



SOLID 2020 FULL-YEAR RESULTS AND GREATER FOOHOLD IN THE VIDEO GAME VALUE CHAIN

- Strong growth in operating revenues¹, up 31% to €23.6 million
- Operating EBITDA² up 33% to €4.4 million
- Net income of €0.9 million
- Robust cash and cash equivalents of €21.2 million, and additional post-closing financing of €50 million to support the ambitious development plan

April 19, 2021. DONTNOD Entertainment, an independent French studio that creates, develops and publishes video games, today presents its 2020 full-year results, as approved by the Board of Directors on April 16, 2021. The Statutory Auditors have completed their audit assignment and the 2020 financial report will be published on April 30.

Oskar Guilbert, Chairman and Chief Executive Officer of DONTNOD, said: “Our strategy continues to bear fruit. We posted a strong performance in 2020, marked by the opening of our subsidiary in Montreal and the launch of two games, TELL ME WHY and TWIN MIRROR, in a completely unprecedented environment. We are incredibly proud of our teams for the work they have achieved, their resilience and their remarkable ability to adapt.

We are beginning the year with much stronger financial capabilities, enabling us to step up our ambitious development plan. Our transformation, which began in 2018 with our first-ever co-production and in 2020 with our first self-published game, is set to continue in 2021 with the recent signing of a co-production and external publishing agreement with PortaPlay, adding a seventh game to our line-up. This strategy is designed to capture more value from our original creations by co-producing or self-publishing them, to enrich our catalog with more games and to integrate more Intellectual Property developed in-house or in co-operation with external studios.”

Consolidated figures – In €'000 (French GAAP)	2019	2020
Revenues	13,945	13,506
- incl. Royalties	2,062	3,781
- incl. Publisher fees	11,883	9,725
Capitalized production ³	4,072	10,069
Total operating revenues	18,017	23,574
Other operating revenues	108	10
Total operating expenses (excl. depreciation, amortization and provisions)	(19,512)	(23,417)
CIJV	4,668	4,211
Operating EBITDA² (including CIJV)	3,280	4,377
Depreciation and amortization	(2,500)	(2,860)
Operating EBIT⁴ (including CIJV)	781	1,518
Financial income/(expenses)	(81)	(38)
Non-recurring income/(expenses)	(472)	(217)
Amortization of goodwill	(314)	(314)
Consolidated net income/(loss)	(86)	949



Ramp-up of self-publishing games and solid back catalog performance

In 2020, DONTNOD Entertainment posted operating revenue of €23.6 million, up 31% from €18.0 million in 2019.

This momentum was driven by i) capitalized production multiplying by 2.5 (end of TWIN MIRROR™ development, ramp-up of self-publishing Project 7 and the new co-production with FOCUS Home Interactive) and ii) royalties up 83%, reflecting the release of TWIN MIRROR™, our first self-published game released in December 2020 and a solid back catalog performance (VAMPYR, LIFE IS STRANGE).

Improved operating performance

As expected, this growth is reflected in the studio's 2020 operating performance, thanks to a controlled increase in expenses over the ramp-up phase.

Staff costs amounted to €17.2 million in 2020, up 20% from €14.3 million a year earlier, reflecting new hires made for the development of the six ongoing internal production lines. Other operating expenses increased by 19% in 2020 to €5.7 million from €4.8 million last year, illustrating the ramp-up of production lines, as well as marketing investments made for the release of TWIN MIRROR™ in December 2020.

Operating EBITDA including the video game tax credit (CIJV) therefore amounted to €4.4 million in 2020, up 33% from €3.3 million in 2019.

After deducting depreciation, amortization and provisions (mainly comprising amortization on co-produced or self-published games), operating EBIT rose to €1.5 million in 2020, a sharp 94% increase from €0.8 million in 2019.

After deducting goodwill amortization of €0.3 million, consolidated net income rose sharply to €0.9 million in 2020, compared to a loss of €0.1 million in 2019.

Strengthened financial structure

ASSETS	2019	2020	EQUITY & LIABILITIES	2019	2020
Fixed assets	15,673	22,618	Shareholders' equity	32,859	40,221
Inventories & work in progress	-	-	Provisions	2,330	2,550
Trade receivables	3,050	2,643	Borrowings	1,560	4,028
Other receivables	5,977	5,626	Trade payables	401	1,264
Cash & cash equivalent	16,955	21,217	Other payables	4,505	4,042
TOTAL	41,655	52,105	TOTAL	41,655	52,105

DONTNOD generated positive gross operating cash flow in 2020 of €4.1 million (up €0.9 million compared to 2019) and cash flow from operating activities of €5.3 million (up €1.1 million). Combined with new financing (€6.4 million in funds raised in summer 2020 and a €3.6 million PGE state-guaranteed loan in April 2020), these cash flows were sufficient to cover the 2020 investments (€9.9 million), mainly related to capitalized production for co-produced and self-published games, and to increase the cash position to €21.2 million at 2020 year-end, up from €17.0 million at 2019 year-end.

At December 31, 2020, borrowings stood at €4.0 million, compared to €1.6 million in 2019, and DONTNOD's shareholders' equity totaled €40.2 million.



After the end of the period, DONTNOD strengthened its shareholders' equity and cash position by €50 million through a capital increase subscribed by institutional investors and Tencent Holdings Limited (€30-million investment).

Outlook and development

The quality of the studio's games has been recognized once again. The narrative adventure **TELL ME WHY™**, first-time collaboration with Microsoft, received around twenty nominations and walked away with nine awards, including the prestigious: "Beyond video games award" and "Narrative Excellence Award" at the 2021 Pégases awards ceremony, and the "Games for Impact" prize at the Game Awards. All of these awards will support the commercial development of this new original creation.

2021 has started with a rich in-house pipeline of six original creations, five of which are self-published and one co-produced with FOCUS Home Interactive, with releases scheduled between 2022 and 2025.

In a context that favors the creation of original and high-quality games and following the set-up of the Publishing and Marketing divisions, DONTNOD has bolstered its catalog through a collaboration with Danish studio PortaPlay. DONTNOD, which holds the majority rights of the Intellectual Property, will act as co-producer and publisher.

DONTNOD remains committed to its strategy:

- More original creations (developed alone or in partnership);
- More recurring revenues (via continuous expansion of the back catalog);
- More value harnessed by each game (through co-production and publishing);
- More created assets (via Intellectual Property on co-produced or self-published games).

About DONTNOD Entertainment

Founded in 2008, DONTNOD is a French independent publisher and developer that creates video games in the narrative adventure (LIFE is STRANGE™, TWIN MIRROR™, TELL ME WHY™), action (REMEMBER ME™) and role-playing (VAMPYR™) genres. Each new game is an original creation offering a unique narrative experience and game mechanics, featuring strong, touching and engaging stories, shared with our players around the world. DONTNOD has a worldwide reputation and collaborates with lead publishers such as Microsoft, Square Enix, FOCUS Home Interactive, Bandai Namco Entertainment and Capcom. As a studio and as a publisher, DONTNOD continues to evolve for its own productions but now also accompanies third-party studios on creations that resonate with its editorial vision (such as PortaPlay studio).

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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¹ Revenues + capitalized production

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

³ Costs incurred on co-produced and self-published games until release

⁴ Operating income + Video game tax credit (CIJV)