



## 2018 HALF-YEAR RESULTS

- A fully controlled roadmap
- Revenue growth of 5% linked to the ramp-up of projects under development
- A stronger financial structure with €30.5 million raised<sup>1</sup>
- Most of the commercial revenues from VAMPYR™ expected from the second half of 2018.
- A roadmap planned up to 2022

**October 30, 2018.** DONTNOD Entertainment, an independent French studio that creates and develops video games, today announces its 2018 half year results.

Oskar Guilbert, Chairman and Chief Executive Officer of DONTNOD, said: *“This halfway point reflects the ramp-up of five games in production that will contribute to our future revenues. The phenomenal success of our IPO last May, through which we were able to raise €30.5 million on Euronext Growth, has provided us with the necessary resources to continue developing our particularly rich pipeline of game releases. We’re following the roadmap presented with the release of VAMPYR, THE AWESOME ADVENTURES OF CAPTAIN SPIRIT and the first episode of LIFE IS STRANGE 2, the success of which should be reflected in the financial statements for the second half of the year and beyond.”*

The consolidated half-year financial statements are the result of a period during which all resources were committed to the simultaneous production of five games.

- **VAMPYR™**, published by Focus Home Interactive and released on June 5, 2018, expected to generate significant revenues in the second half of the year,
- **THE AWESOME ADVENTURES OF CAPTAIN SPIRIT™**, an all-new adventure from the **LIFE IS STRANGE™** franchise, published by Square Enix and released on June 25, 2018. This adventure boosted visibility and pre-orders for the second **LIFE IS STRANGE™** game,
- **LIFE IS STRANGE 2™**, published by Square Enix, the first episode of which was released on September 27, 2018, was highly acclaimed in the press,
- **TWIN MIRROR™**, published by Bandai Namco Entertainment, with release scheduled for 2019,
- Project 6, the publisher of which remains confidential.

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<sup>1</sup> Including €3.1m via offset against receivables





DONTNOD and its games were brought to the forefront by industry giants at E3, the largest video games event in the world: **THE AWESOME ADVENTURES OF CAPTAIN SPIRIT™** during the **Microsoft** press conference and **TWIN MIRROR™** at the **Sony** countdown.

The studio has also been working on the design of two other confidential projects during the same period. At the same time, a significant portion of the investment needed for technological development and studio structuring was made.

### First half results in line with expectations

Consolidated first-half revenues totaled €4.7 million, up from €4.4 million a year earlier (excluding the integration of DONTNOD ELEVEN), corresponding to a growth of 5% resulting from games under production and royalties collected for games already on sale, including VAMPYR™ over just three weeks. Capitalized production amounted to €410,000 in the first half of 2018, in respect of costs incurred for games in co-production, including the end of production of VAMPYR released on June 5, 2018, on PC and consoles.

Operating EBITDA<sup>2</sup>, including the video game tax credit (CIJV) of €2 million, came out close to break-even with a loss of €159,000 in the first half of 2018. The net operating loss (including CIJV) amounted to €606,000 compared to a profit of €1,617,000 for the first half of 2017, mostly reflecting a ramp-up of games under development and the structuring of five production teams.

After recognition of a non-recurring expense of €276,000 and a financial expense of €126,000, net income Group share amounted to a €1,033,000 loss for the first half of 2018, compared to a profit of €1,101,000 for the first half of 2017.

### A stronger financial structure following a highly successful IPO

During its initial public offering on Euronext Growth, DONTNOD raised €30.5 million after exercising the over-allotment option in full. 4.7 times over-subscribed<sup>3</sup>, the operation was a major success.

As a result, DONTNOD has the means required to pursue its growth strategy in order to consolidate its leading position as an original content creator in a fast-growing global video game market.

At June 30, 2018, DONTNOD's shareholders' equity amounted to €31.6 million and cash and cash equivalents amounted to €27.7 million.

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<sup>2</sup> Operating income + Depreciation and amortization charges & provisions net of reversals + Video game tax credit (CIJV)

<sup>3</sup> Based on the initial offering: GP and OPO, excluding extension clause and over-allotment option





## A promising second half of the year and a roadmap planned up to 2022

The second half of 2018 should be marked by significant revenues expected following the resounding success of **VAMPYR™**, which has topped the charts in France, the United Kingdom, Germany and numerous other countries since its release. Acclaimed for its production and storyline, the licensing potential of **VAMPYR™** continues to be maximized with the game set for release on **Nintendo Switch**, thereby reaching an even wider audience.

**LIFE IS STRANGE 2™** episode 1, published by Square Enix, has made a strong start since its release on September 27. The first part of the all new series of the franchise achieved a rating of **82+** on **Metacritic**, a website that aggregates reviews of video games published in the specialized press and awards a score out of 100. With a higher score than the first game, major commercial success is forecast.

During the second half of the year the studio will continue to develop **TWIN MIRROR™**, a narrative adventure game published by Bandai Namco Entertainment and scheduled for release in 2019. This psychological thriller will be divided into three episodes in order to sustain strong sales momentum for the franchise over the long term.

Finally, DONTNOD will support the ramp-up of projects 6, 7 and 8, scheduled for release between 2020 and 2022.

### About DONTNOD Entertainment

*Founded in 2008, DONTNOD is an independent French studio that develops "AA" budget video games in popular genres, such as adventure (Life is Strange), action (Remember Me) and RPG (Vampyr). Every new game is an original, natively multi-screen creation with a unique narrative experience and gameplay (consoles, PC, smartphones, tablets, Mac and TV) and is aimed at a wide audience, whether released in episodes by adopting the successful TV series format, or in "one shot" format. The studio has built an international reputation amongst leading publishers such as Square Enix, Focus Home Interactive, Bandai Namco Entertainment and Capcom.*

*DONTNOD (ISIN code: FR0013331212 - ALDNE) is listed on Euronext Growth Paris.*

**Step into the studio's immersive and innovative universe at [dont-nod.com](http://dont-nod.com)**

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THE AWESOME ADVENTURES OF CAPTAIN SPIRIT, LIFE IS STRANGE 2 and LIFE IS STRANGE are developed by DONTNOD Entertainment and published by SQUARE ENIX.

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## SELECTED FINANCIAL DATA

### H1 2018 income statement, in €000

In €000	H1 2017	H1 2018
Revenues	4,445	<b>4,683</b>
Capitalized production	1,643	<b>410</b>
Operating income	1	<b>420</b>
Operating expenses	(6,123)	<b>(7,625)</b>
- of which CIJV video game tax credit	1,651	<b>1,952</b>
EBITDA (including CIJV)	1,617	<b>(159)</b>
Net operating income/(loss) (including CIJV)	1,375	<b>(606)</b>
Financial income/(expense)	(43)	<b>(126)</b>
Non-recurring income/(expenses)	(231)	<b>(276)</b>
Consolidated net income	1,101	<b>(1,033)</b>

### Balance sheet at June 30, 2018, in €000

ASSETS	12/31/2017	6/30/2018	LIABILITIES	12/31/2017	6/30/2018
Fixed assets	4,563	<b>8,253</b>	Equity equivalents	(201)	<b>31,637</b>
Inventories and work in progress	-	-	Provisions	599	<b>980</b>
Trade receivables	1,816	<b>2,703</b>	Borrowings	5,556	<b>2,033</b>
Other receivables	3,622	<b>3,168</b>	Trade payables and tax liabilities	735	<b>1,039</b>
Cash and cash equivalents	692	<b>27,750</b>	Other payables	4,003	<b>6,184</b>
TOTAL	10,692	<b>41,874</b>	TOTAL	10,692	<b>41,874</b>

