

PRESS RELEASE

*The BoD approves the third quarterly report at 31 March 2015
(III Quarter of the fiscal year from 1° July 2014 to 30 June 2015)*

DIGITAL BROS GROUP:

FIRST NINE MONTHS REVENUES AT 88 MILLION EUR (-12.7%)

EBITDA MORE THAN DOUBLED AT 9.6 MILLION EUR

EBIT AT 5.6 MILLION EUR

NET FINANCIAL DEBTS REDUCED TO 11.6 MILLION EUR

POSITIVE OUTLOOK EXPECTED FOR THE FOURTH QUARTER

- ✓ **Consolidated Gross Revenues at €88 million, -12.7% from €101.1 million realised at March 31st, 2014**
- ✓ **EBITDA at €9.6 million more than doubled compared to €4.47 million realised in the same period of the previous fiscal year**
- ✓ **EBIT at €7.09 million, increased 96.7% from €3.6 million realised in the same period of the previous fiscal year**
- ✓ **Net Profit at €5.58 million a significant increase from 412 thousand realised in the same period of the previous fiscal year**
- ✓ **Net Financial Debt decreased 46.7% to €11.6 million from €21.9 million as at June 30th, 2014**
- ✓ **Outlook for the fourth quarter highly positive thanks to the launch of PAYDAY2: Crimewave Edition scheduled for June**

RESULTS OF THE THIRD QUARTERLY REPORT (fiscal year ends at 30.06.15)				
<i>Figures in EUR/000</i>	31.03.15	31.03.14	Change	Change %
Revenues	88,258	101,114	(12,854)	-12.7%
EBITDA	9,608	4,473	5,135	114.8%
EBIT	7,093	3,606	3,487	96.7%
Pre-tax profit	8,614	1,591	7,023	n.s.
Net profit	5,588	412	5,176	n.s.

Milan, May 14th, 2015 - The Board of Directors of the Digital Bros Group, a digital entertainment company listed in the Star segment of the Milan Stock Exchange, **has approved the third quarterly report at 31 March 2015** (first nine months of the fiscal year from July, 1st 2014 to June 30th, 2015).

Below are the main results of the Group as of March, 31st 2014, first nine months of fiscal year 2014-2015, compared with the same period of the previous fiscal year:

- **Consolidated Gross Revenues** at €88 million, -12.7% from €101.1 million realised at March 31st 2014.
- **EBITDA** to €9.6 million, an increase compared to €4.4 million realised in the same period of the previous fiscal year.
- **EBIT** increased to €7.09 million, 96,7% from €3.606 realized in the same period of the previous fiscal year.
- **Pre-tax profit** increased to €8.6 million from €1.5 million realised in the same period of the previous fiscal year 2013-2014.
- **Net Profit** to €5.5 million, an increase from €412 thousand realised in the same period of the previous fiscal year.

PERFORMANCE BY BUSINESS SEGMENT

Revenue breakdown by business segment at 31 March 2014 compared with the same period of the last year is as follows:

<i>Figures in EUR/000</i>	Gross revenues				Net revenues			
	2015	2014	Change		2015	2014	Change	
Studios	1,184	0	1,184	n.s.	1,184	0	1,184	n.s.
Mobile	11,309	8,082	3,227	39.9%	11,309	8,082	3,227	39.9%
Publishing	54,878	48,123	6,755	14.0%	52,037	44,734	7,303	16.3%
Italian Distribution	20,688	44,632	(23,944)	-53.6%	19,356	41,079	(21,723)	-52.9%
Other Projects	199	277	(78)	-28.2%	84	95	(11)	-11.6%
Total Revenues	88,258	101,114	(12,856)	-12.7%	83,970	93,990	(10,020)	-10.7%

The decrease in consolidated revenues was exclusively due to the negative sales trend of the **Italian Distribution** segment, on the other hand revenues of the **Publishing** and **Mobile** segment increase by 14% and 40% respectively.

Due to the lack of a new cartoon series the **Italian Distribution** segment showed a significant and expected decline in the sales of "Yu-Gi-Oh!" trading cards game. In addition there was a decline in the distribution of videogames in Italy.

Sales in the **Publishing** segment increased 14% to €6.7 million, even without any new product launches in the first nine months of the fiscal year. Sales have been focused on videogames published by the Group in previous years such as PAYDAY2 e Sniper Elite V3.

Sales in the **Mobile** segment at €11.3 million, increased 39.9% equal to €3.2 million. The biggest contribution came from recurring sales generated by the videogame Terraria, confirming its worldwide success, with €9 million revenues reached in the period. Significant growth in sales reached also by the videogame Battle Island, intellectual property entirely owned by the Group following the acquisition of DR Studios, recently launched on Sony PlayStation 4.

The **Studios** segment revenues were at €1,18 million and represents the sales made by the fully owned American developer Pipeworks to external clients, being the revenues generated with Group companies offset in the consolidation process. It is expected that the latter will be predominant in the future.

The table below shows the contribution to the Group's revenues and profit margins in the first nine months of the fiscal year 2014-2015 by segment:

<i>EUR/000</i>	Studios	Mobile	Publishing	Italian Distribution	Other Projects	Holding	Total
Gross Revenues	1,184	11,309	54,878	20,688	199	0	88,258
EBITDA	(968)	2,332	11,952	568	(469)	(3,807)	9,608
EBIT	(1,269)	1,417	11,325	399	(552)	(4,227)	7,093

The reduction of 22.5% in cost of sales and 4.7% in operation costs lead to an EBITDA to increase by €5.1 million to €9.6 million, despite non-recurring expenses of €166 thousand and incremental costs related to the consolidation of the two companies recently acquired, Dr Studio Ltd. and Pipeworks Inc..

EBIT grew by 97% to €3,487 million compared to the same period in the previous year. There was a non-cash impact from the recent acquisitions, specifically the depreciation of intangible assets.

The significant debt reduction and a fall in interest rates, as well as favourable exchange rates, increased the net profit to €5,588 million compared to the €412 thousand of the previous year.

THE NET FINANCIAL POSITION

The net financial debts, at 31 March 2015 were at €11,668 million, reduced by €10,241 million, -47% compared to June 30th, 2014. This includes the effects of the acquisitions of DR Studios Ltd. and Pipeworks Inc. which amounted to €2.7 million.

The reduction of the Net Financial Debts compared to December 31st, 2014 has been €5,278 million.

THE PARENT COMPANY DIGITAL BROS SPA

As at March 31st, 2015, the parent company Digital Bros S.p.A. had realised gross revenues of €20.7 million, a decrease of 47,6% compared to approximately €39.5 million in the same period of the previous fiscal year. EBITDA is negative €2.77 million, slightly worse compared to negative €2.15 million in the same period of the previous fiscal year; EBIT amounted to positive €4.09 million, an increase compared to negative €1.36 million in the same period of fiscal year 2013-2014, thanks to the €6 million dividend distributed by the controlled company Game Entertainment S.r.l. and to the €700 thousand dividend distributed by the controlled company 505 Games France S.a.s. . Net profit at March 31st, 2015 amounted to €5.28 million compared to the net loss of €2.1 million as at March 31st, 2014.

SIGNIFICANT EVENTS OF THE QUARTER

On March 23th, 2015 the parent company Digital Bros S.p.A., through its subsidiary 505 Games, has signed a new agreement with Starbreeze for additional content of PAYDAY 2. The exclusive publishing rights to PAYDAY 2 has been extended in respect of the original term for a further 10 years until 2032. Starbreeze AB, one of Sweden's leading independent game developers, and 505 Games have agreed to extend the original agreement for the franchise PAYDAY 2 to cover an additional 24 months starting April 1, 2015. The agreement covers the additional content of PAYDAY 2 and its expansions on PC and next-gen consoles. The total investment is USD 13.4 million divided across 24 months. In consideration of the existing long term relationship between the two companies, Digital Bros has decided to buy over the counter 3,872,722 of Starbreeze shares (listed on Nasdaq Stockholm First North Premier with the ticker STAR) for a total value of USD 5 million. The purchase will be made in 3 steps (1 April 2015, 1 July 2015 and 1 October 2015). The amount owned by the Group by the final date will be 2.67% of the company, a percentage based on the actual number of outstanding shares.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On April 29th, 2015 the Digital Bros Group, through its owned subsidiary 505 Games, has signed a console publishing agreement with Starbreeze for the videogame "Overkill's The Walking Dead". The agreement covers the whole lifetime of the product and the investment will be of USD 10 million. "OVERKILL's The Walking Dead", based on the hugely popular The Walking Dead-series created by Robert Kirkman, is currently under development by OVERKILL – A Starbreeze Studio. The game will deliver a completely new co-op experience to The Walking Dead-universe, exploring new characters and storylines. "OVERKILL's The Walking Dead" will be released on Sony PlayStation 4 and Microsoft Xbox One in 2016.

FISCAL YEAR OUTLOOK

PAYDAY2: Crimewave Edition will be released on both digital and retail markets in June. This is the first videogame version released on next-gen console SonyPlaystation 4 and Microsoft XBox One and this will enable the Group to generate significant revenues and to increase the number of PAYDAY 2 active players by enrolling next-gen console owners.

A slight increase in the trading cards game market is expected in conjunction with the summer season, but also thanks to the broadcasting of the new cartoon series from May.

It is expected the launch of PAYDAY2: Crimewave Edition, together with the trading card game market recovery, will help the Fourth quarter of the year to be the strongest of the entire fiscal year in terms of both revenues and operating margin.

The management believes, after the reduction above the expectations of net debt at the end of the quarter, that the debt will grow at the end of the fiscal year as the effects of both the investments defined with Starbreeze during the quarter (the new agreement for PAYDAY 2 additional contents, the acquisition of "Overkill's the Walking Dead" videogames rights and the Starbreeze ordinary shares first tranche bought) and the investment in net working capital (the launch of PAYDAY2: Crimewave Edition) impact cashflows, following this the trend in decreasing debt will continue in subsequent quarters.

ART. 154-BIS OF THE CONSOLIDATED FINANCE ACT

As required by paragraph 2, Art. 154-bis of the Consolidated Finance Act, the financial reporting officer of the Digital Bros Group, Stefano Salbe, declares that the information contained in this press release corresponds to the Group's records, ledgers and accounting entries.

Digital Bros - www.digitalbros.com

The Digital Bros Group is listed on the Milan Stock Exchange since October 2000 and active in the videogame field since 1989.

A close watcher of market trends, Digital Bros operates in the following different business areas:

- **Distribution of video games and trading cards in Italy:** through the brands Halifax, Game Service and Game Entertainment;
- **Publishing and international publishing of video games:** through the brand 505 Games active in publishing and international distribution, physical as well as digital, through direct operations in Los Angeles, London, Munich, Lyon and Madrid and deals with the main digital market places;
- **Social Gaming:** through the brand 505 Mobile the group operates as international publisher of videogames for the platforms Facebook, Apple, Amazon, Android and Windows Phone.
- **Studios:** the Group operates in the development of video games through the studio Pipeworks Inc.

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FINANCIAL STATEMENTS

DIGITAL BROS GROUP

CONSOLIDATED BALANCE SHEET AT 31 March 2015

	Thousand of Euro	31 March 2015	30 June 2014	Changes	
	Non-current assets				
1	Property, plant and equipment	4,823	3,232	1,591	49.2%
2	Investment property	0	455	(455)	-100.0%
3	Intangible assets	8,067	2,141	5,926	n.s.
4	Equity investments	310	310	0	0.0%
5	Non-current receivables and other assets	1,062	1,041	21	2.0%
6	Deferred tax assets	4,079	4,217	(138)	-3.3%
	Total non-current assets	18,341	11,396	6,945	60.9%
	Non-current liabilities				
7	Employee benefits	(556)	(540)	(16)	3.0%
8	Non-current provisions	(188)	(205)	17	-8.2%
9	Other non-current payables and liabilities	(615)	0	(615)	0.0%
	Total non-current liabilities	(1,359)	(745)	(614)	82.4%
	Net working capital				
10	Inventories	14,563	14,779	(216)	-1.5%
11	Trade receivables	32,421	42,318	(9,897)	-23.4%
12	Tax credits	2,868	3,818	(950)	-24.9%
13	Other current assets	5,093	3,366	1,727	51.3%
14	Trade payables	(24,139)	(22,034)	(2,105)	9.6%
15	Taxes payable	(2,915)	(4,028)	1,113	-27.6%
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(3,091)	(1,580)	(1,511)	95.6%
	Total net working capital	24,800	36,639	(11,839)	-32.3%
	Capital and reserves				
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,239)	(19,509)	270	-1.4%
20	Treasury shares	1,199	1,574	(375)	-23.8%
21	Profit (losses) carried forward	(6,430)	(1,802)	(4,628)	n.s.
	Total capital and reserves	(30,114)	(25,381)	(4,733)	18.6%
	Total net assets	11,668	21,909	(10,241)	-46.7%
22	Cash and cash equivalents	2,759	3,690	(931)	-25.2%
23	Short-term payables to banks	(14,247)	(22,355)	8,108	-36.3%
24	Other current financial liabilities	(175)	(3,225)	3,050	-94.6%
	Current net financial debts	(11,663)	(21,890)	10,227	-46.7%
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	0	0	0	0.0%
27	Other non-current financial liabilities	(5)	(19)	14	-76.0%
	Non-current net financial debts	(5)	(19)	14	-76.0%
	Total net financial debts	(11,668)	(21,909)	10,241	-46.7%

DIGITAL BROS GROUP
CONSOLIDATED INCOME STATEMENT AT 31 March 2015 – FIRST NINE MONTHS OF THE FISCAL YEAR 2014-2015

	Thousands of Euro	31 March 2015		31 March 2014		Changes	
1	Gross revenues	88,258	105.1%	101,114	107.6%	(12,856)	-12.7%
2	Revenue adjustments	(4,288)	-5.1%	(7,124)	-7.6%	2,836	-39.8%
3	Total net revenues	83,970	100.0%	93,990	100.0%	(10,020)	-10.7%
4	Purchase of goods for resale	(26,741)	-31.8%	(35,165)	-37.4%	8,424	-24.0%
5	Purchase of services for resale	(3,912)	-4.7%	(3,740)	-4.0%	(172)	4.6%
6	Royalties	(21,813)	-26.0%	(24,132)	-25.7%	2,319	-9.6%
7	Change in inventories of finished products	(216)	-0.3%	(4,925)	-5.2%	4,709	-95.6%
8	Total cost of goods sold	(52,682)	-62.7%	(67,962)	-72.3%	15,280	-22.5%
9	Gross profit (3+8)	31,288	37.3%	26,028	27.7%	5,260	20.2%
10	Other income	955	1.1%	73	0.1%	882	n.s.
11	Cost of services	(7,858)	-9.4%	(10,257)	-10.9%	2,399	-23.4%
12	Rent and leasing	(1,149)	-1.4%	(985)	-1.0%	(164)	16.7%
13	Payroll costs	(12,680)	-15.1%	(9,461)	-10.1%	(3,219)	34.0%
14	Other operating expenses	(948)	-1.1%	(925)	-1.0%	(23)	2.5%
15	Total operating expenses	(22,635)	-27.0%	(21,628)	-23.0%	(1,007)	4.7%
16	EBITDA (9+10+15)	9,608	11.4%	4,473	4.8%	5,135	n.s.
17	Depreciation and amortization	(2,183)	-2.6%	(860)	-0.9%	(1,323)	n.s.
18	Provisions	0	0.0%	0	0.0%	0	n.s.
19	Asset impairment charge	(332)	-0.4%	(7)	0.0%	(325)	n.s.
20	Impairment reversal	0	0.0%	0	0.0%	0	n.s.
21	Total depreciation, amortization and impairment	(2,515)	-3.0%	(867)	-0.9%	(1,648)	n.s.
22	EBIT (16+21)	7,093	8.4%	3,606	3.8%	3,487	96.7%
23	Interest income	2,905	3.5%	219	0.2%	2,686	n.s.
24	Interest expense	(1,384)	-1.6%	(2,234)	-2.4%	850	-38.0%
25	Net interest income (expense)	1,521	1.8%	(2,015)	-2.1%	3,536	n.s.
26	Profit before taxes (22+25)	8,614	10.3%	1,591	1.7%	7,023	n.s.
27	Current taxes	(3,604)	-4.3%	(190)	-0.2%	(3,414)	n.s.
28	Deferred taxes	578	0.7%	(989)	-1.1%	1,567	n.s.
29	Total taxes	(3,026)	-3.6%	(1,179)	-1.3%	(1,847)	n.s.
30	Net profit (26+29)	5,588	6.7%	412	0.4%	5,176	n.s.
Earnings per share:							
33	Basic earnings per share (in EUR)	0.41		0.03		0.38	n.s.
34	Diluted earnings per share (in EUR)	0.41		0.03		0.38	n.s.

DIGITAL BROS GROUP
CONSOLIDATED CASH FLOW STATEMENT AT 31 MARCH 2015 – FIRST NINE MONTHS OF THE FISCAL YEAR 2014-2015

	Thousands of Euro	31 March 2015	31 March 2014
A.	Opening net financial debts	(21,909)	(34,319)
B.	Cash flow from operating activities		
	Group's share of net profit (loss) for the year	5,588	412
	<i>Depreciation, amortization and provisions:</i>		
	Provisions and impairment losses	332	0
	Amortization of intangible assets	1,849	582
	Amortization of tangible assets	334	278
	Net change in other provisions	(17)	(47)
	Net change in employee benefit provisions	16	(33)
	Net change in other non-current liabilities	615	0
	SUBTOTAL B.	8,717	1,192
C.	Change in net working capital		
	Inventories	216	4,925
	Trade receivables	9,565	5,130
	Tax credits	950	(980)
	Other current assets	(1,727)	(459)
	Trade payables	2,105	1,257
	Taxes payable	(1,113)	(1,808)
	Current provisions	0	0
	Other current liabilities	1,511	(332)
	SUBTOTAL C.	11,507	7,733
D.	Cash flow from investing activities		
	Investments in intangible assets	(7,775)	(1,403)
	Investments in property, plant and equipment	(1,470)	(127)
	Investments in financial fixed assets	117	597
	SUBTOTAL D.	(9,128)	(933)
E.	Cash flow from financing activities		
	Capital increases	0	0
	SUBTOTAL E.	0	0
F.	Movements in consolidated capital and reserves		
	Dividends paid	(960)	0
	Change in treasury shares held	375	0
	Increases (decreases) in other components of capital and reserves	(270)	334
	SUBTOTAL F.	(855)	334
G.	Cash flow for the period (B+C+D+E+F)	10,241	8,326
H.	Posizione finanziaria netta finale (A+G)	(11,668)	(25,993)

Digital Bros Group
CONSOLIDATED INCOME STATEMENT AT 31 March 2015 - First Nine Months of 2014 – 2015

	Thousands of Euro	Studio	Mobile	Publishing	Distribution Italy	Other Projects	Holding	Total
1	Gross revenues	1,184	11,309	54,878	20,688	199	0	88,258
2	Revenue adjustments	0	0	(2,841)	(1,332)	(115)	0	(4,288)
3	Total net revenues	1,184	11,309	52,037	19,356	84	0	83,970
4	Purchase of goods for resale	0	0	(11,175)	(15,566)	0	0	(26,741)
5	Purchase of services for resale	(84)	(1,296)	(2,518)	0	(14)	0	(3,912)
6	Royalties	0	(5,436)	(16,374)	0	(3)	0	(21,813)
7	Change in inventories of finished products	0	0	(739)	523	0	0	(216)
8	Total cost of goods sold	(84)	(6,732)	(30,806)	(15,043)	(17)	0	(52,682)
9	Gross profit (3+8)	1,100	4,577	21,231	4,313	67	0	31,288
10	Other income	667	209	17	62	0	0	955
11	Cost of services	(190)	(539)	(4,222)	(1,714)	(226)	(967)	(7,858)
12	Rent and leasing	(58)	(31)	(429)	(43)	(18)	(570)	(1,149)
13	Payroll costs	(2,434)	(1,861)	(4,311)	(1,859)	(261)	(1,954)	(12,680)
14	Other operating expenses	(53)	(23)	(334)	(191)	(31)	(316)	(948)
15	Total operating expenses	(2,735)	(2,454)	(9,296)	(3,807)	(536)	(3,807)	(22,635)
16	EBITDA (9+10+15)	(968)	2,332	11,952	568	(469)	(3,807)	9,608
17	Depreciation and amortization	(301)	(915)	(627)	(169)	(83)	(88)	(2,183)
18	Provisions	0	0	0	0	0	0	0
19	Asset impairment charge	0	0	0	0	0	(332)	(332)
20	Impairment reversal	0	0	0	0	0	0	
21	Total depreciation, amortization and impairment	(301)	(915)	(627)	(169)	(83)	(420)	(2,515)
22	EBIT (16+21)	(1,269)	1,417	11,325	399	(552)	(4,227)	7,093