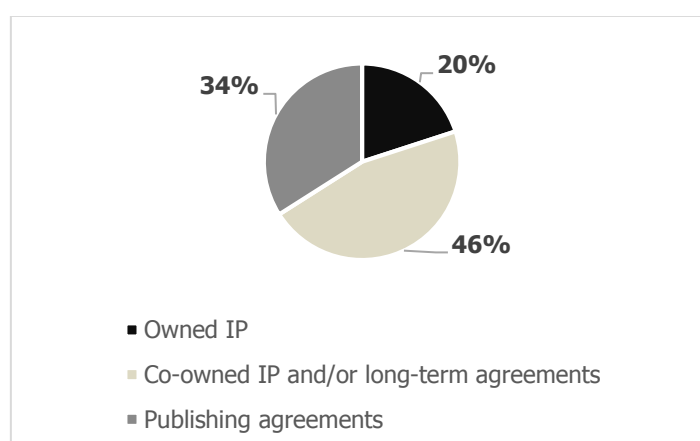
Digital revenues in the period represented 87% of the total consolidated revenues in respect of the 59% achieved in the previous year.

A breakdown by operating segment for the period ended March 31st, 2021 compared to the period ended March 31st, 2020 is provided below:

Euro thousand	Gross revenue				Net revenue			
	2021	2020	Change		2021	2020	Change	
Premium Games	102,842	86,764	16,078	18.5%	101,589	81,275	20,314	25.0%
Free-to-Play	8,455	5,117	3,338	65.2%	8,455	5,117	3,338	65.2%
Italian Distribution	3,724	6,811	(3,087)	-45.3%	3,502	6,298	(2,796)	-44.4%
Other projects	406	451	(45)	-9.8%	406	451	(45)	-9.8%
Total gross revenues	115,427	99,143	16,284	16.4%	113,952	93,141	20,811	22.3%

The **Premium Games** operating segment revenues represented 89% of the total consolidated gross revenues. They significantly increased by €16.08 million and the corresponding net revenues increased by €20.31 million, as a result of the sales of Death Stranding, the Steam version of Control, Ghostrunner but also the long-lasting performance of Assetto Corsa.

A breakdown of Premium Games revenues by type of rights held by the Group for the period ended March 31st, 2021 is provided below:



Video games developed by the internal studios and intellectual properties owned by the Group accounted for 20% of consolidated revenues in the period and are represented by the revenues generated by 2 intellectual properties. 46% of revenues came from the sale of intellectual properties on which the Group holds co-ownership rights and / or multi-year rights exceeding ten years. 5 intellectual properties were part of this category.

The **Free-to-Play** operating segment showed a 65.2% increase, from €5.12 million to €8.46 million. Gems of War, a Free-to-Play video game launched by the Group more than five years ago and constantly updated and improved, is continuously outperforming quarter after quarter. This game became part of the Group's IP portfolio as a result of the acquisition of the Australian studio – Infinity Plus Two – in January 2021.

The **Italian Distribution** operating sector revenues decreased by 45.3% (from €6.81 million down to €3.72 million), impacted by the continuing decline retail distribution and accelerated by the effects of the COVID-19 pandemic.

Digital Bros Group's revenues and earnings by operating segments for the period are as follows:

Euro thousand	Premium Games	Free-to-Play	Italian Distribution	Other Activities	Holding	Total
Gross revenues	102,842	8,455	3,724	406	0	115,407
EBITDA	47,343	4,477	(813)	7	(5,150)	45,864
EBIT	27,845	3,966	(932)	(55)	(5,851)	24,973

The **EBITDA** amounted to €45.86 million corresponding to 39.7% of the gross consolidated revenues, considerably growing from the €20.57 million realized in the previous year.

Amortization and depreciation increased by €10.71 million compared to March 31st, 2020 due to higher costs associated with the amortization of an incremental number of intellectual properties published/owned by the Group.

The significant growth of the digital revenue portion in respect of the total sales pushed the **EBIT to more than double, up to €24.97 million compared to €10.20 million** as at March 31st, 2020. Digital sales, in fact, show better profitability rates due to the narrow value chain, less operational complexity and better payment conditions by customers. **The EBIT stood at 21.6% of the consolidated gross revenues for the period.**

The **net financial income** was positive for €3.33 million compared to the negative € 275 thousand realized in the previous year.

Profit before tax for the period ended March 31st, 2021 amounted to €28.30 million, an increase of €18.37 million compared to profit before tax of €9.93 million as at March 31st, 2020.

Net profit for the period amounted to €20.27 million compared to €6.38 million as at March 31st, 2020.

Net profit attributable to the shareholders of the Group was €20.34 million.

Basic profit per share and **diluted profit per share** were respectively €1.43 and €1.40 compared to the €0.45 profit per share as at March 31st, 2020.

NET FINANCIAL POSITION

The Net Financial Position amounted to €22.77 million, significantly increasing by €20.17 million compared to €2.60 million as at June 30th, 2020. **Excluding the IFRS 16 effect, the Net Financial Position amounted to €28 million.**

NET EQUITY

As a result of the profit generated at March 31st, 2021, **the Group's net equity surpassed €100 million.**

TREASURY SHARES

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at March 31st, 2021 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period.

SIGNIFICANT EVENTS DURING THE PERIOD

- On October 28th, 2020, the Shareholders' Meeting of Digital Bros Group approved the Financial Statements for the fiscal year 2019-2020, a dividend distribution of €0.15 per share and appointed the new Board of Directors and the new Board of Statutory Auditors for the three-year period 2021-2023 (until the approval of the Financial Statements for the fiscal year ending June 30th, 2023);

- On January 7th, 2021, the Group acquired 100% of Infinity Interactive Pty. and Infinity Interactive Two Pty, the Australian companies that own the intellectual property of the Puzzle Quest and Gems of War video games and are responsible for their development. The transaction was carried out through the subsidiary 505 Games Australia Pty., recently established by the Group. The total fixed consideration amounts to USD 4.5 million, inclusive of a profit scheme for the key employees. In addition to the fixed consideration, an earn-out scheme has been agreed on: the earn-out may range between 0% and 9% of the revenues generated by the products developed by subsidiaries over the next 48 months;
- On February 11th, 2021 the Group announced the forthcoming worldwide publication of the video game Eiyuden Chronicle - Hundred Heroes on both personal computers and consoles. The release of the video game is scheduled for the financial year ending June 30th, 2023 and the Group expects to lifetime revenues in excess of € 30 million.

SUBSEQUENT EVENTS

There were no significant subsequent events.

OUTLOOK

The fourth quarter of the year is expected to be in line with the quarter just ended. Last quarter sales will focus on products already launched which, as a result of target promotions, are continuously generating a stream of revenues. Non-significant video games launches are expected in the next quarter.

Fourth quarter's costs are expected to slightly grow compared to the previous, without creating a drastic decrease in quarter profitability.

Following the third quarter positive trend and the forecasts for the last quarter, the management expects an increase in revenues for the total fiscal year and a further increase in operating profit at the end of the year, significantly above the previous.

The Group continues to reinvest a large portion of the free cash flow generated in the acquisition and development of new intellectual properties. The intellectual properties portfolio of the Group widened with the acquisition of Ghostrunner rights in April. Despite the continuous investments plan, the net financial position at the end of the fiscal year is expected to further improve.

The Group will continue to monitor the effects deriving from the spread of the COVID-19 pandemic, adopting appropriate mitigation measures as necessary, and reporting to the market on any issues not already adequately considered.

OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

Adoption of the New Corporate Governance Code

The Board of Directors resolved to adopt the Corporate Governance Code, approved by the [Corporate Governance Committee](#) and published on January 31st, 2020.

The Group will adopt the new code starting **July 1st, 2021** and will inform the market of its implementation through the Corporate Governance and Ownership Structure Report (Art. 123-bis of TUF) to be published in **October 2022**.

Joint venture with MercurySteam Entertainment S.L.

Digital Bros S.p.A. announces the contract between its subsidiary 505 Games and **MercurySteam Entertainment S.L.** for development and the world-wide publishing of a brand-new videogame to be released on both PC and consoles.

MercurySteam Entertainment is the award-winning development studio behind the bestselling *Castlevania: Lords of Shadow* series, the critically acclaimed *Metroid: Samus Returns*, and the self-published co-op shooter *Spacelords*.

Convening of the Ordinary Shareholders' Meeting

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting on June 15th, 2021, in a single call.

The items on the agenda of the Shareholders' Meeting called are:

- Approval of the new remuneration policy;
- Approval of the 2021 – 2027 Monetary LTI Plan.

Notice of convening will be published in a concise format in the newspaper "Italia Oggi", while the full version will be made available to the public on the website www.digitalbros.com (Investor section) and on the authorized storage system 1info (www.1info.it). Similarly, and within the terms envisaged by current laws, documentation relating to the items on the Agenda will be made available to the public.

ART. 154-BIS OF THE "TUF" (TESTO UNICO DELLA FINANZA)

As required by paragraph 2, Art. 154-bis of the "Testo Unico della Finanza", 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 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, United States, UK, France, Spain, Germany, China, Japan and Australia with approximately 250 employees.

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FINANCIAL STATEMENTS
DIGITAL BROS GROUP

Consolidated statement of financial position at March 31st, 2021

	<i>Euro Thousand</i>	March 31st, 2021	June 30th, 2020	Change	
	Non-current Assets				
1	Property, plant and equipment	8,516	8,837	(321)	-3.6%
2	Investment property	0	0	0	0.0%
3	Intangible assets	59,765	33,248	26,517	79.8%
4	Equity investments	13,806	5,488	8,318	n.m.
5	Non-current receivables and other assets	4,304	6,744	(2,440)	-36.2%
6	Deferred tax assets	2,019	3,482	(1,463)	-42.0%
7	Non-current financial activities	18,951	17,251	1,700	9.8%
	Total non current assets	107,361	75,050	32,311	43.1%
	Current assets				
8	Inventories	6,925	7,989	(1,064)	-13.3%
9	Trade receivables	23,250	28,168	(4,918)	-17.5%
10	Tax receivables	2,696	3,100	(404)	-13.0%
11	Other current assets	20,577	32,816	(12,239)	-37.3%
12	Cash and cash equivalent	20,907	8,527	12,380	n.m.
13	Other financial assets	0	0	0	0.0%
	Total current assets	74,355	80,600	(6,245)	-7.7%
	TOTAL ASSETS	181,716	155,650	26,066	16.7%
	Capital and reserves				
14	Share capital	(5,704)	(5,704)	0	0.0%
15	Reserves	(24,780)	(20,960)	(3,820)	18.2%
16	Treasury shares	0	0	0	0.0%
17	Retained earnings	(70,492)	(52,288)	(18,204)	34.8%
	Equity attributable to Parent Company	(100,976)	(78,952)	(22,024)	27.9%
	Equity attributable to minority shareholders	(912)	(979)	67	-6.8%
	Total Net equity	(101,888)	(79,931)	(21,957)	27.5%
	Non-current liabilities				
18	Employee benefits	(759)	(659)	(100)	15.1%
19	Non-current provisions	(81)	(81)	0	0.2%
20	Other non-current payables and liabilities	(5,206)	(469)	(4,737)	n.m.
21	Non-current financial liabilities	(13,227)	(6,369)	(6,858)	n.m.
	Total non-current liabilities	(19,273)	(7,578)	(11,695)	n.m.
	Current liabilities				
22	Trade payables	(42,849)	(41,140)	(1,709)	4.2%
23	Taxes payables	(9,561)	(5,473)	(4,088)	74.7%
24	Short term provisions	0	0	0	0.0%
25	Other current liabilities	(4,288)	(4,721)	433	-9.2%
26	Current financial liabilities	(3,857)	(16,807)	12,950	-77.1%
	Total net working capital	(60,555)	(68,141)	7,586	-11.1%
	TOTAL LIABILITIES	(79,828)	(75,719)	(4,109)	5.4%
	TOTAL NET EQUITY AND LIABILITIES	(181,716)	(155,650)	(26,066)	16.7%

DIGITAL BROS GROUP
Consolidated Income Statement at March 31st, 2021

	<i>Euro Thousand</i>	March 31st, 2021		March 31st, 2020		Change	
1	Gross revenue	115,427	101.3%	99,143	106.4%	16,284	16.4%
2	Revenue adjustments	(1,475)	-1.3%	(6,002)	-6.4%	4,527	-75.4%
3	Net revenue	113,952	100.0%	93,141	100.0%	20,811	22.3%
4	Purchase of products for resale	(4,452)	-3.9%	(14,160)	-15.2%	9,708	-68.6%
5	Purchase of services for resale	(8,027)	-7.0%	(6,421)	-6.9%	(1,606)	25.0%
6	Royalties	(31,736)	-27.9%	(26,883)	-28.9%	(4,853)	18.1%
7	Changes in inventories of finished products	(1,064)	-0.9%	514	0.6%	(1,578)	n.m.
8	Total cost of sales	(45,279)	-39.7%	(46,950)	-50.4%	1,671	-3.6%
9	Gross profit (3+8)	68,673	60.3%	46,191	49.6%	22,482	48.7%
10	Other income	3,326	2.9%	2,375	2.6%	951	40.0%
11	Costs for services	(7,431)	-6.5%	(11,536)	-12.4%	4,105	-35.6%
12	Rent and Leasing	(221)	-0.2%	(183)	-0.2%	(38)	20.3%
13	Payroll costs	(17,562)	-15.4%	(15,358)	-16.5%	(2,204)	14.4%
14	Other operating costs	(921)	-0.8%	(924)	-1.0%	3	-0.3%
15	Total operating costs	(26,135)	-22.9%	(28,001)	-30.1%	1,866	-6.7%
16	Gross operating margin (EBITDA) (9+10+15)	45,864	40.2%	20,565	22.1%	25,299	n.m.
17	Depreciation and amortisation	(20,117)	-17.7%	(9,405)	-10.1%	(10,712)	n.m.
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(774)	-0.7%	(1,189)	-1.3%	415	-34.9%
20	Impairment reversal	0	0.0%	236	0.3%	(236)	n.m.
21	Total depreciation, amortization and impairment	(20,891)	-18.3%	(10,358)	-11.1%	(10,533)	n.m.
22	Operating margin (EBIT) (16+21)	24,973	21.9%	10,207	11.0%	14,766	n.m.
23	Interest and finance income	6,281	5.5%	2,521	2.7%	3,760	n.m.
24	Interest expense and finance costs	(2,952)	-2.6%	(2,796)	-3.0%	(156)	5.6%
25	Net interest income/(expense)	3,329	2.9%	(275)	-0.3%	3,604	n.m.
26	Profit/ (loss) before tax (22+25)	28,302	24.8%	9,932	10.7%	18,370	n.m.
27	Current tax	(8,908)	-7.8%	(3,114)	-3.3%	(5,794)	n.m.
28	Deferred tax	875	0.8%	(437)	-0.5%	1,312	n.m.
29	Total taxes	(8,033)	-7.0%	(3,551)	-3.8%	(4,482)	n.m.
30	Net profit/loss	20,269	17.8%	6,381	6.9%	13,887	n.m.
	attributable to the shareholders of the Group	20,336	17.8%	6,389	6.9%	13,946	n.m.
	attributable to minority shareholders	(67)	-0.1%	(8)	0.0%	(59)	n.m.
	Earnings per share						
33	Total basic earnings per share (in Euro)	1.43		0.45		0.98	n.m.
34	Diluted earnings per share (in Euro)	1.40		0.45		0.95	n.m.

DIGITAL BROS GROUP**Consolidated statement of comprehensive income at March 31st, 2021**

Migliaia di Euro	31 marzo 2021	31 marzo 2020	Variazioni
Profit (Loss) for the period (A)	20,269	6,381	13,888
Items that will not be subsequently recycled through profit or loss (B)	0		0
Actuarial gain (loss)	(11)	9	(20)
Income tax relating to actuarial gain (loss)	3	(2)	5
Exchange differences on translation of foreign operations	46	301	(255)
Income tax relating to exchange differences on translation of foreign operations	0	0	0
Fair value measurement of shares designated as "available for sale"	4,653	(1,168)	5,821
Tax effect regarding fair value measurement of shares designated as "available for sale"	(1,117)	280	(1,397)
Items that will subsequently be recycled through profit or loss (C)	3,574	(580)	4,154
Total other comprehensive income D= (B)+(C)	3,574	(580)	4,154
Total comprehensive income (loss) (A)+(D)	23,843	5,801	18,042
Attributable to:			
Shareholders of the Group	23,910	5,809	18,101
Minority shareholders	(67)	(8)	(59)

DIGITAL BROS GROUP
Consolidated Cash Flow Statement at March 31st, 2021

	<i>Euro Thousand</i>	March 31st, 2021	March 31st, 2020
A. Opening net cash/debt		8,527	4,767
B. Cash flows from operating activities			
Profit (loss) for the period		20,269	6,381
<i>Depreciation, amortisation and non-monetary costs:</i>			
Provisions and impairment adjustments		(753)	1,189
Amortisation of intangible assets		18,779	7,993
Depreciation of property, plant and equipment		1,338	1,412
Net change in deferred tax assets		1,463	57
Net change in employee benefit provisions		100	73
Net change in other non-current liabilities		3,827	332
SUBTOTAL B.		45,023	17,437
C. Change in net working capital			
Inventories		1,064	(514)
Trade receivables		4,908	4,125
Current tax assets		404	597
Other current assets		13,002	(5,112)
Trade payables		1,709	12,223
Current tax liabilities		4,088	4,194
Current provisions		(0)	(856)
Other current liabilities		(433)	5,764
Other non-current liabilities		4,737	(444)
Non-current receivables and other assets		2,440	3,620
SUBTOTAL C.		31,919	23,597
D. Cash flows from investing activities			
Net payments for intangible assets		(45,296)	(20,949)
Net payments for property, plant and equipment		(1,017)	(6,945)
Net payments for non-current financial assets		(8,318)	(2,786)
SUBTOTAL D.		(54,631)	(30,680)
E. Cash flows from financing activities			
Capital increases		0	0
Changes in financial liabilities		(6,092)	8,968
Changes in financial assets		(1,700)	(14,958)
SUBTOTAL E.		(7,792)	(5,990)
F. Changes in consolidated equity			
Dividends distributed		(2,139)	0
Changes in treasury shares held		0	0
Increases (decreases) in other equity components		0	0
SUBTOTAL F.		(2,139)	0
G. Cash flow for the period (B+C+D+E+F)		12,380	4,364
H. Closing net cash/debt (A+G)		20,907	9,131

DIGITAL BROS GROUP
Consolidated statement of changes in equity at March 31st, 2021

	Share capital (A)	Share premium reserve	Legal reserve	IAS transition reserve	Translation reserve	Other reserves	Total reserve s (B)	Treas ury shares (C)	Retained earnings (Accumul ated losses)	Profit (Loss) for the year	Total retaine d earnin g s (D)	Equity of parent company sharehold ers (A+B+C+ D)	Equity of non- controlling interests	Total equity
<i>Euro thousand</i>														
Total on July 1st, 2019	5,704	18,486	1,141	1,367	(1,350)	1,579	21,223	0	38,811	(1,513)	37,298	64,225	0	64,225
Allocation of profit for the year							0		(1,513)	1,513	0	0	0	0
Other changes					(20)	248	228			20	20	248	664	912
Comprehensive income (loss)					301	(881)	(580)			6,389	6,389	5,809	(8)	5,801
Total on March 31st, 2020	5,704	18,486	1,141	1,367	(1,069)	946	20,871	0	37,298	6,409	43,707	70,282	656	70,938
Total on July 1st, 2020	5,704	18,486	1,141	1,367	(1,416)	1,382	20,960	0	37,298	14,990	52,288	78,952	979	79,931
Allocation of profit for the year							0		14,990	(14,990)	0	0	0	0
Dividend distribution									(2,139)		(2,139)	(2,139)		(2,139)
Other changes						246	246		7		7	253		253
Comprehensive income (loss)					46	3,528	3,574			20,336	20,336	23,910	(67)	23,843
Total on March 31st, 2021	5,704	18,486	1,141	1,367	(1,370)	5,156	24,780	0	50,156	20,336	70,492	100,976	912	101,888

DIGITAL BROS GROUP
Consolidated Income Statement per Operating Segment at March 31st, 2021

	<i>Euro Thousand</i>	Free-to-Play	Premium	Italian Distribution	Other Activities	Holding	Total
1	Gross revenue	8,455	102,842	3,724	406	0	115,427
2	Revenue adjustments	0	(1,253)	(222)	0	0	(1,475)
3	Net revenue	8,455	101,589	3,502	406	0	113,952
4	Purchase of products for resale	(0)	(2,526)	(1,926)	0	0	(4,452)
5	Purchase of services for resale	(1,220)	(6,804)	0	(3)	0	(8,027)
6	Royalties	(161)	(31,572)	0	(3)	0	(31,736)
7	Changes in inventories of finished products	0	(298)	(766)	0	0	(1,064)
8	Total cost of sales	(1,381)	(41,200)	(2,692)	(6)	0	(45,279)
9	Gross profit (3+8)	7,074	60,389	810	400	0	68,673
10	Other income	1,572	1,720	0	0	34	3,326
11	Cost of services	(307)	(5,107)	(540)	(115)	(1,362)	(7,431)
12	Rent and leasing	(31)	(72)	(48)	(2)	(68)	(221)
13	Payroll costs	(3,739)	(9,349)	(910)	(242)	(3,322)	(17,562)
14	Other operating costs	(92)	(238)	(125)	(34)	(432)	(921)
15	Total operating costs	(4,169)	(14,766)	(1,623)	(393)	(5,184)	(26,135)
16	Gross operating margin (EBITDA) (9+10+15)	4,477	47,343	(813)	7	(5,150)	45,864
17	Depreciation and amortisation	(511)	(18,787)	(119)	(62)	(638)	(20,117)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	(711)	0	0	(63)	(774)
20	Impairment reversal	0	0	0	0	0	0
21	Total depreciation, amortization and impairment	(511)	(19,498)	(119)	(62)	(701)	(20,891)
22	Operating margin (EBIT) (16+21)	3,966	27,845	(932)	(55)	(5,851)	24,973

DIGITAL BROS GROUP
Consolidated Income Statement for the third quarter

	<i>Euro Thousand</i>	Q3 2020/2019		Q3 2019/2020		Change	
1	Gross revenue	33,046	100.1%	31,293	102.1%	1,753	5.6%
2	Revenue adjustments	(38)	-0.1%	(637)	-2.1%	599	-94.0%
3	Net revenue	33,008	100.0%	30,656	100.0%	2,352	7.7%
4	Purchase of products for resale	(1,402)	-4.2%	(1,323)	-4.3%	(79)	6.0%
5	Purchase of services for resale	(2,406)	-7.3%	(2,375)	-7.7%	(31)	1.3%
6	Royalties	(10,368)	-31.4%	(8,188)	-26.7%	(2,180)	26.6%
7	Changes in inventories of finished products	(549)	-1.7%	(878)	-2.9%	329	-37.4%
8	Total cost of sales	(14,725)	-44.6%	(12,764)	-41.6%	(1,961)	15.4%
9	Gross profit (3+8)	18,283	55.4%	17,892	58.4%	391	2.2%
10	Other income	1,032	3.1%	989	3.2%	43	4.4%
11	Costs for services	(2,055)	-6.2%	(2,781)	-9.1%	726	-26.1%
12	Rent and Leasing	(88)	-0.3%	(42)	-0.1%	(46)	n.m.
13	Payroll costs	(6,602)	-20.0%	(5,345)	-17.4%	(1,257)	23.5%
14	Other operating costs	(311)	-0.9%	(301)	-1.0%	(10)	3.0%
15	Total operating costs	(9,056)	-27.4%	(8,469)	-27.6%	(587)	6.9%
16	Gross operating margin (EBITDA) (9+10+15)	10,259	31.1%	10,412	34.0%	(153)	-1.5%
17	Depreciation and amortisation	(4,717)	-14.3%	(4,266)	-13.9%	(451)	10.6%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(485)	-1.5%	(20)	-0.1%	(465)	n.m.
20	Impairment reversal	0	0.0%	32	0.1%	(32)	n.m.
21	Total depreciation, amortization and impairment	(5,202)	-15.8%	(4,254)	-13.9%	(948)	22.3%
22	Operating margin (EBIT) (16+21)	5,057	15.3%	6,158	20.1%	(1,101)	-17.9%
23	Interest and finance income	1,687	5.1%	981	3.2%	706	71.9%
24	Interest expense and finance costs	(595)	-1.8%	(856)	-2.8%	261	-30.4%
25	Net interest income/(expense)	1,092	3.3%	125	0.4%	967	n.m.
26	Profit/ (loss) before tax (22+25)	6,149	18.6%	6,283	20.5%	(134)	-2.1%
27	Current tax	(2,108)	-6.4%	(2,028)	-6.6%	(80)	3.9%
28	Deferred tax	378	1.1%	188	0.6%	190	n.m.
29	Total taxes	(1,730)	-5.2%	(1,840)	-6.0%	110	-6.0%
30	Net profit/loss	4,419	13.4%	4,443	14.5%	(24)	-0.5%
	attributable to the shareholders of the Group	4,430	13.4%	4,451	14.5%	(21)	-0.5%
	attributable to minority shareholders	(11)	0.0%	(8)	0.0%	(3)	35.0%
	Earnings per share						
33	Total basic earnings per share (in Euro)	0.31		0.31		(0,00)	0.0%
34	Diluted earnings per share (in Euro)	0.31		0.31		(0,00)	0.0%