



DIGITAL BROS BOARD OF DIRECTORS AUTHORIZES THE ACQUISITION OF STARBREEZE AB ASSETS HELD BY SMILEGATE HOLDINGS FOR EURO 19.2 MILLION

Digital Bros' Board of Directors has authorized the Chairman, Abramo Galante, to buy all the assets held by Smilegate Holdings in Starbreeze AB on behalf of Digital Bros for a total amount of Euro 19.2 million.

If the transaction is successful, will allow the Group greater control over Starbreeze AB's corporate strategy and the Group would become the major shareholder in the Swedish Company listed on the Nasdaq Stockholm.

Milan – 21 January 2020 – Digital Bros Group (DIB:MI), which is listed on the STAR segment of Borsa Italiana and operates in the video games market, today announces that the Board of Directors has authorized the Chairman, Abramo Galante, to buy all the assets held by Smilegate Holdings in Starbreeze AB on behalf of Digital Bros for a total price of Euro 19.2 million. The overall assets nominal value is approximately Euro 36 million. This transaction is alternative to the option scheme, already communicated last week, to buy the assets separately for a total consideration of approximately Euro 21.8 million.

Starbreeze AB is a Swedish Company listed on Nasdaq Stockholm, developer and publisher of the popular videogame PAYDAY. The Company successfully completed a reconstruction process on December 6th, 2019 with a composition proposal to creditors approved by the Stockholm District Court.

Smilegate Holdings is a South Korean video game developer and publisher, which develops, publishes and services mobile and PC online games. The Company holds the following assets in Starbreeze AB, for an overall nominal value of approx. Euro 36 million:

- Convertible Bond of SEK 215 million (Euro 20.4 million) issued by Starbreeze AB with a strike price of SEK 2.25 per share. If converted, the Bond would result in no. 95,578,667 newly issued STAR B shares corresponding to 22.49% of Starbreeze AB's share capital and 10.60% of its voting rights;
- credit of approximately Euro 13.8 million included in Starbreeze's reconstruction plan that will be paid within the framework of the stipulated composition approved by the Stockholm District Court and no later than 5 years;
- 3,601,083 STAR A shares and 6,018,948 STAR B shares, corresponding to 2.92% of Starbreeze AB's share capital and 5.21% of Starbreeze AB voting rights for approx. Euro 1.8 million.

If the acquisition of Smilegate Holdings shares in Starbreeze AB by Digital Bros and the conversion of the Convertible Bond will occur, Digital Bros will own 30.18% of Starbreeze AB's share capital and 40.83% of the voting rights. As a result, Digital Bros would have the obligation to launch a public tender offer for the residual Starbreeze AB shares.

Digital Bros is currently Starbreeze AB's major stakeholder: the Group holds 7% of the share capital and 28.60% of the voting rights in Starbreeze AB. It is also the publisher, through its subsidiary 505 Games, of the console versions of the successful video game PAYDAY2. The Group furthermore holds a potential earn out of up to US \$40 million on 33% of net revenues of the future video game PAYDAY3. In the light of the

existing business relationship, Digital Bros considers the increase of its interest in Starbreeze AB as a step enabling the Group to exert greater control over the corporate strategy of Starbreeze AB going forward.

Stefano Salbe, CFO and Executive Director of Digital Bros Group is a member of Starbreeze AB's Board of Directors.

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 game entertainment content – video games - in a global market through various channels: retail and digital – web, social, mobile. Digital Bros Group is active around the world through its own direct operations in Italy, the United States, the UK, France, Spain, Germany, China and Hong Kong, with approximately 200 employees. The Group's head office is located in Milan, from where all activities are coordinated. Digital Bros operates in three markets, namely, development, publishing and distribution, under its own brands 505 Games and Halifax.

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