



2024 half-year results

- | **Operating revenues and operating EBITDA impacted by the commercial underperformance of recent launches in an extremely competitive and concentrated market**
- | **Results severely impacted by non-cash write-downs**
- | **A balance sheet that highlights the need to secure the company's resources**
- | **A potential reorganization¹ project that could have an impact on headcount**

Paris, October 16, 2024 - DON'T NOD, an independent video game publisher and development studio, presents its half-year results for 2024, approved by the Board of Directors at its meeting today², and a reorganization project.

Oskar Guilbert, Chairman & CEO of DON'T NOD, stated: *"Our half-year results for 2024 reflect the economic underperformance of our latest release, despite solid ratings on Metacritic, as well as the accounting impact of the decisions we had to take. The initial performance support measures announced last spring no longer seem sufficient to maintain the company's competitiveness. As a result, today we presented a reorganization project to the employee representative bodies, which could set DON'T NOD on a new development trajectory. I am fully conscious of the impact this project may have on all our employees. Securing our company's resources and restoring its ability to perform more in an increasingly competitive and selective industry is extremely necessary."*

¹ Any decision to be taken would require prior information and consultation with employee representative bodies.

² The Statutory Auditors have completed their limited review of the first half financial statements and their report will be published in the coming days. The half-year financial report will be available no later than October 31, 2024.



Consolidated figures in €000	H1 2023	H1 2024
Revenues	2,663	1,871
- incl. development	2,050	19
- incl. sales	613	1,852
Capitalized production ³	13,800	12,710
Total operating revenues⁴	16,463	14,581
Other operating revenues	14	3
Total operating expenses (excl. depreciation, amortization & provisions)	(19,170)	(17,496)
Tax credits	3,764	1,596
Operating EBITDA⁵ (including tax credits)	1,071	(1,316)
Depreciation and amortization	(485)	(33,308)
Deferred/exempt tax	(218)	153
Operating EBIT⁶ (including tax credits)	368	(34,471)
Financial income/(expense)	258	706
Non-recurring income/(expenses)	(1,336)	(8,448)
Amortization of goodwill	(157)	(157)
Consolidated net income/(loss)	(866)	(42,370)

First-half 2024 activity

For the first six months of the 2024 financial year, DON'T NOD reported an 11% decline in operating revenues to €14.6 million, compared with €16.5 million at June 30, 2023. This trend reflects:

- | An increase in sales (up €1.2 million to €1.9 million), mainly driven by the back catalog (Vampyr and the Life is Strange license) and contributions from Jusant (released end of October 2023) and Banishers: Ghosts of new Eden (released mid-February 2024).
- | Lower development revenues (-€2.0 million), reflecting the completion of Banishers: Ghosts of new Eden and the absence of new games in co-production.
- | A drop in capitalized production (-€1.1 million down to €12.7 million), reflecting the temporary suspension of 2 projects in the conception phase.

³ Costs incurred on co-produced and self-published games up to release.

⁴ Revenues + capitalized production

⁵ Operating income + depreciation, amortization and provisions net of reversals + Video game tax credits

⁶ Operating income + Video game tax credits





Strongly negative results despite performance-enhancing measures

As previously announced, the 2024 first-half financial statements reflect both the commercial underperformance of some games and the accounting impact of decisions taken to face up to an increasingly competitive and selective market.

As a result of these efforts, staff costs⁷ were down 5% to €12.8 million in the first half of 2024, and other operating expenses were down 17% to €4.4 million. These efforts have curbed the decline in operating EBITDA including tax credits (French and Canadian), which came to -€1.3 million in the first half of 2024, down €2.4 million on June 30, 2023.

Depreciation, amortization and provisions include, as announced on September 23, 2024, a non-cash impairment of fixed assets of €31.6 million, broken down as follows:

- | A partial write-down of €24.0 million for Jusant and Banishers: Ghost of New Eden, whose estimated future sales, in a particularly saturated market, are unlikely to generate sufficient revenues to cover all the development costs capitalized for these two games.
- | A full write-down of €7.6 million to temporarily put two projects in Paris on hold (P12 and P13), to prioritize resources and maximize the chances of success for the most promising titles at present.

As a result, operating EBIT including tax credits came to -€34.5 million at June 30, 2024, compared with €0.4 million a year earlier.

To bolster sales potential and increase partnership opportunities with industry leaders, project conception phases have been reoriented to reach a wider audience. In this context, the company has re-evaluated the capitalized developments within Project P10 which will no longer be pursued, resulting in the scrap of €8.4 million in assets at June 30, 2024. As a result, the Group recorded a non-recurring expense of -€8.4 million at June 30, 2024, compared to -€1.3 M€ at June 30, 2023.

Lastly, net income for the consolidated group amounted to -€42.4 million at June 30, 2024, compared with -€0.9 million for the first half of the previous year, including nearly €40.0 million in non-cash charges.

⁷ Average group full-time equivalent. 316 people at 30/06/24 vs 336 at 30/06/23



Financial structure at June 30, 2024

ASSETS (in €000)	31/12/23	30/06/24	EQUITY & LIABILITIES (in €000)	31/12/23	30/06/24
Fixed assets	65,559	34,579	Shareholders' equity & other equity	118,567	77,706
Inventories & work in progress	-	-	Provisions	4,474	4,592
Trade receivables	2,887	506	Borrowings	3,148	2,386
Other receivables	9,360	9,936	Trade payables	1,598	1,486
Cash & cash equivalent	54,798	45,470	Other payables	4,816	4,321
TOTAL	132,603	90,492	TOTAL	132,603	90,492

Cash flow from operating activities was slightly positive (+€0.7 million), driven by a reduction in Working Capital Requirements. Investment in games development decreased to €12.8 million compared to €13.9 million a year earlier, due to the prioritization of certain games in development. As a result, in the first half of 2024, DON'T NOD reduced its cash⁸ consumption including non-recurring financial items (+€3.2 million) from €15.4 million in the first half of 2023 to €10.1 million.

At the end of June 2024, DON'T NOD had cash and cash equivalents of €45.5 million, compared to €54.8 million at December 31, 2023, with shareholders' equity and other equity of €77.7 million and gross financial debt limited to €2.4 million.

A reorganization project to ensure the company's long-term future

Amid deteriorating results, and despite the actions already taken, the company is now compelled to consider a reorganization project to safeguard its competitiveness in an increasingly demanding and competitive ecosystem.

This project could impact DON'T NOD's workforce in France and may affect up to 69 jobs. An initial exchange took place today with the employee representative bodies, and an information-consultation process with these same bodies will subsequently be initiated regarding this project.

⁸ See cash-flow statement in appendix



Lastly, this reorganization project, which is likely to impact DON'T NOD's workforce, would aim to:

- | Rationalize the number of the company production lines.
- | Strengthen the role of the editorial committee to better meet market expectations.
- | Restore more organizational agility.
- | Align technologies for greater efficiency.
- | Secure the company's financing.

Management is committed to fostering dialogue with employee representatives, with the aim of reaching agreements on accompanying social measures, including the possibility of a voluntary redundancy plan, should the project be adopted.

In these challenging times, DON'T NOD will continue the ongoing developments: (Lost Records: Bloom & Rage (first episode scheduled for February 2025 and the second for March 2025), P 10 and P14 (scheduled for release before the end of 2027).

DON'T NOD has applied to Euronext for the resumption of trading in its shares, halted today at the company's request, effective from the opening of trading on October 17, 2024.

About DON'T NOD

DON'T NOD is an independent French publisher and developer with studios in Paris and Montréal creating original narrative games in the adventure (*Life is Strange™*, *Tell Me Why™*, *Twin Mirror™*), RPG (*Vampyr™*, *Banishers: Ghosts of New Eden™*), 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. DON'T NOD creates and publishes its own IPs developed in-house such as *Harmony: The Fall of Reverie™*, *Jusant™* and *Lost Records: Bloom & Rage™*, 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

DON'T NOD (ISIN code: FR0013331212 - ALDNE) is listed on Euronext Growth Paris

DON'T NOD

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**APPENDICE****Simplified cash-flow statement**

In €000	H1 2023	H1 2024
Gross operating cash flow	1,361	(523)
Change in working capital cash flow	(2,622)	1,190
Cash flow from operating activities	(1,261)	667
Cash flow from investing activities	(14,081)	(10,815)
Cash flow from financing activities	44,649	822
Opening cash and cash equivalents	34,905	54,795
Closing cash and cash equivalents	64,223	45,464
Change cash and cash equivalents	29,318	(9,332)