



## 2021 FULL-YEAR RESULTS

- Operating performance in line with the latest forecasts
- Operating revenues up 13%
- Operating EBITDA up 33% to €5.8 million
- Robust cash position improved to €58.4 million
- Powerful line-up, with eight original creations over the 2022-2025 period
- Strengthening of DONTNOD's CSR commitment with the creation of a dedicated committee and the publication of a first report

**April 27, 2022.** DONTNOD Entertainment, an independent French studio that creates, develops and publishes video games, today presents its 2021 full-year consolidated results, as approved by the Board of Directors on April 13, 2022. The Statutory Auditors have completed their audit assignment and the 2021 financial report will be published in the coming days.

Oskar Guilbert, Chairman and Chief Executive Officer of DONTNOD, said: *"2021 was a particularly eventful year for DONTNOD. We stepped up our strategic shift towards self-publishing, backed up by the strengthening of our financial resources, the acquisition of a stake by Tencent and the signing of our first co-production and third-party studio publishing partnership with PortaPlay. DONTNOD operates in a market undergoing profound change, characterized by countless technical and editorial challenges. By focusing our efforts on creating and publishing quality content, we are ideally positioned for the coming years. We accordingly aim to continue to cultivate the differences that have been our strength since the studio's creation, to bring new, powerful and unique experiences to our communities. Our agreement with Tencent is a perfect example of our ability to take advantage of the opportunities offered by the effervescence of our market without abandoning our independence."*

Audited consolidated figures in €000 - (French GAAP)	2020	2021
Revenues	13,506	10,501
- of which royalties	3,781	5,738
- of which fixed publisher fees	9,725	4,763
Capitalized production <sup>1</sup>	10,069	16,168
<b>Total operating revenues<sup>2</sup></b>	<b>23,574</b>	<b>26,669</b>
Other operating revenues	10	99
Total operating expenses (excl. depreciation, amortization and provisions)	(23,417)	(25,349)
Tax credits (including CIJV)	4,211	4,411
<b>Operating EBITDA<sup>3</sup> (including tax credits)</b>	<b>4,377</b>	<b>5,831</b>
Depreciation and amortization	(2,860)	(9,275)
Deferred taxes	-	(97)
<b>Operating EBIT<sup>4</sup> (including tax credits)</b>	<b>1,518</b>	<b>(3,541)</b>
Financial income/(expense)	(38)	202
Non-recurring income/(expenses)	(217)	396
Amortization of goodwill	(314)	(314)
<b>Consolidated net income/(loss)</b>	<b>949</b>	<b>(3,257)</b>

<sup>1</sup> Costs incurred on co-produced and self-published games until release

<sup>2</sup> Revenues + capitalized production

<sup>3</sup> Operating income + Depreciation and amortization charges & provisions net of reversals + CIJV + CTMM (video game and multimedia title tax credits)

<sup>4</sup> Operating income + CIJV + CTMM (video game and multimedia title tax credits)



## Ramp-up of the seven production lines at the end of 2021

DONTNOD 2021 operating revenues were up 13% year on year to €26.7 million, reflecting:

- a substantial 52% increase in **royalties** to a record €5.7 million;
- **publisher royalties** down 51% to €4.8 million, perfectly in line with the strategy geared towards co-production and self-publishing;
- **capitalized production** up 61% to €16.2 million, illustrating the seven self-published or co-produced projects at the end of 2021.

## Operating EBITDA up 33%

The increase in operating revenues came with an improvement in the studio's operating performance in 2021, thanks to control of operating expenses excluding depreciation, amortization and provisions.

At €18.7 million in 2021, compared to €17.2 million in 2020, staff costs were up a controlled 9%, while the 9% increase in other operating expenses from €5.7 million to €6.3 million in 2021 illustrates the ramp-up of production lines.

2021 operating EBITDA accordingly totaled €5.8 million, up 33% from €4.4 million in 2020.

After depreciation, amortization and provisions, including, as announced, €4.4 million in impairment of development costs still capitalized on TWIN MIRROR, the Group posted an operating EBIT loss of €3.5 million in 2021 compared to operating EBIT of €1.5 million in 2020.

Lastly, the Group posted a consolidated net loss of €3.3 million in 2021, compared to €0.9 million net income the previous year.

## A robust and strengthened financial structure

ASSETS	2020	2021	EQUITY & LIABILITIES	2020	2021
Fixed assets	22,618	<b>29,889</b>	Shareholders' equity	40,221	<b>85,618</b>
Inventories & work in progress	-	-	Provisions	2,550	<b>2,141</b>
Trade receivables	2,643	<b>1,381</b>	Borrowings	4,028	<b>4,106</b>
Other receivables	5,626	<b>6,370</b>	Trade payables	1,264	<b>1,368</b>
Cash & cash equivalent	21,217	<b>58,438</b>	Other payables	4,042	<b>2,845</b>
<b>TOTAL</b>	52,105	<b>96,078</b>	<b>TOTAL</b>	52,105	<b>96,078</b>

DONTNOD generated positive gross operating cash flow of €5.9 million in 2021, a substantial improvement (up €1.7 million compared to 2020), and cash flows from operating activities of €5.2 million. Combined with the €50 million in funds raised in January 2021, the cash flows generated during the year largely covered the investments made in 2021 (€16.4 million), mainly related to self-published and co-produced games under development.

DONTNOD's financial structure was therefore much stronger as of December 31, 2021, with shareholders' equity of €85.6 million and cash and cash equivalents exceeding €58.4 million.

The Group's borrowings of €4.1 million include a €3.6 million state-guaranteed loan repayable at maturity in 2026.

DONTNOD accordingly has robust financial resources enabling it to pursue its goal of long-term growth.



## Construction of a robust asset portfolio

2022 will be characterized by:

- the enrichment of the line-up through a co-production with Studio TOLIMA on a future game for which DONTNOD holds the majority of the rights;
- the release of *Gerda: A Flame in Winter*, developed as a co-production with the PortaPlay studio on Nintendo Switch and PC;
- the creation of two new production lines, one in Paris in the buoyant action-RPG segment, at the heart of the success of VAMPYR, with a new project, and one in Montreal, with a strong narrative component promoted by the creators of the best-seller LIFE IS STRANGE.

To support its goal of long-term profitable growth, DONTNOD will accordingly continue to develop a robust portfolio of assets consisting of eight intellectual property assets whose releases are spread over four years.

After two years of investment, the creation of a studio in Montreal and the structuring of the marketing and publishing departments, and backed by a current workforce of over 320 highly skilled individuals, the coming years will be a turning point for the Group, with the release of a wave of self-published or co-produced games. This accelerated pace of releases and the disintermediation initiated in 2020 will enable DONTNOD to retain the majority of its royalties and intellectual property.

## A committed and responsible company

In line with the strengthening of its CSR (Corporate Social Responsibility) policy, DONTNOD created a joint CSR Committee in 2021 representing both of the Group's geographical sites and comprising members of the Management Committee and experts from different departments (human resources, marketing and communication, and finance). This Committee will oversee DONTNOD's CSR policy, based on the following 2022 objectives:

- Use games to promote sustainability and education:
  - by onboarding experts to address social challenges genuinely,
  - by continuing the collaborative internal project addressing our areas of commitment.
- Ensure a positive, collaborative, respectful and inclusive work environment by massively rolling out awareness-raising programs among the Group's talents.
- Support the talents of today and tomorrow by:
  - implementing a co-optation policy coupled with commitments alongside non-profits,
  - doubling the frequency of individual interviews,
  - increasing employee shareholding.
- Guarantee an ethical and sustainable business model through the implementation of an ethics charter accompanied by an internal training program.
- Limit our environmental footprint by carrying out a carbon footprint assessment that will allow us to implement practical initiatives for the future.

DONTNOD has produced its first CSR report for 2021. It sets out the Group's commitments, as well as its objectives for the future, in order to provide a clear and ambitious roadmap in terms of social, societal and environmental policy.



## About DONTNOD Entertainment

DONTNOD is an independent French publisher and developer, based in Paris and Montreal, creating original narrative games in the adventure (LIFE is STRANGE™, TELL ME WHY™, TWIN MIRROR™), RPG (VAMPYR™), and action (REMEMBER ME™) genres. The studio is internationally renowned for unique narrative experiences with engaging stories and characters, and has worked with industry leading publishers Square Enix, Microsoft, Bandai Namco Entertainment, Focus Entertainment, and Capcom. DONTNOD now aims to create and publish its own IPs developed in-house, as well as using its knowledge and experience to collaborate with third-party developers whose editorial visions parallel the company's own.

Step into the studio's immersive and innovative universe at [dont-nod.com](http://dont-nod.com)

DONTNOD (ISIN code: FR0013331212 - ALDNE) is listed on Euronext Growth Paris

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