

31 January 2024

Devolver Digital, Inc.
("Devolver", the "Group" or the "Company")

Trading Update

Revenue in line with consensus expectations

Return to positive EBITDA in the second half of 2023

Devolver Digital, Inc. (AIM: DEVO), an award-winning digital publisher and developer of indie video games, announces a trading update for the financial year ended 31st December 2023¹. All financial figures relate to that period unless otherwise stated.

Performance recovered steadily in the second half of 2023, which delivered a positive Normalised Adjusted EBITDA² in 2H. Full year 2023 revenues are expected to be in line with consensus expectations at not less than US\$90 million and Normalised Adjusted EBITDA is expected to breakeven excluding non-cash title impairments of up to US\$2.5m, of which US\$0.9m was already reflected in 1H 2023. Q4 new releases *Wizard With a Gun* and *The Talos Principle 2* have good momentum, supported by continued strength in back catalogue (over 15% year-on-year growth) including titles *Cult of The Lamb*, *Inscription* and *Stronghold: Definitive Edition*. This back catalogue strength is ongoing and weighs revenues towards lower margin third party sales.

Devolver has a robust balance sheet with c.US\$42 million net cash as at 31 December 2023, including the c.US\$22m cash cost of acquiring System Era in November 2023 and related costs.

The Company confirms a number of board changes today, as outlined in a separate announcement:

- Douglas Morin has stepped down as CEO to be succeeded by Harry Miller, Executive Chairman.
- Kate Marsh, Senior Independent Director, has been appointed as Non-Executive Chair.
- Graeme Struthers, COO, has been appointed to the Board.

The Group will announce its results for the year ended 31 December 2023 in early April 2024.

Harry Miller, CEO of Devolver Digital, said:

"Devolver recovered strongly in the second half of 2023 to deliver revenues in line with expectations, supported by excellent demand for our back catalogue and return to positive EBITDA in the second half. After a quiet year in 2023 for major title releases, we enter 2024 with a release schedule featuring wonderful titles such as Pepper Grinder, The Plucky Squire, Anger Foot and NEVA, with releases more evenly balanced throughout the year. In addition, we will enjoy a full year of contribution from recently acquired System Era which takes us into the exciting area of expandable games and has performed in line with expectations since acquisition. As a result of this momentum for our strategy heading into 2024, we expect Normalised Adjusted EBITDA to return to growth in 2024 and accelerate in 2025."

-ENDS-

Notes

1. Financial numbers contained within this Trading Update are based on preliminary unaudited 2023 results and will include impairments which are currently being reviewed. The second half 2023 impairment relates to one title published by Good Shepherd.
2. Normalised Adjusted EBITDA ("EBITDA") makes the following adjustments: 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), and; 4) impairments of goodwill and acquired IP.

About Devolver Digital

Devolver is an award-winning video games publisher in the indie games space with a balanced portfolio of third-party and own-IP. Devolver has an emphasis on premium games and has published more than 100 titles, with more than 30 titles in the pipeline scheduled for release over the next few years. Devolver has in-house studios developing first-party IP titles and a complementary publishing brand. Devolver is registered in Wilmington, Delaware, USA.

Enquiries

Devolver Digital, Inc.

Kate Marsh, Non-Executive Chair
Harry Miller, Chief Executive Officer
Daniel Widdicombe, Chief Financial Officer

ir@devolverdigital.com

Zeus (Nominated Adviser and Sole Broker)

Nick Cowles, Jamie Peel, Alexander Craig (Investment Banking)
Ben Robertson (Equity Capital Markets)

+44 (0)20 3829 5000

FTI Consulting (Communications Adviser)

Jamie Ricketts / Dwight Burden / Valerija Cymbal / Usama Ali

devolver@fticonsulting.com

+44 (0)20 3727 1000

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTBMMMTMTAJTPI