



DONTNOD ANNOUNCES A BUSINESS COOPERATION AGREEMENT WITH TENCENT AND THE SIMULTANEOUS LAUNCH OF APPROXIMATELY €40 MILLION CAPITAL INCREASE TO FINANCE ITS EXPANSION INTO MORE SELF-PUBLISHED GAMES

- Launch of approximately €40 million capital increase through an accelerated bookbuilding process, including the acquisition of a minority stake by Tencent through an investment of €30 million
- Business cooperation agreement signed between Tencent and DONTNOD

January 27, 2021. DONTNOD Entertainment ('DONTNOD' or the 'Company'), an independent French studio that creates and develops video games, today announced the launch of a capital increase without preferential subscription rights for the benefit of a category of persons and intended exclusively for qualified investors, as defined in Article 2(1)(e) of EU Regulation 2017/1129 of June 14, 2017, through an accelerated bookbuilding process, for an expected amount of €40 million (the '**Offering**'). The new shares will be admitted to trading on the Euronext Growth market in Paris.

On the basis of the maximum authorized size of the Offering of €50 million, the maximum number of shares to be issued would be 3,125,000 new shares.

In connection with the Offering, Tencent Holdings Limited ('Tencent'), a leading internet services provider, has undertaken to invest €30 million to support the studio's development through its subsidiary Proxima Beta Europe BV. As part of this investment, Tencent has an option to propose the appointment of a representative on the Board of Directors.

The funds raised will mainly be used to finance the ramp-up of DONTNOD's strategy to develop new self-published intellectual properties worldwide on PC, consoles and mobile platforms, and thereby take full advantage of positive trends within the industry for creators of internationally renowned and original games, such as DONTNOD.

DONTNOD is also proud to announce the concurrent signing of a business cooperation agreement with Tencent.

Oskar Guilbert, Chairman and Chief Executive Officer of DONTNOD, said: *"We are delighted to welcome Tencent as a DONTNOD investor. This is a real expression of trust from a key online game leader, which is behind a number of success stories and has invested in several leading companies in the video game industry. Through this partnership, DONTNOD is perfectly positioned to take advantage of the various growth drivers in the video game industry, in particular in China and on mobile platforms, in cooperation with an industry leader. The capital increase announced today will enable us to step up and boost the roll-out of our development plan, which aims to capture more value from our original creations by self-publishing more games."*

Main Terms of the Offering

In accordance with the 7th resolution adopted by the Company's Combined General Meeting on October 27, 2020 (the '**General Meeting**') and with the decisions taken by the Board of Directors as of today, the Offering will be executed without preferential subscription rights for existing Company shareholders, for the benefit of a category of persons. In addition, only qualified investors, as defined in Article 2(1)(e) of EU Regulation 2017/1129 of June 14, 2017, will be entitled to participate in the Offering.

The issue price for the new shares will be €16 per share with a par value of €0.02 each. All investors, including Tencent, will be invited to subscribe at the price determined for the purposes of the accelerated bookbuilding process. The number of new shares issued as part of the Offering will be determined pursuant to and within the limits of the delegation of powers and sub-delegation conferred by the 7th resolution adopted by the Company's Combined General Meeting on October 27, 2020.



The accelerated bookbuilding process will be initiated immediately and is expected to be closed before the markets open on January 28, 2021, subject to any extension. The result of the Offering will be announced in a press release as soon as possible after the order book closes.

Settlement and delivery of the new shares and their admission to trading on the Euronext Growth Paris market are scheduled for February 1, 2021. 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.

Pursuant to Article 2(1)(e) of EU Regulation 2017/1129, the Offering will not require the publication of a prospectus subject to the approval of the French Financial Market Authority (the 'AMF').

Midcap / TP ICAP (Europe) acts as Lead Manager and Bookrunner for this Offering. CBR & Associés (François Le Roquais) acts as legal counsel for this Offering. ACTUS finance & communication act as financial communication adviser.

Offering guarantee

The Offering is not covered by a guarantee.

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 April 30, 2020 and available free of charge from the Company website (<https://www.dontnod-bourse.com/fr/>). The occurrence 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.

Allocation of founders' warrants (BSPCE) and bonus shares

By decisions of the Board of Directors of February 1, 2021, making use of the delegations granted in Resolutions 12 and 13 of the Combined General Meeting of October 27, 2020, the Company should set up the following four plans:

- A BSPCE founders' warrant allocation plan¹, exercisable at the price of €16 over a period of three (3) to five (5) years, and concerning a maximum of 48,967 new shares, subject to the beneficiary remaining on the Company's payroll.
- A bonus share allocation plan¹ for 49,033 bonus shares to be issued at the end of a three (3) to five (5) year period, subject, in particular, to the beneficiary remaining on the Company's payroll.
- A BSPCE founders' warrant allocation plan², exercisable at the price of €16 over a period of three (3) years and concerning a maximum of 245,000 new shares, subject, in particular, to the beneficiary remaining on the Company's payroll and the achievement of Company share price objectives.

¹ Restricted to certain Group employees

² Restricted to main Group managers



- A bonus share allocation plan² for 155,000 bonus shares to be issued at the end of a three (3) year period, subject to the beneficiary remaining on the Company's payroll and the achievement of Company share price objectives.

In order to be allocated all the shares provided for under the last two plans listed, the share price target shall be set at €40 (this figure shall not be considered as share price target expressed by the Company).

In total, if all of the new shares provided for under these four allocation plans are issued; 498,000 new ordinary shares with a par value of €0.02 per share would be issued, currently representing 9,65% of the Company's share capital.

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 press release contains forward-looking statements that relate to the Company's objectives. While the Company considers such forward-looking statements to be reasonable, such forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties, which may result in different outcomes than those contained in the forward-looking statements.

This press release and the information contained herein are only for information purposes and do not constitute an offer to sell or subscribe to, or a solicitation of an offer to buy or subscribe to, shares in the Company in any country, including France.

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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 June 14, 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.

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.

In the United Kingdom (the "UK"), this press release has been prepared on the basis that any offer of the Company's securities in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation") from a requirement to publish a prospectus for offers of the Company's securities. This press release is not a prospectus for the purpose of the UK Prospectus Regulation. This press release and the information it contains are being distributed to and are only intended for persons who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) high net worth entities and other such persons falling within Article 49(2)(a) to (d) of the Order ("high net worth companies", "unincorporated associations", etc.) or (iii) other persons to whom an invitation or inducement to



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