

DEVOLVER

D I G I T A L

INVESTOR PRESENTATION
2022 RESULTS



2022 HIGHLIGHTS

REVENUE

\$134.6m

+37% vs 2021

GROSS PROFIT¹

\$46.3m

+18% vs 2021

EBITDA²

\$23.2m

-10% vs 2021

CASH BALANCES

\$79.5m

TITLES RELEASED

12

Record High Average
Metacritic Score: 78

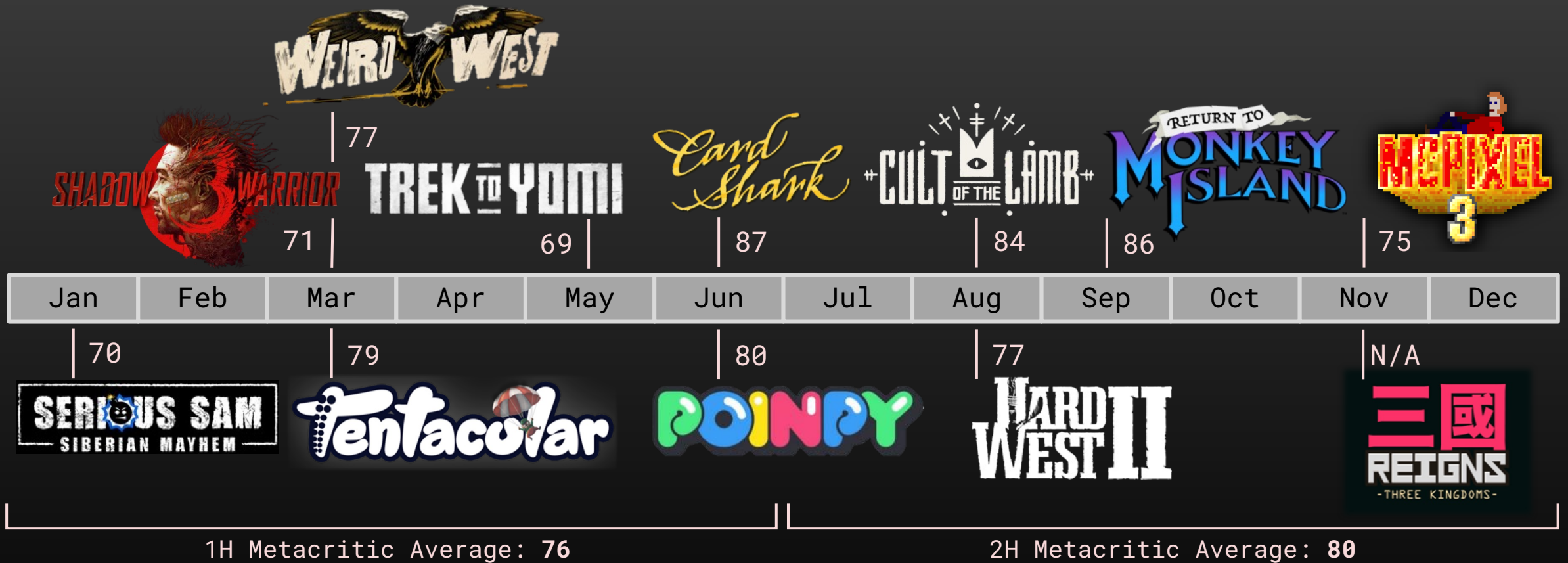
Critically acclaimed,
award winning titles



Note: 1) Normalised Gross Profit pre-impairments; 2) Normalised Adjusted EBITDA pre-impairments

2022 TITLE RELEASES

Metacritic
Score



Record High Average Metacritic Score: 78

AIM-listed Peers: 71-72

Note: Title scores calculated as simple average of applicable platform scores; half year scores calculated as simple average of titles

Devolver Operations

- Acted swiftly to identify, correct and recalibrate issues relating to 1H 2022 releases, and 2H 2022 problems that arose at Good Shepherd
- **Group COO** appointed – Founder Graeme Struthers will oversee group operations
- Return to **face-to-face interaction**
- Post-Covid resumption of game-play **testing, studio visits, game conference** participation
- Targeted **investment in talent** to drive growth and improve game quality

Good Shepherd Restructuring

- **Re-focused** the business towards publishing licensed IP
- Appointment of a **new General Manager**
- Significant **reduction in overall team size**
- Cancellation of three unreleased titles and two prototypes – **future spend re-targeted** toward higher potential opportunities

Good Shepherd
ENTERTAINMENT



SHOWGUNNERS

HELLBOY
WEB OF WYRD

IMPAIRMENTS

US\$ 'm FY22

Impairments of released games 9.3

Impairments of cancelled unreleased games 13.5

Total Impairment of Capitalised Development 22.8

Impairment of intellectual property 22.3

Impairment of goodwill 47.7

Total Impairment of IP & Goodwill 70.0

Total Impairments 92.8

- All impairments are non-recurring and non-cash
- Impairments relate to 1) specific title-related impairments – for underperforming released games, and for unreleased cancelled games; 2) impairments to IP and goodwill included in operating expenses.
- Impairments to released games totalled \$9.3m and relate to five published titles with lower expected unit sales throughout FY22, reducing Normalised Adjusted EBITDA to US\$13.9m
- Impairments to cancelled, unreleased games totalled \$13.5m and relate to five unreleased titles and two prototypes in early development.
- Five cancelled titles (three unreleased and two prototypes) relate to Good Shepherd and are principally related to its major restructuring and therefore considered one-time in nature
- After reviewing the Group's acquired intellectual property and goodwill carrying values, we concluded that in many cases, the 2022 performance and current outlook for the subsidiaries' games were insufficient to support the carrying values held on the Group balance sheet
- Impairments of IP resulted in a \$22.3m non-cash impairment and impairments of goodwill resulted in non-cash impairment of \$47.7m

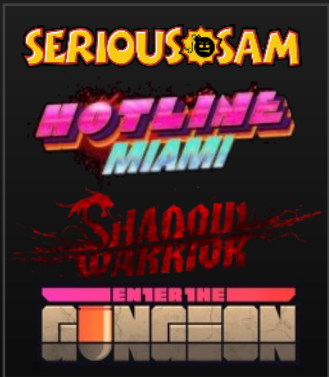
THE INDIE DEVELOPER'S PUBLISHER

Normalised Revenue ■

Fall Guys Outperformance ■



Founded 2009



2009-2017

GRIS
miniE

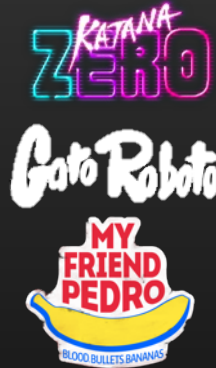


\$42m

2018

\$5.8m

13.6%



\$59m

2019

\$11.6m

19.8%

+\$142m



\$71m

2020

\$15.8m

22.2%

INSCRIPTION



\$98m

2021

\$25.7m

26.2%



\$135m

2022

\$23.2m

17.2%

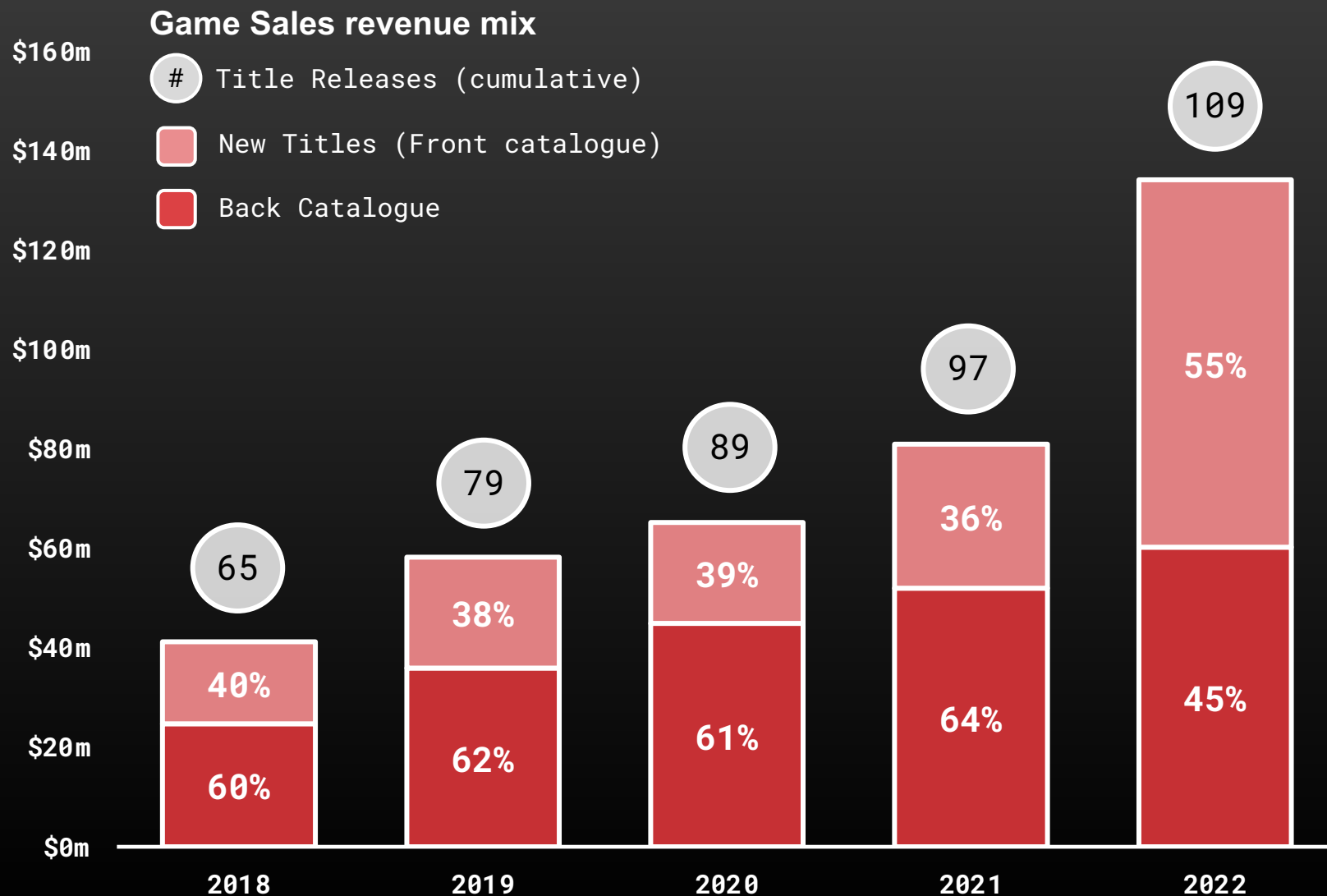
33% Revenue CAGR¹

Normalised Adj. EBITDA²

Norm. Adj. EBITDA Margin

Note: 1) Revenue CAGR excl. Fall Guys outperformance; 2) 2022: Normalised Adjusted EBITDA pre-impairments

BACK CATALOGUE STRENGTH

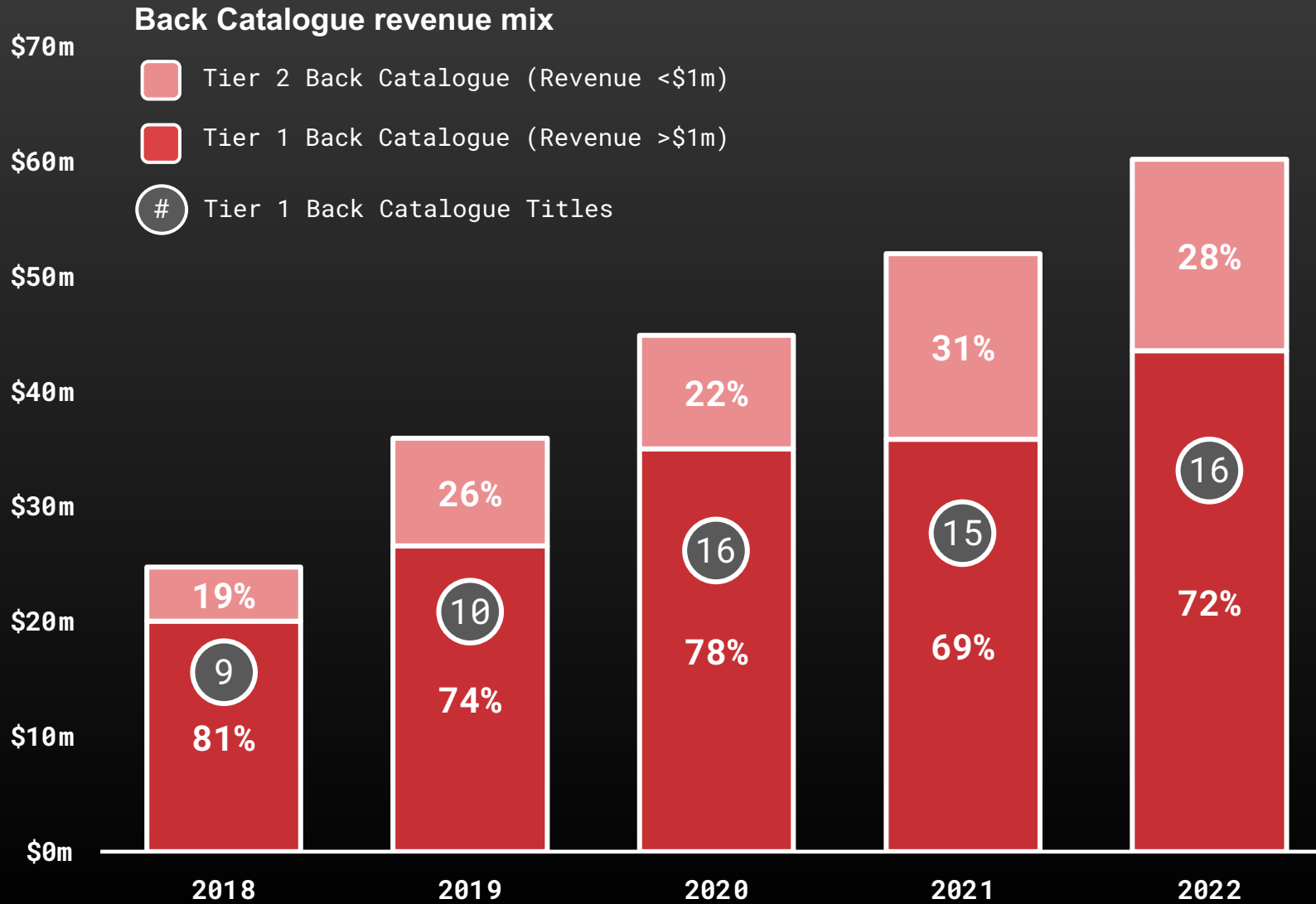


Back Catalogue

- Back catalogue growth of 15% in 2022 – primarily driven by FY21 release Inscryption
- Back Catalogue levers:
 - Porting to new platforms, including mobile
 - Localisation in other languages
 - Capitalising on sequel and franchise release momentum
 - Platform bundle agreements
 - Publisher sales

Note: Excludes Fall Guys | 2018-2020 calculated on a cash accounting basis, 2021-2022 on an accruals basis | # releases excludes subsidiary titles released prior to acquisition

EVERGREEN BACK CATALOGUE TITLES



Back Catalogue

- Consistent and strong increase in total dollar quantum of back catalogue sales, year over year
- Tier 1 titles are defined as generating over US\$1 million per year in sales, and account for over 70% of sales. In FY22 there were 16 Tier 1 titles
- Tier 2 titles are defined as generating less than US\$1 million per year in sales, and account for around 30% of total back catalogue sales each year
- Weaker performance of 1H 2022 games expected to reduce back-catalogue momentum in 2023
- Conversely, the 2H 2023 releases will provide back-catalogue momentum for 2024

Note: Excludes Fall Guys | 2018-2021 calculated on a semi-accruals basis, 2022 on an accruals basis

CONTINUING A TRACK RECORD OF HIGH-QUALITY RELEASES



Released 28th March 2023

PC & Netflix Mobile

81 Metacritic

565k Streaming hours

13.3m Video views

45.5k Trees planted

“Beautiful, complex, and captivating”

PC Invasion



Released August 2022

PC, PlayStation, Xbox & Switch

84 Metacritic

3 BAFTA Nominations

Indie Game of the Year

Golden Joystick Awards

over 1M sales in 1st week

“Bafta Games Awards show ingenuity of smaller developers” **Financial Times**



Released October 2022

PC, PlayStation, Xbox & Switch

86 Metacritic

PC Game of the Year

Golden Joystick Awards

“A monumental masterclass in metatextual mischief”

NME

“Return to Monkey Island recaptures the original’s swashbuckling magic” **Financial Times**

Note: Metacritic average of all available platforms

EXCITING PIPELINE FOR 2023 & 2024



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

8.3m video views
23.5k social engagement

PC, PlayStation, Xbox & Switch



"I already have its name branded on my tongue"
Digital Trends

1.1m video views
77k streaming hours

PC & Switch



"If I could wave a magic wand and get my hands on it sooner, I would"
PC Gamer

5.1m video views
1.6k social engagement

PC, PlayStation & Xbox



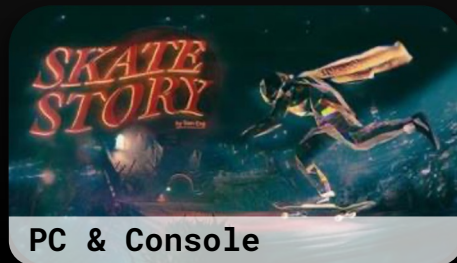
"A breakneck door-kicking, enemy smashing blast"
Gameshub

9.3m video views
23.8k social engagement
473k streaming hours

PC



PC & Switch



PC & Console



PC



PC & Switch

COMING SOON

Multiple title announcements in Q2...



FINANCIALS



PROFIT & LOSS – STATUTORY REPORTING

US\$ 'm	FY20	FY21	FY22	1H 2022	2H 2022
Net revenue	212.7	98.2	134.6	53.0	81.6
Cost of sales	(121.0)	(58.9)	(89.4)	(34.0)	(55.4)
Impairment of capitalised development cost	-	-	(22.8)	(0.7)	(22.1)
Gross profit	91.7	39.2	22.5	18.3	4.2
<i>Gross margin</i>	<i>43.1%</i>	<i>40.0%</i>	<i>16.7%</i>	<i>34.5%</i>	<i>5.2%</i>
Operating expenses	(13.9)	(105.3)	(51.1)	(29.9)	(21.2)
Impairment of goodwill & IP	-	-	(70.0)	-	(70.0)
Other income / (loss)	-	116.1	(0.5)	-	(0.5)
Operating profit / (loss)	77.2	50.0	(99.1)	(11.6)	(87.5)
Pre tax profit/(loss)	77.2	50.0	(98.7)	(11.6)	(87.1)
Taxation	(13.1)	(19.4)	7.3	(5.0)	12.3
Profit/ (Loss) for the period	64.1	30.6	(91.5)	(16.6)	(74.9)
Normalised adjusted EBITDA¹	15.8	25.7	23.2	6.8	16.4
<i>Adjusted EBITDA margin</i>	<i>22.2%</i>	<i>26.2%</i>	<i>17.2%</i>	<i>12.9%</i>	<i>20.1%</i>
Basic earnings per share (\$)	-	0.081	(0.206)	(0.037)	(0.169)
Diluted earnings per share (\$)	-	0.075	(0.206)	(0.037)	(0.169)

COMMENTARY
<ul style="list-style-type: none"> • Annual net revenues up 37% to record high in FY22 (excluding Fall Guys windfall in 2020) • Revenue growth driven by strong new title releases (Cult of the Lamb & Return to Monkey Island) and record bundle deals • Gross margin decline in 2022 driven by a step-up in amortisation and impairments of underperforming and cancelled titles • \$70.0 million IP and goodwill impairments following a balance sheet review • FY21 operating expenses included peak stock expense and IPO related exceptional costs • FY22 operating expenses saw a 51% drop from 2021's peak

Note: 1) Normalised adjusted EBITDA pre-impairments

STATUTORY TO NORMALISED PROFIT & LOSS

US\$ 'm	FY20	FY21	FY22	1H 2022	2H 2022
Revenue					
Reported Revenue	212.7	98.2	134.6	53.0	81.6
Normalised revenue adjustment	(141.6)	-	-	-	-
Normalised Revenue	71.1	98.2	134.6	53.0	81.6
Gross Profit					
Reported gross profit	91.7	39.2	22.5	18.3	4.2
Normalised gross profit adjustment	(68.6)	-	23.8	0.7	23.1
Normalised Gross Profit	23.1	39.2	46.3	19.0	27.3
<i>Normalised Gross Margin</i>	32.5%	40.0%	34.4%	35.8%	33.5%
Adjusted EBITDA					
Reported Adjusted EBITDA	80.5	110.8	(73.4)	5.6	(79.0)
Norm. Adj. EBITDA adjustment	(64.7)	(85.1)	96.6	1.2	95.4
Normalised Adjusted EBITDA¹	15.8	25.7	23.2	6.8	16.4
<i>Normalised Adjusted EBITDA Margin</i>	22.2%	26.2%	17.2%	12.9%	20.1%

- This table presents the adjustments to 'normalised' revenue, gross profit and Adjusted EBITDA
- Record 2H 2022 EBITDA at \$16.4M driven by strong H2 releases with an average 80 Metacritic score
- The \$96.6 million add back to Normalised Adjusted EBITDA in FY22 is made up of:
 - \$22.8 million of impairment and related accrued costs of the underperforming and cancelled games;
 - \$70.0 million IP & goodwill impairments;
 - \$3.2 million of non-recurring items, and;
 - \$0.6 million IPO share-related social security costs
- FY20 & FY21 adjustments include Fall Guys revenue outperformance element in FY20, gain on the sale of the publishing rights in FY21 and EBITDA adjustment for Fall Guys-related bonuses in FY21

Note: 1) Normalised adjusted EBITDA pre-impairments

CASH FLOW

US\$ 'm	FY20	FY21	FY22	1H 2022	2H 2022
Operating activities					
Net income	64.1	30.6	(91.5)	(16.6)	(74.9)
Amortisation & depreciation	7.0	9.3	112.4	10.9	101.5
Share based payments	2.7	55.2	19.6	11.5	8.1
Gain on sale of Publishing Rights & IP	-	(115.6)	-	-	-
Working capital movement	(1.5)	3.9	(10.2)	1.9	(12.1)
Net cashflow from operating activities	72.3	(16.5)	30.3	7.6	22.7
Investing activities					
Investment in software development intangibles	(22.2)	(31.7)	(32.6)	(15.6)	(17.0)
Sale of Publishing Rights & IP	-	127.5	-	-	-
Acquisitions (net of cash acquired)	(3.3)	(34.1)	-	-	-
Other	0.1	(0.2)	(0.1)	(0.0)	(0.1)
Net cashflow from investing activities	(25.4)	61.5	(32.7)	(15.6)	(17.1)
Financing activities					
Net change in borrowings/others	0.2	(0.1)	-	(0.5)	0.5
Share capital issuance proceeds	(6.0)	49.4	0.8	0.4	0.4
Net cash settlement of stock options	-	-	(2.5)	(1.9)	(0.6)
Repayment of Shareholder Loan	-	(20.8)	-	-	-
Dividend	(10.0)	(30.0)	-	-	-
Net cashflow from financing activities	(15.8)	(1.5)	(1.7)	(2.0)	0.3
Net cashflow	31.1	43.4	(4.1)	(10.1)	6.0
Foreign Exchange movements	-	(0.7)	(2.6)	(2.0)	(0.6)
Closing cash	43.5	86.2	79.5	74.2	79.5

- Cash from operating activities is primarily driven by the trading of the business in addition to the changes in working capital
- FY22 investment was entirely into software development. FY20 & FY21 investment activities included the purchase of intellectual property and the acquisitions
- Share based payments in FY22 amounted to US\$2.5m from the vesting, and exercise, of options granted under the 2017 Stock Option Plan and 2022 LTIP
- Financing cash outflow was principally the net out payment for the settlement of options through the Employee Benefit Trust
- Cash at 31 December 2022 amounted to \$79.5 million

BALANCE SHEET

US\$ 'm	FY20	FY21	FY22
Non-Current Assets			
Intellectual property	23.3	53.4	25.8
Capitalised developments costs	28.3	44.4	40.1
Goodwill	0.2	66.8	19.2
Deferred tax assets and others	1.7	2.6	10.2
Total Non-Current Assets	53.4	167.3	95.3
Current Assets			
Cash in bank	43.5	86.2	79.5
Accounts Receivable & prepaid expenses	16.2	19.4	17.8
Prepaid Income tax	-	8.5	2.2
Total Current Assets	59.7	114.1	99.5
TOTAL ASSETS	113.2	281.4	194.8
Current Liabilities			
Trade, other payables and accrued expenses	18.3	17.8	16.9
Deferred revenue	0.6	4.5	2.1
Amounts due to shareholders	20.8	-	-
Deferred Tax Payable & Other	1.0	1.4	2.5
Total Current Liabilities	40.7	23.8	21.5
Non-Current Liabilities			
	0.9	10.9	1.0
TOTAL LIABILITIES	41.7	34.6	22.5
TOTAL EQUITY	71.5	246.8	172.2
TOTAL EQUITY & LIABILITIES	113.2	281.4	194.8

- The Group's net asset position was \$172.2 million at 31 December 2022 reflecting:
 - Capitalised development costs reduced due to impairment of underperforming and cancelled titles
 - IP and Goodwill balances reduced due to impairments
 - Cash holdings of US\$79.5 million after 2022 development expense of US\$32.6 million
- Accounts payable and accounts receivable largely balanced throughout the year, dependent on cash collection timing
- “Reset” of the balance sheet offers a strong position for future years

OPERATING EXPENSES - TRENDS

US\$ 'm ¹	FY21	FY22	1H 2022	1H 2022R ²	2H 2022	Forward Trend
Payroll	9.3	13.6	6.3	6.9	6.7	Slow rise
Professional fees	1.6	4.6	2.4	2.4	2.2	Steady fall
Travel and entertainment	0.3	0.8	0.3	0.3	0.5	Steady
Office	0.3	0.9	0.1	0.4	0.5	Steady
Insurance	0.2	0.9	0.5	0.5	0.4	Steady
Admin and other costs	4.5	2.3	1.9	1.4	0.9	Slow rise
Total Normalised Operating Expenses	16.2	23.1	12.0	12.0	11.1	Slow rise
Stock compensation expense	55.2	19.6	11.5	11.5	8.1	Steady fall
Foreign exchange movements	0.2	0.6	2.0	2.0	(1.4)	N/A
Amortisation of IP and depreciation of PPE	5.7	5.5	3.8	3.8	1.7	Slow fall
Exceptional costs	28.1	1.6	0.5	0.5	1.1	N/A
IPO share-related social security costs	-	0.6	-	-	0.6	One-time
Impairments	-	70.0	-	-	70.0	One-time
Total Statutory Operating Expenses	105.3	121.1	29.9	29.9	81.1	Steady fall

- Headcount – up 12% year-on-year due to acquisitions and scaling for growth through bringing expertise in-house (finance, tax, legal and QA)
- New staff additions ensure quality & reduce third-party expenses
- Recurrent professional fees relate to audit and tax costs, legal fees, non-executive director fees, NOMAD and Exchange fees etc
- Exceptional costs related to one-off professional fees for M&A and share scheme support
- 1H 2022 cost re-classes reallocate expenses between admin and other to payroll, travel & entertainment and office

Note: 1) Subtotals may not cast due to rounding; 2) 1H 2022 restated based on year-end cost re-classes

SUMMARY

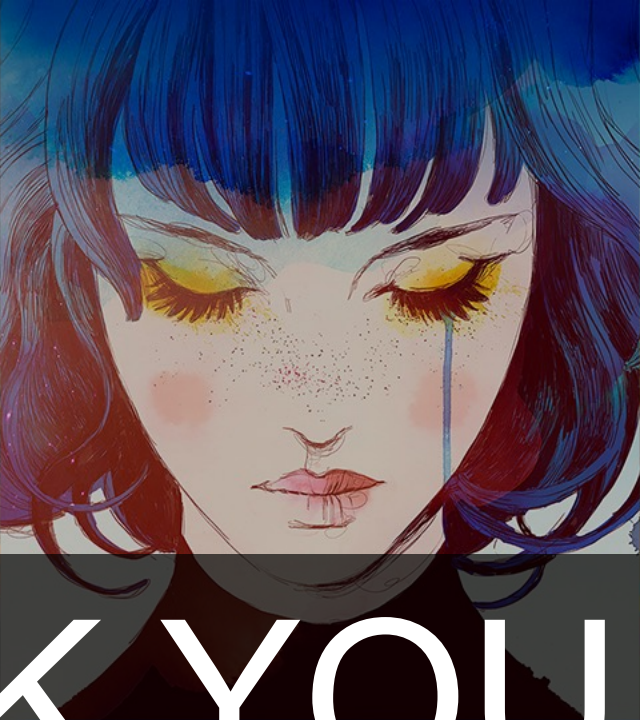
- ▮ **Strong revenue growth: 37% in FY22 vs FY21**
- ▮ **Record six months EBITDA*** in 2H 2022
- ▮ **Record high average Metacritic score of 78 in 2022**

**adjusted normalised EBITDA pre-impairments*

OUTLOOK

- ▮ **Balance sheet strength:** well positioned to invest in long-term growth
- ▮ **Share buyback*:** demonstrates value conviction
- ▮ **Healthy pipeline:** 30+ titles for 2024-2026
- ▮ **Building for stronger 2024 and 2025**

**subject to shareholder approval for purchases made by Devolver outside of the EBT*



THANK YOU

