



2018 CONSOLIDATED ANNUAL RESULTS

- Revenues of €14.3 million, up 48.2% thanks to the resounding success of VAMPYR™, with more than one million copies sold to date
- Operating EBITDA¹ up 36.9% to €3.8 million
- A strong consecutive increase in revenues and operating EBITDA in the second half, driven by royalties
- A strengthened financial structure following the Initial Public Offering
- A rich portfolio of games and an extensive roadmap up to 2022

April 25, 2019. DONTNOD Entertainment, an independent French studio that creates and develops video games, today announces its 2018 annual results, as approved by the Board of Directors at its meeting today. The Statutory Auditors have completed their audit assignment and the 2018 financial report will be published on April 30.

Oskar Guilbert, Chairman and Chief Executive Officer of DONTNOD, said: “2018 was a particularly busy year for DONTNOD, during which it reached a number of milestones, including the success of our IPO. This gave us the means to strengthen our foothold in a video game industry undergoing constant expansion. In terms of sales, our first co-production VAMPYR™ was a resounding success, with more than one million copies sold to date. THE AWESOME ADVENTURES OF CAPTAIN SPIRIT™ and the first episode of LIFE IS STRANGE 2™ generated a great deal of interest from players, enabling us to continue posting significant royalties from the first LIFE IS STRANGE™ opus in the second half, which is a testament to the strength of the franchise created by the studio.

We are following our roadmap with four games currently in production – the last episodes of LIFE IS STRANGE 2™, TWIN MIRROR™, a game still under wraps and our new co-production with FOCUS Home Interactive.

In addition, backed by our key position as a creator of original content at the heart of a market undergoing constant growth, I can see new opportunities opening up for DONTNOD, with the arrival of new distribution methods, a growing interest in interactive fiction – our core area of expertise – and a new generation of consoles offering even more creative freedom.”

Consolidated figures (€000 - audited) French GAAP	2017 ²	2018 ³
Revenues	9,669	14,330
Total operating income	12,032	15,819
Total operating expenses (excluding depreciation and provisions)	(12,344)	(15,904)
CIJV (video game tax credit)	3,057	3,843
Operating EBITDA ¹ (including CIJV)	2,745	3,758
Depreciation and amortization	(375)	(1,868)
Net operating income/(loss) (including CIJV)	2,370	1,890
Financial income/(expense)	(89)	(176)
Non-recurring income/(expenses)	(227)	(1,041)
Amortization of goodwill	-	(183)
Consolidated net income	2,055	490

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

2: Financial statements of DONTNOD Entertainment restated with consolidation adjustments

3: Financial consolidated statements include DONTNOD ELEVEN since June 1, 2018



Strong business growth of 48.2%

For the 2018 financial year, DONTNOD Entertainment posted strong sales growth of 48.2% and generated consolidated revenues of €14.3 million, up from €9.7 million in 2017. This strong performance was driven by:

- the ramp-up of games in production (five during the year) with revenues from publisher fees of €10.5 million, up 22.1%;
- and, a multiplication of royalties by a factor of 3.5 (€3.8 million), thanks to the commercial success of VAMPYR™ and the impressive continuation of LIFE IS STRANGE™ royalties, while those from the second opus are still to come (publisher recoupment period).

Capitalized production amounted to €0.9 million in 2018, relating to costs incurred on games in co-production, including the end of production for VAMPYR™ released on June 5, 2018 on PC and consoles, and the launch of the conception phase of the new co-production with FOCUS Home Interactive.

Increase in operating EBITDA¹ to €3.8 million

This revenue growth paved the way for a 36.9% increase in operating EBITDA to €3.8 million in 2018, despite the ramp-up of production chains in preparation for future projects (operating expenses of €15.9 million in 2018 excluding depreciation and provisions, with an average headcount of 171 employees following the DONTNOD ELEVEN integration on June 1, 2018, up from €12.3 million in 2017).

DONTNOD posted a two-phase fiscal year in 2018, with a doubling of revenues between the first and second halves driven by the step-up in royalties, which resulted in operating EBITDA of €4.0 million over the second half of the year (-€0.2 million in the first half of 2018).

After taking into account depreciation, amortization and provisions of €1.9 million, which include the initial amortization of the intangible asset VAMPYR™, net operating income (including the CIJV) amounted to €1.9 million, compared to €2.4 million in 2017.

Consolidated net income amounted to €0.5 million in 2018, compared to €2.1 million in 2017. This included a non-recurring expense of €1 million, mainly relating to the CIJV accounting process, and a financial expense of €0.2 million.

Solid financial position as of December 31, 2018

The initial public offering completed in May 2018 and tight control over cash flows helped significantly strengthen DONTNOD's financial position as of December 31, 2018.

ASSETS	2017	2018	EQUITY & LIABILITIES	2017	2018
Fixed assets	4,563	7,334	Equity equivalents	(201)	32,974
Inventories and work in progress	-	-	Provisions	599	1,672
Trade receivables	1,816	3,993	Borrowings	5,556	2,224
Other receivables	3,622	4,873	Trade payables and related accounts	735	743
Cash and cash equivalents	692	24,415	Other payables	4,003	3,003
TOTAL	10,692	40,616	TOTAL	10,692	40,616

At 2018 year-end, DONTNOD's shareholders' equity amounted to €33 million, with cash and cash equivalents of €24.4 million. Borrowings totaled €2.2 million, entirely made up of shareholder current accounts.



Continuous expansion of the portfolio

After the resounding success of the first two episodes of **LIFE is STRANGE 2™**, 2019 will be marked by the release of all the episodes, including the fifth and final part scheduled for release on December 3, 2019. The studio will also continue the development of **TWIN MIRROR™**, the new episodic narrative adventure game. The full impact of royalties from these two games is expected in 2020.

Meanwhile, DONTNOD is set to continue production of Project 6, the publisher for which is still under wraps and the new co-production with FOCUS Home Interactive as well as the conception of Project 7.

In a rapidly changing industry, the emergence of new distribution players like major multimedia companies and enhanced download platforms, a new generation of consoles on the way and the growing interest in interactive fiction are also helping to sustain strong demand for content. In this environment, DONTNOD is in a position to seize new opportunities.

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 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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