

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR

11 April 2023

Devolver Digital, Inc.

("Devolver Digital", "Devolver" or the "Company", and the Company together with all of its subsidiary undertakings "the Devolver Group", or "Group")

Unaudited preliminary results for the year ended 31 December 2022

Resolution of operational issues; strong second half recovery

Devolver Digital, an award-winning digital publisher and developer of independent ("indie") video games, announces its preliminary unaudited results for the financial year ended 31 December 2022 ("FY2022")¹. All figures relate to this period unless otherwise stated.

Strategic highlights

- Identified and fixed operational issues which impacted first half performance and resulted in impairments of cancelled games, principally at subsidiary Good Shepherd.
- Strong recovery in the second half driven by the success of *Cult of the Lamb* and *Return to Monkey Island*, boosted by the return to face-to-face interaction.
- Drive to improve quality, sales and customer reach to sustain long-term growth - supported by resumption of game-play testing, studio visits, game conferences and investment in talent.
- Co-founder Graeme Struthers appointed as Group COO to oversee operational improvements.
- 12 new titles released in 2022 (2021: 9) re-establishing our track record for quality.
- 5 new titles with 80+ Metacritic scores (2021: 5), record high 2022 average score of 78 (2021: 77).
- Back catalogue of 109 titles supports reliance of model in current consumer environment.
- Back catalogue sales rose 15% versus 2021 (excluding Fall Guys), comprising 45% of total sales (2021: 64%, excluding Fall Guys).
- Weaker performance of 1H 2022 games expected to reduce back-catalogue momentum in 2023.

Financial highlights

- Revenues rose 37.1% year-on-year to US\$134.6 million (2021: US\$98.2 million).
- Normalised Gross Profit² increased 18.1% to US\$46.3 million (2021: US\$39.2 million).
- Normalised Adjusted EBITDA³ in 2022, including US\$9.3 million of one-time, non-cash impairments for under-performing games, was US\$13.9m (2021: US\$25.7 million), reflecting underperformance of 1H released games relative to their cost, and increased administrative and headcount expenses.
- Excluding the above one-off impairment, Normalised Adjusted EBITDA was US\$23.2 million, down 9.7% from 2021's US\$25.7 million.
- In total, US\$92.8 million of non-recurring, non-cash impairments were taken in 2022, relating to the under-performance of publishing subsidiary Good Shepherd, under-performing released titles, cancelled unreleased games, and a write-down of acquired IP and goodwill from acquisitions.
- Statutory net loss for 2022 was US\$91.5 million (2021: US\$30.6 million profit), mainly driven by the non-cash impairments and US\$19.6 million of non-cash share-based payments.
- Cash of US\$79.5 million supports investment in organic growth, and strategic acquisitions.
- The Company intends to utilise up to US\$10.0 million of Company capital to purchase Devolver shares in 2023 through the EBT or by direct purchase subject to relevant shareholder approvals.

Current trading and outlook

- On-track to release 10-12 new games in 2023 across the Group, weighted to 2H 2023.
- Recent release *Terra Nil* will be followed by *Wizard with a Gun*, *The Plucky Squire* and other major titles.
- Solid growth in Normalised Adjusted EBITDA expected in 2023 over 2022's Normalised Adjusted EBITDA result of US\$13.9 million, followed by a steady step-up in earnings expected in 2024 and 2025.
- Addition of Oregon-based Doinksoft team and IP takes Devolver first-party IP to 11 titles.
- 2024 - 2026 titles: There are currently over 30 titles in the Group pipeline up to 2026 with several exciting new titles to be announced during 2023.

Harry Miller, Executive Chairman of Devolver, said:

"Devolver's revenues grew by 37% year-over-year, despite a challenging first half, underlining the resilience of our proven model. From the game release perspective, we saw a stronger second half with the stand-out success of Cult of the Lamb and

Return to Monkey Island. Our 2H 2022 EBITDA, pre impairments, was the highest ever six-month performance for Devolver, excluding 2020's Fall Guys. At the same time, we underwent a group-wide, title-by-title assessment of commercial viability, carrying value and future prospects. We cancelled some titles, restructured Good Shepherd, and made impairments to IP and Goodwill, reflecting the current lower sector valuations compared to the highs of 2021. With this reset completed we look forward to building for growth in 2024 and 2025."

Douglas Morin, Chief Executive Officer of Devolver, said:

"The return of face-to-face interaction and gaming conferences is helping to unleash the full potential of Devolver's unique culture and experienced team of talented people. We saw this with the success of Cult of The Lamb, which beat all Devolver records for first day and first week unit sales on all platforms, excluding 2020's Fall Guys. Return to Monkey Island has also generated great excitement since release in September 2022. Together they contributed to a record average 78 Metacritic score for released games in 2022. We have absorbed valuable lessons during the last year and are eager to move forward from this challenging period. We have tightened management oversight across the Group and welcome Devolver co-founder Graeme Struthers taking the role as Group Chief Operating Officer to drive this process. We have a clear strategy and a strong pipeline for the next three years that will continue to diversify and grow our revenues across titles, developers, platforms and geography."

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Devolver Digital overview

Devolver Digital is an award-winning video games publisher in the indie games space with a balanced portfolio of third-party and own-IP. The Company has an emphasis on premium games and has a back catalogue of over 100 titles, with more than 30 new titles in the pipeline. Through acquisitions, Devolver now has its own-IP franchises, in-house studios developing first-party IP and two publishing brands. The Company is registered in Wilmington, Delaware, USA.

OPERATING REVIEW

Second half performance stronger after a challenging first half

Devolver released 12 new titles in 2022, including *Shadow Warrior 3*, *Weird West*, *Tentacular* and *Trek to Yomi* in the first half, and *Cult of the Lamb*, *Return to Monkey Island* and *Reigns: Three Kingdoms* in the second half. Year-on-year revenue growth accelerated into the second half, due to the stand-out success of *Cult of the Lamb*, reaching 37.1% for the full year versus 2021. This was offset by a substantial step-up in amortisation costs expensed upon release of new games, largely related to three of the more heavily invested titles from 1H 2022, as well as increases in general operating expenses due to inflation, headcount increases and greater marketing expenditure.

The second quarter of 2022 saw the relaxation of Covid restrictions and a normalisation in travel, allowing face-to-face communication with our colleagues, partners and game-developers, gamers, influencers, and everyone involved in the complex game-production ecosystem. This has contributed enormously in terms of ensuring the quality and the positioning of our games, as evidenced by a record high Metacritic average score of 78 for the whole year, and an 80 average for the second half of the year.

This resumption of normal activities released great pent-up enthusiasm for Devolver's games, as demonstrated in 2H sales. During the Steam Next Fest week in June, *Cult of the Lamb* was the number 1 wish-listed game of all demos featured, while future release *Anger Foot* and recently released *Terra Nil* were also featured in the Top 10 most wish-listed games. Overall, 2H Normalised Adjusted EBITDA, adding back non-recurring non-cash impairments for released games, was higher than any six-month period in Devolver Group's history.

2021 hit releases supported back catalogue, but year-end sales were below our expectations

Devolver's back catalogue includes all titles released in or prior to the last financial year. As of 31 December 2022, the back catalogue consists of 109 titles, including numerous indie cult classics, supporting diversified revenues and reducing reliance on any one new title release. Back catalogue revenue accounted for 45% in 2022, lower than the 64% of 2021 (excluding Fall Guys revenues), primarily due to the outperformance of smash hit *Cult of the Lamb*, which increased new-release revenues.

An encouraging trend through the first half of 2022 was the strong performance of titles launched in 2021 that, categorised as back catalogue in 2022, continue to deliver sales like newly-released titles in 2022, including *Inscription*, *Loop Hero* and *Death's Door*. However, whilst these titles continued to deliver through the end of 2022, broad sales of other back catalogue titles were flat in the last few months of the year, below original expectations of annual growth in Q4 2022, a trend that was noticeable across the sector.

Investing for long-term growth

At IPO, Devolver outlined its strategic plan to broaden and deepen its in-house capabilities by adding talent across the group in several essential areas, from production, quality assurance, marketing, finance, legal to business development. We have nearly completed the planned team expansion which will drive our future performance.

New releases are increasingly complex, often involving same day-date releases across multiple platforms. This allows Devolver to capitalise on the synergies generated through a single launch campaign across multiple platforms, demographics and territories. Additional talent enables us to raise the level of 'polish' we provide to the new titles we release and drive unit sales across multiple platforms and geographies.

Strengthening our bench of talent has a knock-on positive effect on medium term cost control, as we are able to bring key expertise in-house, generating cost savings, delivering better products and reducing third-party payments such as professional fees. As part of this, we continue to build a management oversight team for quality assurance testing, while also strengthening our in-house finance and legal capabilities.

The Group currently has operating subsidiaries in the United Kingdom, the Netherlands, Croatia, Poland and the United States. Total Group headcount at year-end 2022 was 235 (2021: 210).

FINANCIAL REVIEW

Unaudited preliminary full year 2022 results

Unaudited preliminary full year 2022 results

The unaudited financial results included in this announcement cover the Group's combined activities for the full year ended 31st December 2022 (prepared in accordance with applicable International Financial Reporting Standards, "IFRS").

Normalised Adjusted results

The following refers to Normalised Adjusted results, as presented in the financial statements contained within this release. Normalised Adjusted results exclude any one-time exceptional items during the respective periods.

Sustained revenue momentum

Devolver's 2022 revenue performance was in line with updated expectations set in the trading update dated January 9, 2023⁴ rising 37.1% year-on-year to US\$134.6 million. Revenue growth was driven by 12 new title releases in 2022, including *Shadow Warrior 3*, *Weird West*, *Tentacular* and *Trek to Yomi*, supported by steady back catalogue sales including with sales from bundled special deals, and then accelerated by the outperformance of *Cult of the Lamb* in 2H 2022.

Normalised Gross Profit increased 18.1% to US\$46.3 million year-on-year. However, normalised gross margins contracted to 34.4%, down from 40.0% in 2021, primarily due to: a) the significant step-up of amortisation expense from new releases in 1H 2022 that were not offset by commensurate revenue increases, and; b) increased marketing costs following the release of three more heavily-invested titles.

Adjusted EBITDA and Normalised Adjusted EBITDA

Adjusted EBITDA and Normalised Adjusted EBITDA results are non-IFRS measures that are not intended to replace statutory results and are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring), and other, non-trading, items that are reported separately. These results have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Directors monitor results.

The statutory results for the prior year 2021 include the gain from the sale of publishing rights to the *Fall Guys* game; a gain which is excluded from normalised comparative numbers. Further details of adjustments are given in Notes 3 and 4 to the condensed financial statements contained within this annual results release.

EBITDA margins

Normalised Adjusted EBITDA margins, pre impairments, were 17.2% for full year 2022, compared to 26.2% the previous year. However, 2H 2022 Normalised Adjusted EBITDA margin, pre impairments, reached 20.1% versus a trough of 12.9% in 1H 2022. Overall, the growth in revenues was insufficient to offset the significant step-up in amortisation expense recorded in cost of sales. In addition, operating expenses increased due to: 1) higher payroll costs (excluding 1H 2021 *Fall Guys*-related bonus), reflecting the 12% increase in headcount versus 2021; 2) increases in professional fees for various work streams including audit, accounting, tax and legal fees, and; 3) listed company-related costs (Directors' fees, NOMAD fees and D&O insurance, among others).

Impairments of capitalised development costs, IP and Goodwill

At the end of 2022 the Group made a number of impairments, as summarised in the table below, and described separately in the following paragraphs:

Non-cash, non-recurring impairments⁵

Impairments of under-performing, released games	US\$9.3 million
Impairments of cancelled, unreleased games	US\$13.5 million
Impairment of acquired IP	US\$22.3 million
Impairments of goodwill from acquisitions	US\$47.7 million

Impairments to carrying value of already-released games⁵

At year-end 2022 the Group assessed the balance sheet carrying value of capitalised development costs of five titles published in 2022, three of which were released in the first half of the year. It was determined that there was a need to impair their carrying value based on continued low unit sales through to year end 2022 and reduced future projections. The total non-cash charge of US\$9.3 million as a write-down for impairment in their carrying value will reduce 2022 Normalised Adjusted EBITDA to US\$13.9 million.

Impairments for cancelled, unreleased games⁵

In 1H 2022 Devolver wrote-down the entire investment into a discontinued game at a cost of US\$0.7 million, reflected in additional amortisation expense in cost of sales. This expense was adjusted out to derive Normalised Gross profit. Similarly, at 2022 year-end the Group has cancelled a further four unreleased titles, and two prototypes in early development, and will write-down existing capitalised development amounts for those titles. In total, a US\$13.5 million non-cash write-down has been recorded, for impairment in the carrying value of cancelled titles that are no longer considered commercially viable.

These cancellations occurred for several reasons. A title in development was cancelled because the external studio was no longer able to complete its work on personal grounds. The remaining three titles and two prototypes had been scheduled for publication by Good Shepherd Entertainment ("Good Shepherd", or "GSE"), our publishing subsidiary. However, these titles were cancelled due to certain issues identified at GSE, which has subsequently undergone a major restructuring (discussed in further detail below). The one-time nature of these cancellations results in these impairments being reflected below the Normalised Adjusted EBITDA line.

The estimated US\$15 million in future spending earmarked for the cancelled titles will be redirected to investment into games which Devolver considers have stronger potential.

Impairments to carrying values of IP and Goodwill⁵

The challenging global macro conditions and substantial reduction in technology company valuations throughout the course of 2022 resulted in the need to reassess the Group's carrying value on the balance sheet of acquired IP and goodwill for the subsidiaries in the Group acquired over the last two years. This assessment concluded that in many cases the 2022 performance and current outlook for the subsidiaries' games were not considered sufficient to support the carrying values held on the Group balance sheet.

As a result, US\$22.3 million in non-cash impairments, with no impact on year-end 2022 cash balances, have been made to the carrying value of IP below the Normalised Adjusted EBITDA line. As part of the same group-wide review, US\$47.7 million of non-cash adjustments were made to the carrying value on the balance sheet of goodwill recorded upon acquisition of

or non-cash impairments were made to the carrying value on the balance sheet or goodwill recorded upon acquisition of subsidiaries, again reflected below the Normalised Adjusted EBITDA line.

Restructuring of Good Shepherd - Now completed

Following identification of development risks at GSE, the Group undertook a full review of GSE's pipeline titles and determined that three titles would not meet the varied challenging technical requirements required for release, and two prototypes did not have adequate potential, leading to their cancellation. The Group has subsequently undertaken a restructuring of GSE, with the appointment of a new General Manager, a significant reduction in overall team size, and a re-focusing of its business direction towards publishing licensed IP.

Employee Benefit Trust (EBT)

Devolver established an Employee Benefit Trust (EBT) in May 2022 to facilitate off-market and on-market stock option exercise by employees and contractors who were awarded 2017 Stock Option plan stock options and certain of the 2022 LTIP grants. The EBT is an independent Jersey-incorporated Trust enabling option exercise and share settlement off-market without impacting market liquidity. Share purchases by the EBT are funded by way of a loan from Devolver. The Company can request settlement of the loan at any time in future. The shares held by the EBT are disclosed as Treasury Shares within the Group's Capital Redemption Reserve. During 2022 there were 1,789,811 options exercised and shares granted for a net paid consideration by Devolver of US\$1.7 million. At the end of 2022 there were 37,028,480 options still outstanding with a weighted average exercise price of US\$0.42 per option.

Long Term Incentive Plan (LTIP)

In December 2022 Devolver published the details of a long-term incentive plan for its senior leadership and Group employees charged with delivering the Group's strategic objectives for the period 1 January 2022 to 31 December 2024 (the "2022 LTIP"). This follows the outcome of a Special Meeting held on December 12, 2022 where shareholders voted in favour of the two resolutions within the Shareholder Circular, which was distributed to all shareholders of record. The resolutions approved the adoption of the LTIP plan and rules, as well as grants to be made in 2022 under the plan.

The 2022 LTIP was designed to reward employees at all levels of the Company for performance that delivers value for shareholders, through the award of long-term incentive shares ("LTIP Shares"). The Remuneration Committee, made up entirely of Independent Non-Executive Directors, worked with independent consultants Alvarez and Marsal throughout the development of the LTIP.

All LTIP Shares awarded to management are subject to a three-year cliff vesting period from the date of award, with a two-year cliff vesting period for all other employees. The LTIP Shares are made up of Performance Stock Units ("PSUs"), award of which are, amongst other things, subject to achieving ambitious financial targets, and Restricted Stock Units ("RSUs"), award of which are, amongst other things, subject to certain performance criteria for management and senior employees.

The Remuneration Committee recommended 2022 awards granted under the 2022 LTIP plan that amounted to 7,913,563 shares in aggregate (on the assumption that all vest), representing 1.8% of the issued and outstanding share capital. Total dilution from the outstanding options (i.e. excluding options previously exercised within the EBT) and these initial grants would therefore amount to 10.1% of the issued and outstanding share capital.

It should be noted that the co-founders of Devolver who are fully employed at the Company, including Executive Chairman Harry Miller, without exception, declined to receive any share awards under the 2022 LTIP. Further information regarding the LTIP Shares and the Group's remuneration framework will be set out in the Group's annual report for the year ended 31 December 2022.

Cash Balances

Cash holdings at end December 2022 were US\$9.5 million, a reduction of US\$6.7 million compared to year end 2021's level of US\$86.2 million, but US\$5.3 million higher compared to period end June 2022, as a result of the stronger 2H result. The reduction in cash balances during the period was primarily due to: 1) EBITDA generation during the year being lower than the US\$32.6 million investment in game development during the period; 2) US\$2.5 million spent on settlement of exercised options and net-cash settled share grants through the EBT, and; 3) Taxes paid.

POST BALANCE SHEET EVENTS

Acquisition of Doinksoft

In January 2023 Devolver acquired the IP, assets and development team of Doinksoft, a small development studio based in Oregon, United States. Doinksoft created *Gato Roboto*, which was published by Devolver in 2019. Devolver will also publish Doinksoft's new title, *Gunbrella* later this year. The acquisition takes Devolver's first-party IP count to 11 titles.

CURRENT TRADING AND OUTLOOK

Devolver Group continues to nurture a healthy and diverse pipeline in terms of titles, developers, platforms and geography. Our total pipeline for 2023 and beyond comprises an exciting line-up of over 30 titles, with a balanced mix of third-party IP and own-IP over a range of investment values.

The Board expects revenues and gross profit contribution to be weighted towards 2H 2023, with only one major title release - *Terra Nil* - in 1H 2023. Five more major titles are due for release in 2H 2023 and will participate in some or all of the 4Q sales season from Halloween through to the New Year, which has historically been the strongest quarter of the year.

Devolver Digital still enjoys a strong balance sheet with cash holdings of nearly US\$80 million. The Directors consider that the shares offer significant value at current levels and have approved the purchase of up to US\$10.0 million in shares in 2023, at the discretion of the Company. Share purchases may be made entirely by the EBT, or by the Company directly (if suitable shareholder resolutions are passed at the Company's AGM or a separate GM).

Our momentum, extensive pipeline and contribution from an impressive back catalogue all support our confidence of further progress in 2023 and in the future. We have a proven strategy that has delivered success for the last 13 years. The Board believes that we are well positioned for future success, and we look forward to reporting on our progress in the year ahead.

"Second half EBITDA was significantly higher than the first half, although the overall 2022 performance was constrained by three underperforming titles and difficult market conditions in November and December, as well as impairments and write-downs. The second half featured the successes of Cult of the Lamb, Return to Monkey Island and other titles, which have re-established our record of releasing high quality and popular Indie games. Metacritic scores rose to a historical high in 2022 on the back of the strong slate of releases, which demonstrates that our core model of publishing quality indie games remains robust.

While we have successfully grown revenues in 2022 by 37%, the substantial changes in global valuations worldwide, and

ongoing recessionary and inflationary pressures have greatly altered the current and near-term outlook. We expect the negative global economic outlook and reduction in consumer spending to continue into 2023, which may affect sales volumes. Market conditions will likely remain difficult for our industry in 2023, and profitability will again be heavily weighted towards the second half of the year, reflecting the release schedule of new titles in 2023. We therefore expect financial performance in 2023 to see steady growth on the 2022 Normalised Adjusted EBITDA level of US\$13.3 million. We will continue to build the pipeline for 2024 and 2025 with the expectation of higher growth as the macro environment improves and larger titles are released.

Despite this, we consider the year-end 2022 write-downs and impairments in carrying values to be sensible and conservative. With this reset of our balance sheet we can move forward with confidence as we consolidate in the next few years on the greater scale platform we have established."

Harry Miller
Chairman

11 April 2023

Notes

1. Financial numbers contained in this release are based on preliminary unaudited 2022 results.
2. Normalised Gross Profit: adds back the impairment of under-performing released games and cancelled unreleased games.
3. Normalised Adjusted EBITDA: EBITDA is normalised to exclude the 2021 contribution from the Fall Guys title which was sold in April 2021. The following adjustments are then applied: it excludes 1) stock compensation (share-based payment) expenses and revaluation of contingent consideration; 2) one-time expenses and other non-recurring items; 3) amortisation of IP (but does not exclude amortisation of capitalised software development costs); 4) The gain on the sale of Fall Guys publishing rights in 2021, and; 5) impairments of goodwill, acquired IP and cancelled, unreleased games. Normalised Adjusted EBITDA does include impairments of capitalised software development costs of underperforming released games.
4. January 9, 2023 guidance was for US\$130-140 million of revenues and US\$20-22 million of Normalised Adjusted EBITDA.
5. The above impairments are based on preliminary unaudited results and could change based on the completion of the 2022 audit. Devolver Digital will provide further details in its 2022 annual report, which is expected to be released in early May 2023.

Consolidated Statement of Profit or Loss

	Year ended 31-Dec-21 US\$'000	Unaudited Year ended 31-Dec-22 US\$'000
REVENUES		
Revenues	98,152	134,565
TOTAL REVENUES	98,152	134,565
COST OF SALES		
Royalty expense	(46,573)	(61,448)
Development expense	(4,384)	(4,520)
Marketing	(4,275)	(9,148)
Amortisation of intangible assets	(3,688)	(14,124)
Impairment of software development costs	-	(22,822)
TOTAL COST OF SALES	(58,920)	(112,062)
GROSS PROFIT	39,232	22,503
ADMINISTRATIVE EXPENSES		
Payroll	(14,468)	(14,254)
Stock compensation expense	(55,150)	(19,621)
Professional fees	(9,455)	(6,257)
Travel and entertainment	(271)	(806)
Office	(342)	(875)
Insurance	(202)	(876)
Administration and other costs	(19,544)	(2,291)
Foreign exchange movements	(212)	(673)
Amortisation of intellectual property and depreciation of PPE	(5,651)	(5,456)
Impairment of goodwill and IP	-	(69,973)
TOTAL ADMINISTRATIVE EXPENSES	(105,295)	(121,082)
Other income/(loss)	116,080	(549)
OPERATING PROFIT/(LOSS)	50,017	(99,128)
Interest receivable income	10	364
PRE-TAX PROFIT/(LOSS)	50,027	(98,764)
Income tax expense	(19,400)	7,265
PROFIT/(LOSS) FOR THE PERIOD	30,627	(91,499)
Equity holders of the parent	30,550	(91,474)
Non-controlling interests	77	(25)
PROFIT/(LOSS) FOR THE PERIOD	30,627	(91,499)
Basic earnings per share (\$)	0.081	(0.206)
Diluted earnings per share (\$)	0.075	(0.206)

	Year ended 31-Dec-21 US\$'000	Year ended 31-Dec-22 US\$'000
Non-IFRS measures		
Adjusted EBITDA	110,818	(73,378)
Normalised Adjusted EBITDA	25,729	23,210
Normalised Adjusted EBITDA after performance-related impairments	25,729	13,914

Consolidated Statement of Comprehensive Income

	Year ended 31-Dec-21 US\$'000	Unaudited Year ended 31-Dec-22 US\$'000
Profit/(Loss) for the period	30,627	(91,499)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(986)	(477)
Total comprehensive income for the period	29,641	(91,976)
Total comprehensive income is attributable to:		
Equity holders of the parent	29,564	(91,951)
Non-controlling interests	77	(25)
	29,641	(91,976)

Consolidated Statement of Financial Position

	As of 31-Dec-21 US\$'000	Unaudited As of 31-Dec-22 US\$'000
NON-CURRENT ASSETS		
Goodwill	66,820	19,153
Intellectual property	53,381	25,783
Capitalised development costs	44,441	40,136
Total intangibles	164,642	85,072
Tangible assets	226	174
Deferred tax assets	2,413	10,088
TOTAL NON-CURRENT ASSETS	167,281	95,334
CURRENT ASSETS		
Accounts receivable	17,811	15,402
Prepaid and other current assets	1,544	2,406
Cash at bank and in hand	86,239	79,493
Prepaid income tax	8,512	2,186
TOTAL CURRENT ASSETS	114,106	99,487
TOTAL ASSETS	281,387	194,821
CURRENT LIABILITIES		
Trade, other payables & accrued expenses	17,835	16,917
Deferred revenue	4,482	2,091
Current tax payable	1,434	692
Contingent consideration	-	1,802
Total trade and other payables	23,751	21,502
TOTAL CURRENT LIABILITIES	23,751	21,502
NON-CURRENT LIABILITIES		
Deferred tax liabilities	9,316	1,046
Contingent consideration	1,567	-
TOTAL NON-CURRENT LIABILITIES	10,883	1,046
TOTAL LIABILITIES	34,634	22,548
CAPITAL AND RESERVES		
Share capital	44	45
Share premium	121,588	147,674
Retained earnings	126,184	56,260
Foreign currency translation reserve	(986)	(2,267)

Foreign currency translation reserve	(2007)	(2,207)
Capital redemption reserve	-	(29,337)
CAPITAL AND RESERVES TO OWNERS	246,830	172,375
Non-controlling interest	(77)	(102)
TOTAL EQUITY	246,753	172,273
TOTAL EQUITY AND LIABILITIES	281,387	194,821

Consolidated Statement of Changes in Equity

	Share capital	Capital redemption reserve	Share premium	Translation reserve	Retained earnings	Subtotal equity	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 31 December 2020	1	-	-	-	71,512	71,513	-	71,513
Profit for the period					30,627	30,627	(77)	30,550
Currency translation differences				(986)		(986)		(986)
<i>Transactions with owners in their capacity as owners</i>								
Dividends					(30,000)	(30,000)		(30,000)
Issue of shares	43		119,230		3	119,276		119,276
Exercise of share options								
Other			2,358		(1,108)	1,250		1,250
Share-based payments					55,150	55,150		55,150
Total transactions with owners	43	-	121,588	-	24,045	145,676	-	145,676
Balance at 31 December 2021	44	-	121,588	(986)	126,184	246,830	(77)	246,753
Loss for the period					(91,474)	(91,474)	(25)	(91,499)
Currency translation differences				(1,281)		(1,281)		(1,281)
Business combinations with common control							-	-
<i>Transactions with owners in their capacity as owners</i>								
Issue of shares			165			165		165
Exercise of share options	1		630			631		631
Share-based payments					19,621	19,621		19,622
Share buyback transactions		(29,337)	29,337			-		-
Transfers			(1,929)		1,929	-		-
Other movements			(2,117)			(2,117)		(2,117)
Total transactions with owners	1	(29,337)	26,086	-	21,551	18,301	-	18,301
Balance at 31 December 2022	45	(29,337)	147,674	(2,267)	56,260	172,375	(102)	172,273

Consolidated Condensed Statement of Cash Flows

	Year ended 31-Dec-21 US\$'000	Unaudited Year ended 31-Dec-22 US\$'000
Operating activities		
Profit/(loss) for the period	30,627	(91,499)
Amortisation, depreciation & impairments	9,338	112,376
Gain on sale of publishing rights & IP	(115,576)	-
Share based payments	55,150	19,621
Working capital movement	3,991	(10,209)
Cashflow from operating activities	(16,470)	30,289
Investing activities		
Investment in software development intangibles	(31,734)	(32,641)
Proceeds from the sale of publishing rights & IP	127,500	-
Purchase of PPE	(223)	(66)
Acquisitions (net of cash acquired)	(34,083)	-
Cashflow from investing activities	61,460	(32,707)
Financing activities		
Legal fees on share issue/IPO	(68)	-
Proceeds on issue of share capital including option exercise	49,362	795
Share buyback transactions	-	(2,514)
Cashflow from financing activities	49,294	(1,719)

Repayment of shareholder loan	(20,837)	-
Dividends paid	(30,000)	-
Cashflow from financing activities	(1,543)	(1,719)
Cash and cash equivalents		
Cashflow in the period	43,447	(4,137)
At 1 January	43,529	86,239
Foreign exchange movements	(737)	(2,609)
At 31 December	86,239	79,493

Note 1: Basis of preparation and consolidation

These consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for fair presentation have been included.

The Directors are confident that the Group will remain cash positive and will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of this full year 2022 announcement and have therefore prepared this unaudited announcement on a going concern basis.

The financial presentation in this release should be read in conjunction with the notes to the consolidated financial statements as at and for the full year ended 31 December 2022, as contained within this release.

In May 2022 Devolver established an Employee Benefit Trust (EBT) to facilitate settlement of employee stock options granted under the 2017 Stock Option Plan. The EBT is a Jersey-based Trust and the Trustees act to the benefit of the employees. The accounting treatment determined that Devolver controls the EBT and must consolidate the EBT in its consolidated financial statements. Most transactions eliminate upon consolidation, with the exception of the purchase by the EBT of Devolver shares from employees. These are recognised at cost as Treasury Shares (Issued shares held within the Group). These shares are a separate reserve within equity but may be presented in aggregation with other reserves. The Devolver shares held by the EBT are not revalued. When the EBT sells the shares to a third party, any gains or losses are recognised directly in equity.

These preliminary unaudited financial statements were approved by the Board of Directors on April 9, 2023.

Note 2: Earnings Per Share

	Year ended 31-Dec-21 US\$'000	Year ended 31-Dec-22 US\$'000
Profit/(loss) attributable to the owners of the company	30,550	(91,474)
Weighted average number of shares	376,034,064	443,090,183
Basic earnings per share (\$)	0.081	(0.206)
Profit/(loss) attributable to the owners of the company	30,550	(91,474)
Weighted average number of shares	376,034,064	443,090,183
Dilutive effect of share options	32,367,003	-
Weighted average number of diluted shares	408,401,067	443,090,183
Diluted earnings per share (\$)	0.075	(0.206)

Note 3: Normalised Adjusted Results

	Year ended 31-Dec-21 US\$'000	Year ended 31-Dec-22 US\$'000
Revenue		
Reported Revenue	98,152	134,565
Reported Revenue growth	(53.9%)	37.1%
Normalised Revenue	98,152	134,565
Normalised Revenue growth	38.0%	37.1%
Gross Profit⁵		
Reported Gross Profit	39,232	22,503
Reported Gross Profit margin	40.0%	16.7%
Normalised Gross Profit adjustment	-	23,829
Normalised Gross Profit	39,232	46,332
Normalised Gross Profit margin	40.0%	34.4%

Adjusted EBITDA

Reported Adjusted EBITDA	110,818	(73,378)
Reported Adjusted EBITDA margin	112.9%	(54.5%)
Normalised Adjusted EBITDA adjustment	(85,089)	87,292
Normalised Adjusted EBITDA	25,729	13,914
Impairment of non-performing games	-	9,296
Normalised Adjusted EBITDA pre-impairment	25,729	23,210
Normalised Adjusted EBITDA margin pre-impairment	26.2%	17.2%

Note 4: Reconciliations to Adjusted EBITDA

	Year ended 31-Dec-21 US\$'000	Year ended 31-Dec-22 US\$'000
Operating profit/(loss)	50,017	(99,128)
Share-based payment expenses	55,150	19,621
Amortisation of purchased intellectual property	5,504	5,292
Depreciation of property, plant and equipment	147	164
Foreign exchange movements	-	673
Adjusted EBITDA	110,818	(73,378)

	Year ended 31-Dec-21 US\$'000	Year ended 31-Dec-22 US\$'000
Adjusted EBITDA	110,818	(73,378)
Net exceptional income from IP disposal & sale of publishing rights	(113,166)	(214)
Non-recurring, one-time expenses related to IPO & others	7,857	1,616
Exceptional bonus payment relating to sale of publishing rights	5,164	-
Change in fair value of contingent consideration	15,056	763
Impairment of IP and goodwill	-	69,973
Impairment of capitalised development cost	-	22,822
Costs accrued for cancelled titles	-	1,007
IPO-related Employer Social Security	-	621
Normalised Adjusted EBITDA pre-impairments	25,729	23,210
Impairment of non-performing games	-	(9,296)
Normalised Adjusted EBITDA	25,729	13,914

Note 5: Intangible Assets

	Goodwill	Intellectual property	Royalty rights	Software development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
As at 31 December 2020	159	24,184	2	44,064	68,409
Additions - business combinations	66,661	35,633	-	-	102,294
Additions	-	-	-	31,735	31,735
Disposals	-	-	-	(14,403)	(14,403)
As at 31 December 2021	66,820	59,817	2	61,396	188,035
Additions	-	-	-	32,641	32,641
As at 31 December 2022	66,820	59,817	2	94,037	220,676

Amortisation and impairment

As at 31 December 2020	-	931	-	15,746	16,677
Amortisation charge for the period	-	5,504	2	3,688	9,194
Disposal	-	-	-	(2,479)	(2,479)
As at 31 December 2021	-	6,435	2	16,955	23,392
Amortisation charge for the period	-	5,292	-	14,124	19,416
Impairment	47,666	22,307	-	22,822	92,796

As at 31 December 2022	47,666	34,034	2	53,901	135,604
<u>Carrying amount</u>					
As at 31 December 2020	159	23,253	2	28,318	51,732
As at 31 December 2021	66,820	53,382	0	44,441	164,643
As at 31 December 2022	19,154	25,782	0	40,136	85,072

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