



DEVOLVER

D I G I T A L

INVESTOR PRESENTATION
1H 2022 RESULTS

1H 2022 HIGHLIGHTS



REVENUE

\$53.0m

+14% vs 1H 2021

GROSS PROFIT (NORMALISED)

\$19.0m

+22% vs 1H 2021

EBITDA (NORMALISED)

\$6.8m

-46% vs 1H 2021

CASH BALANCES

\$74.2m

TITLES RELEASED

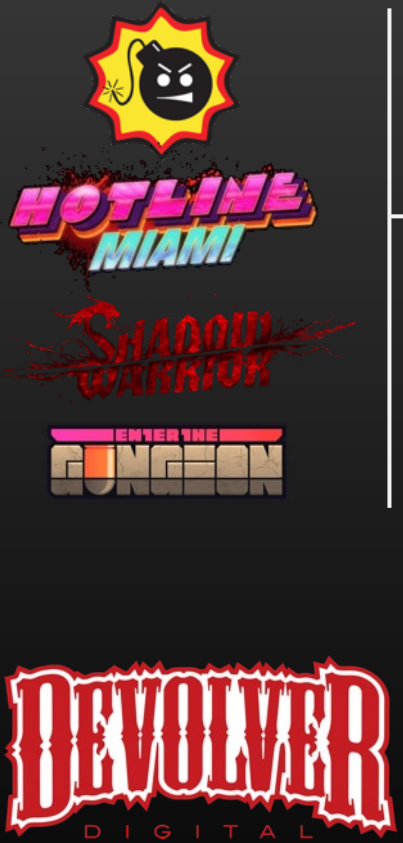
7

Average Metacritic Score: 77

INSCRIPTION: Award Winning



THE INDIE DEVELOPER'S PUBLISHER

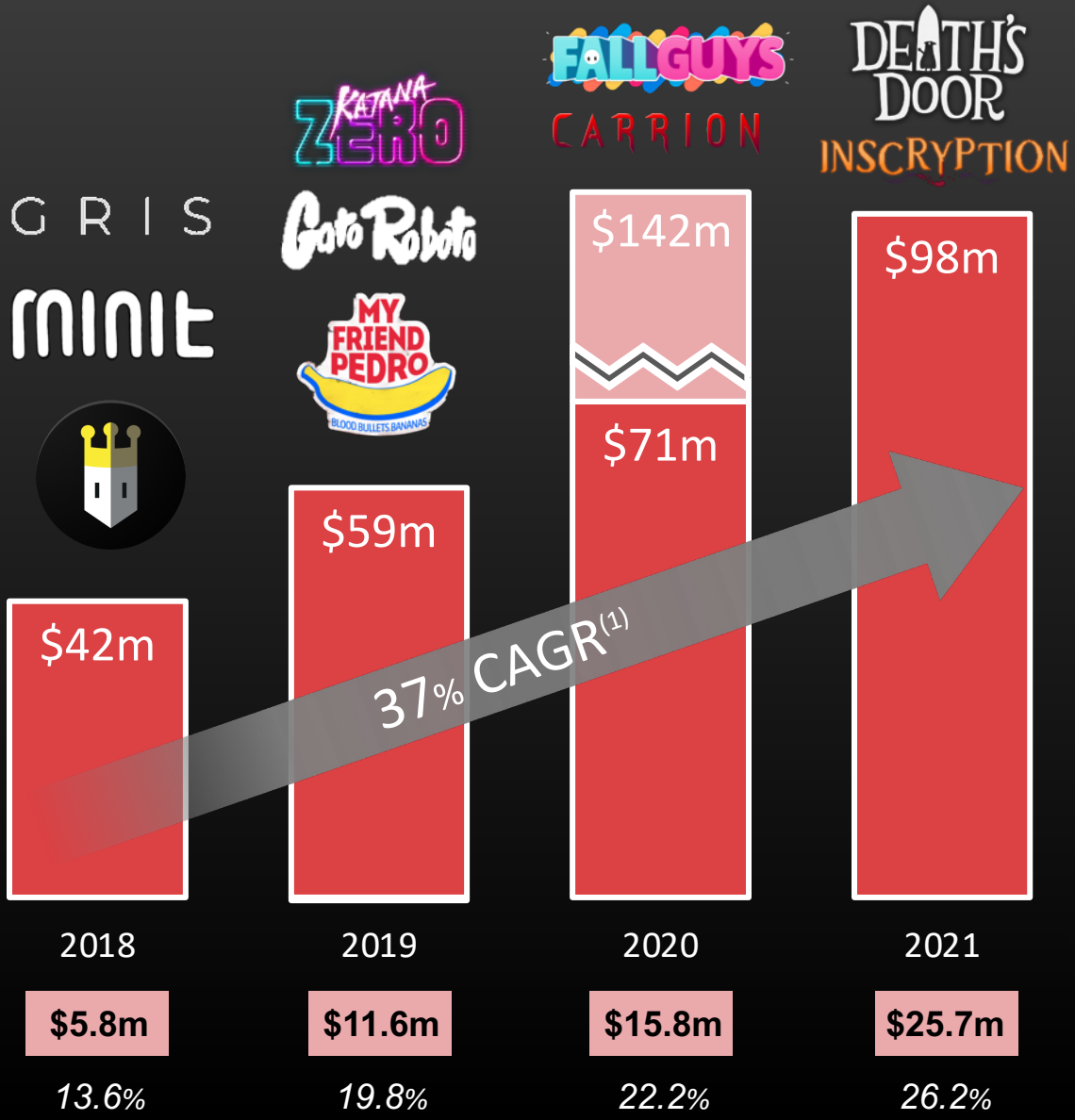


Founded 2009

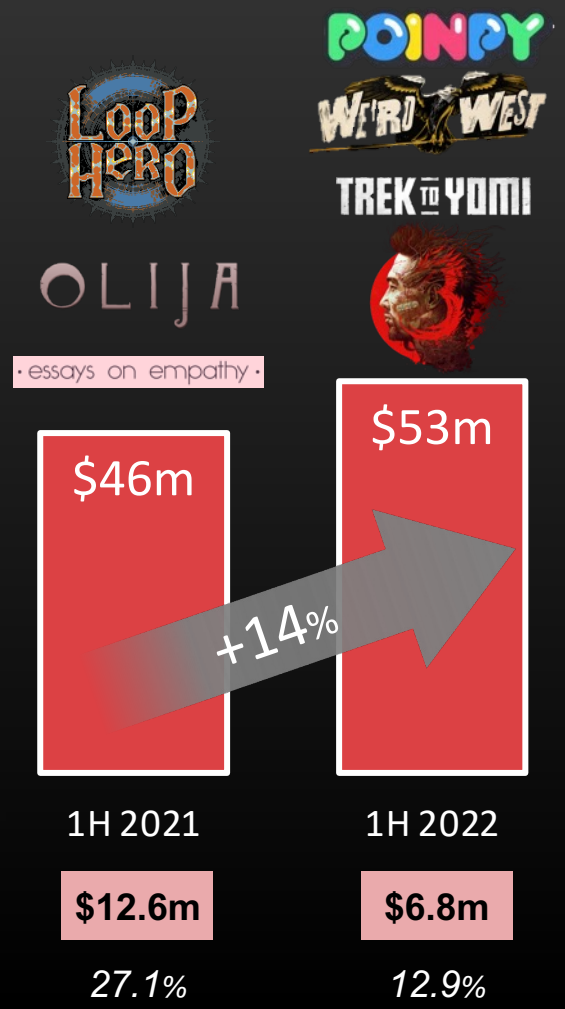
ADJ. EBITDA⁽¹⁾

MARGIN (%)

(1) Excl. Fall Guys outperformance

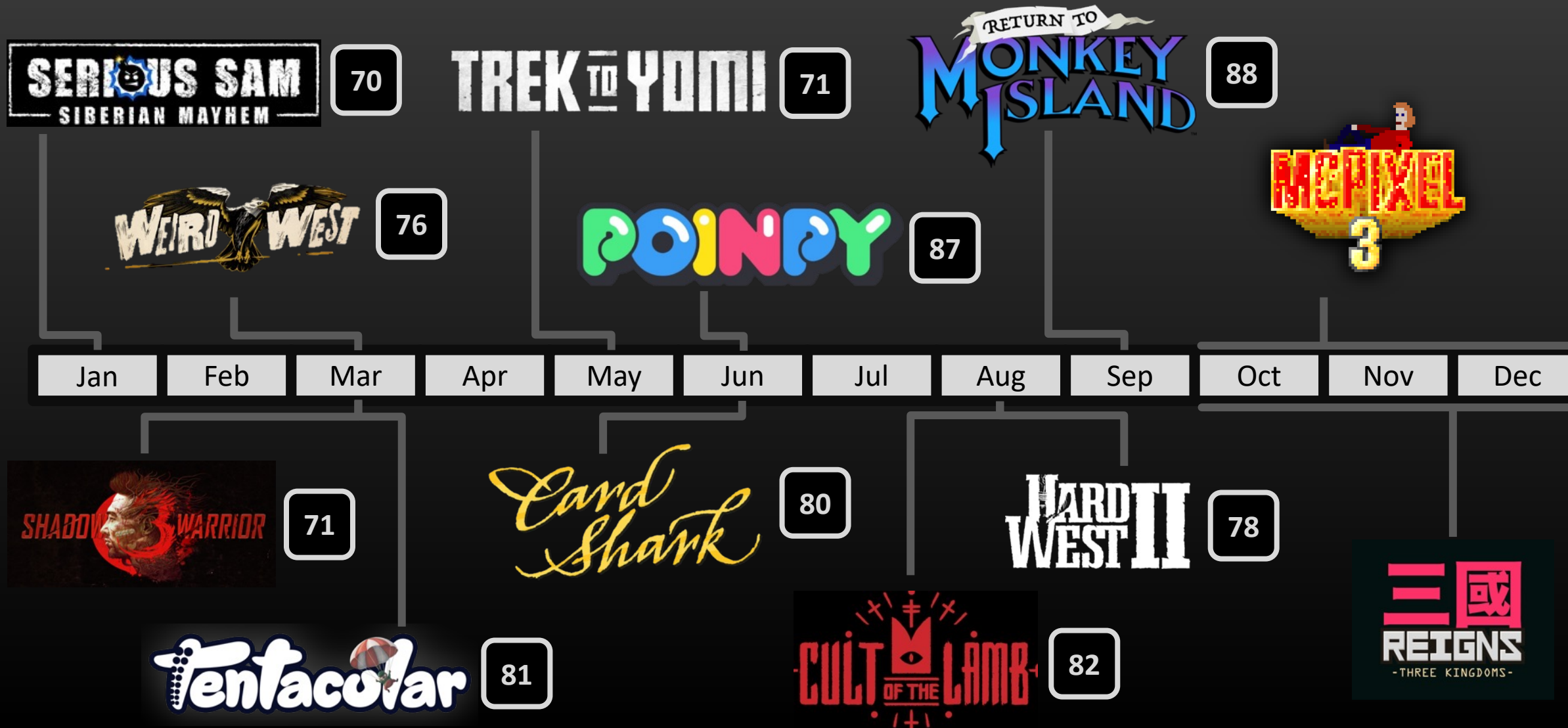


■ Normalised Revenue
■ Fall Guys Outperformance



RELEASING 10-15 TITLES EACH YEAR

Metacritic
Score





PORTING ACTIVITY

2021

3 Titles
3 Platforms

H1 22

1 Title
2 Platforms

H2 22

11 Titles
20 Platforms

INSCRYPTION



Oct'21:
Windows



Jun'22:
MAC & Linux



Aug'22:
PS4 & PS5

TBC

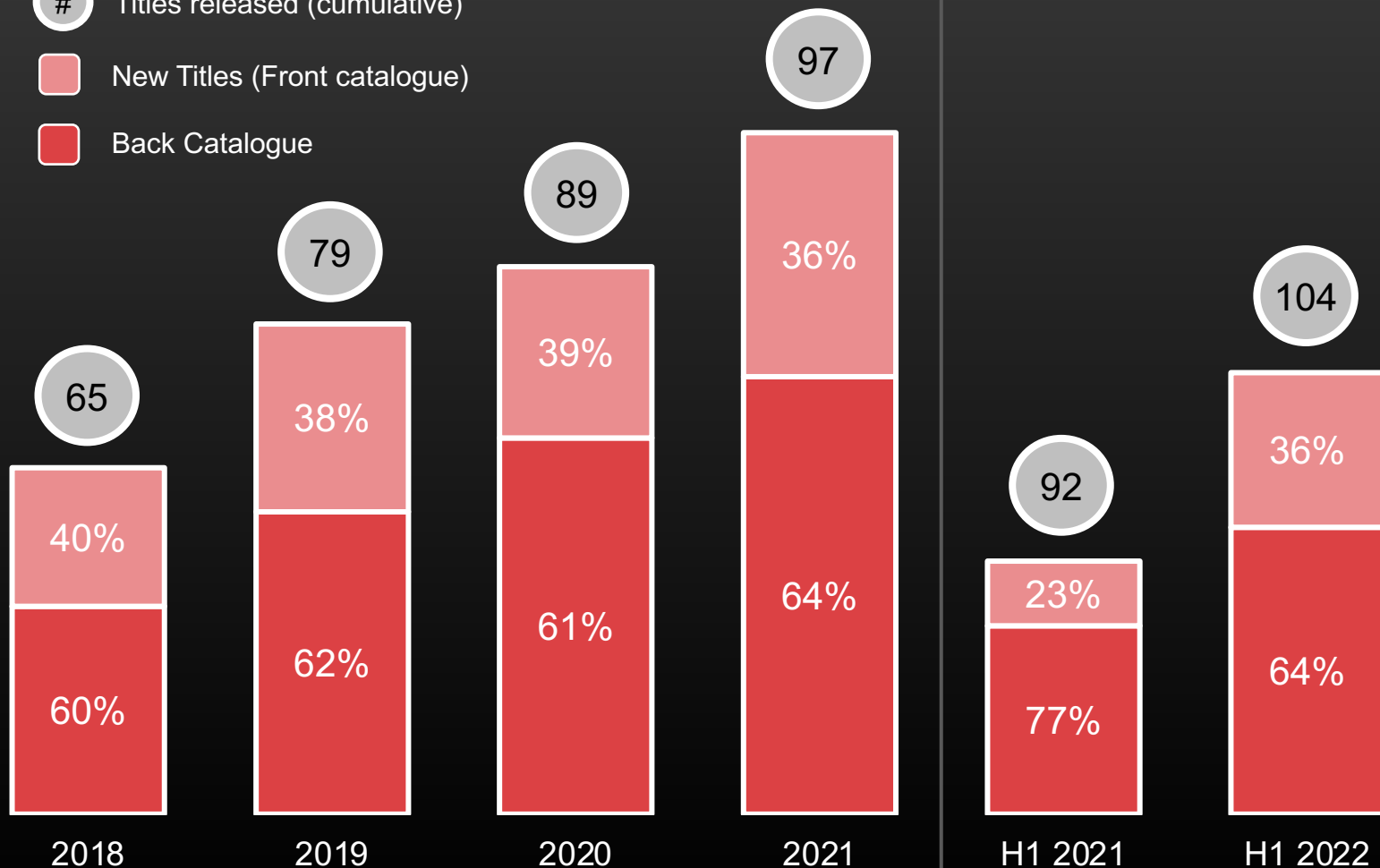
1-2 more
consoles



BACK CATALOGUE MOMENTUM

Game Sales revenue

- # Titles released (cumulative)
- New Titles (Front catalogue)
- Back Catalogue



Back Catalogue Levers

- Porting to new platforms
- Localisation in other languages
- Capitalising on sequel and franchise release momentum
- Platform bundle agreements
- Publisher sales
- Firefly and Good Shepherd acquisitions added **37 additional titles**
- 2021 Devolver Group Back Catalogue contribution was c.70%.

Note: Excludes Fall Guys | 2018-2020 calculated on a cash accounting basis

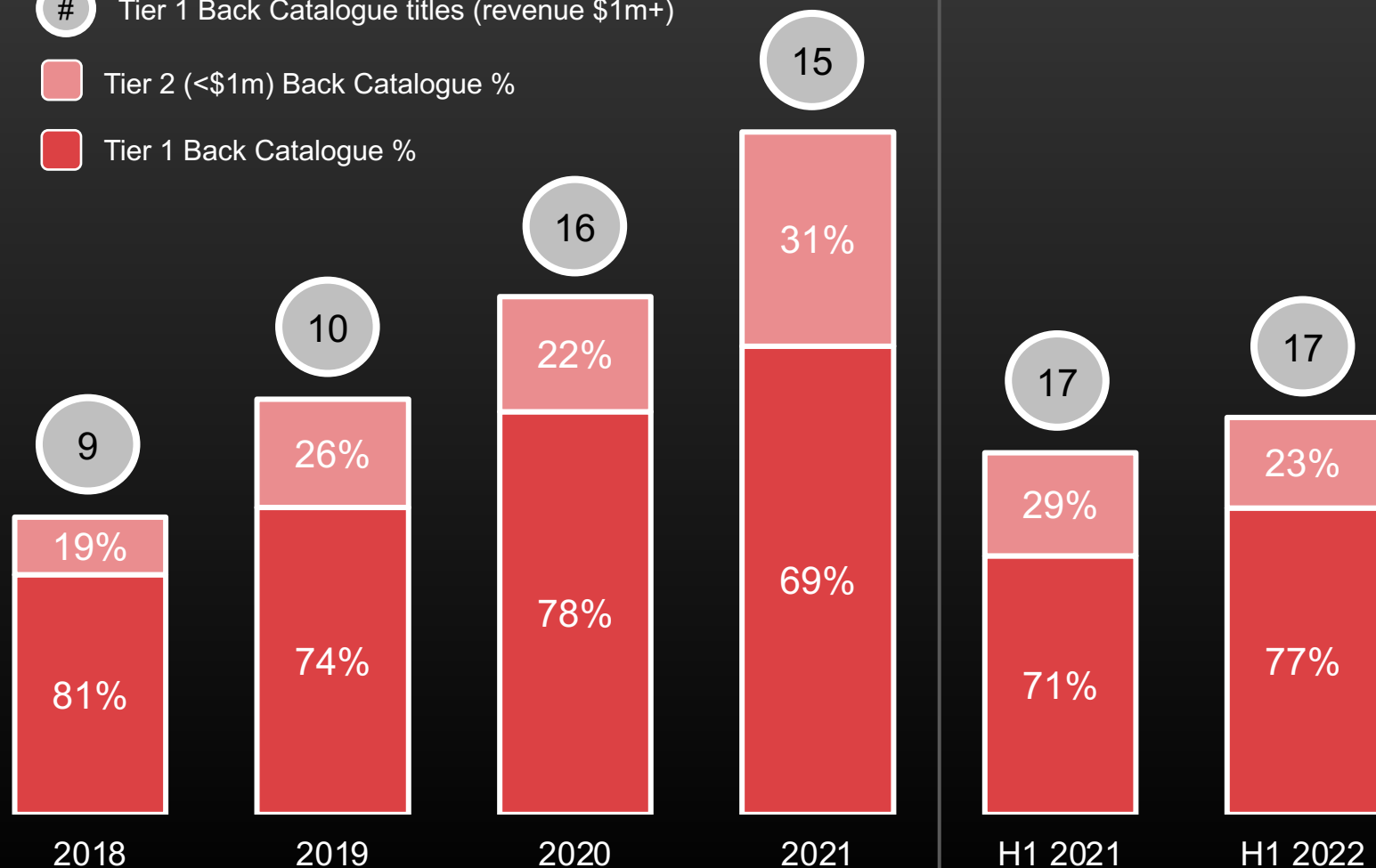
BACK CATALOGUE QUALITY

Back Catalogue revenue

Tier 1 Back Catalogue titles (revenue \$1m+)

Tier 2 (<\$1m) Back Catalogue %

Tier 1 Back Catalogue %



Back Catalogue

- Consistent and strong increase in total dollar quantum of back catalogue sales, year over year and half over half.
- Tier 1 titles generate over US\$1 million per year in sales. In 1H 2022 there were 17 Tier 1 titles, at record levels for Devolver.
- Tier 2 titles generate less than US\$1 million per year in sales, and this 'rump' of titles accounts for around 25% of total back catalogue sales each year.

Note: Excludes Fall Guys | Calculated on a part accruals basis | Tier 1 = revenue \$0.5m+ for H1 2021 and H1 2022

EVERGREEN BACK CATALOGUE TITLES

17 Tier 1 titles generate
77% of back catalogue revenues

Tier 1 super titles are

‘Evergreen’

to reflect consistent,

above-average

material contribution, year after year

G R I S

SERIOUS SAM

ENTER THE GUNGEON

ABSOLVER

KATANA ZERO

SHADOW WARRIOR

MY FRIEND PEDRO
BLOOD BULLETS BANANAS

LOOP HERO

DEATH'S DOOR

HOTLINE MIAMI

GORN

BROFORCE

#CULT OF THE LAMB#

1st week stats

over **1m** sales

14.1m streaming
hours watched

video views: **27.8m**

326k mentions

trended **#1** on
Billibilli in China

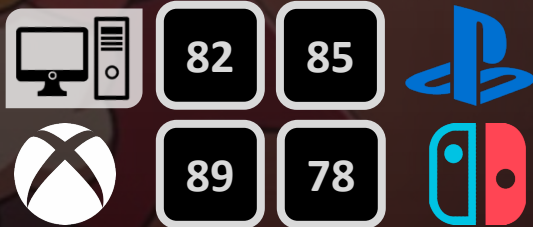
“Eerie Triumph”

The Guardian

“It feels good
to be baaad”

PC Gamer

Metacritic Scores



RETURN TO MONKEY ISLAND

Metacritic Scores



“Everything I
wanted and more”

TheGamer

1st week stats

0.9m video views

mentions: **12k**

“A deft and
heartfelt journey
through nostalgia”

Eurogamer

“The game
is just filled
with joy”

The Verge

“A monumental
masterclass in
metatextual mischief”

NME

EXCITING PIPELINE FOR 2023 & 2024



Top 10 Wishlist

Steam Next Fest

535k **219k**
Trailer views Streaming hours

9.1m **2.6k**
Video views Mentions



“Not your average skating game”
The Guardian

217k **330**
Trailer views Articles

5.0m **10.1k**
Trailer views Mentions



“I can't stop thinking about The Plucky Squire”
Games Radar

183k **517**
Trailer views Articles

6.9m **22.4k**
Video views Mentions



Coming 2024
Early Access 2023

223k **Sep 1**
Trailer views Announced

3.7m **1.5k**
Video views Mentions



Top 10 Wishlist

Steam Next Fest

177k **445k**
Trailer views Streaming hours

8.1m **6.2k**
Video views Mentions

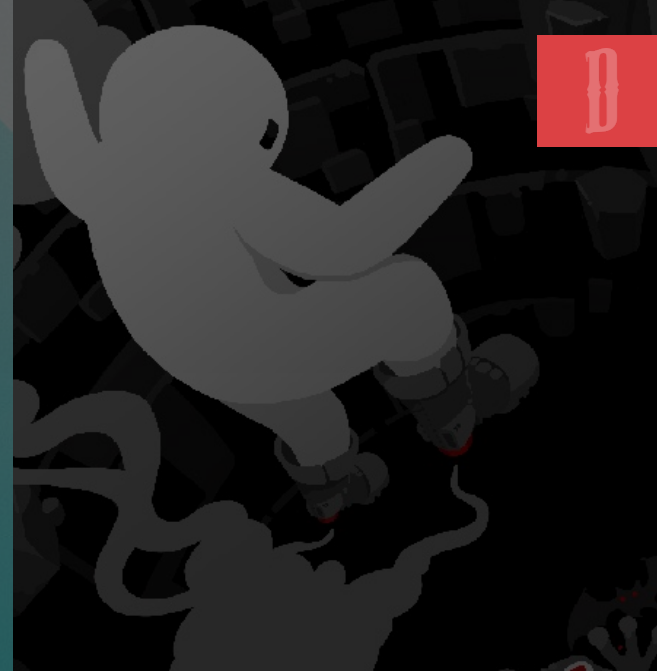
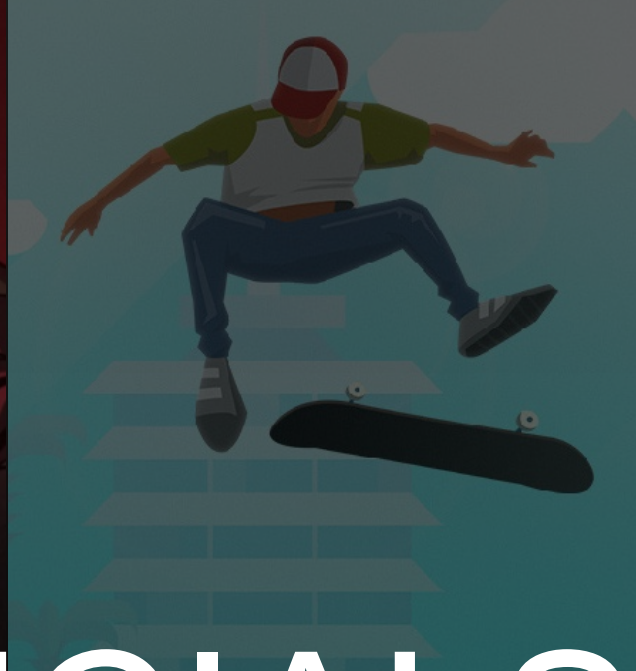
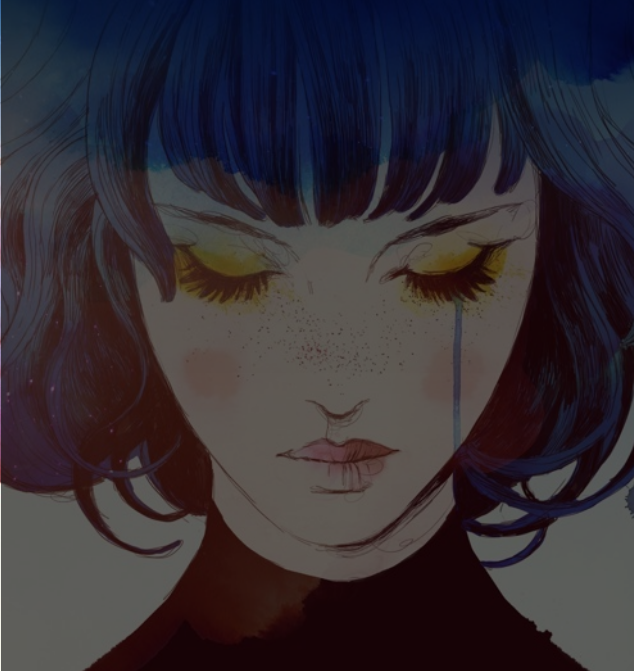


Total Coverage

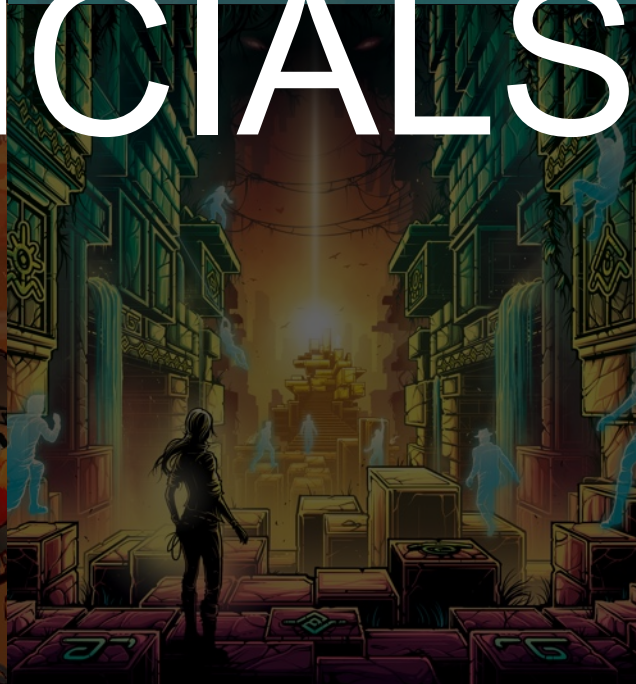
For these 5 titles

1.3m **662k**
Trailer views Streaming hours

32m **42.8k**
Video views Mentions



FINANCIALS



PROFIT & LOSS – STATUTORY REPORTING

\$'M	FY20 Statutory	FY20 Normalised	FY21	1H 2021	1H 2022
Net revenue	212.7	71.1	98.2	46.4	53.0
Cost of Sales	(121.0)	(48.0)	(58.9)	(30.7)	(34.7)
Gross profit	91.7	23.1	39.2	15.7	18.3
<i>Gross margin</i>	43.1%	32.5%	40.0%	33.8%	34.5%
Operating expenses	(13.9)	(10.1)	(105.3)	(27.4)	(29.9)
Other Income	-	(0.6)	116.1	115.3	-
Operating Profit	77.2	12.3	50.0	103.6	(11.6)
Pre tax Profit/(Loss)	77.2	12.3	50.0	103.6	(11.6)
Taxation	(13.1)	(11.5)	(19.4)	(24.1)	(5.0)
Profit/Loss for the period	64.1	0.8	30.6	79.5	(16.6)
Normalised Adjusted EBITDA	80.5	15.8	25.7	12.6	6.8
<i>Adj. EBITDA margin</i>	37.9%	22.2%	26.2%	27.1%	12.9%
Basic Earnings Per Share (\$)	-	-	0.081	0.224	(0.037)
Diluted Earnings per Share (\$)	-	-	0.075	0.207	(0.037)

COMMENTARY

- Semi-annual net revenues up 14.1% to record high in 1H 2022 (not including Fall Guys windfall in 2020).
- Revenue growth driven by new title releases and Back Catalogue strength.
- Gross margin slightly higher than 1H 2021 despite large step-up in amortisation expenses.
- EBITDA margin compression due to:
 - 1) higher payroll costs (excluding 1H 2021 *Fall Guys*-related bonus), reflecting the 22% increase in headcount versus 1H 2021;
 - 2) Increases in professional fees for various work streams including audit, accounting, tax and legal fees, and;
 - 3) Listed PLC-related costs (Director's fees, NOMAD fees and D&O insurance).

STATUTORY TO NORMALISED PROFIT & LOSS

\$'000	2020	2021	1H 2021	1H 2022
<u>Revenue</u>				
Reported Revenue	212,738	98,152	46,443	53,003
Normalised revenue adjustment	(141,635)	-	-	-
Normalised Revenue	71,104	98,152	46,443	53,003
<u>Gross Profit</u>				
Reported gross profit	91,694	39,232	15,716	18,260
Normalised gross profit adjustment	(68,613)	-	(175)	721
Normalised Gross Profit	23,080	39,232	15,541	18,981
<u>Adjusted EBITDA</u>				
Reported Adjusted EBITDA	80,531	110,818	118,332	5,627
Normalised Adjusted EBITDA adjustment	(64,748)	(85,0899)	(105,764)	1,191
Normalised Adjusted EBITDA	15,783	25,729	12,568	6,818

- This table presents the adjustments to 'normalised' revenue, gross profit and Adjusted EBITDA.
- The outperformance element in FY20 has been removed (given the significant success of Fall Guys), including initial budget numbers only.
- The gain on the sale of the publishing rights in April 2021 is also removed from the analysis.
- The Adjusted EBITDA adjustment also adds back Fall Guys-related founder bonuses in 1H 2021.
- The \$1.2 million add back to Adjusted EBITDA in 1H 2022 is made up of US\$0.72 million from the impairment on a cancelled game and US\$0.45 million of non-recurring professional fees.

CASH FLOW STATEMENT

\$'000	2020	2021	1H 2021	1H 2022
<u>Operating activities</u>				
Net income	64,093	30,627	79,451	(16,610)
Amortisation & Depreciation	6,978	9,338	4,780	10,873
Share based payments	2,747	55,150	13,638	11,477
Gain on sale of Publishing Rights & IP	-	(115,576)	(114,976)	-
Working capital movement	(1,030)	140	3,356	468
Other operating activity and FX movement	(533)	2,891	(50)	1,409
Net cashflow from operating activities	72,255	(17,430)	(13,801)	7,617
<u>Investing activities</u>				
Investment in software development intangibles	(22,175)	(31,734)	(31,761)	(15,631)
Sale of Publishing Rights & Intellectual Property		127,500	126,900	-
Acquisitions (net of cash acquired)	(3,278)	(34,083)	(25,797)	-
Other	65	-	(99)	(5)
Net cashflow from investing activities	(25,387)	61,683	87,243	(15,636)
<u>Financing activities</u>				
Net change in Borrowings/Others	240	(68)	33	(510)
Share capital issuance including option exercise	(6,000)	49,362	634	(1,527)
Repayment of Shareholder Loan	-	(20,837)	(20,837)	-
Dividend	(10,000)	(30,000)	(30,000)	-
Net cashflow from financing activities	(15,761)	(1,543)	(50,170)	(2,037)
Net cashflow	31,107	42,710	23,272	(12,063)
Closing cash	43,529	86,239	66,801	74,176

- Cash from operating activities is primarily driven by the trading of the business in addition to the changes in working capital.
- Investing activities includes the purchase of intellectual property and the acquisitions made in 2020 and 2021.
- In 1H 2022 investment was entirely into software development.
- Share based payments in 1H amounted to US\$1.5 million from the vesting, and exercise, of options granted under the 2017 Stock Option Plan.
- Financing cash outflow was principally the net outpayment for settlement of options through the Employee Benefit Trust.
- Cash at 30 June 2022 amounted to \$74.2 million.

BALANCE SHEET

\$'000	2020	2021	1H 2021	1H 2022
<u>Non-Current Assets</u>				
Intellectual property	23,254	53,382	40,117	49,640
Capitalised developments costs	28,319	44,441	56,829	52,960
Goodwill	159	66,820	40,117	66,820
Deferred tax assets and others	1,708	2,639	1,820	237
Total Non-Current Assets	53,440	167,281	122,639	169,657
<u>Current Assets</u>				
Cash in bank	43,529	86,239	66,801	74,176
Accounts Receivable & prepaid expenses	16,208	19,355	9,712	19,989
Prepaid Income tax	-	8,512	569	4,705
Total Current Assets	59,737	114,106	77,072	98,870
TOTAL ASSETS	113,177	281,387	199,711	268,527
<u>Current Liabilities</u>				
Trade, other payables and accrued expenses	18,305	17,835	9,479	13,956
Deferred revenue	599	4,482	1,913	5,047
Amounts due to shareholders	20,837	-	-	-
Deferred Tax Payable & Other	983	1,434	6,916	-
Total Current Liabilities	40,744	23,751	18,308	19,003
<u>Non-Current Liabilities</u>				
	920	10,883	10,406	10,883
TOTAL LIABILITIES	41,664	34,634	28,714	29,866
TOTAL EQUITY	71,513	246,753	170,997	238,641
TOTAL EQUITY & LIABILITIES	113,177	281,387	199,711	268,527

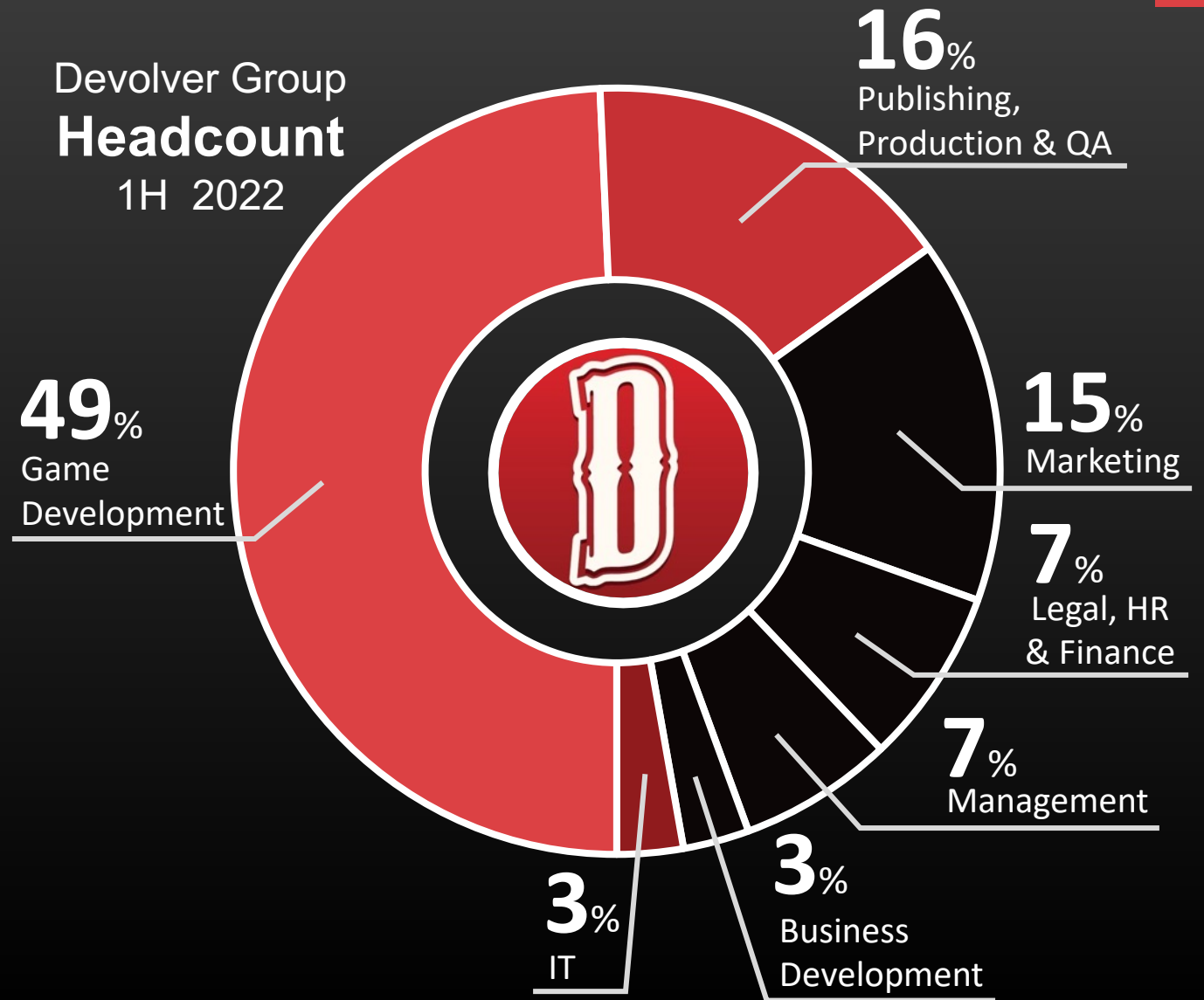
- The Group's net asset position was **US\$238.6 million** at 30 June 2022 reflecting:
- Capitalised development costs of **US\$53.0 million** reflecting ongoing development of the games pipeline.
- IP balances of **US\$49.6 million**, reducing due to amortisation of IP.
- Goodwill from acquisitions recorded at **US\$66.8 million**.
- Cash holdings of **US\$74.2 million** after 1H development expense of **US\$15.6 million**.
- Accounts payable and accounts receivable largely balanced throughout the year, dependent on cash collection timing.
- Deferred Revenue increased to **US\$5.0 million**, reflecting revenues from bundled deals not yet released.

STRENGTHENING THE BENCH – SCALING FOR GROWTH



- Operating subsidiaries in the UK, Netherlands, Croatia, Poland and the United States.
- Adding talent: production, QA, marketing, finance & legal.
- Raising the level of 'polish' for new titles, driving unit sales. Focus specifically on gameplay, marketing & user engagement.
- Strengthening bench has positive effect on cost control: bringing expertise in-house delivers cost savings, reducing third-party payments such as professional fees.
- Total Group Headcount – 225 at end 1H 2022, up from 185 one year ago.

Devolver Group Headcount 1H 2022



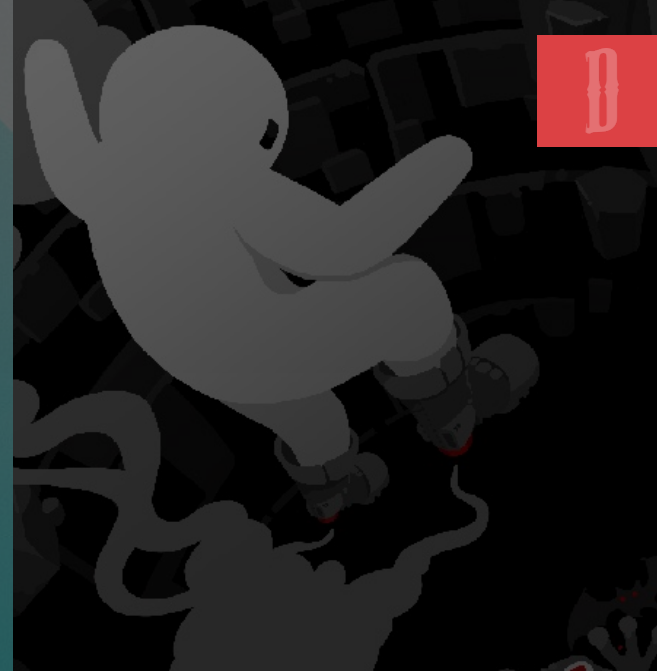
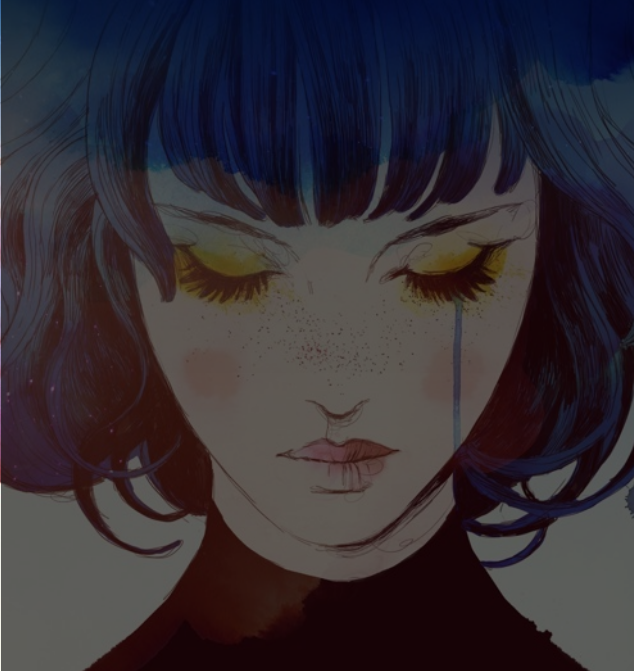
Operating expenses - Trends

\$'M	2021 1H	2021 2H	FY21	2022 1H	Trend
Payroll	8.7	5.8	15.5	6.3	Slow rise
Stock compensation expense	12.9	42.3	55.2	11.5	Steady fall
Professional fees	2.4	7.1	9.5	2.9	Slow fall
Travel and entertainment	0.0	0.3	0.3	0.3	Slow rise
Office	0.1	0.2	0.3	0.1	Steady
Insurance	0.0	0.2	0.2	0.5	Slight fall
Administration and other costs	1.9	17.6	19.5	2.6	Steady
Foreign exchange movements	(0.4)	0.6	0.2	2.0	Possible rise
Amortisation of intellectual property and depreciation of PPE	1.8	3.8	5.7	3.8	Slow fall
Total Operating Expenses	27.4	77.9	105.3	29.9	Steady
Cash operating expenses	16.4	32.4	48.8	12.6	Steady
Excluding FG special bonus 1H 2021	10.4	32.4	48.8	12.6	Steady

- Headcount – up 22% YOY due to:
 - 1) acquisitions
 - 2) scaling for growth
- Professional fees – M&A-related, company building blocks (EBT, LTIP, IP trademarking etc)
- New additions ensure quality & reduce third-party expenses, including:
 - Bringing professional fees in-house (tax, legal), building QA oversight team etc
 - PLC-related fees – D&O insurance, directors fees, Nomad Fees, Exchange Fees, RSN etc

SUMMARY AND OUTLOOK

- **Maintaining FY22 guidance:** 30% revenue growth, 15% EBITDA growth.
- **Momentum in H2 2022:** quality of new titles and back catalogue.
- **Strong balance sheet:** supports investment in long-term growth.
- **Healthy pipeline:** 30+ titles for 2023-2025.



THANK YOU





Appendix – Background Information

DIVERSIFICATION ACROSS THE BOARD



BY DEVELOPER

64

Development partners worked on the existing portfolio...

...**29**

development partners are working on pipeline games...

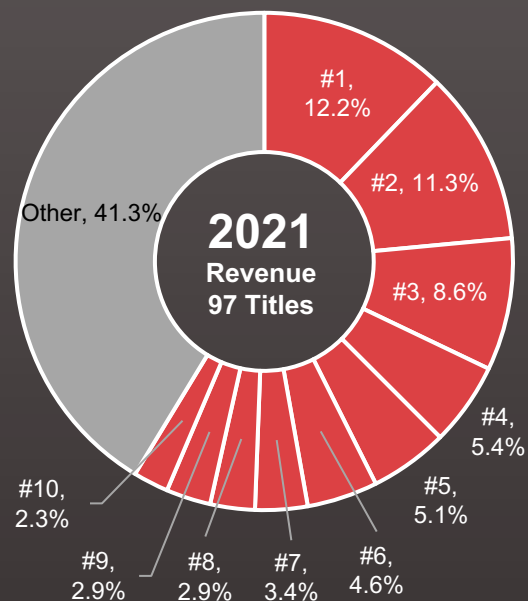
...of which

9

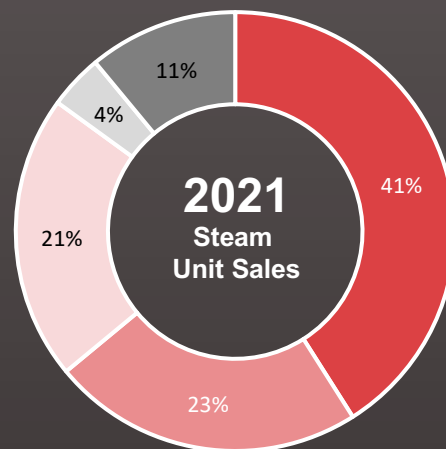
are repeat partners

BY TITLE*

Top 10 categorised only

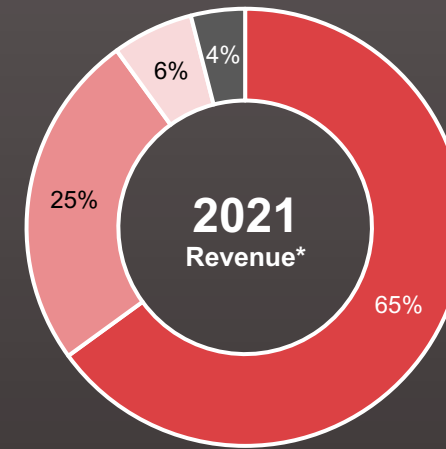


BY GEOGRAPHY



■ North America ■ Europe
■ Asia ■ LatAm
■ Other

BY PLATFORM*



■ PC ■ Console ■ Mobile ■ Other

UNDERPINNED BY ANNUAL BACK CATALOGUE CONTRIBUTIONS OF C.63% (FY18 – FY21)*

*Calculated on a Normalised basis; all game level financials are calculated on a cash accounting basis

GROWTH STRATEGY



**Release 10 – 15
unique titles per year**



**Mine our back
catalogue**

Organic Growth

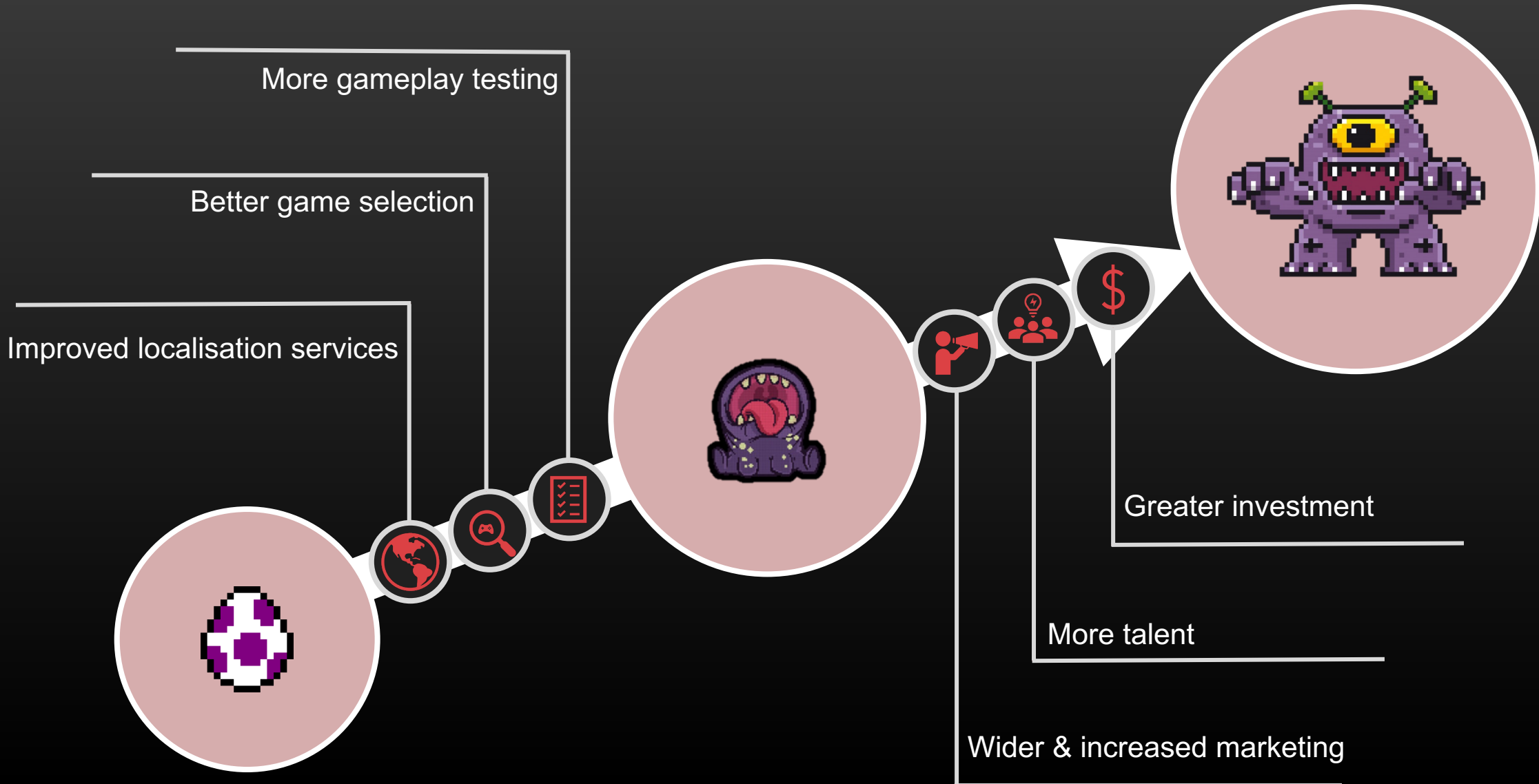


**Improving our craft
increases margins**









**Selective studio &
IP acquisitions**

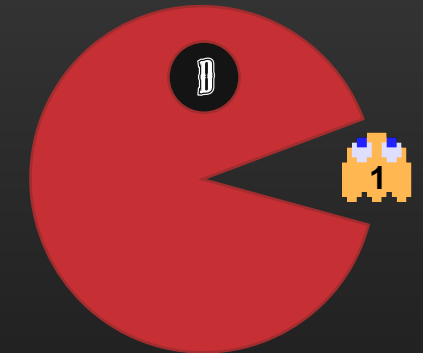
IMPROVING OUR CRAFT INCREASES OUR RETURNS



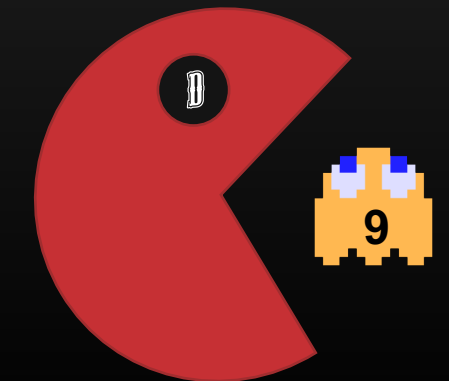
SELECTIVE STUDIO & IP ACQUISITIONS

ACQUISITION	DATE ACQUIRED	COUNTRY	TYPE OF ACQUISITION	HEADCOUNT	FRANCHISES
	2015 (50%) 2018 (100%)	n/a	IP	N/A	1
	Oct-2020	Croatia	Developer	38 Total 32 Devs	2
	Jan-2021	Netherlands & Poland (Artificer)	Publisher & Studio	56 Total 35 Devs ¹	3 rd party contracts
	May-2021	UK	Developer	17 Total 16 Devs	2
	Jun-2021	UK	Developer	36 Total 26 Devs	3
	Jul-2021	USA	Developer	4 Total (all Devs)	1

of own IP franchises



2019



Current

Acquired 5 studios in 9 months

c.\$130m* cost (combination of cash & shares)

Incremental margin improvements

Low integration risk



BOARD OF DIRECTORS

INDEPENDENT DIRECTORS



KATE MARSH

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Remuneration Committee Chair
Audit Committee Member

- 30 years of experience in digital and media businesses
- Non-executive director at Games Workshop, Elstree Film Studios & Mediahuis Ireland (previously INM plc)
- Leads international development for MGM Studios' digital networks
- Previously held senior roles with Sky, GroupM, the BBC, and Sony Pictures Television



JANET ASTALL

INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit Committee Chair
Nomination Committee Member

- Over 20 years of experience working in finance
- Currently the FD, Financial Control and COO Business Partnering, at mobile network Three
- Previously held financial controller and similar roles at BT, British Gas and O2
- Previously a NED at Telefonica
- Qualified as a Chartered Accountant at KPMG in 1998



JO GOODSON

INDEPENDENT NON-EXECUTIVE DIRECTOR
Nomination Committee Chair
Remuneration Committee Member

- Managing Partner of tech M&A boutique Hampton Partners
- Technology entrepreneur with over 25 years of experience
- Co-founded software publisher Mediagold, which later exited to Euronext-listed Avanquest
- Has been an adviser and/or early stage investor in a range of games businesses including Mediatonic (now Tonic Games), Playmob, Indigo Pearl, a games industry PR company, and Six to Start, recently exited to OliveX



JEFF LYNDON KO

INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit Committee Member
Remuneration Committee Member

- Over 20 years of experience in the video games sector
- President of iDreamsky Technology, a company he co-founded in 2009. iDreamsky is a Chinese headquartered video games company, listed on the Hong Kong Stock Exchange
- President of the Shenzhen ESports Association
- Previously Honorary Advisor of Hong Kong Esports Club and the Honorary President of Macau E-Sports Federation

<u>1H 2022 Tax Provision, \$'m</u>	<u>1H 2022</u>
YTD Pre tax profit / (Loss)	(11.6)
Estimated Annual Effective Tax Rate	<u>(44.6)%</u>
YTD Tax before Adjustments	5.2
Tax Adjustments	<u>(0.2)</u>
YTD Tax Expense / (Benefit)	5.0

- Around 25% of FY 2022 estimated Share Based Payment expenses are related to foreign employees.
- For tax calculation purposes, this amount is added to estimated full year PBT which increases the taxable position.
- Because overall PBT (before taking PBT-related tax additions) is low, the addition of taxable SBP-related amounts increases the relative overall taxable quantum. This is then taxed at the prevailing rate of 21%.
- The total taxable amount is then applied to the actual PBT for 1H, resulting in a higher tax ratio.

Tax for 1H 2022 has been calculated by applying the FY22 effective tax rate as required by IAS 34 'Interim Financial Reporting'.

“The effective rate of (44.6)% varies from the statutory rate of 21% due to permanent book to tax differences related to stock compensation deductions for foreign entities, which is not deductible for US income taxes.”

The Group expects the tax expense to unwind in 2H 2022 .