



DONTNOD LAUNCHES A CAPITAL INCREASE TO CONSOLIDATE ITS POSITION IN THE VIDEO GAMES SECTOR

July 1st, 2020. DONTNOD Entertainment, an independent French studio that creates and develops video games, today announces the launch of a capital increase with cancellation of preferential subscription rights as part of an offering pursuant to Article L. 411-2 1° of the French Monetary and Financial Code for an amount of approximately €6.5 million with qualified French and international investors, through an accelerated bookbuilding process (the “Offering”).

DONTNOD is ideally placed within a video games industry undergoing profound change with an increasing number of digital platforms all vying with each other to obtain differentiated premium content. Its original creations, which have achieved significant commercial success and international recognition for their quality, have also strengthened its position in the value chain. The funds raised will allow the studio to accelerate the process initiated with the IPO and implement its development strategy geared towards increased self-publishing, thereby taking full advantage of positive trends within the industry.

As previously announced, on June 13 DONTNOD successfully unveiled the new teaser for its narrative video game TWIN MIRROR™, the studio’s first self-published title co-produced with Shibuya Productions. This announcement sparked great interest from players and the media. The studio signed an exclusive partnership with Epic Games for PC distribution of the game. DONTNOD has also signed 2 co-production agreements with FOCUS Home Interactive for VAMPYR™ and an upcoming original creation (Project 8).

Terms of the Offering

The Offering will be executed with cancellation of the preferential subscription rights of existing Company shareholders, on the basis of Article L. 225-136 of the French Commercial Code, with qualified investors as referred to in Article L. 411-2 1° of the French Monetary and Financial Code in accordance with the 10th resolution adopted by the Company’s combined general meeting on June 18, 2019 (the “General Meeting”) and with the decisions taken by the Board of Directors on that date.

The share issue price will be equal to the volume weighted average share price over the last three trading sessions prior to the establishment of the issue price, with a discount of up to 5%.

Gross proceeds from the Offering should be at approximately €6.5 million. The final number of new shares thus issued will be decided by the Chairman of the Board of Directors, pursuant to and within the limits of the delegation of powers and sub-delegation conferred by the Company’s General Meeting and Board of Directors as of the date hereof. The number of shares to be issued, with a par value of €0.02 each, in the context of the Offering will in any event be limited to 20% of the Company’s share capital before execution of the transaction.

The accelerated bookbuilding process will be initiated immediately and should be closed as soon as possible on July 1, 2020, subject to potential extension. The Company will announce the outcome of the Offering via a press release as soon as possible following closure of the order book.



The Offering is open (i) to qualified investors or a limited circle of investors as defined by Article L. 411-2 1° of the French Monetary and Financial Code, within and outside France, with the exception of the United States of America pursuant to Regulation S and the Securities Act 1933 (the “Securities Act”) and (ii) to qualified institutional investors in the United States of America pursuant to Rule 144A of the Securities Act and in accordance with the registration exemption provided for in section 4(a)(2) of the Securities Act.

Some existing shareholders and non-shareholder investors have expressed their intention to subscribe for an amount of around €4.2 million in the context of the Offering.

Settlement and delivery of the new shares and their admission to trading on the Euronext Growth Paris market are scheduled for July 6, 2020. The new shares will be subject to all applicable provisions of the Company bylaws and will be fungible with existing shares upon completion of the Capital Increase. They will bear current dividend rights and will be admitted to trading on the Euronext Growth Paris market on the same listing line as already listed Company shares under the same ISIN: FR0013331212 - ALDNE.

The Offering does not require preparation of a prospectus submitted for approval by the French Financial Markets Authority (AMF).

Abstention commitment

DONTNOD will sign an abstention commitment with a term of 180 days from the Offering settlement-delivery date, subject to the usual exceptions, thereby restricting the Company’s capacity to issue new shares during the said period.

Offering guarantee

The Offering is not covered by a guarantee. However, the Offering is the object of a share placement agreement between the Company and Portzamparc acting as Lead Manager and Bookrunner.

Risk factors

Attention is drawn to the risk factors relating to the Company and its business, as set out in section 5 of the management report included in the 2019 annual financial report published on the Company’s website on 30 April 2020 and available free of charge from the Company website (<https://www.dontnod-bourse.com/fr/>). The materialization of all or some of these risks could have an adverse impact on the Company’s business, financial position, earnings, growth and outlook. The risk factors set out in the said management report are identical to those applicable as of the date of this press release.

Furthermore, investors are advised to consider the following risks related to the issue: (i) the market price of the Company’s shares may fluctuate and fall below the subscription price of the shares issued as part of the Offering, (ii) the volatility and liquidity of the Company’s shares may fluctuate significantly, (iii) disposals of the Company’s shares on the market could have an adverse impact on the Company’s share price, and (iv) the Company’s shareholders may be exposed to substantial dilution resulting from any future capital increases required in connection with the Company’s fundraising initiatives.

Portzamparc (BNP Paribas Group) is acting as Lead Manager and Bookrunner and Allegra Finance, Listing Sponsor, as Company’s advisors.



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

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This announcement is an advertisement and not a prospectus within the meaning of regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation").

In France, the offering of the Company's securities as described above will be carried exclusively through an offer to the benefit of qualified investors, as defined in Article 2(1)(e) of the Prospectus Regulation and in accordance with article L. 411-2 of the French Monetary and Financial code (code monétaire et financier) and applicable regulatory provisions. No prospectus will require to be approved or subject to approval from the AMF (Autorité des Marchés Financiers).

With respect to Member States of the European Economic Area other than France (the "Member States"), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release requiring the publication of a prospectus in any Member State. Therefore, such securities may not be and shall not be offered in any Member State (other than France) other than in accordance with the exemptions of Article 1(4) of the Prospectus Regulation or, otherwise, in cases not requiring the publication by DONTNOD of a prospectus under Article 3 of the Prospectus Regulation and/or the applicable regulations in such Member State.

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