



2021 HALF-YEAR RESULTS

- Economic performance in line with the acceleration of the strategy focused on the development of new original self-published creations
- Operating revenues² up 19%
- Robust growth in operating EBITDA³ (up 92% to €3.3 million)
- Strengthened cash and cash equivalents of €62.9 million to support the ambitious development plan

September 30, 2021. DONTNOD Entertainment, an independent French studio that creates, develops and publishes video games, today presents its first half 2021 results as approved by the Board of Directors on September 28, 2021. The Statutory Auditors have completed their limited review of the first half financial statements and their report will be issued in the next few days. The half-year financial report will be available during October.

Upon publication of the first half 2021 results, Oskar Guilbert, Chairman and CEO of DONTNOD, stated: *“H1 2021 performance reflects the strategic changes that have taken place within the Group. This transformation has accelerated with the strengthening of our financial resources, our collaboration with Tencent, a major player in the sector, and our co-production and publishing agreement with the third-party studio PortaPlay. This demonstrates our ability to position ourselves at the heart of the fast-moving video game ecosystem by forging strategic alliances while remaining true to our creative independence. We enter this second part of the year with increased financial capacity and strengthened creative and production resources that will enable us to generate significant growth in value today and increase it considerably over the medium to long term.”*

Consolidated figures - In €'000 (French GAAP)	H1 2020	H1 2021
Revenues	6,993	5,018
- incl. Royalties	920	2,726
- incl. Publisher fees	6,073	2,292
Capitalized production ¹	3,825	7,803
Total operating revenues²	10,819	12,821
Other operating revenues	3	51
Total operating expenses (excl. depreciation, amortization and provisions)	(11,373)	(11,873)
CIJV	2,290	2,348
Operating EBITDA³ (including CIJV)	1,739	3,347
Depreciation, amortization and provisions	(909)	(2,724)
Operating EBIT⁴ (including CIJV)	830	623
Financial income/(expenses)	(11)	49
Non-recurring income/(expenses)	4	(160)
Amortization of goodwill	(157)	(157)
Consolidated net income/(loss)	667	355

¹ Costs incurred on co-produced and self-published games until release

² Revenues + capitalized production

³ Operating income + Depreciation and amortization charges & provisions net of reversals + Video game tax credits (CIJV + CTMM)

⁴ Operating income + Video game tax credit (CIJV + CTMM)



Ramp-up of production lines

In the first half of 2021, DONTNOD Entertainment posted a 19% increase in operating revenues, which rose to €12.8 million from €10.8 million in first half 2020. This performance was driven by:

- the doubling of capitalized production to €7.8 million, illustrating the acceleration of five fully self-published projects (four developed in the Paris studios and one in Montreal), the new co-production with FOCUS Entertainment, and the co-production project with the PortaPlay studio;
- the tripling of revenues from royalties to €2.7 million linked to TWIN MIRROR and a good performance from the back catalog (VAMPYR, LIFE IS STRANGE franchise).

At the same time, in line with the Group's strategy of capturing more value from original creations through self-publishing, the studio posted a drop in revenues from publisher fees (down 62% to €2.3 million) in H1 2021.

Robust 92% increase in operating EBITDA

The ramp-up of the seven projects underway was accompanied by a strong improvement in the studio's operating performance in the first half of 2021, thanks to tight cost control.

Staff costs amounted to €9.2 million in H1 2021, compared with €8.8 million last year, representing a limited increase of 5%, while other operating expenses rose 7% to €2.5 million for the first half of 2021, compared with €2.3 million for the same period last year.

Operating EBITDA including video game tax credits (French and Canadian) improved sharply to €3.3 million in the first half of 2021, up 92% from €1.7 million last year. This strong performance, with regard to the 18.5% increase in operating revenues, reflects the strategic choices made to increase the number of assets held (via intellectual property rights in co-produced or self-published games).

After depreciation, amortization and provisions (mainly comprising amortization of development costs for TWIN MIRROR and VAMPYR), operating EBIT was down to €0.6 million in the first half of 2021, compared with €0.8 million in H1 2020.

Net income for the consolidated group came to €0.4 million in H1 2021, including an exceptional non-cash charge of €0.2 million and the amortization of goodwill related to DONTNOD ELEVEN.

Financial position strengthened to support the studio's ambitious development plan

ASSETS	12/31/2020	6/30/2021	EQUITY & LIABILITIES	12/31/2020	6/30/2021
Fixed assets	22,618	27,979	Shareholders' equity	40,221	89,131
Inventories & work in progress	-	-	Provisions	2,550	3,028
Trade receivables	2,643	1,180	Borrowings	4,028	3,938
Other receivables	5,626	8,614	Trade receivables	1,264	979
Cash & cash equivalents	21,217	62,905	Other payables	4,042	3,602
TOTAL	52,105	100,678	TOTAL	52,105	100,678



In H1 2021, DONTNOD generated positive gross operating cash flow of €3.6 million (€1.9 million in 2020) and net cash flow from operating activities of €1.4 million. Combined with the €50 million fundraising completed in January 2021, these cash flows generated during H1 2021 have enabled the company to cover the capital expenditure incurred in H1 2021 (€8.1 million), mainly related to capitalized production for co-production and self-publishing games.

DONTNOD's financial structure is thus firmly strengthened, with shareholders' equity of €89.1 million and cash and cash equivalents of €62.9 million as of June 30, 2021.

Borrowings amount to only €3.9 million (including a €3.6 million state-guaranteed loan obtained in April 2020 with a 5-year repayment period), while other payables include €0.7 million in deferred income. Other receivables included €7.2 million of tax credits not received at June 30, 2021.

New offices in Paris and Montreal and implementation of a new working system based on teleworking

The DONTNOD Paris relocation to its new offices is now complete and DONTNOD Montreal has moved to the center of the Mile-Ex district.

Meanwhile, DONTNOD has implemented a new working system based on freedom of choice. Each DONTNOD employee based in Paris and Montreal can now choose between working remotely from home and working on the premises. This is a permanent system that will continue beyond the current health situation, with the aim of improving the work-life balance, as well as protecting the health and ensuring the safety of all employees, while guaranteeing an optimal level of production and maintaining the quality of the titles under development.

Outlook and development

The second half of 2021 will be marked by the launch on Steam, on December 1, of TWIN MIRROR, the studio's first self-published game. The studio should also continue to benefit from royalties from TWIN MIRROR and the back catalog (including LIFE IS STRANGE and VAMPYR).

DONTNOD will continue to develop its rich pipeline of seven original creations, including five self-published, one in co-production with FOCUS Entertainment and the co-production collaboration with the Danish studio PortaPlay, which DONTNOD will be publishing. All of these games are scheduled for release between 2022 and 2025.

Finally, DONTNOD will maintain its development strategy, which is mainly based on:

- a pipeline of games oriented primarily towards self-publishing,
- enrichment of the catalog through co-production and publishing collaborations with external studios,
- development of the partnership with Tencent, particularly in the context of projects for the mobile segment and the Asian market,
- strengthening of the marketing and publishing departments to support the follow-up of the production and commercialization of future intellectual property.



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

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