

# Digital Bros

  
 digital entertainment

## PRESS RELEASE

*Digital Bros Group's Board of Directors approves the  
 Draft Financial Statements for the year ending June 30<sup>th</sup>, 2021*

### FY2020-2021 FULL YEAR RESULTS:

- **REVENUES AT €150.7 MILLION (+ 8.4%)**
  - **96% OF REVENUES REALIZED ON INTERNATIONAL MARKETS**
  - **88% OF REVENUES REALIZED ON DIGITAL MARKETPLACES**
  - **EBIT AT €30.6 MILLION (+52.3%), 20.5% OF NET REVENUES**
  - **NET PROFIT OF € 32 MILLION**
  - **POSITIVE NET FINANCIAL POSITION OF € 38.2 MILLION**
  - **DIVIDEND PROPOSAL OF €0.18 PER SHARE**
- ✓ **Consolidated gross revenues of €150.7 million compared to €139 million at June 30<sup>th</sup>, 2020 (+8.4% YoY)**
  - ✓ **EBITDA of €57.8 million compared to €34.7 million at June 30<sup>th</sup>, 2020, 38.7% of consolidated net revenues**
  - ✓ **EBIT of €30.6 million compared to €20.1 million at June 30<sup>th</sup>, 2020 (+52.3% YoY), 20.5% of consolidated net revenues**
  - ✓ **Profit before tax of €34.8 million compared to €20.7 million on June 30<sup>th</sup>, 2020**
  - ✓ **Net profit increased to €32 million, more than doubled compared to €15 million on June 30<sup>th</sup>, 2020**
  - ✓ **Positive net financial position of €38.2 million (€43 million excluding the IFRS 16 effect), increased by €35.6 million compared to the end of the previous period**
  - ✓ **Dividend per share proposed of €0.18**
  - ✓ **The Group expects revenues and operating margins in line with the current fiscal year**

| RESULTS FOR THE 2020-2021 FISCAL YEAR (AT 30.06.2021) |                 |                 |               |                 |
|---|-----------------|-----------------|---------------|-----------------|
| <i>Euro thousand</i>                                  | <b>30.06.21</b> | <b>30.06.20</b> | <b>Change</b> | <b>Change %</b> |
| <b>Gross revenues</b>                                 | 150,703         | 139,033         | 11,670        | 8.4%            |
| <b>Gross operating margin (EBITDA)</b>                | 57,796          | 34,678          | 23,119        | 66.7%           |
| <b>Operating margin (EBIT)</b>                        | 30,549          | 20,055          | 10,494        | 52.3%           |
| <b>Profit/(loss) before tax</b>                       | 34,814          | 20,683          | 14,131        | 68.3%           |
| <b>Net profit/(loss)</b>                              | 31,936          | 14,949          | 16,987        | n.m.            |

Milan, September 27<sup>th</sup>, 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 Draft Financial Statements for the 2020/2021 fiscal year** (July 1<sup>st</sup>, 2020 – June 30<sup>th</sup>, 2021).

Digital Bros Group's key consolidated results for the 2020-2021 fiscal year, together with prior year comparatives, are as follows:

- **Consolidated gross revenues** of €150.7 million, increased compared to €139 million on June 30<sup>th</sup>, 2020 (+8.4% YoY);
- **EBITDA** of €57.8 million (38.7% of consolidated net revenues), significantly increased compared to €34.7 million on June 30<sup>th</sup>, 2020 (+66.7% YoY);

- **EBIT** of €30.6 million (20.5% of consolidated net revenues), significantly increased compared to €20.1 million on June 30<sup>th</sup>, 2020;
- **Profit before tax** of €34.8 million, significantly increased compared to €20.7 million on June 30<sup>th</sup>, 2020;
- **Net profit** increased to €21.9 million, more than doubled compared to €14.9 million on June 30<sup>th</sup>, 2020.

## RESULTS BY OPERATING SEGMENT

Consolidated gross revenues amounted to €150.70 million, increased compared to the €139.03 million recorded in the previous year (+8.4%). Net revenues growth was +12% due to the increased portion of digital sales that do not require revenues adjustments. Digital revenues in the period represented 88% of the total consolidated revenues in respect of the 63% in the previous year.

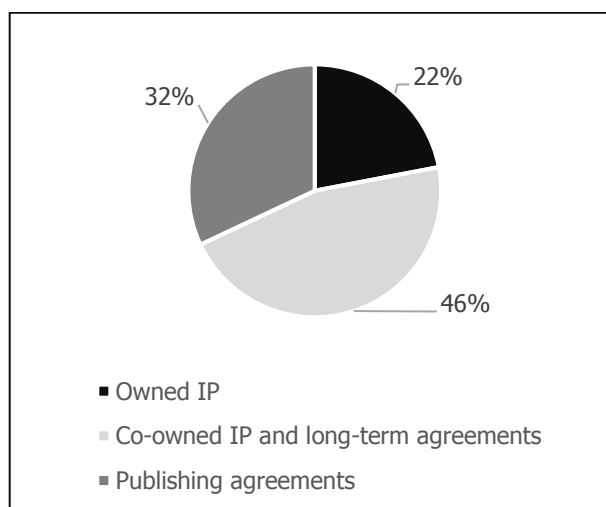
International markets revenues were 96% of the total consolidated revenues in the period.

A breakdown by operating segment at June 30<sup>th</sup>, 2021 compared to prior fiscal year is provided below:

| Euro thousand               | Gross revenues |                |               |             | Net revenues   |                |               |              |
|-----------------------------|----------------|----------------|---------------|-------------|----------------|----------------|---------------|--------------|
|                             | 2021           | 2020           | Change        |             | 2021           | 2020           | Change        |              |
| Premium Games               | 134,648        | 122,287        | 12,361        | 10.1%       | 133,406        | 116,521        | 16,885        | 14.5%        |
| Free to Play                | 10,679         | 7,476          | 3,203         | 42.8%       | 10,679         | 7,476          | 3,203         | 42.9%        |
| Italian Distribution        | 4,774          | 8,653          | (3,879)       | -44.8%      | 4,493          | 8,609          | (4,117)       | -47.8%       |
| Other Projects              | 602            | 617            | (15)          | -2.5%       | 602            | 617            | (15)          | -2.5%        |
| <b>Total gross revenues</b> | <b>150,703</b> | <b>139,033</b> | <b>11,670</b> | <b>8.4%</b> | <b>149,180</b> | <b>133,223</b> | <b>15,957</b> | <b>12.0%</b> |

The **Premium Games** operating segment gross revenues represented 89% of the total consolidated gross revenues, increasing by 10.1%, as a result of the sales of Death Stranding, the Steam and next-gen versions of Control, Ghostrunner and 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 June 30<sup>th</sup>, 2021 is provided below:



Video games developed by the internal studios and intellectual properties owned by the Group accounted for 22% of consolidated revenues in the period. 46% of revenues came from the sale of co-owned and long-term agreements (more than ten years) split in five intellectual properties. Revenues from other products, shown above as Publishing agreements, accounted for 32% of consolidated revenues.

The **Free to Play** operating segment revenues showed a 42.8% increase, from €7.48 million to €10.68 million. Gems of War, a 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 segment revenues decreased by 44.8% (from €8.65 million down to €4.77 million) in sync with the continuing decline of the retail distribution and accelerated by the effects of the COVID-19 pandemic.

Digital Bros Group's revenues and earnings by operating segments for the 2020-2021 fiscal year are as follows:

| <b>Euro thousand</b> | <b>Premium Games</b> | <b>Free to Play</b> | <b>Italian Distribution</b> | <b>Other Projects</b> | <b>Holding</b> | <b>Total</b> |
|----------------------|----------------------|---------------------|-----------------------------|-----------------------|----------------|--------------|
| Gross revenues       | 134,648              | 10,679              | 4,774                       | 602                   | 0              | 150,703      |
| EBITDA               | 59,949               | 5,723               | (994)                       | 25                    | (6,907)        | 57,796       |
| EBIT                 | 34,813               | 4,766               | (1,154)                     | (48)                  | (7,828)        | 30,549       |

Gross operating margin / **EBITDA** for the period amounted to €57.80 million, corresponding to 38.7% of the consolidated net revenues, considerably growing by €23.12 million from the €34.68 million realized in the previous year.

The significant growth of the digital revenues portion in respect of the total sales **pushed the EBIT to €30.55 million compared to €20.06 million** as at June 30<sup>th</sup>, 2020 (+52.3%). Digital sales show better profitability margins due to the shorter value chain, less operational complexity and better payment conditions by customers. **EBIT stood at 20.5% of the consolidated gross revenues for the period**, up from the 15.5% realized in the previous year.

**Amortization** and **depreciation** increased by €11.35 million compared to June 30<sup>th</sup>, 2020 due to higher costs associated with the amortization of an incremental number of intellectual properties published and owned by the Group.

**Operating costs** amounted to €35.72 million (in line with the previous year), due to lower advertising expenditure, and offset by higher payroll costs.

**Net financial income** was positive for €4.27 million, against the negative €0.63 million achieved in the previous year.

The **profit before tax** amounted to €34.81 million, an increase of €14.13 million compared to profit before tax of €20.68 million as at June 30<sup>th</sup>, 2020.

**Net profit** for the period amounted to €31.94 million compared to €14.95 million as at June 30<sup>th</sup>, 2020.

**Net profit attributable to the shareholders of the Group** was €32 million.

**Basic profit per share** and **diluted profit per share** were €2.25 and €2.21 respectively compared to the profit per share of €1.05 and €1.03 at June 30<sup>th</sup>, 2020.

## **NET FINANCIAL POSITION**

The Net Financial Position amounted to €38.3 million, increasing by €35.7 million compared to €2.6 million as at June 30<sup>th</sup>, 2020. **Net of the IFRS 16 effect, the Net Financial Position amounted to positive €43 million** compared to positive €7.9 million as at June 30<sup>th</sup>, 2020.

## **NET EQUITY**

The Group's net equity **was above €110 million** at June 30<sup>th</sup>, 2021.

## **PARENT COMPANY DIGITAL BROS S.P.A.**

On June 30<sup>th</sup>, 2021, the parent company Digital Bros S.p.A. realized **gross revenues** of €9.6 million, down by 31.1% compared to €13.9 million realized in the previous fiscal year. **Net profit** amounted to €8.4 million compared to the net loss of €273 thousand on June 30<sup>th</sup>, 2020.

The parent company Digital Bros S.p.A. expects to realize a significant net profit in the next fiscal year.

## **TREASURY SHARES**

Pursuant to Art. 2428 paragraph 2.3 of the Italian Civil Code, it is hereby disclosed that at June 30<sup>th</sup>, 2021 Digital Bros S.p.A. did not hold any treasury shares, as no transactions have been performed in the period.

## **DIVIDEND PAYMENT PROPOSAL**

The Board of Directors proposes to the General Shareholders' Meeting to distribute a dividend of €0.18 per share, corresponding to a total consideration of €2,567 thousand. Upon resolution of the shareholders' meeting, the dividend will have a payment date on December 8<sup>th</sup>, 2021, with the exclusion of treasury shares in the portfolio, by clipping coupon no. 11 on December 06<sup>th</sup>, 2021, in accordance with the Borsa Italiana calendar, and record date on December 07<sup>th</sup>, 2021. The Board of Directors proposes

to bring to profit the difference of €5,866 thousand.

## **CALL OF THE ANNUAL GENERAL MEETING**

The Board of Directors resolved to call the Annual Shareholders' Meeting on October 27<sup>th</sup>, 2021, at 9.00 a.m. (one and only call).

The Shareholders' meeting is called to approve the financial statements for the fiscal year 2020-2021, the Directors' Report, the Statutory Auditors Report, the Auditors' Report, the Remuneration and Fees paid Report pursuant art. 123 of the Legislative Decree no. 58/98 and art. 84-quater of the Issuers' Regulation, the proposal for the appointment of the new external auditor for the 2022-2030 (nine fiscal years period) as formulated by the CCIRC (Board of Statutory Auditors) and the authorization to purchase and dispose of treasury shares.

The documentation for the shareholders will be made available to the public within the terms provided by the current laws.

## **SIGNIFICANT EVENTS DURING THE PERIOD**

The most significant events during the period were as follows:

- On October 28<sup>th</sup>, 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 30<sup>th</sup>, 2023);
- On January 7<sup>th</sup>, 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 11<sup>th</sup>, 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 30<sup>th</sup>, 2023 and the Group expects to lifetime revenues in excess of € 30 million;
- on June 15<sup>th</sup>, 2021 Digital Bros Group Shareholders Meeting approved the Remuneration policy pursuant to art. 123-ter, co 3-bis of the TUF and the adoption of the 2021-2027 Medium-Long Term Monetary Incentives Plan based on non-financial instruments, in favor of the executive directors and the top management of Digital Bros Group. The plan shall be valid from FY2021 to FY2027;
- On June 29<sup>th</sup>, 2021 the Group announced the contract between the subsidiary 505 Games S.p.A. and the Finnish Remedy Entertainment Plc for the co-publishing and development of a new videogame that will be available on PC, PlayStation 5 and Xbox Series X|S. Codenamed "Condor" the new videogame is a multiplayer cooperative experience built on Remedy's proprietary Northlight® technology. Condor is a spin-off of the critically acclaimed and award-winning Control. Condor's initial development investment amounts to Euro 25 million and, as for the current agreement in place for Control, Condor's development costs, marketing expenses and future revenues will be equally split between Digital Bros Group and Remedy Entertainment. Alongside Condor, Digital Bros and Remedy Entertainment have planned to further expand the Control-franchise with another, bigger-budget Control-game, to be agreed in more details in the future.

## **SUBSEQUENT EVENTS**

There were no significant subsequent events.

## **OUTLOOK**

The significant investment plan implemented by the Group in the last few fiscal years will continue in the next few years: the Group has over €76 million outstanding investments on 22 intellectual properties already confirmed, on the top of these the incremental investments in internal productions as a result of the acquisition of the Australian developer Infinity Plus Two and the establishment of the development studios Chrysalide Jeux et Divertissement (Canada) and Supernova Games Studios (Italy).

In FY2022 the Group expects to achieve the revenues levels realized this year even if most of the investments will hit the market starting FY2023 onwards. Last year new video games were mostly launched in the first six months, compared to the current

fiscal when the two most important Premium Games products' releases, as well as the worldwide launch of the Free to Play video games Puzzle Quest 3 and Portal Knights, are expected in the second half of the year.

Operating margins are expected to keep the outstanding results achieved last fiscal year and in line with the revenues trend. As at June 30<sup>th</sup>, 2021, the EBIT amounted to 20.5% of net revenues.

As a result of the significant investments expected in the period, the net financial position, which was positive for over €38 million at the end of the year, is expected to decrease during the first three quarters. It is expected to increase in the last quarter following the launch of the two most anticipated Premium Games products.

#### **ART. 154-BIS OF THE CONSOLIDATED FINANCE ACT**

*As required by paragraph 2, Art. 154-bis of the Consolidated Finance Act, 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](http://www.digitalbros.com) and [www.1info.it](http://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, Czech Republic, China, Japan, Australia and Canada with approximately 325 employees.

For further information:

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## FINANCIAL STATEMENTS

### DIGITAL BROS GROUP

#### Consolidated statement of financial position at June 30<sup>th</sup>, 2021

|    | Euro Thousand                                       | June 30 <sup>th</sup> , 2021 | June 30 <sup>th</sup> , 2020 | Change          |              |
|----|---|------------------------------|------------------------------|-----------------|--------------|
|    |   |                              |                              |                 |              |
|    | <b>Non-current assets</b>                           |                              |                              |                 |              |
| 1  | Property, plant and equipment                       | 8,198                        | 8,837                        | (639)           | -7.2%        |
| 2  | Investment property                                 | 0                            | 0                            | 0               | 0.0%         |
| 3  | Intangible assets                                   | 66,776                       | 33,248                       | 33,528          | n.m.         |
| 4  | Equity investments                                  | 11,190                       | 5,488                        | 5,702           | n.m.         |
| 5  | Non-current receivables and other assets            | 5,089                        | 6,744                        | (1,655)         | -24.5%       |
| 6  | Deferred tax assets                                 | 11,644                       | 3,482                        | 8,162           | n.m.         |
| 7  | Non-current financial activities                    | 18,840                       | 17,251                       | 1,589           | 9.2%         |
|    | <b>Total non-current assets</b>                     | <b>121,737</b>               | <b>75,050</b>                | <b>46,687</b>   | <b>62.2%</b> |
|    |   |                              |                              |                 |              |
|    | <b>Current assets</b>                               |                              |                              |                 |              |
| 8  | Inventories   | 5,708                        | 7,989                        | (2,281)         | -28.6%       |
| 9  | Trade receivables                                   | 18,283                       | 28,168                       | (9,885)         | -35.1%       |
| 10 | Tax credit  | 1,500                        | 3,100                        | (1,600)         | -51.6%       |
| 11 | Other current assets                                | 19,279                       | 32,816                       | (13,537)        | -41.3%       |
| 12 | Cash and cash equivalent                            | 35,509                       | 8,527                        | 26,982          | n.m.         |
| 13 | Other financial assets                              | 0                            | 0                            | 0               | 0.0%         |
|    | <b>Total current assets</b>                         | <b>80,279</b>                | <b>80,600</b>                | <b>(321)</b>    | <b>-0.4%</b> |
|    |   |                              |                              |                 |              |
|    | <b>TOTAL ASSETS</b>                                 | <b>202,016</b>               | <b>155,650</b>               | <b>46,366</b>   | <b>29.8%</b> |
|    |   |                              |                              |                 |              |
|    | <b>Capital and reserves</b>                         |                              |                              |                 |              |
| 14 | Share capital                                       | (5,704)                      | (5,704)                      | 0               | 0.0%         |
| 15 | Reserves  | (23,016)                     | (20,960)                     | (2,056)         | 9.8%         |
| 16 | Treasury shares                                     | 0                            | 0                            | 0               | 0.0%         |
| 17 | Retained earnings (accumulated losses)              | (82,181)                     | (52,288)                     | (29,894)        | 57.2%        |
|    | <b>Equity attributable to Parent Company</b>        | <b>(110,901)</b>             | <b>(78,952)</b>              | <b>(31,949)</b> | <b>40.5%</b> |
|    | <b>Equity attributable to minority shareholders</b> | <b>(890)</b>                 | <b>(979)</b>                 | <b>89</b>       | <b>-9.1%</b> |
|    | <b>Total equity</b>                                 | <b>(111,791)</b>             | <b>(79,931)</b>              | <b>(31,860)</b> | <b>39.9%</b> |
|    |   |                              |                              |                 |              |
|    | <b>Non-current liabilities</b>                      |                              |                              |                 |              |
| 18 | Employee benefits                                   | (719)                        | (659)                        | (60)            | 9.1%         |
| 19 | Non-current provisions                              | (81)                         | (81)                         | 0               | 0.0%         |
| 20 | Other non-current payables and liabilities          | (5,415)                      | (469)                        | (4,946)         | n.m.         |
| 21 | Non-current financial liabilities                   | (11,694)                     | (6,369)                      | (5,325)         | 83.6%        |
|    | <b>Total non-current liabilities</b>                | <b>(17,909)</b>              | <b>(7,578)</b>               | <b>(10,331)</b> | <b>n.m.</b>  |
|    |   |                              |                              |                 |              |
|    | <b>Current liabilities</b>                          |                              |                              |                 |              |
| 22 | Trade payables                                      | (47,193)                     | (41,140)                     | (6,053)         | 14.7%        |
| 23 | Taxes payable                                       | (10,782)                     | (5,473)                      | (5,309)         | 97.0%        |
| 24 | Current provisions                                  | 0                            | 0                            | 0               | 0.0%         |
| 25 | Other current liabilities                           | (9,932)                      | (4,721)                      | (5,211)         | n.m.         |
| 26 | Current financial liabilities                       | (4,409)                      | (16,807)                     | 12,398          | -73.8%       |
|    | <b>Total net working capital</b>                    | <b>(72,316)</b>              | <b>(68,141)</b>              | <b>(4,175)</b>  | <b>6.1%</b>  |
|    | <b>TOTAL LIABILITIES</b>                            | <b>(90,225)</b>              | <b>(75,719)</b>              | <b>(14,506)</b> | <b>19.2%</b> |
|    |   |                              |                              |                 |              |
|    | <b>TOTAL NET EQUITY AND LIABILITIES</b>             | <b>(202,016)</b>             | <b>(155,650)</b>             | <b>(46,366)</b> | <b>29.8%</b> |

**DIGITAL BROS GROUP**
**Consolidated Income Statement at June 30<sup>th</sup>, 2021**

|           | Euro thousand  | June 30 <sup>th</sup> , 2021 |               | June 30 <sup>th</sup> , 2020 |               | Change          |               |
|-----------|--|------------------------------|---------------|------------------------------|---------------|-----------------|---------------|
|           |  |                              |               |                              |               |                 |               |
| 1         | Gross revenue  | 150,703                      | 101.0%        | 139,033                      | 104.4%        | 11,670          | 8.4%          |
| 2         | Revenue adjustments  | (1,523)                      | -1.0%         | (5,810)                      | -4.4%         | 4,287           | -73.8%        |
| <b>3</b>  | <b>Net revenue</b>   | <b>149,180</b>               | <b>100.0%</b> | <b>133,223</b>               | <b>100.0%</b> | <b>15,957</b>   | <b>12.0%</b>  |
|           |  |                              |               |                              |               |                 |               |
| 4         | Purchase of products for resale                            | (5,598)                      | -3.8%         | (16,743)                     | -12.6%        | 11,145          | -66.6%        |
| 5         | Purchase of services for resale                            | (10,528)                     | -7.1%         | (8,857)                      | -6.6%         | (1,671)         | 18.9%         |
| 6         | Royalties  | (41,322)                     | -27.7%        | (34,600)                     | -26.0%        | (6,722)         | 19.4%         |
| 7         | Changes in inventories of finished products                | (2,281)                      | -1.5%         | (5,920)                      | -4.4%         | 3,639           | -61.5%        |
| <b>8</b>  | <b>Total cost of sales</b>                                 | <b>(59,729)</b>              | <b>-40.0%</b> | <b>(66,120)</b>              | <b>-49.6%</b> | <b>6,391</b>    | <b>-9.7%</b>  |
|           |  |                              |               |                              |               |                 |               |
| <b>9</b>  | <b>Gross profit (3+8)</b>                                  | <b>89,451</b>                | <b>60.0%</b>  | <b>67,103</b>                | <b>50.4%</b>  | <b>22,348</b>   | <b>33.3%</b>  |
|           |  |                              |               |                              |               |                 |               |
| 10        | Other income   | 4,060                        | 2.7%          | 3,458                        | 2.6%          | 602             | 17.4%         |
|           |  |                              |               |                              |               |                 |               |
| 11        | Costs for services   | (9,617)                      | -6.4%         | (13,559)                     | -10.2%        | 3,941           | -29.1%        |
| 12        | Rent and Leasing   | (311)                        | -0.2%         | (247)                        | -0.2%         | (64)            | 26.0%         |
| 13        | Payroll costs  | (24,617)                     | -16.5%        | (20,908)                     | -15.7%        | (3,709)         | 17.7%         |
| 14        | Other operating costs                                      | (1,170)                      | -0.8%         | (1,169)                      | -0.9%         | (1)             | 0.1%          |
| <b>15</b> | <b>Total operating costs</b>                               | <b>(35,715)</b>              | <b>-23.9%</b> | <b>(35,883)</b>              | <b>-26.9%</b> | <b>168</b>      | <b>-0.5%</b>  |
|           |  |                              |               |                              |               |                 |               |
| <b>16</b> | <b>Gross operating margin (EBITDA)<br/>(9+10+15)</b>       | <b>57,796</b>                | <b>38.7%</b>  | <b>34,678</b>                | <b>26.0%</b>  | <b>23,119</b>   | <b>66.7%</b>  |
|           |  |                              |               |                              |               |                 |               |
| 17        | Depreciation and amortisation                              | (24,600)                     | -16.5%        | (13,266)                     | -10.0%        | (11,334)        | 85.4%         |
| 18        | Provisions   | 0                            | 0.0%          | 0                            | 0.0%          | 0               | 0.0%          |
| 19        | Asset impairment charge                                    | (2,647)                      | -1.8%         | (2,206)                      | -1.7%         | (441)           | 20.0%         |
| 20        | Impairment reversal  | 0                            | 0.0%          | 849                          | 0.6%          | (849)           | n.m.          |
| <b>21</b> | <b>Total depreciation, amortization and<br/>impairment</b> | <b>(27,247)</b>              | <b>-18.3%</b> | <b>(14,623)</b>              | <b>-11.0%</b> | <b>(12,624)</b> | <b>86.3%</b>  |
|           |  |                              |               |                              |               |                 |               |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                     | <b>30,549</b>                | <b>20.5%</b>  | <b>20,055</b>                | <b>15.1%</b>  | <b>10,494</b>   | <b>52.3%</b>  |
|           |  |                              |               |                              |               |                 |               |
| 23        | Interest and finance income                                | 7,666                        | 5.1%          | 4,037                        | 3.0%          | 3,629           | 89.9%         |
| 24        | Interest expense and finance costs                         | (3,401)                      | -2.3%         | (3,409)                      | -2.6%         | 8               | -0.2%         |
| <b>25</b> | <b>Net interest income/(expense)</b>                       | <b>4,265</b>                 | <b>2.9%</b>   | <b>628</b>                   | <b>0.5%</b>   | <b>3,637</b>    | <b>n.m.</b>   |
|           |  |                              |               |                              |               |                 |               |
| <b>26</b> | <b>Profit/ (loss) before tax (22+25)</b>                   | <b>34,814</b>                | <b>23.3%</b>  | <b>20,683</b>                | <b>15.5%</b>  | <b>14,131</b>   | <b>68.3%</b>  |
|           |  |                              |               |                              |               |                 |               |
| 27        | Current tax  | (11,910)                     | -8.0%         | (6,363)                      | -4.8%         | (5,547)         | 87.2%         |
| 28        | Deferred tax   | 9,032                        | 6.1%          | 629                          | 0.5%          | 8,403           | n.m.          |
| <b>29</b> | <b>Total taxes</b>   | <b>(2,878)</b>               | <b>-1.9%</b>  | <b>(5,734)</b>               | <b>-4.3%</b>  | <b>2,856</b>    | <b>-49.8%</b> |
|           |  |                              |               |                              |               |                 |               |
| <b>30</b> | <b>Net profit/loss</b>                                     | <b>31,936</b>                | <b>21.4%</b>  | <b>14,949</b>                | <b>11.2%</b>  | <b>16,987</b>   | <b>n.m.</b>   |
|           | <b>attributable to the shareholders of the Group</b>       | <b>32,025</b>                | <b>21.5%</b>  | <b>14,970</b>                | <b>11.2%</b>  | <b>17,055</b>   | <b>n.m.</b>   |
|           | <b>attributable to minority shareholders</b>               | <b>(89)</b>                  | <b>-0.1%</b>  | <b>(21)</b>                  | <b>0.0%</b>   | <b>(68)</b>     | <b>n.m.</b>   |
|           |  |                              |               |                              |               |                 |               |
|           | <b>Earnings per share</b>                                  |                              |               |                              |               |                 |               |
| <b>33</b> | <b>Total basic earnings per share (in Euro)</b>            | <b>2.25</b>                  |               | <b>1.05</b>                  |               | <b>1.20</b>     | <b>n.m.</b>   |
| <b>34</b> | <b>Diluted earnings per share (in Euro)</b>                | <b>2.21</b>                  |               | <b>1.03</b>                  |               | <b>1.18</b>     | <b>n.m.</b>   |

**DIGITAL BROS GROUP****Consolidated statement of comprehensive income at June 30<sup>th</sup>, 2021**

| <b>Euro thousand</b>   | <b>June 30<sup>th</sup>, 2021</b> | <b>June 30<sup>th</sup>, 2020</b> | <b>Change</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| <b>Profit (Loss) for the period (A)</b>  | <b>31,936</b>                     | <b>14,949</b>                     | <b>16,987</b> |
| <b>Items that will not be subsequently recycled through profit or loss (B)</b>           | <b>0</b>                          | <b>0</b>                          | <b>0</b>      |
| Actuarial gain (loss)  | 1                                 | 11                                | (10)          |
| Income tax relating to actuarial gain (loss)   | 0                                 | (2)                               | 2             |
| Exchange differences on translation of foreign operations                                | 77                                | (46)                              | 123           |
| Income tax relating to exchange differences on translation of foreign operations         | 0                                 | 0                                 | 0             |
| Fair value measurement of shares designated as "available for sale"                      | 2,170                             | (706)                             | 2,876         |
| Tax effect regarding fair value measurement of shares designated as "available for sale" | (521)                             | 169                               | (690)         |
| <b>Items that will subsequently be recycled through profit or loss (C)</b>               | <b>1,727</b>                      | <b>(574)</b>                      | <b>2,301</b>  |
| <b>Total other comprehensive income D= (B)+(C)</b>                                       | <b>1,727</b>                      | <b>(574)</b>                      | <b>2,301</b>  |
| <b>Total comprehensive income (loss) (A)+(D)</b>   | <b>33,663</b>                     | <b>14,375</b>                     | <b>19,288</b> |
| Attributable to:   |                                   |                                   |               |
| <b>Shareholders of the Group</b>   | <b>33,752</b>                     | <b>14,396</b>                     | <b>19,355</b> |
| <b>Minority shareholders</b>   | <b>(89)</b>                       | <b>(21)</b>                       | <b>(68)</b>   |



**DIGITAL BROS GROUP**
**Consolidated Cash Flow Statement at June 30<sup>th</sup>, 2021**

|   | <i>Euro thousand</i> | <b>June 30<sup>th</sup>, 2021</b> | <b>June 30<sup>th</sup>, 2020</b> |
|---|----------------------|-----------------------------------|-----------------------------------|
| <b>A. Opening net cash/debt</b>                           |                      | <b>8,527</b>                      | <b>4,767</b>                      |
| <b>B. Cash flows from operating activities</b>            |                      |                                   |                                   |
| Profit (loss) for the period                              |                      | 31,936                            | 14,949                            |
| <i>Depreciation, amortisation and non-monetary costs:</i> |                      |                                   |                                   |
| Provisions and impairment adjustments                     |                      | (2,600)                           | 2,206                             |
| Amortisation of intangible assets                         |                      | 22,829                            | 11,400                            |
| Depreciation of property, plant and equipment             |                      | 1,771                             | 1,866                             |
| Net change in deferred tax assets                         |                      | (8,162)                           | (737)                             |
| Net change in employee benefit provisions                 |                      | 60                                | 86                                |
| Net change in other non-current liabilities               |                      | 2,063                             | 757                               |
| <b>SUBTOTAL B.</b>  |                      | <b>47,897</b>                     | <b>30,527</b>                     |
| <b>C. Change in net working capital</b>                   |                      |                                   |                                   |
| Inventories   |                      | 2,281                             | 5,920                             |
| Trade receivables   |                      | 9,867                             | (588)                             |
| Current tax assets  |                      | 1,600                             | 2,976                             |
| Other current assets                                      |                      | 14,301                            | (4,768)                           |
| Trade payables  |                      | 6,053                             | 16,509                            |
| Current tax liabilities                                   |                      | 5,309                             | 4,335                             |
| Current provisions  |                      | 0                                 | (856)                             |
| Other current liabilities                                 |                      | 5,211                             | 960                               |
| Other non-current liabilities                             |                      | 4,946                             | (454)                             |
| Non-current receivables and other assets                  |                      | 1,655                             | 2,578                             |
| <b>SUBTOTAL C.</b>  |                      | <b>51,223</b>                     | <b>26,612</b>                     |
| <b>D. Cash flows from investing activities</b>            |                      |                                   |                                   |
| Net payments for intangible assets                        |                      | (54,502)                          | (27,403)                          |
| Net payments for property, plant and equipment            |                      | (1,132)                           | (7,119)                           |
| Net payments for non-current financial assets             |                      | (5,702)                           | (3,782)                           |
| <b>SUBTOTAL D.</b>  |                      | <b>(61,337)</b>                   | <b>(38,304)</b>                   |
| <b>E. Cash flows from financing activities</b>            |                      |                                   |                                   |
| Capital increases   |                      | 0                                 | 0                                 |
| Changes in financial liabilities                          |                      | (7,073)                           | (2,043)                           |
| Changes in financial assets                               |                      | (1,589)                           | (13,032)                          |
| <b>SUBTOTAL E.</b>  |                      | <b>(8,662)</b>                    | <b>(15,075)</b>                   |
| <b>F. Changes in consolidated equity</b>                  |                      |                                   |                                   |
| Dividends distributed                                     |                      | (2,139)                           | 0                                 |
| Changes in treasury shares held                           |                      | 0                                 | 0                                 |
| Increases (decreases) in other equity components          |                      | 0                                 | 0                                 |
| <b>SUBTOTAL F.</b>  |                      | <b>(2,139)</b>                    | <b>0</b>                          |
| <b>G. Cash flow for the period (B+C+D+E+F)</b>            |                      | <b>26,982</b>                     | <b>3,760</b>                      |
| <b>H. Closing net cash/debt (A+G)</b>                     |                      | <b>35,509</b>                     | <b>8,527</b>                      |

## SEGMENT REPORTING

### Consolidated Income Statement per Operating Segment at June 30<sup>th</sup>, 2021

|           | Euro Thousand  | Premium Games   | Free to Play   | Italian Distribution | Other projects | Holding        | Total           |
|-----------|--|-----------------|----------------|----------------------|----------------|----------------|-----------------|
| 1         | Gross revenue  | 134,648         | 10,679         | 4,774                | 602            | 0              | 150,703         |
| 2         | Revenue adjustments                                    | (1,242)         | 0              | (281)                | 0              | 0              | (1,523)         |
| <b>3</b>  | <b>Net revenue</b>                                     | <b>133,406</b>  | <b>10,679</b>  | <b>4,493</b>         | <b>602</b>     | <b>0</b>       | <b>149,180</b>  |
| 4         | Purchase of products for resale                        | (3,169)         | 0              | (2,429)              | 0              | 0              | (5,598)         |
| 5         | Purchase of services for resale                        | (9,121)         | (1,404)        | 0                    | (3)            | 0              | (10,528)        |
| 6         | Royalties  | (41,127)        | (192)          | 0                    | (3)            | 0              | (41,322)        |
| 7         | Changes in inventories of finished products            | (1,333)         | 0              | (948)                | 0              | 0              | (2,281)         |
| <b>8</b>  | <b>Total cost of sales</b>                             | <b>(54,750)</b> | <b>(1,596)</b> | <b>(3,377)</b>       | <b>(6)</b>     | <b>0</b>       | <b>(59,729)</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>78,656</b>   | <b>9,083</b>   | <b>1,116</b>         | <b>596</b>     | <b>0</b>       | <b>89,451</b>   |
| 10        | Other income   | 1,439           | 2,582          | 0                    | 0              | 39             | 4,060           |
| 11        | Cost of services                                       | (6,658)         | (406)          | (695)                | (184)          | (1,674)        | (9,617)         |
| 12        | Rent and leasing                                       | (99)            | (53)           | (28)                 | (1)            | (130)          | (311)           |
| 13        | Payroll costs  | (13,091)        | (5,360)        | (1,225)              | (351)          | (4,590)        | (24,617)        |
| 14        | Other operating costs                                  | (298)           | (123)          | (162)                | (35)           | (552)          | (1,170)         |
| <b>15</b> | <b>Total operating costs</b>                           | <b>(20,146)</b> | <b>(5,942)</b> | <b>(2,110)</b>       | <b>(571)</b>   | <b>(6,946)</b> | <b>(35,715)</b> |
| <b>16</b> | <b>Gross operating margin (EBITDA) (9+10+15)</b>       | <b>59,949</b>   | <b>5,723</b>   | <b>(994)</b>         | <b>25</b>      | <b>(6,907)</b> | <b>57,796</b>   |
| 17        | Depreciation and amortisation                          | (22,552)        | (957)          | (160)                | (73)           | (858)          | (24,600)        |
| 18        | Provisions   | 0               | 0              | 0                    | 0              | 0              | 0               |
| 19        | Asset impairment charge                                | (2,584)         | 0              | 0                    | 0              | (63)           | (2,647)         |
| 20        | Impairment reversal                                    | 0               | 0              | 0                    | 0              | 0              | 0               |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(25,136)</b> | <b>(957)</b>   | <b>(160)</b>         | <b>(73)</b>    | <b>(921)</b>   | <b>(27,247)</b> |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                 | <b>34,813</b>   | <b>4,766</b>   | <b>(1,154)</b>       | <b>(48)</b>    | <b>(7,828)</b> | <b>30,549</b>   |

**FINANCIAL STATEMENTS****DIGITAL BROS S.p.A.****Statement of financial position at June 30<sup>th</sup>, 2021**

|    | <b>Euro Thousand</b>                       | <b>June 30<sup>th</sup>, 2021</b> | <b>June 30<sup>th</sup>, 2020</b> | <b>Change</b>  |              |
|----|--|-----------------------------------|-----------------------------------|----------------|--------------|
|    | <b>Non-current assets</b>                  |                                   |                                   |                |              |
| 1  | Property, plant and equipment              | 6,576                             | 7,273                             | (697)          | -9.6%        |
| 2  | Investment property                        | 0                                 | 0                                 | 0              | 0.0%         |
| 3  | Intangible assets                          | 163                               | 196                               | (33)           | -16.6%       |
| 4  | Equity investments                         | 29,416                            | 23,635                            | 5,781          | 24.5%        |
| 5  | Non-current receivables and other assets   | 4,868                             | 6,542                             | (1,674)        | -25.6%       |
| 6  | Deferred tax assets                        | 31                                | 613                               | (582)          | -95.0%       |
| 7  | Non-current financial activities           | 18,840                            | 17,251                            | 1,589          | 9.2%         |
|    | <b>Total non-current assets</b>            | <b>59,894</b>                     | <b>55,510</b>                     | <b>4,384</b>   | <b>7.9%</b>  |
|    |  |                                   |                                   |                |              |
|    | <b>Current assets</b>                      |                                   |                                   |                |              |
| 8  | Inventories                                | 1,494                             | 1,987                             | (493)          | -24.8%       |
| 9  | Trade receivables                          | 893                               | 1,866                             | (973)          | -52.2%       |
| 10 | Receivables from subsidiaries              | 27,094                            | 14,455                            | 12,639         | 87.4%        |
| 11 | Tax credit                                 | 590                               | 2,221                             | (1,631)        | -73.4%       |
| 12 | Other current assets                       | 524                               | 5,301                             | (4,777)        | -90.1%       |
| 13 | Cash and cash equivalent                   | 1,038                             | 858                               | 180            | 20.9%        |
| 14 | Other financial assets                     | 0                                 | 0                                 | 0              | n.m.         |
|    | <b>Total current assets</b>                | <b>31,633</b>                     | <b>26,688</b>                     | <b>4,945</b>   | <b>18.5%</b> |
|    |  |                                   |                                   |                |              |
|    | <b>TOTAL ASSETS</b>                        | <b>91,527</b>                     | <b>82,198</b>                     | <b>9,329</b>   | <b>11.4%</b> |
|    |  |                                   |                                   |                |              |
|    | <b>Capital and reserves</b>                |                                   |                                   |                |              |
| 15 | Share capital                              | (5,704)                           | (5,704)                           | 0              | 0.0%         |
| 16 | Reserves                                   | (22,865)                          | (20,886)                          | (1,979)        | 9.5%         |
| 17 | Treasury shares                            | 0                                 | 0                                 | 0              | 0.0%         |
| 18 | Retained earnings (accumulated losses)     | (26,772)                          | (20,478)                          | (6,294)        | 30.7%        |
|    | <b>Total equity</b>                        | <b>(55,341)</b>                   | <b>(47,068)</b>                   | <b>(8,273)</b> | <b>17.6%</b> |
|    |  |                                   |                                   |                |              |
|    | <b>Non-current liabilities</b>             |                                   |                                   |                |              |
| 19 | Employee benefits                          | (391)                             | (429)                             | 38             | -8.9%        |
| 20 | Non-current provisions                     | (81)                              | (81)                              | 0              | 0.0%         |
| 21 | Other non-current payables and liabilities | (505)                             | (469)                             | (36)           | 7.8%         |
| 22 | Non-current financial liabilities          | (7,549)                           | (4,941)                           | (2,608)        | 52.8%        |
|    | <b>Total non-current liabilities</b>       | <b>(8,526)</b>                    | <b>(5,920)</b>                    | <b>(2,606)</b> | <b>44.0%</b> |
|    |  |                                   |                                   |                |              |
|    | <b>Current liabilities</b>                 |                                   |                                   |                |              |
| 23 | Trade payables                             | (1,444)                           | (2,026)                           | 582            | -28.7%       |
| 24 | Payables to subsidiaries                   | (16,437)                          | (13,646)                          | (2,791)        | 20.5%        |
| 25 | Taxes payable                              | (5,421)                           | (159)                             | (5,262)        | n.m.         |
| 26 | Current provisions                         | 0                                 | 0                                 | 0              | n.m.         |
| 27 | Other current liabilities                  | (957)                             | (1,205)                           | 248            | -20.5%       |
| 28 | Current financial liabilities              | (3,401)                           | (12,174)                          | 8,773          | -72.1%       |
|    | <b>Total net working capital</b>           | <b>(27,660)</b>                   | <b>(29,210)</b>                   | <b>1,550</b>   | <b>-5.3%</b> |
|    | <b>TOTAL LIABILITIES</b>                   | <b>(36,186)</b>                   | <b>(35,130)</b>                   | <b>(1,056)</b> | <b>3.0%</b>  |
|    |  |                                   |                                   |                |              |
|    | <b>TOTAL NET EQUITY AND LIABILITIES</b>    | <b>(91,527)</b>                   | <b>(82,198)</b>                   | <b>(9,329)</b> | <b>11.4%</b> |

**DIGITAL BROS S.P.A**
**Income statement at June 30<sup>th</sup>, 2021**

|           | <b>Euro thousand</b>                                   | <b>June 30<sup>th</sup>, 2021</b> |               | <b>June 30<sup>th</sup>, 2020</b> |               | <b>Change</b>  |               |
|-----------|--|-----------------------------------|---------------|-----------------------------------|---------------|----------------|---------------|
|           |  |                                   |               |                                   |               |                |               |
| 1         | Gross revenue  | 9,569                             | 103.0%        | 13,881                            | 125.5%        | (4,312)        | -31.1%        |
| 2         | Revenue adjustments                                    | (281)                             | -3.0%         | (2,821)                           | -25.5%        | 2,540          | -90.0%        |
| <b>3</b>  | <b>Net revenue</b>                                     | <b>9,288</b>                      | <b>100.0%</b> | <b>11,060</b>                     | <b>100.0%</b> | <b>(1,772)</b> | <b>-16.0%</b> |
|           |  |                                   |               |                                   |               |                |               |
| 4         | Purchase of products for resale                        | (2,428)                           | -26.1%        | (5,515)                           | -49.9%        | 3,087          | -56.0%        |
| 5         | Purchase of services for resale                        | 0                                 | 0.0%          | 0                                 | 0.0%          | 0              | 0.0%          |
| 6         | Royalties  | 0                                 | 0.0%          | 0                                 | 0.0%          | 0              | 0.0%          |
| 7         | Changes in inventories of finished products            | (493)                             | -5.3%         | (1,760)                           | -15.9%        | 1,267          | -72.0%        |
| <b>8</b>  | <b>Total cost of sales</b>                             | <b>(2,921)</b>                    | <b>-31.5%</b> | <b>(7,275)</b>                    | <b>-65.8%</b> | <b>4,354</b>   | <b>-59.8%</b> |
|           |  |                                   |               |                                   |               |                |               |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>6,367</b>                      | <b>68.5%</b>  | <b>3,785</b>                      | <b>34.2%</b>  | <b>2,582</b>   | <b>68.2%</b>  |
|           |  |                                   |               |                                   |               |                |               |
| 10        | Other income   | 174                               | 1.9%          | 222                               | 2.0%          | (48)           | -21.5%        |
|           |  |                                   |               |                                   |               |                |               |
| 11        | Cost of services                                       | (2,362)                           | -25.4%        | (2,849)                           | -25.8%        | 487            | -17.1%        |
| 12        | Rent and Leasing                                       | (134)                             | -1.4%         | (125)                             | -1.1%         | (9)            | 7.1%          |
| 13        | Payroll costs  | (5,459)                           | -58.8%        | (4,890)                           | -44.2%        | (569)          | 11.7%         |
| 14        | Other operating costs                                  | (570)                             | -6.1%         | (538)                             | -4.9%         | (32)           | 6.0%          |
| <b>15</b> | <b>Total operating costs</b>                           | <b>(8,525)</b>                    | <b>-91.8%</b> | <b>(8,402)</b>                    | <b>-76.0%</b> | <b>(123)</b>   | <b>1.5%</b>   |
|           |  |                                   |               |                                   |               |                |               |
| <b>16</b> | <b>Gross operating margin (EBITDA) (9+10+15)</b>       | <b>(1,984)</b>                    | <b>-21.4%</b> | <b>(4,395)</b>                    | <b>-39.7%</b> | <b>2,411</b>   | <b>-54.8%</b> |
|           |  |                                   |               |                                   |               |                |               |
| 17        | Depreciation and amortisation                          | (941)                             | -10.1%        | (935)                             | -8.5%         | (6)            | 0.7%          |
| 18        | Provisions   | 0                                 | 0.0%          | 0                                 | 0.0%          | 0              | 0.0%          |
| 19        | Asset impairment charge                                | (79)                              | -0.8%         | (190)                             | -1.7%         | 111            | -58.6%        |
| 20        | Impairment reversal                                    | 0                                 | 0.0%          | 591                               | 5.3%          | (591)          | n.m.          |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(1,020)</b>                    | <b>-11.0%</b> | <b>(534)</b>                      | <b>-4.8%</b>  | <b>(486)</b>   | <b>91.0%</b>  |
|           |  |                                   |               |                                   |               |                |               |
| <b>22</b> | <b>Operating margin (EBIT) (16+21)</b>                 | <b>(3,004)</b>                    | <b>-32.3%</b> | <b>(4,929)</b>                    | <b>-44.6%</b> | <b>1,925</b>   | <b>-39.0%</b> |
|           |  |                                   |               |                                   |               |                |               |
| 23        | Interest and finance income                            | 13,719                            | 147.7%        | 5,466                             | 49.4%         | 8,253          | n.m.          |
| 24        | Interest expense and finance costs                     | (1,575)                           | -17.0%        | (1,388)                           | -12.5%        | (187)          | 13.5%         |
| <b>25</b> | <b>Net finance income (expense)</b>                    | <b>12,144</b>                     | <b>130.7%</b> | <b>4,078</b>                      | <b>36.9%</b>  | <b>8,066</b>   | <b>n.m.</b>   |
|           |  |                                   |               |                                   |               |                |               |
| <b>26</b> | <b>Profit/(loss) before tax (22+25)</b>                | <b>9,140</b>                      | <b>98.4%</b>  | <b>(851)</b>                      | <b>-7.7%</b>  | <b>9,991</b>   | <b>n.m.</b>   |
|           |  |                                   |               |                                   |               |                |               |
| 27        | Current tax  | (644)                             | -6.9%         | 712                               | 6.4%          | (1,356)        | n.m.          |
| 28        | Deferred tax   | (63)                              | -0.7%         | (134)                             | -1.2%         | 71             | -53.0%        |
| <b>29</b> | <b>Total income tax expense</b>                        | <b>(707)</b>                      | <b>-7.6%</b>  | <b>578</b>                        | <b>5.2%</b>   | <b>(1,285)</b> | <b>n.m.</b>   |
|           |  |                                   |               |                                   |               |                |               |
| <b>30</b> | <b>Profit/(loss) for the period (26+29)</b>            | <b>8,433</b>                      | <b>90.8%</b>  | <b>(273)</b>                      | <b>-2.5%</b>  | <b>8,706</b>   | <b>n.m.</b>   |

**DIGITAL BROS S.P.A.****Cash flows statement at June 30<sup>th</sup>, 2021**

|   | <i>Euro thousand</i> | <b>June 30<sup>th</sup>, 2021</b> | <b>June 30<sup>th</sup>, 2020</b> |
|---|----------------------|-----------------------------------|-----------------------------------|
| <b>A. Opening net cash/debt</b>                           |                      | <b>858</b>                        | <b>83</b>                         |
| <b>B. Cash flows from operating activities</b>            |                      |                                   |                                   |
| Profit (loss) for the period attributable to the Group    |                      | 8,433                             | (273)                             |
| <i>Depreciation, amortisation and non-monetary costs:</i> |                      |                                   |                                   |
| Provisions and impairment losses                          |                      | (79)                              | (190)                             |
| Amortisation of intangible assets                         |                      | 132                               | 151                               |
| Depreciation of property, plant and equipment             |                      | 809                               | 784                               |
| Net change in advance taxes                               |                      | 582                               | (31)                              |
| Net change in other provisions                            |                      | 0                                 | 0                                 |
| Net change in employee benefit provisions                 |                      | (38)                              | (7)                               |
| Net change in other non-current liabilities               |                      | 1,979                             | (198)                             |
| <b>SUBTOTAL B.</b>  |                      | <b>11,818</b>                     | <b>236</b>                        |
| <b>C. Variazione del capitale circolante netto</b>        |                      |                                   |                                   |
| Inventories   |                      | 493                               | 1,760                             |
| Trade receivables   |                      | 973                               | (606)                             |
| Receivables due from subsidiaries                         |                      | (12,639)                          | 13,681                            |
| Current tax assets  |                      | 1,631                             | 2,271                             |
| Other current assets                                      |                      | 4,777                             | (4,298)                           |
| Trade payables  |                      | (582)                             | 1,110                             |
| Payables from subsidiaries                                |                      | 2,791                             | 4,558                             |
| Current tax liabilities                                   |                      | 5,262                             | 14                                |
| Current provisions  |                      | 0                                 | 380                               |
| Other current liabilities                                 |                      | (248)                             | 584                               |
| Other non-current liabilities                             |                      | 36                                | (453)                             |
| Non-current receivables and other assets                  |                      | 1,737                             | 2,584                             |
| <b>SUBTOTAL C.</b>  |                      | <b>4,231</b>                      | <b>21,585</b>                     |
| <b>D. Cash flows from investing activities</b>            |                      |                                   |                                   |
| Net payments for intangible assets                        |                      | (99)                              | (91)                              |
| Net payments for property, plant and equipment            |                      | (112)                             | (5,240)                           |
| Net payments for non-current financial assets             |                      | (5,765)                           | (7,113)                           |
| <b>SUBTOTAL D.</b>  |                      | <b>(5,976)</b>                    | <b>(12,444)</b>                   |
| <b>E. Cash flows from financing activities</b>            |                      |                                   |                                   |
| Capital increases   |                      | 0                                 | 0                                 |
| Changes in financial liabilities                          |                      | (6,165)                           | 6,708                             |
| Changes in financial assets                               |                      | (1,589)                           | (15,309)                          |
| <b>SUBTOTAL E.</b>  |                      | <b>(7,754)</b>                    | <b>(8,601)</b>                    |
| <b>F. Changes in consolidated equity</b>                  |                      |                                   |                                   |
| Dividends distributed                                     |                      | (2,139)                           | 0                                 |
| Changes in treasury shares held                           |                      | 0                                 | 0                                 |
| Increases (decreases) in other equity components          |                      | 0                                 | 0                                 |
| <b>SUBTOTAL F.</b>  |                      | <b>(2,139)</b>                    | <b>0</b>                          |
| <b>G. Cash flow for the period (B+C+D+E+F+G)</b>          |                      | <b>180</b>                        | <b>776</b>                        |
| <b>H. Closing net cash/debt (A+H)</b>                     |                      | <b>1,038</b>                      | <b>858</b>                        |

