



2019 BUSINESS REVIEW: RAMP-UP OF PROJECTS UNDER DEVELOPMENT

- Publisher fee revenues up 13%
- One game launched in 2019 (LIFE IS STRANGE™ 2), royalties expected from 2020
- Capitalized production multiplied by 4.8

April 2, 2020. DONTNOD Entertainment, an independent French studio that creates and develops video games, today publishes its 2019 business review.

To provide a more accurate presentation of the studio's activity and in line with the strategy launched at the time of the IPO, which aims to retain a growing proportion of the intellectual property rights in its original creations, DONTNOD has changed the structure of its business review. Accordingly, the Group will now combine the presentation of revenues and capitalized production¹ in order to illustrate more clearly the ramp-up of co-production and self-publishing.

Audited figures – €m	2018	2019	Change
Revenues	14.3	13.9	-2.7%
- incl. publisher fees	10.5	11.9	+13.0%
- incl. royalties	3.8	2.1	- 45.9%
Capitalized production	0.9	4.1	x4.8
Operating revenues²	15.2	18.0	+18.6%

For the 2019 financial year, DONTNOD Entertainment posted operating revenues of €18.0 million, up 18.6% from €15.2 million in 2018. This performance was driven by:

- publisher fees up 13% to €11.9 million, demonstrating the ramp-up of **TELL ME WHY™** under development;
- capitalized production, which multiplied by 4.8 from €0.9 million to €4.1 million, confirming the accelerated development of **TWIN MIRROR™**, the new co-production in partnership with FOCUS Home Interactive (**Project 8**) and the start of pre-production for Project 7, for which the studio holds the intellectual property rights.

Meanwhile, royalties fell in 2019, partially reflecting slower sales of **VAMPYR™** (on sale since June 2018) despite the Q4 2019 release on Nintendo Switch™, and the overlap period for the second season of **LIFE IS STRANGE™**, royalties from which are expected from 2020.

Consequently, the ramp-up of developments in progress will not compensate the level of royalties. At this stage, the company anticipates a controlled decline of the operating EBITDA³ and a substantially positive operating EBIT⁴.

¹ Costs incurred on co-produced games until release

² Revenues + capitalized production

³ Operating EBITDA: Operating income + Depreciation and amortization charges & provisions net of reversals + Video game tax credit (CIJV)

⁴ Operating EBIT: Operating income + Video game tax credit (CIJV)



Furthermore, **LIFE IS STRANGE™ 2**, released in Japan on March 26, 2020, received very positive reviews from the press, including a 9/10 rating from Famitsu magazine's cross review. The game won the Prix de l'Excellence narrative (Narrative Excellence Award) at the first Pégase awards ceremony in 2020 and was nominated in four categories for the British Academy of Film and Television Arts Awards (BAFTA), which strengthened the hype surrounding the game.

Covid-19 update

In view of the exceptional circumstances surrounding the coronavirus (Covid-19) health crisis and the ensuing government recommendations, DONTNOD Entertainment has implemented a business continuity plan involving teleworking arrangement.

DONTNOD is ensuring optimal productivity of its production lines however the duration of the health crisis is currently unknown, and release schedules in the video games industry could be adjusted depending on how the situation develops.

However, the industry is now observing increased consumption of video games, particularly through online platforms.

Two releases in 2020

Having announced a strategic partnership with EPIC Games for the exclusive distribution of **TWIN MIRROR™** on its digital platform for PC, DONTNOD will continue development of episodes of this first self-published game scheduled for release in 2020 on PC and consoles (under a distribution agreement with Bandai Namco).

Meanwhile, the studio will finalize development of a new episodic original creation, the result of its first collaboration with Microsoft, **TELL ME WHY™**, expected in summer 2020.

Finally, DONTNOD will continue developing the new co-production with FOCUS Home Interactive, the pre-production of a new game (**Project 7**) and will pursue new design works after the releases of **LIFE IS STRANGE™ 2**, **TELL ME WHY™** and **TWIN MIRROR™**.

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™**, **TWIN MIRROR™**), 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 Microsoft, 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

DONTNOD Entertainment

Oskar GUILBERT
Chief Executive Officer

Benoît GISBERT-MORA
Chief Financial Officer
invest@dont-nod.com

ACTUS finance & communication

Corinne PUISSANT
Analyst/Investor relations
Tel.: 33 (0)1 53 67 36 77 - cpuissant@actus.fr

Anne-Catherine BONJOUR
Press relations
Tel.: 33 (0) 53 67 36 93 - acbonjour@actus.fr