

26 September 2024

## Devolver Digital, Inc.

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

### Unaudited results for the six months ended 30 June 2024

*Return to Adjusted EBITDA profitability as expected, on track to meet FY 2024 guidance*

Devolver Digital, the award-winning digital publisher and developer of independent ("indie") video games, announces its unaudited results for the six months ended 30 June 2024. All figures relate to this period unless otherwise stated.

### A focused strategy driving return to growth

- 1H 2024 trading in line with expectations.
- Growth driven by strong back catalogue sales, contribution from new releases and improvement in platform deals.
  - 3 new titles released in 1H 2024 (1H 2023: 4), with record-matching average Metacritic score of 80 (76 average for 1H 2023).
  - Back catalogue revenues up 22%, accounting for 89% of game sales revenues (1H 2023: 87%), reflecting the continued strong performance of *Cult of the Lamb* and other key titles, plus the new contribution from System Era's *Astroneer* title.
  - Platform deals saw recovery from 2023's low level, being weighted to 1H 2024.
- System Era, acquired last year, is performing in line with expectations and is integrating well, adding a full six-month contribution to 1H 2024 revenues.

### Financial performance – return to EBITDA profit

- Revenues in line with FY24 expectations:
  - 1H 2024 revenues up 18% to \$51.6m; Adjusted Gross Profit up 62% to \$15.3m.
- Strong execution and operational discipline leading to improved Adjusted EBITDA profit, as previously guided:
  - 1H 2024 Adjusted EBITDA profit of US\$4.7m, pre non-cash impairment (1H 2023: US\$2.5m loss).
- Non-cash impairment of US\$1.7m recorded in 1H 2024 (1H 2023: US\$0.9m) relating to previous releases where sales have been softer than expected.
- Statutory net loss of US\$4.5m<sup>1</sup> (1H 2023: US\$10.1m loss).
- Cash of US\$31.9m as of 30 June 2024 (year end 2023: US\$42.7m), not including \$9.8m net proceeds from the primary issuance of shares in early July 2024.

### Current trading and outlook

- 10 new titles expected for full year 2024, with 7 releases in 2H 2024: *Anger Foot*, *The Crush House*, *Sumerian Six*, *Demon's Mirror*, *The Plucky Squire*, *Neva* and *Stronghold Castles*.
- System Era integration on track with full year contribution in FY 2024.
- Strong Balance Sheet boosted by \$9.8m primary share placement in July 2024.
- On track to meet previous guidance: revenues over US\$100m and Adjusted EBITDA after non-cash impairments in the mid-single digit US\$ millions. We continue to expect an improvement in 2025.
- Healthy pipeline of more than 30 new titles due for release in the next three years.

## Harry Miller, Executive Chairman of Devolver, said:

*“As expected, the first half of 2024 saw a return to Adjusted EBITDA profitability, driven by strong back catalogue revenues supplemented by new releases, an improvement in platform deals and a solid first half contribution from new acquisition System Era. We are pleased with the record high average Metacritic ratings in 1H 2024, which we believe can bolster the longevity of our games.*

*We are building momentum going into 2H 2024, with 6 new titles including the highly anticipated release of Neva in October, on the back of the recent success of The Plucky Squire. We reiterate our guidance for FY 2024, with improvements expected through 2025 and 2026.”*

### Notes

1. Including non-cash impact of US\$2.4m of share-based payments.

## 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 120 titles, with more than 30 titles in the pipeline scheduled for release over the next three 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.**

Harry Miller, Chief Executive Officer  
Daniel Widdicombe, Chief Financial Officer

[ir@devolverdigital.com](mailto:ir@devolverdigital.com)

### **Zeus (Nominated Adviser and Joint Broker)**

Nick Cowles, Kieran Russell (Investment Banking)  
Ben Robertson (Equity Capital Markets)

+44 (0)20 3829 5000

### **Panmure Liberum (Joint Broker)**

Max Jones, Matt Hogg (Investment Banking)

+44 (0)20 3100 2000

### **FTI Consulting (Communications Adviser)**

Jamie Ricketts / Dwight Burden / Valerija Cymbal / Usama Ali

[devolver@fticonsulting.com](mailto:devolver@fticonsulting.com)

+44 (0)20 3727 1000

## **OPERATING REVIEW**

### **1H 2024 – return to profit, with three new high Metacritic titles**

Devolver released 3 new well-received titles in 1H 2024 – *Dicefolk*, *Pepper Grinder* and *Children of the Sun* – with an average Metacritic rating of 80, matching the record high average for a single six-month period. High Metacritic scores and positive user ratings are important as they help to bolster the longevity of releases.

The quiet release schedule mirrored that of 1H 2023 (4 titles), but 1H 2024 overall revenue benefitted from a significant contribution from platform deals for front and back catalogue, as well as the addition of a full six-month contribution from recent acquisition System Era. These two factors drove an 18% YOY increase in total group revenue in the first half of this year compared to 1H 2023.

### **Hit releases support 22% growth in back catalogue**

Fan favourite *Cult of The Lamb* provided strong revenue momentum in 1H 2024, a trend continuing through this summer. The contribution from *Cult of The Lamb*, in combination with a full six-month contribution from recent acquisition System Era's *Astroneer* game, drove a 22% increase in back catalogue revenues in 1H 2024 compared to the previous year period. BAFTA-winning *Inscription* also continued to perform well in the first six months of 2024, alongside other evergreen titles in Devolver's back catalogue.

The strong growth in back catalogue revenues, coupled with a lighter release schedule in 1H 2024, meant that back catalogue revenues accounted for 89% of game sales revenues (1H 2023: 87%). Our back catalogue includes all titles released in or prior to the last financial year (2023 or earlier). As of 1 January 2024, the back catalogue consists of over 120 titles, including numerous indie cult classics, supporting highly diversified revenues.

### **Summer Game Fest 2024**

Devolver marked June 2024 with celebrations in the summer showcase to commemorate the company's 15<sup>th</sup> year anniversary of its founding. Devolver's iconic live broadcast formed part of the Summer Game Fest 2024 in June, featuring reveals of future new releases and expansions to fan favourites *Cult of the Lamb* and *The Talos Principle 2*. New titles included *Possessors*, a slick side-scrolling action game from developer Heart Machine, the creators of *Solar Ash* and *Hyper Light Drifter*, and a reveal for *Tenjutsu*, the pending release from *Dead Cells* lead developer Deepnight Games. The game puts players in the role of a renegade yakuza fighting through the criminal underworld and mixes pixel art visuals with some fast-paced action.

Recent releases *Anger Foot* and *Crush House* received attention, and we also highlighted the *Road to Elysium* expansion from *The Talos Principle 2*, introducing a host of new challenges spread across three chapters — *Orpheus Ascending*, *Isle of the Blessed*, and *Into the Abyss* — each with their own look and storyline. The broadcast also highlighted *Cult of the Lamb's Unholy Alliance* expansion (rolled out on August 12<sup>th</sup>), which included some new quests, gear and other items, and added a co-op gameplay mode, underscoring our commitment to successful title expansion.

### **Disciplined Cost Control**

Devolver successfully controlled operating expenses in 1H 2024, with growth in revenues outstripping total operating expenses, resulting in margin expansion in both gross profit and Adjusted EBITDA.

## **FINANCIAL REVIEW**

### **Unaudited first half 2024 results to June 30 2024**

The unaudited financial results included in this announcement cover the Group's combined activities for the six months ended 30<sup>th</sup> June 2024 (prepared in accordance with applicable International Financial Reporting Standards, "IFRS").

### **Adjusted results**

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

Adjusted EBITDA results 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 Board monitors results. Further details of adjustments are given in Note 4 to the condensed financial statements contained within this semi-annual results release.

### **P&L results and margins**

Devolver Digital's first half 2024 performance was in line with expectations, with 3 new title releases compared to 4 titles released in 1H 2023. Revenues of US\$51.6 million rose 18% year-over-year. Gross profit was US\$15.3 million, an increase of 62% year-over-year. Adjusted EBITDA after non-cash impairments delivered a profit of US\$3.0 million versus a US\$3.5 million loss in 1H 2023.

Gross profit margin increased to 29.6% in the first half of 2024, up from 21.4% in the year-earlier period. Gross margin expansion was a result of first-party IP contributions from late 2023 new releases, other new releases in recoup in 1H 2024, and a full six-month contribution from *Astroneer*, System Era's popular expandable game. This compares to 1H 2023 when the royalty pay-out mix was heavily weighted towards third party titles.

Adjusted EBITDA margins before non-cash impairments improved to a positive 9.1% from a negative 5.7% in the first half of 2023. The expansion in 1H 2024 gross profit had a direct flow-through effect which benefitted Adjusted EBITDA.

Statutory net loss for 1H 2024 was US\$4.5m, improved from the US\$10.1m loss in 1H 2023.

### **Cash Balances**

Cash holdings at end of June 2024 were US\$31.9 million, a reduction of US\$10.8 million compared to end of 2023's level of US\$42.7 million, on the back of continued investment into game development. After the period end, a primary share placement in July 2024 resulted in net proceeds of US\$9.8m. Devolver has no borrowings across the Group.

### **Appointment of Joint Broker**

We are pleased to have Panmure Liberum join the Devolver family as Joint Broker to assist in broadening our investor coverage and business scope.

## **CURRENT TRADING OUTLOOK**

Our busy release schedule for 2H 2024 has already featured *Anger Foot*, *The Crush House*, *Sumerian Six* and *Demon's Mirror*, as well as major title *The Plucky Squire*. *NEVA*, from the developers of the award-winning *Gris*, will release in October, alongside the mobile title *Stronghold Castles* from our subsidiary Firefly. *The Plucky Squire* released with a Metacritic score of 81 and very positive user reviews. *NEVA*, slated for release in October, has had very positive pre-release trailers, and has also built a healthy wishlist ahead of launch.

Trading for the full year 2024 continues to be in line with consensus expectations of revenues exceeding US\$100 million and Adjusted EBITDA to be in the mid-single digit US\$ millions, with improvements expected through 2025 and 2026.

Our momentum, robust balance sheet, deep pipeline and strong contribution from extensive back catalogue all support our confidence of further progress in 2025 and in the future. The Board believes that we are well positioned for future success, and we look forward to reporting on our progress into 2025.

Harry Miller  
**Chief Executive Officer**

## Condensed Consolidated Statement of Profit or Loss

		Unaudited 6 months ended 30-Jun-24 US\$'000	Unaudited 6 months ended 30-Jun-23 US\$'000	Audited Year ended 31-Dec-23 US\$'000
<b>Revenue</b>	Note 2	<b>51,583</b>	<b>43,877</b>	<b>92,356</b>
Cost of sales		(36,327)	(34,483)	(67,838)
<b>Gross profit</b>		<b>15,256</b>	<b>9,394</b>	<b>24,518</b>
Administrative expenses		(21,439)	(18,141)	(38,537)
Other income / (expenses)		1,134	(591)	1,011
<b>Operating loss</b>		<b>(5,049)</b>	<b>(9,338)</b>	<b>(13,008)</b>
Finance costs		(61)	(198)	(58)
Finance income		272	897	1,361
<b>Loss before taxation</b>		<b>(4,838)</b>	<b>(8,639)</b>	<b>(11,705)</b>
Income tax benefit / (expense)		366	(1,426)	(1,019)
<b>Loss for the period</b>		<b>(4,472)</b>	<b>(10,065)</b>	<b>(12,724)</b>
Loss for the period is attributable to:				
Equity holders of the parent		(4,414)	(10,042)	(12,742)
Non-controlling interests		(58)	(23)	18
<b>Loss for the period</b>		<b>(4,472)</b>	<b>(10,065)</b>	<b>(12,724)</b>
Basic and diluted loss per share (\$)	3	(0.010)	(0.023)	(0.029)
<b>Non-IFRS measures</b>				
Adjusted EBITDA* before performance- related impairments	4	4,713	(2,535)	1,677
Adjusted EBITDA*	4	2,967	(3,469)	(458)

\*Adjusted EBITDA is a non-IFRS measure and is defined as earnings before interest, tax, depreciation, amortisation (but does not exclude amortisation of capitalised software development costs), share-based payment expenses, foreign exchange gains or losses and one-time non-recurring items and non-trading items.

For the six months ended 30 June 2023, the Group distinguished between Normalised Adjusted EBITDA and Adjusted EBITDA and presented both measures. This distinction was removed post June 2023 for a simpler, clearer presentation in line with industry peers, and therefore the Adjusted EBITDA for the six months ended 30 June 2023 as previously reported is no longer presented, and the Normalised Adjusted EBITDA previously reported is presented as Adjusted EBITDA in the above table.

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 30-Jun-24 US\$'000	Unaudited 6 months ended 30-Jun-23 US\$'000	Audited Year ended 31-Dec-23 US\$'000
<b>Loss for the period</b>	<b>(4,472)</b>	<b>(10,065)</b>	<b>(12,724)</b>
<b>Other comprehensive income: Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations	(329)	33	1,673
<b>Total comprehensive loss for the period</b>	<b>(4,801)</b>	<b>(10,032)</b>	<b>(11,051)</b>
Total comprehensive loss is attributable to:			
Equity holders of the parent	(4,743)	(10,009)	(11,069)
Non-controlling interests	(58)	(23)	18
<b>Total comprehensive loss for the period</b>	<b>(4,801)</b>	<b>(10,032)</b>	<b>(11,051)</b>

## Condensed Consolidated Statement of Financial Position

		Unaudited As at 30-Jun-24 US\$'000	Unaudited As at 30-Jun-23 US\$'000	Audited As at 31-Dec-23 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
- goodwill	5	31,902	19,416	31,963
- other intangible assets	5	97,506	72,356	95,936
Property, plant and equipment		190	91	266
Right of use asset		845	-	953
Employee loans		594	456	320
Deferred tax assets		10,968	10,598	8,100
<b>Total non-current assets</b>		<b>142,005</b>	<b>102,917</b>	<b>137,538</b>
<b>Current assets</b>				
Trade and other receivables		21,561	12,173	13,778
Cash and cash equivalents		31,926	64,761	42,651
Employee loans		227	406	487
Current tax asset		1,227	3,905	2,354
<b>Total current assets</b>		<b>54,941</b>	<b>81,245</b>	<b>59,270</b>
<b>Total assets</b>		<b>196,946</b>	<b>184,162</b>	<b>196,808</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		45	45	45
Share premium		146,106	146,062	146,106
Retained earnings*		44,219	48,326	47,092
Translation reserve		(923)	(2,234)	(594)
Capital redemption reserve		(34,505)	(34,857)	(34,531)
<b>Equity attributable to owners of the parent</b>		<b>154,942</b>	<b>157,342</b>	<b>158,118</b>
Non-controlling interest		(142)	(125)	(84)
<b>Total equity</b>		<b>154,800</b>	<b>157,217</b>	<b>158,034</b>
<b>Non-current liabilities</b>				
Trade and other payables*		10,332	1,640	10,361
Deferred tax liabilities		238	1,046	259
Lease liability		782	-	873
Deferred revenue		-	-	1,309
<b>Total non-current liabilities</b>		<b>11,352</b>	<b>2,686</b>	<b>12,802</b>
<b>Current liabilities</b>				
Trade and other payables		26,977	17,699	24,457
Lease liability		173	-	155
Deferred revenue		1,985	2,402	634
Current tax liability		1,659	4,158	726
<b>Total current liabilities</b>		<b>30,794</b>	<b>24,259</b>	<b>25,972</b>
<b>Total liabilities</b>		<b>42,146</b>	<b>26,945</b>	<b>38,774</b>
<b>Total equity and liabilities</b>		<b>196,946</b>	<b>184,162</b>	<b>196,808</b>



\*Due to the identification of an additional tax liability for prior periods relating to state income taxes, the reported financials for the period ended 30 June 2023 have been adjusted for a US\$1.6 million increase in the non-current Trade and other payables and a US\$1.6 million decrease in opening Retained earnings.

### Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Translation reserve	Retained earnings	Capital redemption reserve	Total Devolver equity	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2023 (audited)</b>	<b>45</b>	<b>146,106</b>	<b>(594)</b>	<b>47,092</b>	<b>(34,531)</b>	<b>158,118</b>	<b>(84)</b>	<b>158,034</b>
Loss for the period	-	-	-	(4,414)	-	(4,414)	(58)	(4,472)
Currency translation differences	-	-	(329)	-	-	(329)	-	(329)
Other movements	-	-	-	(150)	26	(124)	-	(124)
Fair value adjustment	-	-	-	(647)	-	(647)	-	(647)
<i>Transactions with owners in their capacity as owners:</i>								
Other movements	-	-	-	(76)	-	(76)	-	(76)
Share-based payments	-	-	-	2,414	-	2,414	-	2,414
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,338</b>	<b>-</b>	<b>2,338</b>	<b>-</b>	<b>2,338</b>
<b>Balance at 30 June 2024 (unaudited)</b>	<b>45</b>	<b>146,106</b>	<b>(923)</b>	<b>44,219</b>	<b>(34,505)</b>	<b>154,942</b>	<b>(142)</b>	<b>154,800</b>

  

	Share capital	Share premium	Translation reserve	Retained earnings	Capital redemption reserve	Total Devolver equity	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2022 (audited)</b>	<b>45</b>	<b>146,044</b>	<b>(2,267)</b>	<b>54,618</b>	<b>(27,707)</b>	<b>170,733</b>	<b>(102)</b>	<b>170,631</b>
Loss for the period	-	-	-	(10,042)	-	(10,042)	(23)	(10,065)
Currency translation differences	-	-	33	-	-	33	-	33
<i>Transactions with owners in their capacity as owners:</i>								
Issue of shares	-	-	-	-	-	-	-	-
Exercise of share options	-	18	-	-	-	18	-	18
Treasury share repurchase transactions	-	-	-	-	(7,150)	(7,150)	-	(7,150)
Share-based payments	-	-	-	3,905	-	3,905	-	3,905
Share-based payments recycling of charge	-	-	-	(155)	-	(155)	-	(155)
<b>Total transactions with owners</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>3,750</b>	<b>(7,150)</b>	<b>(3,382)</b>	<b>-</b>	<b>(3,382)</b>

<b>Balance at 30 June 2023 (unaudited)</b>	<b>45</b>	<b>146,062</b>	<b>(2,234)</b>	<b>48,326</b>	<b>(34,857)</b>	<b>157,342</b>	<b>(125)</b>	<b>157,217</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Capital redemption reserve</b>	<b>Total Devolver equity</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Balance at 31 December 2022 (audited)</b>	<b>45</b>	<b>146,044</b>	<b>(2,267)</b>	<b>54,618</b>	<b>(27,707)</b>	<b>170,733</b>	<b>(102)</b>	<b>170,631</b>
Loss for the period	-	-	-	(12,742)	-	(12,742)	18	(12,724)
Currency translation differences	-	-	1,673	-	-	1,673	-	1,673
<i>Transactions with owners in their capacity as owners:</i>								
Issue of shares	-	-	-	-	-	-	-	-
Exercise of share options	-	62	-	(312)	-	(250)	-	(250)
Treasury share repurchase transactions	-	-	-	-	(6,824)	(6,824)	-	(6,824)
Share-based payments	-	-	-	5,528	-	5,528	-	5,528
<b>Total transactions with owners</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>5,216</b>	<b>(6,824)</b>	<b>(1,546)</b>	<b>-</b>	<b>(1,546)</b>
<b>Balance at 31 December 2023 (audited)</b>	<b>45</b>	<b>146,106</b>	<b>(594)</b>	<b>47,092</b>	<b>(34,531)</b>	<b>158,118</b>	<b>(84)</b>	<b>158,034</b>

## Condensed Consolidated Statement of Cash Flows

	Unaudited 6 months ended 30-Jun-24 US\$'000	Unaudited 6 months ended 30-Jun-23 US\$'000	Audited Year ended 31-Dec-23 US\$'000
<b>Loss for the period before taxation</b>	(4,838)	(8,639)	(11,705)
Adjustments for:			
Depreciation of tangible fixed assets	94	31	186
Depreciation of right of use assets	108	-	-
Amortisation of intangible fixed assets	13,335	6,982	15,552
Impairment of intangible fixed assets	1,746	934	2,455
Finance income	(326)	(897)	(1,361)
Finance costs	115	198	58
Share-based payment charge	2,398	3,905	5,528
Other non-cash movements	(269)	(239)	9
<b>Movements in working capital:</b>			
Receivables	(7,693)	1,616	3,692
Payables	(115)	792	(2,095)
<b>Cash inflow from operations</b>	<b>4,555</b>	<b>4,683</b>	<b>12,319</b>
Taxation paid	(83)	(361)	(778)
Taxation received	-	-	2,416
<b>Net cash inflow from operating activities</b>	<b>4,472</b>	<b>4,322</b>	<b>13,957</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(15,009)	(12,570)	(27,883)
Purchase of tangible assets	(56)	-	(51)
Acquisitions of businesses, net of cash acquired	-	(600)	(18,033)
<b>Net cash outflow from investing activities</b>	<b>(15,065)</b>	<b>(13,170)</b>	<b>(45,967)</b>
<b>Cash flows from financing activities</b>			
Share capital issuance	-	18	62
Share repurchase transactions	-	(7,150)	(6,824)
Interest received	317	893	1,338
Interest paid	(77)	-	(58)
Repayment of lease liabilities	(72)	-	(22)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>168</b>	<b>(6,239)</b>	<b>(5,504)</b>
<b>Cash and cash equivalents</b>			
<b>Net decrease in the period</b>	<b>(10,425)</b>	<b>(15,087)</b>	<b>(37,514)</b>
At 1 January	42,651	79,493	79,493
Foreign exchange movements	(300)	355	672
<b>At 30 June / 31 December</b>	<b>31,926</b>	<b>64,761</b>	<b>42,651</b>

## **Note 1: Basis of preparation**

These condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Accounting Standard 34 *Interim Financial Reporting*. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The condensed consolidated financial statements as at and for the six months ended June 30, 2024 have been prepared on the same basis as the audited annual financial statements.

Operating results for the six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. For further information, refer to the consolidated financial statements and footnotes thereto included in the Group's annual report for the year ended December 31, 2023.

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 first half 2024 announcement and have therefore prepared this unaudited semi-annual announcement on a going concern basis.

Tax charged within 6 months ended 30 June 2024 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2024 as required by IAS 34 *Interim Financial Reporting*.

The financial presentation in this release should be read in conjunction with the notes to the consolidated financial statements as at and for the first half ended 30 June 2024, as contained within this release.

These preliminary unaudited financial statements were approved by the Board of Directors on 25 September 2024.

**Note 2: Revenue**

	<b>Unaudited 6 months ended 30-Jun-24 US\$'000</b>	<b>Unaudited 6 months ended 30-Jun-23 US\$'000</b>	<b>Audited Year ended 31-Dec-23 US\$'000</b>
<b>Revenue analysed by class of business:</b>			
Game publishing	51,583	43,877	92,356
<b>Revenue analysed by timing of revenue:</b>			
Transferred at a point in time	51,583	43,877	92,356

The Group does not provide any information on the geographical breakdown of revenues, as game publishing revenue is earned via third-party distribution platforms which hold the sales data of end consumers.

**Note 3: Earnings Per Share**

	<b>Unaudited 6 months ended 30-Jun-24 US\$'000</b>	<b>Unaudited 6 months ended 30-Jun-23 US\$'000</b>	<b>Audited Year ended 31-Dec-23 US\$'000</b>
Loss attributable to owners of the company	(4,414)	(10,042)	(12,742)
Weighted average number of shares	444,832,441	444,818,506	444,825,531
Dilutive effect of share options	-	-	-
Weighted average number of diluted shares	444,832,441	444,818,506	444,825,531
<b>Basic and diluted loss per share (\$)</b>	<b>(0.010)</b>	<b>(0.023)</b>	<b>(0.029)</b>

**Note 4: Adjusted Results**

	<b>Unaudited 6 months ended 30-Jun-24 US\$'000</b>	<b>Unaudited 6 months ended 30-Jun-23 US\$'000</b>	<b>Audited Year ended 31-Dec-23 US\$'000</b>
<b><u>Revenue</u></b>			
<b>Reported Revenue</b>	51,583	43,877	92,356
Reported Revenue growth	18.0%	(17.2%)	(31.4%)
<b><u>Gross Profit</u></b>			
<b>Reported Gross Profit</b>	15,256	9,394	24,518
Reported Gross Profit margin	29.6%	21.4%	26.5%
Performance-related impairments	1,746	934	2,455
<b>Adjusted Gross Profit</b>	<b>17,002</b>	<b>10,328</b>	<b>26,973</b>
Adjusted Gross Profit margin, pre performance-related impairment	33.0%	23.5%	29.2%
<b><u>Adjusted EBITDA*</u></b>			
<b>Adjusted EBITDA</b>	<b>2,967</b>	<b>(3,469)</b>	<b>(458)</b>
Adjusted EBITDA margin	5.8%	(7.9%)	(0.5%)
Performance-related impairments	1,746	934	2,135
<b>Adjusted EBITDA pre performance-related impairment</b>	<b>4,713</b>	<b>(2,535)</b>	<b>1,677</b>
Adjusted EBITDA margin, pre performance-related impairment	9.1%	(5.8%)	1.8%

\*Adjusted EBITDA is a non-IFRS measure and is defined as earnings before interest, tax, depreciation, amortisation (but not excluding amortisation of capitalised software development costs), share-based payment expenses, foreign exchange gains or losses and one-time non-recurring items and non-trading items.

For the six months ended 30 June 2023, the Group distinguished between Normalised Adjusted EBITDA and Adjusted EBITDA and presented both measures. This distinction was removed post June 2023 for a simpler, clearer presentation in line with industry peers, and therefore the Adjusted EBITDA for the six months ended 30 June 2023 as previously reported is no longer presented, and the Normalised Adjusted EBITDA previously reported is presented as Adjusted EBITDA in the above table.

A reconciliation from the operating loss to adjusted EBITDA is set out in the table below:

	<b>Unaudited 6 months ended 30-Jun-24 US\$'000</b>	<b>Unaudited 6 months ended 30-Jun-23 US\$'000</b>	<b>Audited Year ended 31-Dec-23 US\$'000</b>
<b>Operating Loss</b>	<b>(5,049)</b>	<b>(9,338)</b>	<b>(13,008)</b>
Share-based payment expenses	2,414	3,905	5,528
Amortisation of intellectual property	4,840	1,832	3,918
Depreciation of property, plant and equipment	94	31	150
Depreciation of right-of-use asset	108	-	36
Foreign exchange losses (gains)/losses	(150)	(239)	9
Impairment of capitalised software developments costs	-	-	320
Non-recurring, one time expenses	710	340	2,589
<b>Adjusted EBITDA</b>	<b>2,967</b>	<b>(3,469)</b>	<b>(458)</b>
Performance-related impairments	1,746	934	2,135
<b>Adjusted EBITDA pre performance-related impairments</b>	<b>4,713</b>	<b>(2,535)</b>	<b>1,677</b>

**Note 5: Intangible Assets**

	Software development cost US\$'000	Purchased intellectual property US\$'000	Subtotal other intangibles US\$'000	Goodwill US\$'000	Total US\$'000
<b><u>Cost</u></b>					
<b>As at 31 December 2023 (audited)</b>	<b>121,920</b>	<b>79,959</b>	<b>201,879</b>	<b>79,630</b>	<b>281,509</b>
Additions	16,652	-	16,652	-	16,652
Fair value adjustment	-	-	-	(61)	(61)
<b>As at 30 June 2024 (unaudited)</b>	<b>138,572</b>	<b>79,959</b>	<b>218,531</b>	<b>79,569</b>	<b>298,100</b>
<b><u>Amortisation and impairment</u></b>					
<b>As at 31 December 2023 (audited)</b>	<b>67,990</b>	<b>37,953</b>	<b>105,943</b>	<b>47,667</b>	<b>153,610</b>
Amortisation charge for the period	8,496	4,840	13,336	-	13,336
Impairment charge for the period	1,746	-	1,746	-	1,746
<b>As at 30 June 2024 (unaudited)</b>	<b>78,232</b>	<b>42,793</b>	<b>121,025</b>	<b>47,667</b>	<b>168,692</b>
<b><u>Carrying amount</u></b>					
As at 31 December 2023 (audited)	53,930	42,006	95,936	31,963	127,899
As at 30 June 2024 (unaudited)	60,340	37,166	97,506	31,902	129,408
<b><u>Cost</u></b>					
<b>As at 31 December 2022 (audited)</b>	<b>94,037</b>	<b>59,817</b>	<b>153,854</b>	<b>66,820</b>	<b>220,674</b>
Additions – business combinations	-	815	815	263	1,078
Additions	13,570	-	13,570	-	13,570
<b>As at 30 June 2023 (unaudited)</b>	<b>107,607</b>	<b>60,632</b>	<b>168,239</b>	<b>67,083</b>	<b>235,322</b>
<b><u>Amortisation and impairment</u></b>					
<b>As at 31 December 2022 (audited)</b>	<b>53,901</b>	<b>34,035</b>	<b>87,936</b>	<b>47,667</b>	<b>135,603</b>
Amortisation charge for the period	5,150	1,863	7,013	-	7,013
Impairment charge for the period	934	-	934	-	934
<b>As at 30 June 2023 (unaudited)</b>	<b>59,985</b>	<b>35,898</b>	<b>95,883</b>	<b>47,667</b>	<b>143,550</b>
<b><u>Carrying amount</u></b>					
As at 31 December 2022 (audited)	40,136	25,782	65,918	19,153	85,071
As at 30 June 2023 (unaudited)	47,622	24,734	72,356	19,416	91,772



	Software development cost US\$'000	Intellectual property US\$'000	Subtotal other intangibles US\$'000	Goodwill US\$'000	Total US\$'000
<b><u>Cost</u></b>					
<b>As at 31 December 2022 (audited)</b>	<b>94,037</b>	<b>59,817</b>	<b>153,854</b>	<b>66,820</b>	<b>220,674</b>
Additions – business combinations	-	20,142	20,142	12,810	32,952
Additions	27,883	-	27,883	-	27,883
<b>As at 31 December 2023 (audited)</b>	<b>121,920</b>	<b>79,959</b>	<b>201,879</b>	<b>79,630</b>	<b>281,509</b>
<b><u>Amortisation and impairment</u></b>					
<b>As at 31 December 2022 (audited)</b>	<b>53,901</b>	<b>34,035</b>	<b>87,936</b>	<b>47,667</b>	<b>135,603</b>
Amortisation charge for the period	11,634	3,918	15,552	-	15,552
Impairment charge for the period	2,455	-	2,455	-	2,455
<b>As at 31 December 2023 (audited)</b>	<b>67,990</b>	<b>37,953</b>	<b>105,943</b>	<b>47,667</b>	<b>153,610</b>
<b><u>Carrying amount</u></b>					
As at 31 December 2022 (audited)	40,136	25,782	65,918	19,153	85,071
As at 31 December 2023 (audited)	53,930	42,006	95,936	31,963	127,899

## **Note 6: Impairment to Software Development Costs**

The Group assessed software development costs for indicators of impairment, considering both qualitative and quantitative factors. For the titles exhibiting indicators of impairment, the Group recorded an impairment loss of \$1.7 million in Cost of Sales against the carrying value of software development costs at 30 June 2024.

The impairment is related to titles published in 2023 by Devolver Digital Inc. and Good Shepherd Entertainment. As a result of lower than expected sales and future projections, these titles were impaired to their recoverable amounts, being value in use.

In assessing value in use for games identified with indicators of impairment, the Group has prepared a cash flow forecast reflecting management's estimations of future performance of these titles. Key assumptions on which this forecast was based includes title revenue generation and revenue decay curves.

The cash flows were discounted to their present value utilising a pre-tax discount rate of 21.9%, calculated based on the particular circumstances of the Group and its CGUs, derived from its Weighted Average Cost of Capital.

## **Note 7: Events After the Reporting Date**

On 1 July 2024, Devolver announced a successful placing of 23,917,151 new common shares at a price of 33 pence per share, which represents a 10% premium to the closing price on 1 July 2024.

The gross proceeds from the placing amounted to approximately £7.9 million (circa US\$10 million). The new shares represent approximately 5.4% of Devolver's issued and outstanding share capital.

Following admission, Devolver's issued and outstanding share capital totalled 468,749,592 common shares.