Annual Report and Consolidated Financial Statements

for the year ended 31 December 2022


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Devolver, a leading indie label, making a big fuss about extraordinary games.

Devolver is an award-winning, high-profile video game publisher and developer that consistently publishes highly-rated indie games, founded by industry pioneers.

We work with independent developers from all over the world to produce and promote the most original, eccentric, and entertaining games.

The Group has a highly differentiated philosophy and culture that has driven a virtuous cycle of success, founded on the principles of treating developers fairly and prioritising their creativity and brand. We have an experienced and engaged team who relentlessly seek to deliver an exciting gaming experience to the Devolver community.

revenue growth
37%

new games released
12

revenue from top 5 games
51%

back catalogue revenue
45%

publishing brands
2

development studios
5

strategic highlights

INDUSTRY RECOGNITION

GAMES VILLAGE AWARDS 2022 BEST PUBLISHER

AWARDS & NOMINATIONS

Inscryption (GDC Awards, BAFTA)

Cult of the Lamb (The Golden Joysticks, IGN (AU), Console Creatures; 3x BAFTA nominated)

Return to Monkey Island (Titanium Awards, The Golden Joysticks, BIG Conference)

CRITICAL ACCLAIM

78

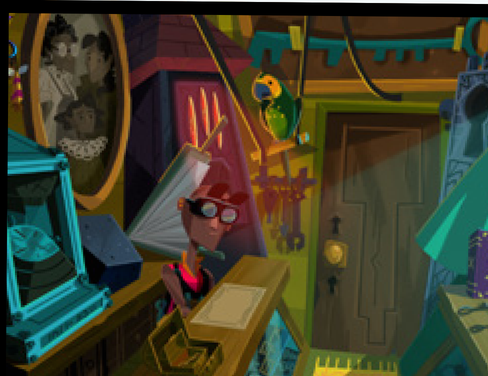
AVERAGE METACRITIC RATING FOR OUR TITLES

(2021: 77)

ROBUST MODEL OF PUBLISHING INDIE GAMES

DEVELOPERS REMAIN OUR KEY PARTNERS

HEALTHY, DIVERSE PIPELINE OF EXCITING GAMES



STRONG BACK CATALOGUE OF SUCCESSFUL GAMES

A STRONG PLATFORM TO BUILD ON

PROVEN BUSINESS MODEL

back catalogue of

109 TITLES

FUN-FILLED GAMES

12

NEW TITLES RELEASED IN 2022

(2021: 8)

DIVERSIFIED REVENUES

back catalogue revenue of

45%

(2021: 70% including Fall Guys revenue; 64% excluding Fall Guys revenue)

financial highlights

CONTINUED REVENUE MOMENTUM

STRONG NORMALISED REVENUE GROWTH OF

37%

GROWTH DRIVEN BY ROBUST BACK CATALOGUE SALES AND SUCCESSFUL NEW TITLE RELEASES

GROWTH IN NORMALISED GROSS PROFIT

18%

NORMALISED GROSS PROFIT GROWTH REMAINS STRONG

STRONG CASH BALANCES

CASH HOLDINGS OF

$79.5m

CASH HOLDINGS SUPPORT INVESTMENT INTO GAME DEVELOPMENT AND PROVIDE OPPORTUNITIES FOR M&A

EMPLOYMENT BENEFIT TRUST

$2.5m

INVESTED INTO SHARES FOR EMPLOYEES

who we are

DEVOLVER DIGITAL

Devolver is an award-winning digital video games publisher and developer in the indie games space.

Recently awarded "Best Publisher" by Games Village Awards 2022, Devolver has one of the most recognisable labels in the indie market. Built over a decade by highly experienced industry veterans with deep, wide-ranging relationships in the gaming sector, Devolver has a back catalogue of over 100 games, including a number of indie cult classics.

1998

G.O.D. FOUNDED

Devolver's founders have a long track record of innovating together in the video games industry. In 1998 Harry Miller, Rick Stults and Mike Wilson co-founded the video games publishing brand Gathering of Developers, also known as G.O.D. Games.

1999

2000

G.O.D. ACQUIRED BY TAKE-TWO INTERACTIVE

2001

2002

2003

2004

2005

2006

2007

GAMECOCK MEDIA GROUP ESTABLISHED

Harry, Rick and Mike reunited in 2007 to found video games publisher Gamecock Media Group ("Gamecock"). Devolver co-founders Graeme Struthers and Nigel Lowrie later joined Gamecock, working on their first venture with Harry, Rick and Mike.

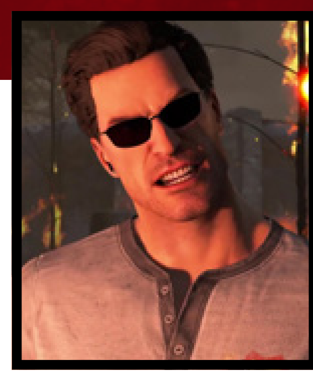
2008

GAMECOCK WAS SOLD TO SOUTHPEAK GAMES

2009

DEVOLVER FOUNDED

Devolver was formed as a digital-only developer-first publisher, which principally released titles on PC via Steam. Working with original developer Croteam and other small studios, Devolver successfully published several games in the Serious Sam series for release on PC and mobile.



SERIOUS SAM

2010

2011

2012

HOTLINE MIAMI RELEASED

Following the early financial success of the Serious Sam series, the Group branched out and began collaborating on new franchises and titles with other development studios. Devolver's first breakout hit was Hotline Miami in 2012. It received critical acclaim, putting Devolver in the indie spotlight.

HOTLINE MIAMI

Devolver's proven model curates and publishes high-quality premium games. Devolver leverages its renowned brand to help enhance the discoverability of partner studios and their games. Devolver boosts visibility of titles through its established global network of partners and platforms and by targeting gamers through original and focused marketing.

Founded by Harry Miller (Executive Chair), Graeme Struthers (recently appointed Group Chief Operating Officer), Nigel Lowrie (Head of Marketing) and Rick Stults, together with Mike Wilson, Devolver has positioned itself as the "developers' publisher". A comprehensive exploration of Devolver's role as the "developers' publisher" is set out later in the report.

Devolver has selectively acquired studios and IP that enhance its pipeline and support its long-term international growth strategy. Since the beginning of 2020, Devolver has acquired five development studios, including three long-term partners, and a second publishing brand. As a digital-first brand, the majority of Devolver's staff work remotely and have done so since its founding. Currently the Group has 235 team members spread across the globe in Europe, Asia, Australia, North America and South America. The Group has subsidiaries in the United Kingdom, the Netherlands, Croatia, Poland, France, Canada and the United States.

2013

ENTER THE GUNGEON RELEASED

A fast-paced dungeon crawler and shooter, released on PC and PlayStation. The title was ported to Xbox a year later, and then to Switch at the end of 2017. The title was a success for Devolver and US-based developer Dodge Roll (acquired by Devolver in July 2021), generating over $25 million of revenue.

SHADOW WARRIOR RELEASED

A reboot of a title released in 1997 through G.O.D. Games. Devolver licensed the IP for the franchise alongside Polish video game developer Flying Wild Hog, with the aim of creating a newly imagined title and revitalising the series. A sequel was released in 2016. Devolver acquired the IP outright in 2018. The third title was released in March 2022.

2014

2015

2016

2017

2018

2019

2020

FALL GUYS BECOMES MOST DOWNLOADED PLAYSTATION PLUS TITLE IN HISTORY

The game generated $150.5 million revenue in the year to 31 December 2020 alone. The developer, Mediatonic, was acquired by Epic Games in March 2021, at which point the Group sold the publishing rights to Epic Games. Devolver has retained the merchandising rights for Fall Guys for six years.

2021

SUCCESSFUL IPO

Following acquisitions including Devolver's long-term partner studios Croteam, Dodge Roll and Nerial, as well as another developer, Firefly, and complementary publisher Good Shepherd, Devolver successfully listed on the AIM Market of the London Stock Exchange (LSE) in November 2021, the largest ever US-based company to list on the LSE.

NAMED PUBLISHER OF THE YEAR BY INDIE PUBLISHING AWARDS AND BEST PUBLISHER BY GAMESVILLAGE AWARDS

2022

2022 GROWTH

Devolver achieved record normalised revenues in 2022, and continued a track record of critical acclaim with a highest ever average Metacritic score for 2022 title releases and a raft of awards and nominations.

Group headcount increased to 235, building from the strong platform of the IPO in 2021.

THE SUCCESS OF CULT OF THE LAMB

Cult of the Lamb was a smash hit from the pre-sales to present day. During the Steam Next Fest week in June 2022, Cult of the Lamb was the number 1 wish-listed game of all demos featured. The game beat all Devolver records for first day and first week unit sales on all platforms (excluding 2020's Fall Guys). At the time of reporting, the game saw 7 award wins and received 8 nominations and honourable mentions, incuding being shortlisted for the BAFTA's Game of the Year.

2023

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 24 titles.

LAUNCH OF TERRA NIL

Terra Nil was released in March 2023 to strong critics' reviews, and with the support of over 50 Twitch streamers and their viewers, over 45 thousand trees were planted through a partnership with Tree-Nation.

Executive Chair's letter to shareholders

"We will stay true to our values, become a better partner for developers to work with and continue to operate with a high level of transparency that we know our developers, platforms, gamers, partners and shareholders all value."

A business model proven over a decade

Over the last 14 years, Devolver's experienced team of talented individuals has built a unique culture which allowed us to create one of the most recognisable brands and publish many fun-filled hit titles that continue to thrill our ever-growing community of fans.

We continue to invest in our unique culture - through targeted new hires and a focus on game quality – to bring the most interesting, unusual and entertaining games to our tribe of gameplayers. We have added talent across the Group in production, quality assurance, marketing, finance, community management and legal.

We are devoted to bringing a joyful, and sometimes thought provoking experience to our community. Our team is making every effort to ensure that we continue to develop and publish games that are creative and fun, as we work with new and returning developers to champion the indie cause.

In the face of substantial changes in global equity valuations worldwide, weaker recessionary and inflationary pressures and demand uncertainty, our core model of publishing quality indie games remains robust.

Looking back on 2022

Following the easing of restrictions during the Covid-19 pandemic, we resumed live game-play testing, studio visits, attended game conferences and were once again able to have face-to-face interaction with our studios, developers, PR firms, colleagues and our fans. We believe that this interaction is key to our past and future success.

At the end of 2022 we reassessed the Group's balance sheet and carried out a review of our pipeline which led to four selective game cancellations and a reset of our publishing subsidiary Good Shepherd. The subsequent impairments resulted in a statutory net loss for the year of US$91.5 million. Some of the future spending earmarked for the cancelled titles will be redirected to investment in games that Devolver considers to have better commercial viability.

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 the impairments and write-downs. The second half featured the successes of Cult of the Lamb, Return to Monkey Island and other titles, which have continued 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.

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.

GLOBAL WORKFORCE

235

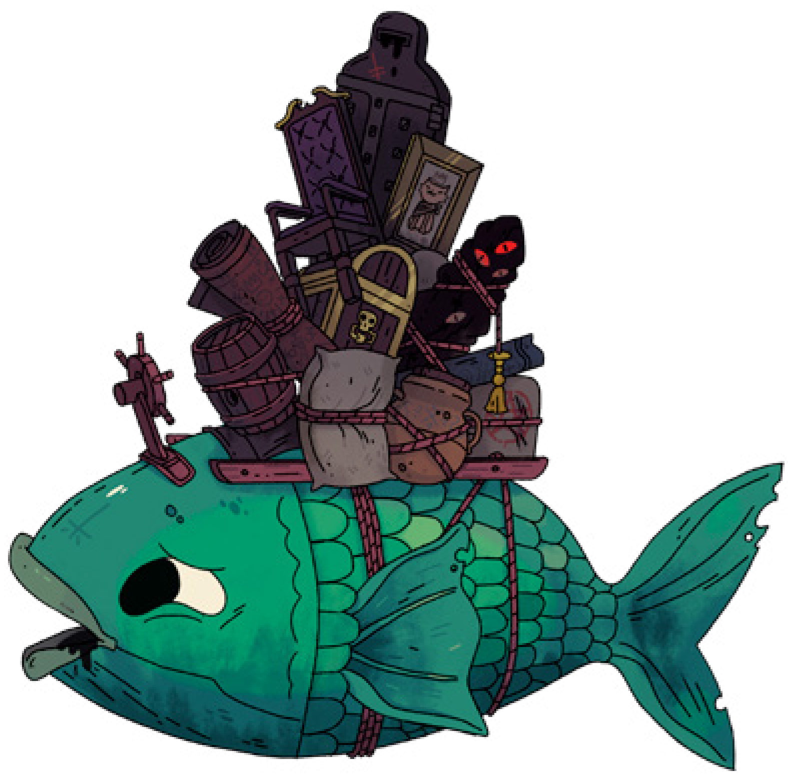
Looking to the future

We will stay true to our values, become a better partner for developers to work with and continue to operate with a high level of transparency that we know our developers, platforms, partners, shareholders and gamers all value.

Guided by strong governance principles, we are focused on sustainable long-term growth while ensuring the best possible experience for our fans. At Devolver, we are committed to growing our business responsibly and remain optimistic about our long-term prospects.

Devolver begins 2023 with confidence. We have a proven strategy that has been a success for fourteen 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.

Harry Miller
Executive Chair
3 May 2023



CEO's statement

The "developers' publisher"

Devolver Digital is an award-winning digital video games publisher and developer with one of the most recognisable labels in the indie market. Built by highly experienced industry veterans with deep, wide-ranging relationships in the gaming sector, we continue to deliver a fun infused experience to our fans. With over 100 titles in our back catalogue and a curated team of talented specialists, we continued to publish high-quality games in 2022.

Focusing on our proven strategy

Our focus remains on quality, not quantity. An encouraging trend, especially through the first half, was the strong performance of titles launched in 2021 that continued to perform like newly released titles in 2022. Released in October 2021, BAFTA winning Inscryption registered sales of 1.8 million Steam units since launch. Other 2021 hit releases, such as Loop Hero and Death's Door, also continued to show strong sales in 2022. Going forward, we will continue to discover, nurture and release best-in-class indie games and bring the fun.

Strong back catalogue

Our back catalogue includes all titles released before the 2022 calendar year. Over our fourteen-year history we have published 109 games, and have also acquired a number of additional titles through our subsidiary acquisitions. From 2018 to 2022 Devolver Digital achieved an average normalised back catalogue revenue contribution of 56%, providing a strong and stable contribution to new game sales. In 2022 back catalogue accounted for 45% of our revenues, lower than the 64% of 2021 (excluding Fall Guys revenues), primarily due to the outperformance of new release Cult of the Lamb.

Momentum in 2022 and industry recognition

We are committed to continuously bringing the fun and released 12 new titles in 2022 including Cult of the Lamb, Return to Monkey Island, Reigns: Three Kingdoms, McPixel 3, and other published titles across a variety of platforms and geographies. Cult of The Lamb in particular beat all Devolver records for first day and first week unit sales across all platforms (excluding Fall Guys) and sold nearly 1.4m Steam units in 2022. Return to Monkey Island has also generated great excitement achieving an outstanding 86 Metacritic score, the highest of our 2022 new releases. In addition to strong financial performance, several of these titles won awards and nominations in 2022. For example, Cult of the Lamb was a smash hit, winning Best Indie Game of 2022 at The Golden Joysticks, winning Kotaku AU and IGN (AU)'s Game of the Year, and being shortlisted for BAFTA's Game of the Year in 2023. This is a testament to our commitment to produce high quality titles, which is also reflected in record high Metacritic ratings with an average of 78 in 2022 for Devolver titles.

> "Devolver has a unique and attractive business model, based on a range of factors including the longevity and strength of our distributor relationships, the diversified nature of our revenues and a track record of growth."

Market

2022 was a corrective year for the gaming market following the two years of high growth driven by the Covid-19 lockdowns. The global video games market was valued at US$184.4bn, down year on year by 4.3%, primarily driven by mobile contraction with a smaller decline in PC and Console. The market remains 3.0% above 2020 and global players in 2022 rose 9.1% year on year to 3.2bn.

The market is expected to return to growth over the next three years with a forecast US$211.2bn market value in 2025, a +4.6% CAGR from 2022, driven by demand from players worldwide with player numbers increasing to 3.6bn.

North America, Europe, and Asia-Pacific represented 7%, 13% and 54% of the total number of 2022 players respectively, with growth in players seen across all regions. Devolver benefits from an established global distribution and media partner network overseen by locally based Devolver team members across 20 countries.

** Source: ©NewZoo, Global Games Market Report, January 2022, newzoo.com*

Exciting pipeline

Devolver has a pipeline of more than 40 titles scheduled for release over the next four years with title visibility into 2026. Our pipeline for 2023 is healthy and diverse in terms of titles, developers, platforms, and geography. This includes the announced titles Plucky Squire, Gunbrella and Wizard with a Gun as well as new titles yet to be revealed. Our confidence in 2023 has been reinforced by the strong March 28 release of Terra Nil which received a Metacritic score of 81. Improving our craft remains the core tenet of our organic growth strategy and we will continue to deliver unique and high-quality games in 2023 and beyond.

Current trading and outlook

2022 has been a challenging year for Devolver as we position our business for future success. In the first half of 2022 we released three titles which underperformed our expectations but in the second half we released Cult of the Lamb and Return to Monkey Island which exceeded our expectations. Devolver has a healthy and diverse pipeline, and we remain on track to release 10-12 new titles in 2023. Our pipeline stretches to 2026 and represents an exciting line-up of titles, with a balanced mix of third-party IP and owned first-party IP. The readjustment of our balance sheet, as well as Devolver's pipeline and strong contribution from our extensive back catalogue, support our confidence of further progress in 2023.

Douglas Morin
Chief Executive Officer

3 May 2023

Growth strategy

There are four key components to our growth strategy:

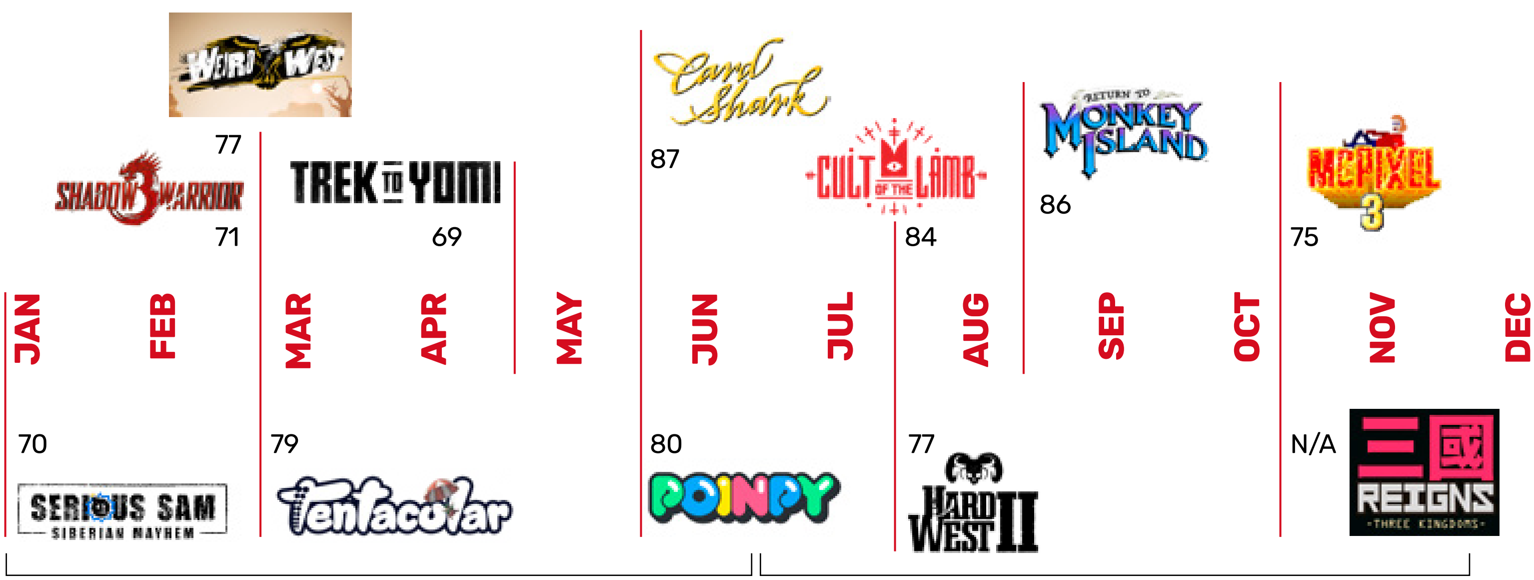
1 EXECUTE AND BUILD PIPELINE

Devolver Digital will continue to publish critically-acclaimed and independent games, targeting approximately 10-15 titles per year. Our existing pipeline for the next four years includes more than 40 titles, many of which are from repeat developer relationships.

The pipeline includes third-party titles, acquired IP titles, and titles from subsidiary studios.

Devolver will build upon existing momentum, identifying and building new franchises. Managing the breakout success of Fall Guys elevated Devolver's profile, proving that the Group can handle hit titles on a grand scale.

Releases & Metacritic Averages for 2022



1H Metacritic Average: 76

2H Metacritic Average: 80

2 MINE THE BACK CATALOGUE

Devolver Digital's back catalogue has contributed impressively to revenues in recent years. Due to the quality of our back catalogue titles and reputation in the indie space, management believe that there are significant opportunities for sustainable revenue growth and margin expansion.

Devolver's rich portfolio of titles means that subscription services, such as PlayStation Plus and Xbox Game Pass will continue to seek out and showcase Devolver titles for their respective platforms. New entrants into the streaming market are also looking to Devolver for content for their services. Further revenue can be generated by including titles in bundles, as well as promoting publisher specific sales on digital marketplaces.

Porting titles across platforms opens up games to new player bases, and can be released in conjunction with targeted marketing campaigns and bundled deals. Localising titles in new languages expands the addressable market for a game and drives back catalogue sales. In franchises such as Hotline Miami, Devolver has managed to boost unit sales of the initial title when bringing out a sequel. With targeted promotion, Devolver can continue to capitalise on franchise release interest rather than cannibalising revenues.

3 IMPROVE OUR CRAFT

The Group is organically improving its service offering and abilities, which the Directors believe should ultimately drive an increased return on investment for titles. Greater investment in games allows for bigger budgets on certain titles, which when applied to our own-IP titles can drive significant margin upside.

Increased investment includes better game selection, more gameplay testing, improved porting and localisation services, and bigger marketing campaigns. 'Improving our craft' allows the Group to better capitalise on the momentum of initial releases by simultaneously releasing titles on multiple platforms and in multiple geographies.

The Group has selectively added individual talent as it has grown, bringing on industry experts with years of relevant experience. Taking on new industry veterans adds to the already growing breadth of services and deeper capabilities.

4 SELECTIVE STUDIO & IP ACQUISITION AND INTEGRATION

Devolver will continue to strategically acquire development studios, standalone IP or service providers, with the aim of broadening the Group's offering and improving its financial profile. Some of these are likely to be trusted partners, who have existing relationships with the Group. Historical collaboration lowers the integration risk of bringing these companies on board, with the prospect of mutual upside. The Group's acquisition strategy will remain considered and selective. Alongside trusted partners, the Group will also consider acquiring non-partner businesses which provide complementary IP, products or services. The directors believe that, in cases where Devolver has previously published titles with developers, bringing them in-house will improve margins and reinforce successful relationships. In cases where Devolver hasn't published a studio's titles, acquisitions will provide incremental revenue. Devolver can energise back catalogues and add value to new releases in development, production and marketing. The Group can help to accelerate porting and localisation plans, and include titles in publisher sales, bundled deals and more.

GAMES LAUNCHING IN 2023

Wizard with a Gun is an online cooperative sandbox survival game set in a magical wilderness wrought with dangerous creatures and arcane mysteries. Embark on a journey alone or with friends to collect, craft, and outfit your wizard however you see fit as you explore the unknown.

Terra Nil is an intricate environmental strategy game about transforming a barren wasteland into a thriving, balanced ecosystem. Bring life back to a lifeless world by purifying soil, cleaning oceans, planting trees, and reintroducing wildlife, then leave without a trace.

Storybook characters discover a three-dimensional world outside the pages of their book and must jump between 2D & 3D realms to save their friends in this charming action adventure.

Immerse yourself in an enchanting narrative experience as Fortuna, a fortune-teller Witch condemned to exile on her asteroid home. Craft your own Tarot deck, regain your freedom, and shape the fate of the cosmic Witch society.

Gunbrella is a noir-punk action-adventure set in a world dependent on a rapidly diminishing natural resource. Players take the role of a gruff woodsman on a quest for revenge, armed with the mysterious Gunbrella: a firearm that doubles as an umbrella. His investigation becomes entangled with the inner workings of ghouls and gangsters, cops and cutlists, and the fallout of corporate exploitation.

Join forces with others to win! KarmaZoo is a joyful cooperative platformer where up to 10 random players are teamed up and must combine the abilities of 50 different characters to complete a Loop and collect Karma!

awards & nominations

Highlights from 2022

Inscryption made history as the only game to ever win top prizes at both Game Developers Choice Awards (GDCA) and the Independent Games Festival Awards (IGFA).

At the time of reporting, Cult of the Lamb saw 7 award wins and received 8 honourable mentions and nominations. Amongst these are 3 BAFTA nominations, including Game of the Year. Also in 2022, Return to Monkey Island received 10 award wins and 2 nominations.

Independent Games Festival

INSCRYPTION

Seumas McNally Grand Prize
WINNER

Excellence in Audio
WINNER

Excellence in Design
WINNER

Excellence in Narrative
WINNER

The 40th Golden Joystick Awards

CULT OF THE LAMB

Best Indie Game
WINNER

RETURN TO MONKEY ISLAND

PC Game of the Year
WINNER

IGN

RETURN TO MONKEY ISLAND

Best Puzzle Game
WINNER

CULT OF THE LAMB

Game of theYear
WINNER

GamesVillage Awards 2022

DEVOLVER DIGITAL

Best Publisher Award
WINNER

BRITISH ACADEMY GAMES AWARDS

NOMINATIONS

INSCRYPTION	Best Game
INSCRYPTION	Original Property
INSCRYPTION	Game Design
DEATH'S DOOR	Original Property
DEATH'S DOOR	British Game

THE GAME AWARDS

NOMINATIONS

INSCRYPTION	Best Indie Game
INSCRYPTION	Best Sim/Strategy
DEATH'S DOOR	Best Indie Game
LOOP HERO	Best Indie Game
RETURN TO MONKEY ISLAND	Innovation in Accessibility
CULT OF THE LAMB	Best Indie Game

ntower

CULT OF THE LAMB

Game Hit Award
WINNER

RETURN TO MONKEY ISLAND

Game Hit Award
WINNER

INSCRYPTION

Best Mac Game of the Year
WINNER

Best Western Game 2022
WINNER

GAME DEVELOPERS CHOICE AWARDS

INSCRYPTION

Game of the Year
WINNER

PC Games

CULT OF THE LAMB

Hit Award
WINNER

GAME OF THE YEAR

CARD SHARK

Best Design
WINNER

BRITISH ACADEMY GAMES AWARDS

INSCRYPTION

Game Design
WINNER

POINPY

Best of 2022
WINNER

CULT OF THE LAMB

Best of 2022
WINNER

Kotaku AU

CULT OF THE LAMB

Game of theYear
WINNER

BIG Bilbao International Games Conference

RETURN TO MONKEY ISLAND

Game of the Year
WINNER

Best Narrative Design
WINNER

Best Artistic Direction
WINNER

Multiple Best Games of 2022 Nominations

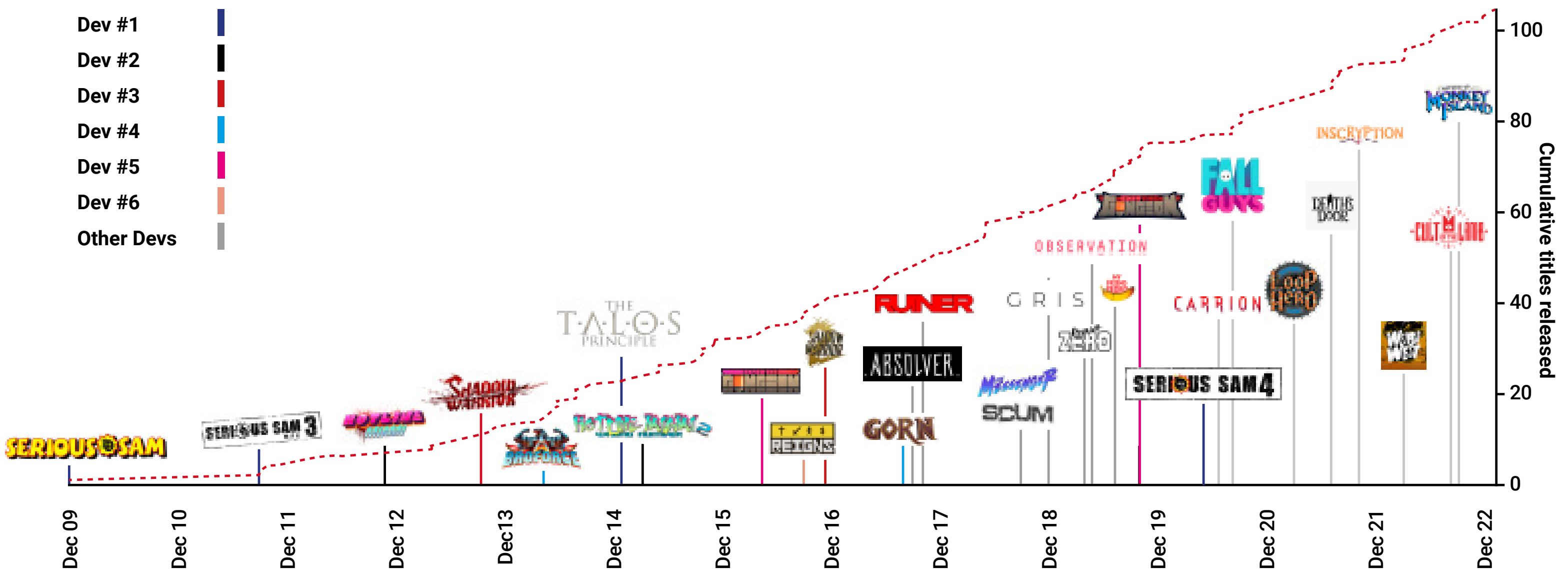
IGN
GameSpot
digitaltrends
gamesradar+
Polygon
TheGamer
Kotaku
AV Club
gameinformer
Slant
NME
npr

portfolio, platforms and lifecycle

Devolver has a back catalogue of 109 titles, including 12 new releases in 2022.

The chart below illustrates the steady game portfolio progression from 2009 to the end of 2022.

Game portfolio progression



Within Devolver's portfolio, there are five multi-title franchises: Serious Sam, Shadow Warrior, Enter the Gungeon, Reigns and Hotline Miami. Of these, Devolver owns the IP of all but Hotline Miami.

Each franchise provides long-term revenue generation for the first two years post-release.

FRANCHISE	NUMBER OF TITLES RELEASED	AVERAGE METACRITIC RATING	CUMULATIVE LIFETIME REVENUE RANGE	OWNERSHIP
Serious Sam	11	70	$40m - $50m	Own-IP
Hotline Miami	2	78	$20m - $30m	Third-Party
Shadow Warrior	3	73	$30m - $40m	Own-IP
Enter the Gungeon	2	78	$30m - $40m	Own-IP
Reigns	5	81	$10m - $20m	Own-IP

Business overview

Beginning in 2009, Devolver has partnered with over 70 developers to publish over 100 indie games, primarily through third-party publishing agreements. More recently, the Group has acquired standalone IP and long-term development partners, which has brought franchises in-house.

Third-party partnerships have been essential to Devolver's success to-date, and still form the majority of Devolver's published titles. However, over the last two years Devolver has increased the Group's first-party IPs with the acqusition of 7 new IPs. Management believes there are advantages to having a balanced business model, allowing the Group to work with the newest and most innovative indie developers as their publisher, as well as owning and developing its own stable of games.

Titles are generally either fully or partially funded by Devolver. In limited cases, funding is not provided for development if the studio does not require it. Funding is structured in varying amounts through developer advances pursuant to a milestone plan. Generally, once costs are recouped, future revenue is apportioned between Devolver and the developer based on equitable sharing agreements.

Devolver's range of services include project and lifecycle management; development and production assistance; publishing; and technical and creative support. Devolver generates pre-release interest through tailored marketing programmes, PR, promotions, and leveraging digital distributor platform relationships. The Group's broad offering continues to attract both established and early-stage developers. Of the 30 development partners working on pipeline titles, 16 are repeat partners. The process from identification to post-release management can be seen in the diagram below.

Title selection & onboarding

Devolver receives and vets over 2,000 unsolicited title pitches per year at varying stages of progress, from initial concept to fully-formed games. Devolver does not require developers to hand over the IP or sequel rights to their games, which the Directors believe is attractive to creators.

Devolver's approach is successful – over 90% of titles published since inception (where released for more than 12 months) have generated a positive return on investment.

Devolver's greenlight process filters inbound proposals down to 10-15 titles for release annually. The Group assesses options across a wide variety of genres, styles, formats and geographies. Devolver's culture of a meritocracy of ideas is key to this discovery process, with anyone in the team able to put forward a game for review.

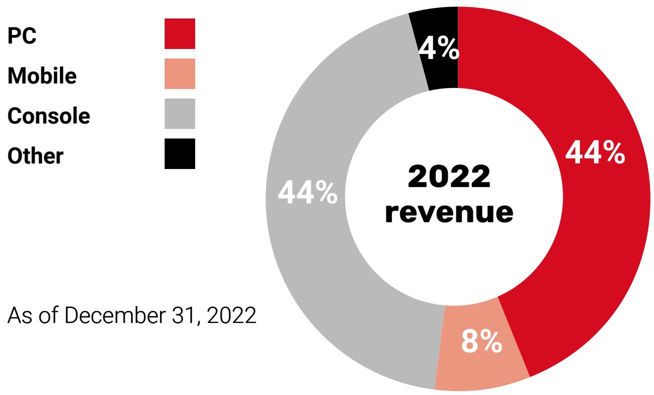
Promising ideas will receive input from members of the team from across the Group, including production, marketing, technology, finance and more. Devolver looks for titles that are creative, exciting, high quality, innovative and responsible.

Devolver's core greenlight team is made up of industry veterans with many decades of cumulative experience, who can recognise high-potential games and development teams. Following input from all areas of the business, the greenlight committee must unanimously agree to sign a title, taking into consideration Devolver's current capabilities and games roster.

Game selection and lifecycle overview

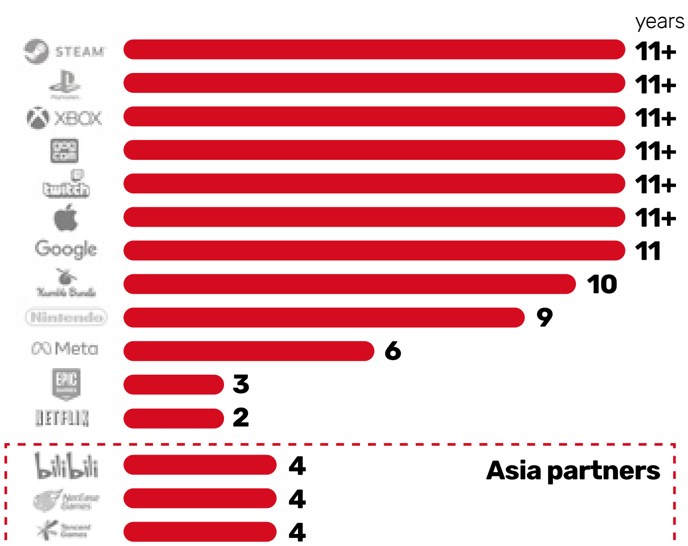
** In aggregate across all social media platforms for the Group's brands and titles*

Revenue diversification by platform

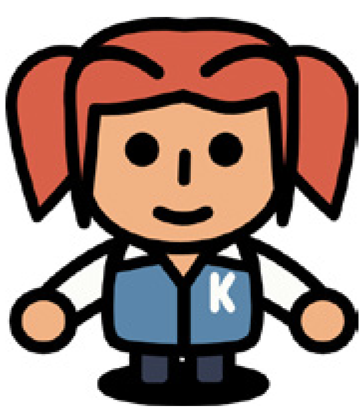


As of December 31, 2022

Sample of platform relationships



As of December 31, 2022



Diverse business model

1. Titles

Devolver's wide variety of title releases means the Group is not reliant upon the performance of any single title or franchise. Title diversification allows Devolver to benefit from the significant upside of a breakout hit, but also lowers the risk profile of the Group.

A prudent approach to planning, budgeting and appropriately investing in individual titles has ensured that Devolver continues to generate profits from a wide mix of games.

In the twelve-month period ended 31 December 2022, normalised sales from the top 5 performing titles contributed approximately 51% to total revenue.

2. Platform

Devolver's normalised revenues are varied across platforms, with 44% of revenue from PC, 44% from console, 8% from mobile and 4% other in the twelve-month period ended 31 December 2022.

In contrast, the year ended 31 December 2021 saw 45% of revenues from PC, 37% from console, 14% from mobile and 3% other.

The Group has continued to diversify revenues and reduce reliance on one medium. Devolver is continuing to capitalise on the growth in the mobile segment, with a growing mobile title offering. Devolver has strong relationships with digital distribution partners across all platforms, including Sony PlayStation, Steam, Nintendo, Microsoft Xbox, Apple Arcade, Google, BiliBili, NetEase, Tencent and Netflix.

3. Genre

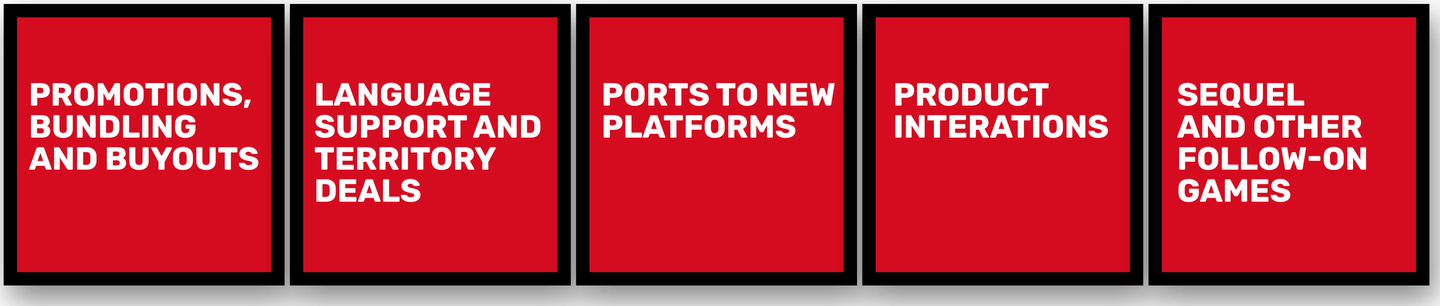
Devolver's selection process has no bias towards any one individual genre and the Group has released titles in a variety of genres including role playing games ("RPGs"), top-down shooter, beat em' up, action adventure, point and click, first person shooter ("FPS") and more.

Diversification ensures Devolver's games appeal to a broad fan base. Devolver's titles encompass a number of artistic styles, varying in visual fidelity, environment and storyline. This range allows Devolver's titles to reach a wide audience, limiting exposure to trends in one genre and expanding the brand following and fan base.

4. Geography

Devolver's revenues are not concentrated in a single geographical area, limiting exposure to any one market. In 2022, our largest unit sales from Steam were North America at 44.5%, Europe at 27.9%, Asia Pacific at 19.4%, and South America at 3.5%. Many countries have lifted their pandemic driven restrictions, and whilst consumers are no longer confined to their homes, engagement with games is "sticky" and expectation is that the number of players will increase overall in the games market.

Lifecycle



Platforms

Devolver has long-term associations with key digital distribution partners across the video gaming industry, some of which stretch over a decade. We believe that the strength of these relationships allows us to promote titles in ways which may be unavailable to other publishers. We have strong relationships with established providers, as well as the new entrants, and provide an uplift that developers may struggle to achieve on their own. Our revenues are also varied across platforms as we continue to diversify and reduce reliance on one medium. Devolver continues to explore opportunities in the mobile segment, which currently only accounts for a small proportion of overall revenues.

Devolver assists in the game lifecycle in a number of ways:

Quality assurance

The Group has an experienced production team, including a dedicated technical team and trusted relationships with quality contractors that help provide services for which there is no direct in-house capability.

Devolver's services free up partner studios' resources to focus on development and removes the administrative burden of the development process.

Through data, experience and relationships, the team assesses what game formats, features and mechanisms are popular or unpopular with consumers and specific distribution platforms bringing the principles and practices of much larger organisations to small developers without infringing on creativity.

Publishing and release execution

Devolver's brand provides a lift for developers, bringing value in terms of discoverability and title promotion, for example its content and games have been frequently featured by media outlets including IGN, the most visited video gaming media site globally.

In 2022 alone, Devolver had approximately 38 million hours viewed on Twitch, which has been a long-term partner for the Group. The Group has one of the biggest social media reaches in the indie gaming space, with over 1.5m followers in aggregate across all social media platforms for the Group's brands and titles, and utilises partnerships with influencers to generate pre-and post-release interest.

Tailored campaigns managed by Devolver's highly experienced PR and marketing teams use these and other relationships to drive pre-release momentum.

The strength of Devolver's relationships with global digital platforms ensures that titles will be prominent and visible on their storefronts.

Post-release support

Post-release support includes exploring ways to attract new customers and accelerate sales. Support services include technical assistance, such as server administration, further porting and localisation management and continued marketing.

Porting titles to new platforms and releasing in additional languages expands the customer base and generates incremental revenue.

Relationships with distribution platforms enable Devolver to promote portfolio titles effectively through bundle agreements and publisher sales.

The Group takes advantage of its back catalogue titles to generate large one-off fees through agreements with subscription services such as PlayStation Plus or Xbox Game Pass, and deals with newer entrants such as Netflix.

global marketplace

Market opportunity

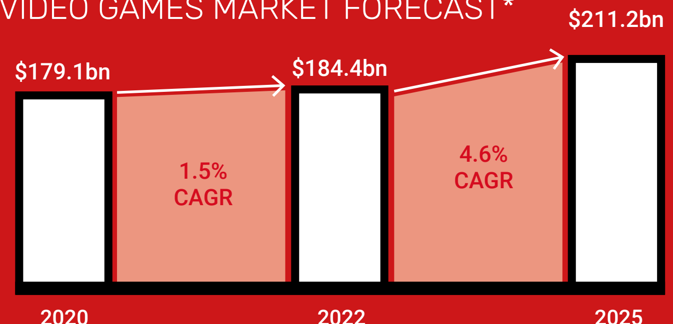
In 2022 the global video games market was valued at $184.4bn, with an estimated 3.2bn video game players.

Continued market growth is expected over the next three years to a forecast market value of $211.2bn by 2025, a CAGR of 4.6% from 2022. Amongst other drivers, the market growth is underpinned by a rapid increase in gamer numbers, which are expected to increase by a forecast CAGR of 3.4% from 2022 to a total of 3.6bn gamers globally by 2025.

Video gaming is a truly global pastime. In 2022, North America, Europe and Asia-Pacific represented 7%, 13% and 54% of the total number of players respectively. Devolver has direct exposure to all these regions and has a well-executed strategy in Asia. The Group aims to continue to grow in the region through an established distribution and media partner network overseen by locally based Devolver team members.

Worldwide market statistics

VIDEO GAMES MARKET FORECAST*

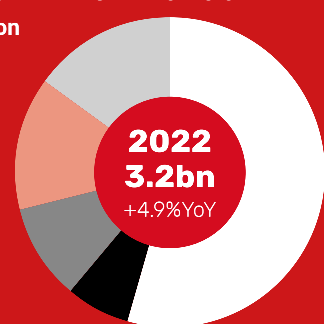


As of December 31, 2022

2022 VIDEO GAMER NUMBERS BY GEOGRAPHY*

Market size of gamers by region

Asia-Pacific	54%
North America	7%
Latin America	10%
Europe	13%
Middle East & Africa	16%



As of December 31, 2022

** Source: ©NewZoo, Global Games Market Report, January 2022*

team members in 20 countries

$51.8bn

ESTIMATED VALUE OF WORLDWIDE CONSOLE MARKET IN 2022

3.2bn

GAMERS WORLDWIDE

Market trends

DIGITAL DISTRIBUTION	WHERE DO WE FIT?
Digital distribution has supported high growth rates in the video games market. In 2016, console and PC digital distribution penetration was 29% and 76% respectively, increasing to 72% and 98% in 2022*.	Our founders identified this key trend in the market and intentionally established Devolver as a digital-first publisher. Having embraced digital distribution from the outset, Devolver is well-positioned to continue to win digital market share.

QUALITY CONTENT	WHERE DO WE FIT?
Demand for quality content has surged in recent years. In 2010, PC gaming and the three main console makers, Sony (PlayStation), Microsoft (Xbox) and Nintendo each competed for consumers' time and loyalty. Through the addition of the cloud gaming operators, the growth of Steam and the addition of new stores and subscription services such as Xbox Game Pass and Apple Arcade, the demand for quality games which draw consumers to specific platforms is at an all-time high.	Devolver's strong brand in the indie space means that we attract exciting, interesting and diverse game ideas from developers. This contributes to our track record for publishing high-quality titles that consistently score well with critics and gamers, fuelling a virtuous circle that drives increased demand for games published by Devolver. Our developer-led approach gives our developer partners the space they need to bring their full creativity into the development process.

DEVELOPER DISCOVERABILITY	WHERE DO WE FIT?
Indie developers need help getting their games discovered as title release volume on PC has massively increased. The number of titles released on Steam annually has grown from 379 in 2009 to 12,818 in 2022**. Although there are several platforms outside of PC available to Indie developers, many developers lack the technical skillset or marketing knowledge to access these platforms successfully.	Devolver is a leader in discoverability. We continue to ramp-up our marketing capabilities that can include paid advertising, influencer outreach, community management, and partner relations to secure strong amplification of our marketing and storefront placement. Devolver has a well-established and recognisable label in the indie games market and decade-long relationships with the leading digital distributors. We publish games across a broad range of PC, Console and Mobile platforms through direct relationships and work with a range of porting partners to bring developers' games to as wide a player base as possible. Devolver has one of the largest social media followings in the indie gaming space, with over 1.5m followers in aggregate across all social media platforms for the Group's brands and titles. Devolver works with a spectrum of streamers and influencers to extend the reach of their titles. This strong brand recognition also means that new platforms can be keen to include Devolver published games to attract players.

PLAYER ENGAGEMENT AS A CORE METRIC	WHERE DO WE FIT?
The battle for consumers' business has extended beyond single downloads and into their time. As bigger 'games as a service' titles take an increasing share of players' time, it has become more important for publishers and developers to convince the audience for that their games are worth the investment of their time. Likewise, the expanding game subscription market uses engagement as its primary metric.	Devolver is leaning more into games that have longer post-release content plans (both paid and free). We work to ensure that initial launch success can be followed up with new content and updates to keep players engaged, bring in new players, and provide additional purchase opportunities. Devolver is skilled at showing that our games provide both deeper and longer engagement paths for the consumer and are more attractive to subscription services at launch and later in the game's lifecycle.

** NewZoo, November 2022*
*** https://steamdb.info/stats/releases, April 2023*

ESG report

Devolver is committed to sustainability, employee well-being and development, diversity, equal opportunities and supporting charitable initiatives. We operate in an ethical manner across the jurisdictions in which we do business. We strive to create a positive impact through our business and wider activities, creating a community of people who share a passion for independent games. We aim to support this community through our ESG activities.

Operating responsibly is at the core of our day-to-day operations, culture and values as a business. Our ESG activities are intertwined with those efforts and are centered around Our People, Our Community and Our Planet.

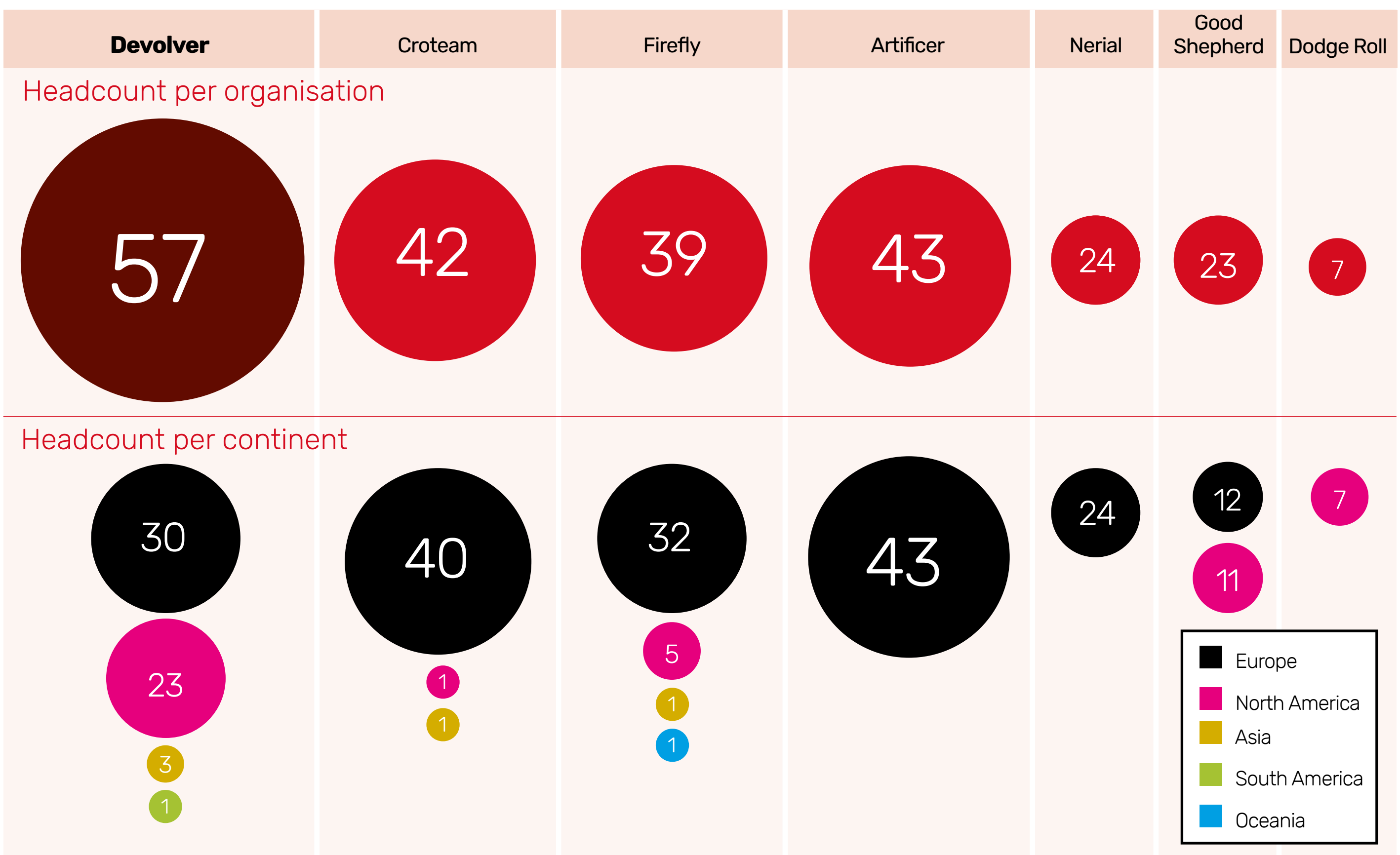
Our People

People are at the core of Devolver's business, whether the incredibly talented developers we work with or our highly experienced staff. Nurturing talent and providing a healthy, happy and rewarding workplace is fundamental to our work.

Rewards and wellbeing

We prioritize the health and well-being of our employees, which in turn supports their quality of life and productivity. The Group's approach of attracting and retaining the best talent is supported by its market-competitive compensation and benefits programs.

Benefits programs ensure employees have access to immediate resources such as healthcare, advice lines and retirement plans. Devolver aims to support its employees by providing practical tools to help them manage health, work-life balance and other concerns.



Remote working

We strive to attract, nurture and retain, colleagues from the broadest possible talent pool regardless of location. Being a fully remote company means that we are not inhibited by geographical location in finding the best possible candidates for the job. The ability to work from home provides our employees with a better work-life balance, giving them more freedom and autonomy to carry out their jobs the way they prefer, which increases ownership and productivity. Remote-working has reduced our environmental impact, as the carbon emissions associated with business travel are minimized, if not eliminated.

Our Community

At the core of Devolver's social efforts are the following priorities:

- **Assisting in the educational efforts for "newer" developers** via networking events, sponsorships, and game jams. This ensures that we are always keeping the ladder there for others.
- **Advocating for and improving accessibility for all gamers**, whether physical, mental, age-related, race-related, or sexuality/gender identity-based. Our games must be for everyone, and our giving should always focus on making space for all gamers.
- **Advocating for mental healthcare access and support** in the games industry.
- **Supporting environmental and social issues** near to our employees hearts (ie Black Lives Matter, AAPI protection groups, and more).
- **Always having space for reactionary giving.** It is important that we have the flexibility to jump in as needed, especially for humanitarian concerns, while maintaining our general roadmap for year-round giving.

Charitable giving, sponsorships and donations are key ways for Devolver to achieve these priorities.

Charitable Giving

We have two pillar charities which we are committed to supporting on a yearly basis: War Child and Special Effect.

War Child: War Child works toward a world in which no child's life is torn apart by war. Armed conflict is a reality for millions of children today. War Child is committed to supporting these children to overcome their experiences, and have a real chance at a better future.

Special Effect: SpecialEffect's primary aim is to enhance the quality of life of severely physically disabled people throughout the world through access to videogames.

In 2022, Devolver donated US$15,000 to War Child and US$15,000 to Special Effect in support of their important work. It is crucial for us to nurture ongoing relationships with these organizations where possible, so that we are reliable partners in their mission.

$236.2k

TOTAL DONATED IN 2022 THROUGH CHARITABLE PARTNERSHIPS AND OTHER DONATIONS

Sponsorships and Donations

Devolver also has a separate budget for both sponsorships and other dynamic giving, which we strive to use to achieve our priorities and advocate for people, organizations and causes. Our support of individuals, events and dedication to initiatives in local Devolver communities provides a platform for employees to champion causes that are important to them and help them feel supported, heard, and valued.

While a set committee of employees are responsible for this budget, all Devolver employees are highly encouraged to contribute ideas on the use of the funds by sharing research. This includes sharing why and how it aligns with Devolver's values, why a certain cause is important to an individual, and more. All suggested charities and giving options are investigated by committee to ensure they fit Devolver's ethics and are a suitable use of that funding.

Over its lifetime, Devolver has sponsored events, safe spaces at conventions, travel to industry events for underrepresented groups, mental health initiatives and natural disaster response.

In 2022, Devolver pledged US$236,200 to causes and initiatives such as United Help Ukraine, Sunflower of Peace, Black Girls Code, Games & Online Harassment Helpline and Pakistan Flood Relief, to name a few.

Additionally, Devolver also sponsored events including the NYC Game Awards, The Gayming Awards, Bitsommar and Indie Dev Days, with our sponsorship totalling US$14,500.

NEW YORK GAME AWARDS

Sunflower of Peace

GAMES AND ONLINE HARASSMENT HOTLINE

BITSOMMAR

INDIE DEVDAY

BLACK GIRLS CODE

RIVER FUND

GAYMING AWARDS 2022

Our Planet

Devolver have partnered with Tree-Nation to calculate the carbon footprint of Devolver as a Group and have implemented a tree-planting offset programme as part of a wider initiative to minimize our impact on the environment.

Every individual that is involved in the development and publishing of a game from a Devolver Group company has been included in the annual calculation of Devolver's target tonnes of CO_2 to off-set for the following year. Devolver has used the average European worker's CO_2 emissions for this calculation.

In 2021, Devolver evaluated the total number of individuals involved in Group games to be 750 people, of which 214 people were Devolver employees. This gave us our target of off-setting 1,500 tonnes of CO_2.

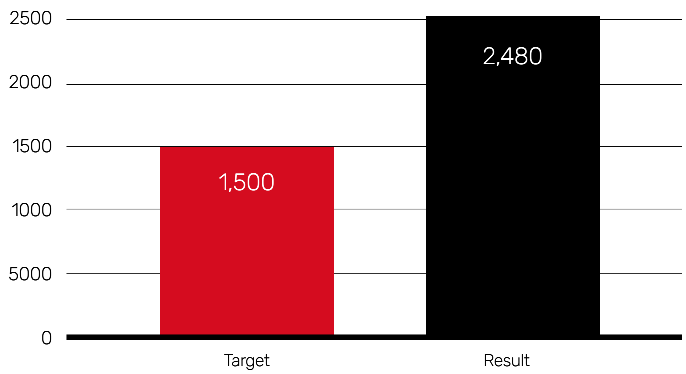
The Devolver Environment Group is pleased to report that we have planted 18,720 trees to date through our partnership with Tree Nation. This number of trees offsets around 2,480 tonnes of CO_2, which exceeded our target of 1,500 tonnes of CO_2.

Further tree planting is planned to account for new hires in the Group in 2023, and to grow the Devolver Forest even further. Visit the Devolver Forest at https://tree-nation.com/profile/devolver-digital.

Activities for the newly formed Environment Group, with members from Devolver as well as other Group companies, include helping developers to engage in environmental issues and helping employees of the Group to participate in and learn about environmental issues.

2022 also saw Devolver taking reasonable steps towards sustainability in clothing. The Devolver Athletic Club, Devolver's very own merchandise line, was launched using upcycled materials.

CO_2 offset 2022



risk factors

RISKS RELATING TO THE GROUP AND ITS BUSINESS

New game selection and enhancement of back catalogue

RISK: The games industry is highly competitive. There is no guarantee the Group will continue to identify, develop and publish successful new titles. As consumer preferences change, the Group's ability to generate revenue from its back catalogue of games may diminish.

MITIGATION: The strength of the 'Devolver' brand continues to draw high numbers of publishing enquires from the indie development community, with an estimated 2,000 games evaluated each year, leading to a highly curated selection of titles for publication.

The combination of the track record, skill and expertise of the Group with the hands-on oversight of the production teams enables the Group to select strong titles and guide development studios throughout the development of the game title to promote its likely success. In addition, the back-catalogue of over 100 games includes a number of 'evergreen' titles and franchises which generate consistently strong revenues over many years. The emergence of an increasing number of platforms requiring significant content to bolster their offering suggests that there will be continuing demand for back-catalogue titles in the foreseeable future.

The Group is reliant on key strategic relationships with third parties

RISK: The Group relies upon its strategic relationships and partnerships with global video games media and streaming services. Any significant disruption to those relationships could have a material adverse effect on the Group's financial performance. Increased competition for premium positioning on digital marketplaces and the rise of new entrants may negatively impact the Group's ability to compete successfully, which would have a corresponding impact upon sales and profitability.

MITIGATION: The Group has continually moved to diversify its revenue sources by introducing our games to new platforms, including Virtual Reality (VR) platforms, subscription platforms such as Netflix, cloud-based streaming platforms, mobile platforms such as Apple Arcade, as well as challenger PC platforms such as Epic and GoG games. Additionally, the Group enjoys geographical diversity of revenues with significant revenues being derived from each of geographical North America, Europe and Asia. As such, if a disruption occurred related to a particular geographical region it might not affect the overall operations on a particular platform worldwide.

The Group may not sustain its growth due to external factors

RISK: The Group's operating results could fluctuate as a result of factors beyond its control both in the games industry and national and world economies at large. The growth rate of the video games market, an increase in competitive pricing pressures from new entrants, changes in video game technologies, general economic conditions and world political events could negatively impact the Group's revenue growth.

MITIGATION: Devolver enjoys four distinct categories of diversification and support in its business model. In addition to geographical diversity (cited above), the Group enjoys steady back catalogue sales which provide revenue support, ranging from 45% to 70% of total Group revenues in recent years. The release of multiple new titles per year means that the Group is not overly reliant on any single game release for the Group to maintain positive revenue and cashflow generation. In addition, the Group benefits from working with a diversified number of game development studios, ensuring that the Group is not overly reliant on the work output from a concentrated small number of studios.

The pipeline of new titles generally has larger development and marketing budgets than previous titles

RISK: As the Group grows, development and marketing expenditure in relation to the pipeline titles will likely be, on average, larger than historic releases. The increase in development and marketing spend increases the risk that developer advances may not be recovered if a title is not a commercial success. Increasing development and marketing spend may also lead to an increase in concentration risk, subsequently resulting in the possibility that the commercial failure of a single game could materially reduce the Group's forecasted revenue.

MITIGATION: In step with the growth of the video game market globally, the increase in global gamers, and the emergence of an increasing number of content-provision platforms, the Group has seen a notable lengthening in the revenue decay curve of its titles, with many titles now generating consistent revenue over 6 years or longer. The increasing duration of a title's sale potential increases the likelihood that over a period of time the game will recoup its expenses. On average, over 90% of Devolver games are profitable where they have been released for more than 12 months. New titles will increasingly be launched same day/date on all major platforms, increasing the impact of release and reducing the need for additional marketing spend on subsequent launches on different platforms. Increased localisation into more foreign languages further increases the potential for greater revenue capture across more geographies.

The Group uses the services of third-party developers for many of its games

RISK: The Group contracts external indie developers to develop many of the games it publishes. There is significant demand in the industry for the services of high-quality indie developers, and the Group has limited visibility or control over their other commitments once contracted.

Indie developers engaged by the Group may be acquired by a competitor, or may enter into exclusive development agreements with such competitors. In either case, this would restrict the ability of the developers to continue to perform services for the Group, except for instances where the developers are contractually required to complete development.

MITIGATION: Devolver has worked with a number of game development studios that have been acquired by competitor publishers in the past, and this has not led to the studios discontinuing their relationship with Devolver, as such acquisitions are based on the studios continuing their work as before. Nevertheless, the Group has worked with over 70 development studios and is working with over 30 for the current pipeline of games. This diversification of studio exposure mitigates against the risk that certain studios might move to other game contracts once their work for Devolver is complete.

The Group is dependent on its key talent

RISK: The successful operation of the Group relies partly on the efforts and abilities of its senior management, executive officers and Directors. Their knowledge, expertise and experience are key contributors to the continued success of the business. The failure to retain the services of any of the Directors, executive officers or senior management could have a material adverse effect on the Group's profitability.

MITIGATION: Devolver's successful growth to date has been driven by attracting talent and providing the environment in which they can develop their skills. Managers at all levels are act ively encouraged to foster talent and to consider succession-planning for the future. Devolver considers that it has a deep bench of veteran talent and a growing number of candidates for leadership in numerous positions throughout the Group. In addition, the Board introduced a Long-Term Incentive Programme (LTIP) in 2022 with the aim of rewarding and retaining key personnel in leadership positions across the Group.

RISK: The success of the Group's business and revenues depends upon the talent and skills of its personnel. It may prove increasingly difficult in a fast-growing competitive industry to recruit highly experienced employees. The Group's production, development and marketing teams possess key skill sets that are essential to the success of the business. Should the Group no longer be able to retain such employees and/or attract new employees, the Group's business, revenues and prospects could suffer significantly.

MITIGATION: Devolver has ensured that employees throughout the Group have received equity awards and many are also shareholders. Additional equity awards are planned going forward. The Group has conducted a number of reviews and implemented salary increases where required, as well as additional inflation-based salary adjustments to reflect the recent challenging environment. These steps are taken to ensure that our staff are well incentivised and continue to feel valued and rewarded. Key personnel in production, development and marketing are able to share in the success of the Group through competitive salaries, equity grants, and by having clear paths of progression to increasing responsibility and leadership.

The Group is subject to the risk of software piracy

RISK: In addition to the risk of IT security breaches, the Group is subject to the threat of unauthorised copying and software piracy of its games. The Group's games are typically subject to copy protection technology or other technological protection measures intended to prevent software piracy. However, the protection is ordinarily added to the Group's products by the digital platforms rather than by the Group itself and these measures may not be adequate to fully protect against piracy. Unauthorised copying of the Group's own-IP, or games published by the Group, could have an adverse effect on the Group's ability to generate revenues and profits.

MITIGATION: The Group operates in the premium content sector of the video games industry. The games published by Devolver require significant budgets for their production and are created and refined over a period of years prior to commercial launch. The premium quality, time to market and significant expense create a meaningful barrier to wholesale game infringement or copying. In instances where short aspects of a game are unlawfully copied and used, for example, on a video platform, the Group is swiftly alerted to such use by its community and trademark/IP infringement monitoring services and undertakes a simple take-down.

The Group may not be able to comply with the increased regulation of the video games industry worldwide

RISK: The video games industry continues to see an increase in national and supra-national regulation in a wide range of areas. The Group must ensure ongoing compliance with various data protection laws, including the UK's Data Protection Act 1998, the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), the Privacy and Electronic Communications (EC Directive) Regulations 2003, the U.S. Children's Online Privacy Protection Act and the California Consumer Privacy Act, among others. In addition new regulations affecting the distribution, use and promotion of video games is increasing worldwide.

MITIGATION: The nature of the Group's publishing business (where game titles are owned and maintained by third-party developers) means that it is typically not interacting directly with the players or consumers of the video game titles and content we publish. As a B2B business, the Group does not collect the normal categories of data that are the focus of GDPR. In the areas where the Group does collect player or consumer data, for example where a game is wholly-owned IP within the Group or increasingly with mobile titles, the Group maintains a rigorous GDPR check with its legal and technology advisors in Europe. The Group regularly reviews its activities in connection with new legislation around the world and implements adjustments (if needed) or directs its indie development studio partners to implement adjustments to align with legal guidance.

The Group's third largest market is in Asia, where there is growing demand for games, but there can be no guarantee that this growth will continue and may be reduced by, for example, interventionist laws and regulations

RISK: Asia is the Group's third largest market by Steam unit sales, at 19.4% of units sold. Growth to-date has been driven by demand in the region, rather than any targeted campaigns. User bases have grown with limited input from the Group, and Asia Pacific continues to represent a significant opportunity. However, there can be no guarantee this demand will continue. In China, for example, recent rules have sought to curb the exposure under-18s have to video games, restricting them to playing online games only three hours per week. Online gaming companies have been barred from providing gaming services to minors in any form outside those hours and would need to ensure they had put real name verification systems in place. This comes further to legislation in 2018 where regulators in China halted issuing video game licences. Whilst these restrictions are targeted at free-to-play games rather than the premium titles distributed by the Group, the Group's target market in China may be reduced by any similar future measures.

MITIGATION: Devolver is keen to expand into other Asian markets and make more headway in established gaming markets such as Japan and South Korea. Increased localisation in more Asian languages will open the door for increasing sales in what are currently relatively minor markets for Devolver. In China, Devolver's sales are made through Steam Global, the international platform of Steam. Devolver's games are not targeted at minors and are not "always-on", "free-to-play" or "pay-to-win" games. Devolver's premium games are downloaded and played on a PC (generally), usually by a single player over a period of time of their choosing. Conversely, the recent regulatory tightening in China might bolster Devolver's standing from the perspective of China's gamers who may seek out games such as Devolver's which do not include the unsavoury elements or predatory financial practices of the mobile free-to-play market.

The Group is subject to general litigation risks

RISK: There is an increase in litigation amongst large global companies in the video games industry. Apple, Google, Epic and others are engaged in legal actions that can include the Group. In addition, the Group may become involved in legal disputes (with and without merit) arising out of its global operations. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any legal proceeding will not have a material effect on the Group's financial position or results of operations.

MITIGATION: Devolver commits to fair practices and endeavours to treat its partners fairly and with a high level of transparency and honesty. The Group considers that its overall ethical stance and good reputation within the industry, combined with its internal controls and a layer of Directors & Officers insurance protection, collectively raise the level of mitigation in this area.

CFO report

Statutory financial results

The financial results included in this annual report cover the Group's combined activities for the 12 months ended 31 December 2022 and are prepared in accordance with applicable International Financial Reporting Standards.

Normalised adjusted results

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

Sustained revenue momentum

Devolver's 2022 revenue performance was in line with updated expectations set in the trading update dated January 9, 2023 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 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.

EBITDA margins

Normalised Adjusted EBITDA margins, excluding impairments, were 17.2% for full year 2022, compared to 26.2% the previous year. However, 2H 2022 Normalised Adjusted EBITDA margin, before performance-related 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 2021/2022); 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).

Statutory net loss for 2022 was US$91.5 million.

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 impairments

Impairments of underperforming, released games	US$9.3 million
Impairments of cancelled, unreleased games	US$13.5 million
Impairments of acquired IP	US$22.3 million
Impairments of goodwill from acquisitions	US$47.7 million

Impairments to carrying value of already-released games

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 games

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 three unreleased titles and two prototypes in early development, and has written down one further title. In total, a US$13.5 million non-cash write-down has been recorded for impairments to the carrying value of cancelled and unreleased 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 other two 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 on the following page). One title remains in development but has been written down based on management's latest view of likely performance. 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 have stronger potential.

Impairments to carrying values of IP and Goodwill

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 impairments were made to the carrying value on the balance sheet of 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 two 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 Equity Incentive 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 Group 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 7.2 million shares in aggregate (on the assumption that all vest), representing 1.6% of the issued and outstanding share capital at that time. Total dilution from the outstanding options (i.e. excluding options previously exercised within the EBT) and these initial grants would therefore amount to 10.3% of the issued and outstanding share capital.

It should be noted that the co-founders of Devolver who are fully employed at the Company and eligible for the LTIP, including Executive Chair Harry Miller, without exception, declined to receive any share awards under the 2022 LTIP.

Cash balances

Cash holdings at end December 2022 were US$79.5 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 24 titles.

Daniel Widdicombe

Chief Financial Officer

3 May 2023

corporate governance

Executive Chair's introduction

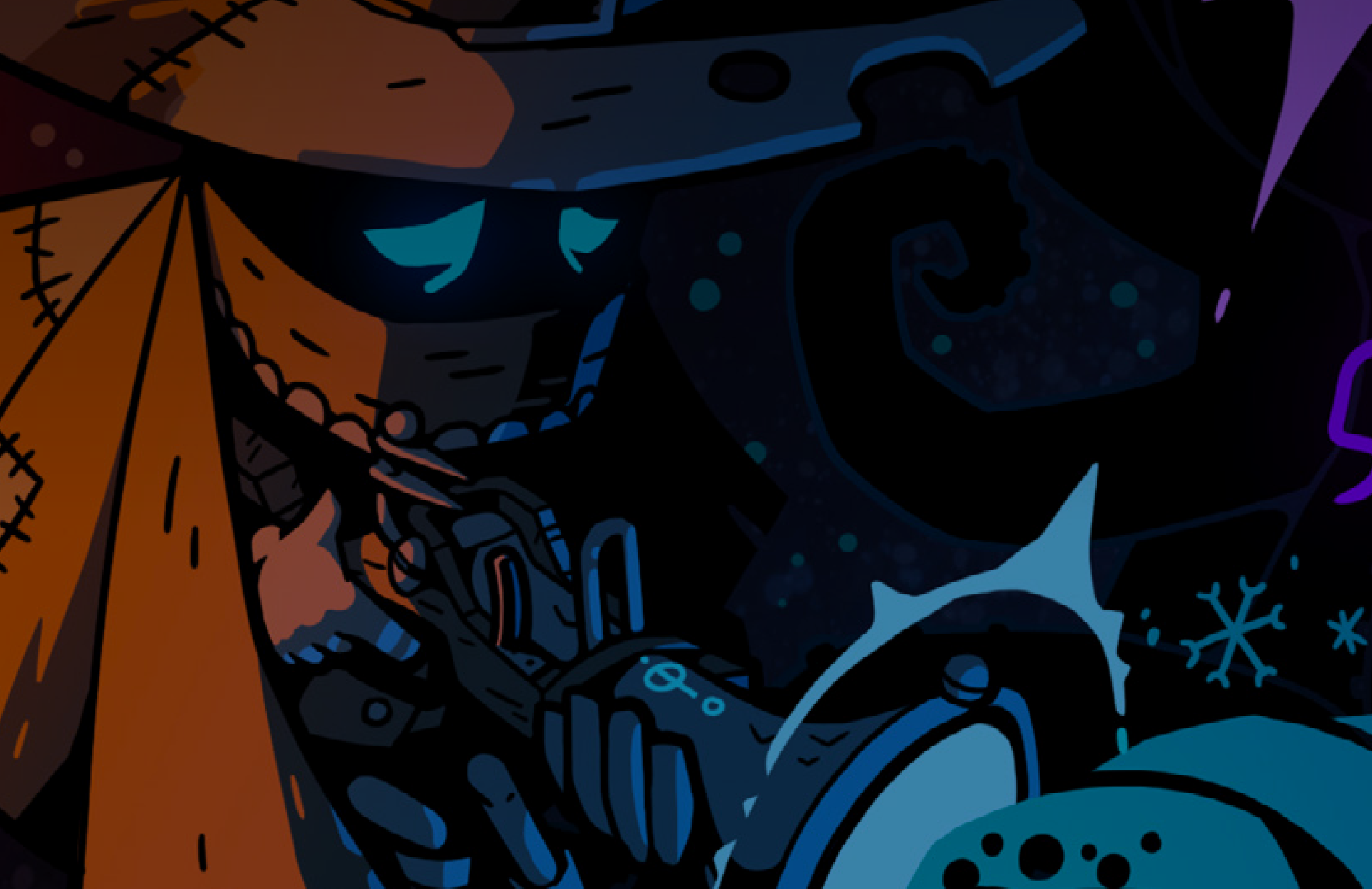
Dear Shareholder

On behalf of the Board of Directors, I am pleased to present the governance report for the year ended 31 December 2022. The Board is collectively responsible for the success of the Group and entrepreneurial leadership is balanced by the scrutiny and oversight provided by the Independent Non-Executive Directors.

As a business quoted on the AIM market of the London Stock Exchange, we have adopted the Quoted Companies Alliance Corportate Governance ("QCA") Code. Devolver supports the principles of the Code and the Directors believe it provides the Group with the appropriate framework to ensure that a strong level of oversight is maintained. This enables the Group to establish an effective governance culture as part of building a successful and sustainable business for all of its stakeholders. The Group complies with the ten principles of the Code, as detailed below.

Harry Miller
Executive Chair

3 May 2023



principles of the QCA code*

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Group's business model and strategy is set out on pages 8 to 13. The Directors believe that the Group's model and growth strategy will strengthen the Group's financial position by improving its core game publishing craft, leveraging existing intellectual property owned by the companies in the Group, and selectively acquiring new intellectual property, publishers and development studios. These combined actions will promote long-term value for shareholders.

The principal risks facing the Group are set out on [pages 27 to 29]. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks, including implementing a risk management framework.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group maintains an active dialogue with shareholders, who are kept up to date via announcements made through a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates are provided to the market from time to time, including any financial information, and any expected material deviations to market expectations are also announced through a Regulatory Information Service.

The Group's Annual Report will be available on the Group's website on 4 May 2022 and the Notice of Annual Meeting (AM) will be sent to all shareholders shortly after and will confirm the date of the Annual Meeting. All documents will be available to download from the Group's website.

The Group's AM will be an opportunity for shareholders to meet with the Executive Chair, Executive and Non-Executive Directors. The AM will be open to all shareholders, and offers an opportunity to ask questions and raise issues during the formal business, or more informally, following the meeting. The results of any voting at the AM will be announced through the Regulatory Information Service and posted on the Group's website.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and the Group intends to engage with and listen to shareholders who do not vote in favour of resolutions at the AM.

There is also a designated email address for Investor Relations, ir@devolverdigital.com, and all contact details are included on the Group's website

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, staff, customers and gaming platforms and developers that it partners with as part of its business strategy.

The Executive Directors maintain an ongoing and collaborative dialogue with stakeholders and take feedback into consideration as part of the decision-making process and consider where feedback can impact the day-to-day running of the business.

Devolver has always supported numerous local, national, and global charities and initiatives and in the year ended 31 December 2022 donated US$236.2k to charity. More information on our corporate social responsibility can be found on pages 23 to 26.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Group are set out on pages 27 to 29. The Directors take appropriate steps to identify risks and undertake a mitigation strategy to better manage such risks where possible. A formal review of these risks is carried out at least on an annual basis. Additionally, the Group holds an active risk register which is regularly reviewed at Board level as well as by the Audit & Risk Committee.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has also established the Audit & Risk Committee.

Principle 5: Maintain the Board as a well-functioning, balanced team, led by the Executive Chair

The Board comprises the following persons:

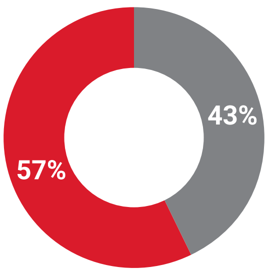
- Four Non-Executive Directors; and
- Three Executive Directors.

The biographies of the Directors are set out on pages 38 to 39. The Senior Independent Director, Kate Marsh, and Non-Executive Directors Jeffrey Lyndon Ko, Janet Astall and Jo Goodson are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.

* The Group listed on November 4th 2021 and the full board including the four Independent Non-Executive Directors was constituted on that date. The QCA Commitments as described came into effect on that date.

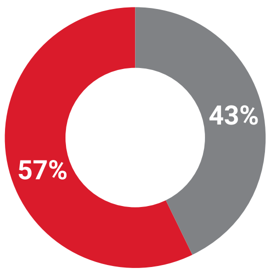
The Executive Chair, Harry Miller, is well-supported by experienced Independent Directors and the Senior Independent Director with clearly defined roles and responsibilities. The Board as a whole is collectively responsible for the success of the Group, and the proposed structure provides leadership of the Group within the framework of effective controls.

Gender balance



Male
Female

Executive vs Non-Executive



Non-Executive Directors
Executive Directors

The division of responsibilities between the Executive Chair, the Chief Executive and the Senior Independent Director will be agreed by the Board. Kate Marsh, the Senior Independent Director, will lead the Independent Non-Executive Directors on matters where independence is required. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward at each meeting, democratically. Additionally, the governance architecture has been designed to empower the independent members of the Board through the various Committee structures.

The Board is also supported by the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee, further details of which are set out on page 41. The Nomination Committee will keep the composition of the Board under regular review, taking into account the relevant skills, experience, independence, knowledge and diversity of the Board.

The Board meets regularly and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable them to discharge their respective duties. Since the IPO, the Board has met monthly and plans to continue this cadence of monthly meetings.

As of December 31, 2022

			Board attendance 2022												
Name	**Position**	**Committee Membership**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Class**
Harry Miller	Executive Chair	Nomination	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	I
Douglas Morin	Chief Executive Officer		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	II
Daniel Widdicombe	Chief Financial Officer		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	III
Kate Marsh	Senior Independent Director	Audit, Remuneration (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	I
Jo Goodson	Non-Executive Director	Nomination (Chair), Remuneration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	II
Jeff Lyndon Ko	Non-Executive Director	Audit, Remuneration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	III
Janet Astall	Non-Executive Director	Audit (Chair), Nomination	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	III

The Directors are divided into three classes, designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of Directors constituting the entire Board. At the 2023 Annual Meeting, Directors belonging to Class II will offer themselves up for re-election.

The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

Sub-committee attendance

REMUNERATION COMMITTEE 2022

Name	25 Feb	24 Mar	9 May	2 Oct	24 Nov
Kate Marsh (Chair)	✓	✓	✓	✓	✓
Jeff Lyndon Ko	✓	✓	✓	✓	✓
Jo Goodson	✓	✓	✓	✓	✓

AUDIT COMMITTEE 2022

Name	14 Mar	21 Mar	11 Apr	17 Jun	12 Sep	23 Sep	21 Nov
Janet Astall (Chair)	✓	✓	✓	✓	✓	✓	✓
Kate Marsh	✓	✓	✓	✓	✓	✓	✓
Jeff Lyndon Ko	✓	✓	✓	✗	✓	✓	✓
Jo Goodson	✓	✓	✓	✓	✓	✓	✓

NOMINATION COMMITTEE 2022

Name	11 Apr
Jo Goodson (Chair)	✓
Harry Miller	✓
Janet Astall	✓

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out on pages 38 to 39.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to drive the Group forward.

Prior to listing the Directors also received a briefing from the Group's Nominated Adviser ("NOMAD") in respect of continued compliance with, inter alia, the AIM Rules and from the Company's Solicitors, Fieldfisher LLP, in the United Kingdom in respect of continued compliance with, inter alia, the AIM Rules for Companies and UK Market Abuse Regulations ("MAR"). The Group's General Counsel and Board has attended several training sessions with the Group's NOMAD and solicitors regarding the AIM Rules, the Disclosure Guidance and Transparency Rules and MAR.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider the effectiveness of the Board, Audit & Risk Committee, Remuneration Committee, and individual performance of each Director.

The Group has a Nomination Committee which conducts a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group has a responsibility towards its staff and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The Group's policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and anti-corruption. The Board takes responsibility for the promotion of ethical values throughout the Group, and for ensuring that such values guide the objectives and strategy of the Group.

The culture is set by the Board and is regularly considered and discussed at Board meetings.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Executive Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee, further details of which are set out on pages 41 to 49. There are certain material matters which are reserved for consideration by the full Board. Each of the Committees has access to information and external advice, as necessary, to enable the committee to fulfil its duties.

The Board reviews the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Responses to the principles of the QCA Code and the information that will be contained in the Group's Annual Report and Accounts provide details to all stakeholders of how the Group is governed.

The Board is of the view that the Annual Report, as well as its half year report, are key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given to shareholders.

Additionally, the Board uses the Group's Annual Meeting as a mechanism to engage directly with shareholders, to give information and receive feedback about the Group and its progress.

The Group's website is updated on a regular basis with information regarding the Group's activities and performance, including financial information.

There is also a designated email address for Investor Relations: ir@devolverdigital.com, and all contact details are included on the Group's website.

board of directors

HARRY MILLER

Executive Chair (Nomination)

Harry is a video games industry veteran, with over 26 years of sector experience, having established and managed a number of publishing and developing businesses. Harry was a co-founder and CEO of video games developer Ritual Entertainment, leaving in 1998. In the same year he co-founded Gathering of Developers, also known as G.O.D. or G.O.D. Games, alongside two founders of Devolver. Following the sale of G.O.D. to Take-Two Interactive in 2000, Harry became CEO of Hong- Kong based En-Tranz Entertainment, where he stayed until 2003. Harry was a Director of Play HK Ltd, until reuniting with the G.O.D. Games founders in 2006, helping establish another developer-first publishing brand, Gamecock Media. Harry ran Gamecock as President until its sale in 2008. Harry and several of the G.O.D. founders went on to establish Devolver, where he currently occupies the Executive Chair role, having previously served as President. Harry has a MIM from Thunderbird School of Global Management.

DOUGLAS MORIN

Chief Executive Officer

Douglas joined Devolver in 2020 as Chief of Staff and was appointed CEO in 2021. Prior to joining Devolver, Douglas has had 24 years of experience working in global equity capital markets. He started his career at Bear Stearns in 1996 transferring to Hong Kong in 1997. In 2007 Douglas joined CCB International where he worked on a number of high-profile IPOs. In 2012 he became the CEO of the listed company Crosby Securities. Douglas moved to Silicon Valley, California in 2016, later joining Wedbush Securities in San Francisco, where he was an MD in Equity Capital Markets. Douglas has an MBA from Thunderbird School of Global Management, where he first met Harry.

DANIEL WIDDICOMBE

Chief Financial Officer

Daniel joined Devolver as CFO in 2021, bringing with him over 30 years of finance experience. A fluent Mandarin speaker, Daniel trained as an investment analyst in Hong Kong at HSBC and Bear Stearns, and then spent 4 years as CFO of NASDAQ-listed internet company Chinadotcom. Daniel has held a number of non-executive roles including Chair of the Audit & Risk Committee of Corgi International, another NASDAQ-listed business, and Middle Earth Limited. On returning to London, Daniel spent over 10 years at China Construction Bank as Head of Investment Banking, leaving in 2020, joining Devolver in May 2021.

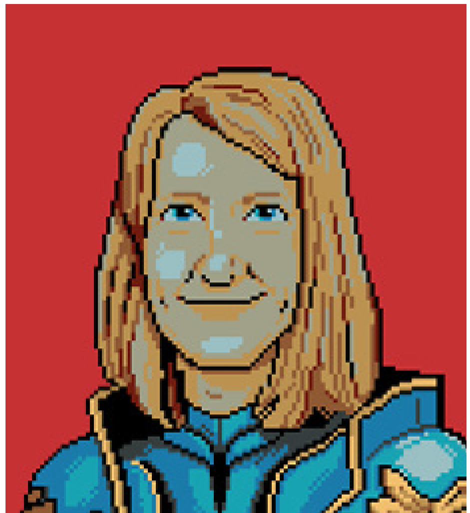
KATE MARSH
Senior Independent Director (Audit, Remuneration Chair)

Kate is an experienced Executive and Non-Executive Director with over 30 years' experience in digital and media businesses, holding senior management roles with global companies including Sky, GroupM, Sony Pictures and the BBC. Kate is currently Head, International Channel Development, MGM where she leads the Amazon-owned, storied studio's branded streaming business outside the US with services across Australia, Japan, Canada, EMEA and Latin America.

She is a Non-Executive Director at UK FTSE 250 company, Games Workshop Group Plc, where she is Chair of the Remuneration Committee and sits on the Nomination and Audit & Risk Committees. Kate is also a Non-Executive Director of Elstree Film Studios Limited. She has served at board-level for Sony Pictures Entertainment companies in Europe, Plato Media Ltd, the home of Hopster, along with Mediahuis Ireland Ltd (previously INM Plc), the home of the Irish Independent and Belfast Telegraph.

JO GOODSON Independent Non-Executive Director
(Nomination Chair, Remuneration)

Jo is a technology sector entrepreneur with over 25 years of experience. Jo co-founded MediaGold in 1998, which was later sold to Avanquest, a Paris-based Euronext-listed company in 2003. Before starting her current role, Jo advised and invested in companies in the internet, gaming and software space, including Mediatonic Games, Playmob, MediaGold and Indigo Pearl. She was also a Non-Executive Director and shareholder of Six to Start which was acquired by OliveX, a subsidiary of Animoca Brands, in March 2021.



JANET ASTALL
Independent Non-Executive Director (Audit Chair, Nomination)

Janet has over 20 years of experience working in finance, the majority of which has been spent working for consumer-facing technology businesses. Janet is currently a Finance Director at Three and has previously held similar roles at BT, British Gas and O2. Janet was a Non-Executive Director at Telefonica and has recently become a Member of the Board of Trustees at Raspberry Pi Foundation. Janet is a Chartered Accountant, qualifying at KPMG in 1998.

JEFF LYNDON KO
Independent Non-Executive Director (Audit, Remuneration)

Jeff has over 20 years of experience in the video games sector. He is currently 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. Jeff was elected as the President of the Shenzhen ESports Association in November 2018. He also served as the Honorary Advisor of Hong Kong Esports Club Limited and the Honorary President of Macau E-Sports Federation.

group policies

Share Dealing Code

The Group has adopted a share dealing policy which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its AIM securities in accordance with the provisions of UK MAR and of the AIM Rules.

Anti-Bribery and Anti-Corruption Policy

Devolver has adopted an anti-corruption and bribery policy which applies to the Board and employees of the Group. It sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Group operates. It also provides guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Group expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, being aware of and referring to this policy in all of their business activities worldwide. The Group expects any and all business carried out on the Group's behalf to be in compliance with this policy. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

Whistleblowing Policy

Devolver's Whistleblowing Policy sets out a framework for the Group to promote and encourage confidence in its business practices and operations.

It provides for complaints to be received and retained regarding suspected wrongdoing, such as, fraud, illegal or unethical behaviour and auditing misconduct to give a few examples.

It aims to encourage individuals to report any suspected wrongdoing that they are aware of in a confidential manner, to protect individuals who report on such suspected unethical behaviour and enable Devolver to meet its obligations under local laws.

This policy applies to all entities and individuals working at all levels in Devolver and the Group within the Devolver group of companies, including senior managers, officers, directors, agents, employees, consultants, contractors, part and fixed term workers, casual and agency staff irrespective of their geographical location within Devolver.

The policy sets out a detailed reporting procedure, including filing a report and reporting via the Whistleblowing service, namely online or via a telephone helpline.

Environmental, Social and Corporate Governance Policy

Devolver seeks to conduct its enterprise in a responsible manner, to treat its business partners and employees fairly and respectfully, understanding the importance of restricting the negative impacts of its operations on the environment, and advocating those principles with those whom it does business with. The Group seeks to emphasise its commitment to sustainability, employee welfare and development, diversity, equal opportunities, reducing waste and supporting charitable initiatives. The Group seeks to operate in an ethical manner across the jurisdictions in which it does business.

Conflict of Interest Policy

Devolver's Conflict of Interest Policy encourages disclosure of actual, potential or perceived conflicts of interest in order to protect the reputation and integrity of Devolver. It broadly outlines (i) identifying potential conflict of interest situations (ii) dealing with identified conflicts of interest and (iii) obligation on all staff to disclose conflict of interest or potential conflicts of interest and maintain high ethical standards.

The policy applies to all directors, officers, employees, contractors and agents of Devolver and the Group and sets out the Conflict Review Procedure.

IT Use Policy

Devolver's IT Use Policy establishes a framework for Devolver to promote effective communication and working practices when using various forms of electronic media by outlining the following (i) standards to observe when using such systems (ii) when Devolver will monitor use (iii) action taken if there is a breach in standards.

The policy applies to all directors, officers, employees, contractors and agents of Devolver and of the Group who use communications equipment and systems in performing their duties.

board committees

The Group has established Audit & Risk, Nomination and Remuneration committees.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprises:

- **Janet Astall** – Chair
- **Jeff Lyndon**
- **Kate Marsh**

Janet Astall, the Chair of the Audit & Risk Committee, has recent and relevant financial experience and is a qualified Chartered Accountant.

The Audit & Risk Committee will, among other duties, determine and examine matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Group's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Group.

REMUNERATION COMMITTEE

The Remuneration Committee comprises:

- **Kate Marsh** – Chair
- **Jeff Lyndon**
- **Jo Goodson**

The Remuneration Committee will review and make recommendations in respect of the Executive Directors' remuneration and benefits packages, including share incentive awards and the terms of their appointment. The Remuneration Committee will also make recommendations to the board concerning the allocation of share incentive awards to employees under the intended share schemes.

NOMINATION COMMITTEE

The Nomination Committee comprises:

- **Jo Goodson** – Chair
- **Harry Miller**
- **Janet Astall**

The Nomination Committee will review the composition and efficacy of the Board and, where appropriate, recommend nominees as new directors to the Board. It evaluates the balance of skills, knowledge and experience on the Board and keeps up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates. It keeps under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

audit & risk committee report

Committee governance

The Committee consists solely of the Independent Non-Executive Directors: Janet Astall, Kate Marsh, and Jeff Lyndon. The Chair of the Committee, Janet Astall, is a Chartered Accountant and brings recent and relevant financial experience and expertise. The other Committee members bring considerable relevant industry and public company experience at a senior level as set out in their biographies on pages 39.

Roles and responsibilities

The Terms of Reference of the Committee can be found on the Group's website, https://investors.devolverdigital.com. These clearly define the Committee's responsibilities, which are to assist the Board in the following matters:

- Overseeing the financial reporting process in order to ensure that the information provided to shareholders is fair, balanced and comprehensive and allows them to assess the Group's position, performance, business model and strategy;
- Oversight of the external audit process and management of the relationship with the Group's external auditor, reviewing their performance and independence, advising the Board on their appointment and remuneration and approving any non-audit work;
- Ensuring compliance with accounting standards and the consistency of the methodologies applied, reviewing and reporting to the Board on significant financial reporting issues and judgements; and
- Monitoring the adequacy and effectiveness of the Group's internal controls and risk management system.

Significant reporting issues and judgments

As part of the Committee's review of the 2022 full year results announcement and the 2022 Annual Report, the following key accounting policies and estimates were reviewed to ensure appropriate judgements have been made by management:

- Revenue Recognition, the application of IFRS 15;
- Accounting for remaining contingent consideration on prior acquisitions;
- Capitalised development costs and their useful economic life;
- The testing of goodwill and intangible assets for impairment;
- Accounting for share-based payments and for the establishment of an Employee Benefit Trust;
- Taxation; and
- Going concern.

For further detail on these, please see the notes on page 59 to 81 of the financial statements. The Committee also reviewed and discussed the findings of the audit with the external auditor.

Activities during 2022

The Committee met seven times during the year and all Committee members and the Group's external auditors, Grant Thornton LLP, were in attendance. At the committee's request, the Chief Financial Officer was also present. During the year, the Committee:

- Reviewed the 2021 Trading Update, the 2021 full year results announcements and the 2021 Annual Report;
  - Reviewed the 2022 interim results;
  - Reviewed the external auditor's findings from the 2021 audit;
- Performed a review of the auditor's fees, independence and effectiveness;
- Agreed the 2022 full year audit plan, scope, timetable and engagement letter with the auditor;
- Reviewed the risk policy, risk register, and improvements to internal controls; and
- Reviewed implementation of key policies including whistleblowing and anti-bribery and corruption.

Priorities during 2023

Priorities for the Committee during 2023 include continuing oversight of the installation of a group-wide SAP reporting software system and a continual review of the internal reporting and financial controls across the Group including at the subsidiary level.

remuneration committee report

Roles and Responsibilities

The Terms of Reference (TOR) for the Remuneration Committee (the Committee) were created on the Company's Admission to the AIM on November 4, 2021. In 2022 the Committee met 5 times to carry out its duties and key responsibilities in alignment with those TORs as follows:

- To review and make recommendations in respect of Executive Directors' remuneration and benefits packages, including share incentive awards and terms of appointment;
- To review the design of an employee share incentive plan and to determine whether awards were to be made; and
- To ensure remuneration policy promotes alignment with long-term shareholder interests and attracts, incentivises and rewards the key talented individuals that are at the core of the business.

Activities During 2022

The Committee has focused on core tasks in a busy first year:

i) conducting a full review of Executive Director and Senior Management compensation, aligning both with industry benchmarks;

ii. reviewing, recommending and implementing a new company-wide long-term incentive plan (LTIP); and

iii. reviewing the company-wide bonus scheme.

The Committee has reviewed all three elements keeping alignment with the long-term aims of the Group and Shareholders. Throughout this work, the Committee has been supported by its independent compensation advisor Alvarez & Marsal.

Executive Director & Senior Management Compensation

With the endorsement of the Board the Remuneration Committee commissioned Alvarez & Marsal (A&M) to provide consultancy services in order to:

- support a review of Executive Director and Senior Management compensation throughout the Devolver Group;
- take independent soundings across the Group structure (including the Group and its subsidiaries);
- provide compensation benchmarking against comparable companies, and;
- recommend applicable compensation structures for a company with a dispersed, international team with a strong group culture.

The A&M report was delivered in April 2022 providing the groundwork for the Committee to debate and recommend to the Board a new, benchmarked salary and benefits packages for senior team members from the Executive Chair through to the Operating Board of the company.

The resulting Executive and Senior Management compensation structure is both recognisable and straightforward, consisting of base salary, benefits, a performance-related annual bonus and both performance and non-performance based LTIP share awards which vest after three years. Base salary was reviewed with reference to market levels of peer companies in the US, UK and Europe (including Team17 Group, tinyBuild, East Side Games and Paradox), and awards were set accordingly. Compensation was addressed to the lower-to-median quartile of the market, taking into account the current size of Devolver. Following this comprehensive benchmarking, going forward base salary levels of Executive Directors and any applicable senior management will be reviewed annually in May.

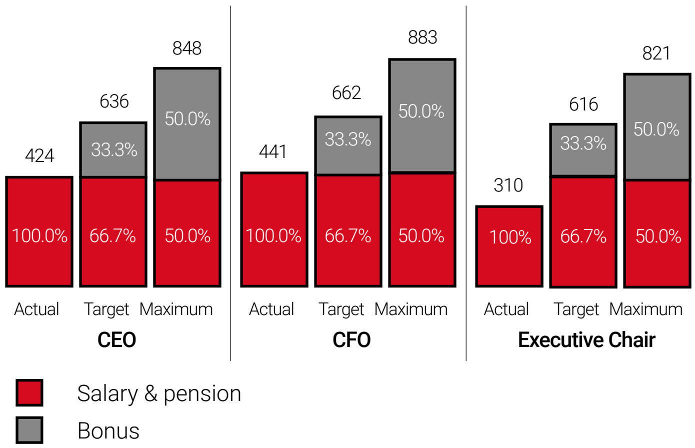
In addition to base salary, Executive Directors receive a pension contribution of 3.0% to 3.6% of salary. Other benefits are in line with general Company policy. Annual bonus payments are based on performance against targets which are aligned to the Group's objectives and are designed to deliver shareholder value. Targets are based on the Group's revenue and EBITDA with varying degrees of award and for 2022 were set as follows against 2022 Budget target:

Budget Metric	12.5% of max	25% of max	50% of max	100% of max
Bonus payble for the following levels of performance:				
Revenue	90% of target	90% of target	Target	110% of target
EBITDA	90% of target	90% of target	Target	110% of target

Budget targets set for 2022 were not met. No cash bonus payments were awarded in 2022 in relation to 2022 performance.

The compensation levels for 2022 for the Executive Chair, CEO and CFO, compared to target and maximum compensation levels under the reviewed compensation scheme, are as follows:

Illustrative Director Compensation, US$'000



Note: No share based compensation is included in the target or maximum compensation as the LTIP was not in place prior to 2022. The actual compensation shown in this chart does not include Cash Bonus and Share based compensation awarded in 2022 for the Group's performance and successful IPO in 2021, and which were not awarded in relation to 2022 performance. Please refer to the Director's emoluments section for further detail.

Group-wide LTIP (Long Term Incentive Plan)

The Company stated in its Admission Document of 2021 that it did not intend to make any new grants of options under its pre-existing 2017 Equity Incentive Plan after Admission, and that it proposed to put new share award arrangements in place within the first twelve months of Admission. The Company gave an undertaking in the Admission Document that the terms of any new plan would be subject to shareholder approval. The new plan was proposed to the Board following consultation with a number of significant shareholders for the purposes of gaining feedback and was put to Shareholder vote and approved in December 2022. The aim of the plan is to:

- incentivise and reward existing employees, directors and consultants;
- satisfy pre-existing commitments;
- incentivise and attract new employees and contractors and potentially aid future M & A activity, and;
- such other purposes as the Board approves, acting on the recommendations of the Remuneration Committee.

The Plan is administered by the Committee and all employees, directors and consultants of the Group may be eligible to receive stock awards under the plan – approximately 235 individuals in total. The Committee, subject to Board approval, retains discretion on award.

Key elements of the 2022 grant made under the Shareholder Approved LTIP are as follows:

- Team members of the Group were eligible for a share award of Restricted Share Units (RSUs), vesting after 2 years.
- Executives and senior employees were eligible for a combination of RSUs and Performance Share Units (PSUs), both of which vest after 3 years. The vesting of some or all of the RSUs is based on an underpin achievement of 60% of the EBITDA target depending on individual grant. The vesting of the PSUs is based on revenue and EBITDA targets.
- It is intended to apply a TSR metric as part of the performance measurement metrics for PSU awards in future. However, it was decided not to set a base period for determining TSR growth in the 2022 award, given the substantial drop in global markets, the technology sector as a whole and Company's share price performance. Therefore, the Committee has deferred setting a base price for the TSR element of the metrics until such time as the Company's share price is stable (as a true reflection of performance) and can be aligned with shareholder return. Once the TSR metric is included, it is currently expected that the weighting for future awards would change to 35% for revenue, 35% for EBITDA and 30% for relative TSR.
- The value of the award given to Executives and senior employees in relation to 2022 was equivalent to a range of percentages of salary. Given the reduction in the Company's share price, the number of shares subject to awards was determined by using the higher of 120 pence (75 pence for the general team member cohort) and the share price at the time of the award (which was 63.5 pence).
- PSUs will vest (subject to continuous employment) 3 years after grant according to the below weighting and targets (see above for note on Total Shareholder Return). It is expected that future PSU awards will be made annually.

Metric	Weighting	0% Vesting (Below threshold)	12.5% Vesting	50% Vesting (Target)	100% Vesting (Maximum)
Revenue	50%	<90% of target	90% of target	Target	110%+ of target
EBITDA	50%	<90% of target	90% of target	Target	110%+ of target

Awards made to Executive Directors in relation to the annual LTIP grant approved by shareholders for 2022 are detailed below. The RSU and PSU awards had an effective grant date of 1 January 2022 and vest after three years on 31 December 2024, subject to achievement of the other performance conditions.

Director/PDMR	Position	RSUs	PSUs	Total
Harry Miller	Exec Chair	-	-	-
Douglas Morin	CEO	154,454	308,908	463,362
Daniel Widdicombe	CFO	119,684	239,368	359,052
Total		**274,138**	**548,276**	**822,414**

Harry Miller, Executive Chair, declined to receive any LTIP grant award for 2022.

For full details of the shareholder approved LTIP see the Shareholder Circular distributed on 28 November 2022 which was approved by Special Meeting of shareholders on 28 December 2022, and the associated press release, both of which can be found on the Company's website: https://investors.devolverdigital.com.

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.

Governance processes

Going forward, the Committee will meet at least 3 times a year.

The Committee is committed to complying with the principles of good corporate governance in relation to the design of its Remuneration Policy and as such our policy will follow the QCA Remuneration Guidance as far as is appropriate considering Devolver's management structure and the company's size and listing.

The Committee will continue to consider pay and employment conditions across the Group when reviewing Executive Director and Senior Management compensation and will seek major shareholders' views in advance of making significant changes to Remuneration Policy where appropriate. The Chair of the Committee will attend the Annual General Meeting to hear the views of shareholders on the Remuneration Policy and to answer any related questions.

Priorities for 2023

The Committee will continue to set and monitor the remuneration of Executive Directors and Senior Management – including salary, annual bonus and any LTIP compensation. The Committee will also have oversight of any annual bonus along with the approval of forward share award plans in line with the Approved Shareholder Circular of 28 December 2022 with the aim of attracting, incentivising and retaining key talent across the Group and aligning with the long-term objectives of the Group and its shareholders.

Kate Marsh
Chair
Remuneration Commitee

directors' remuneration report

Directors' remuneration policy

The Remuneration Committee (the Committee) sets the overall policy on remuneration and other terms of employment of Directors subject to Board approval. The Non-Executive Directors do not have any personal interest in the matters to be decided by the Committee, or any potential conflicts of interest or day-to-day involvement in the operations of the Group. The Executive Directors may be asked to attend meetings when appropriate to provide advice, however, no Director is present for committee discussions concerning their own remuneration.

Remuneration for the Executive Directors includes base salary and where applicable, annual bonus and share awards. Remuneration for the Non-Executive Directors will comprise an annual fee.

The Directors' compensation plans are a result of the review by the Committee in conjunction with Alvarez & Marsal and as described in the Remuneration Committee Report excepting for discretionary awards made in relation to 2021. Details of the Directors' compensation are included in the sections below.

Basic salary and benefits

	Basic salary / fee '000 2022	2021
Executive Directors		
Harry Miller, Chair	$266.7	$400.0
Douglas Morin, CEO	$400.0	$400.0
Daniel Widdicombe, CFO	£350.0	£350.0
Non-Executive Directors		
Kate Marsh (Senior Independent Director)	£80.0*	£80.0*
Joanne Goodson	£55.0*	£55.0*
Janet Astall	£55.0*	£55.0*
Jeffrey Lyndon Ko	£50.0	£50.0

*including an additional £5,000 in respect of their committee chair roles

Harry Miller, Chair, elected to take a reduced salary from May through to December 2022.

Going forward base salaries for each Executive Director will be reviewed annually by the Committee, and adjusted where appropriate to reflect performance, change in responsibilities, market conditions and/or information from independent sources on rates of salaries for similar roles and responsibilities. Non-Executive Director fees are set in line with the principles set out in the bylaws.

Annual bonus

The Group's bonus arrangements are as described in the Remuneration Committee Report and are subject to annual review. In May 2022, a discretionary bonus for successful completion of work after the IPO in relation to a newly listed company was paid to Daniel Widdicombe in relation to that work in 2021. Details of this bonus are included in the table of Directors' emoluments on the following page.

Pension

The Group operates a defined contribution pension scheme under which it pays contributions based upon a percentage of the members' basic salary.

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income and differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

During the year, pension contributions of $38,368 (2021: $23,200) were paid to Executive Directors. The 2022 contributions are included in the table of Directors' emoluments on the following page.

Taxable benefits

The Directors' taxable benefits are detailed in the table of Directors' emoluments on the following page.

Service contracts and letters of appointment

The Group's policy is for all of the Executive Directors to have a notice period of twelve months. All Non-Executive Directors have a notice period of three months.

The Executive Directors' service agreements also contain confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

Group policy on external appointments

The Group recognises that its Directors may be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive Directors are, therefore, subject to the approval of the Group's Board, allowed to accept non-executive appointments if such appointments are not with competing companies and are not likely to lead to conflicts of interest.

Share based compensation

As at 2022 year end, and in accordance with the QCA guidelines, the following information on executive Director compensation is presented in this Report:

- the total number of interests in shares in the Group including interests of connected persons;
- the total number of scheme interests differentiating between shares and share options;
- the total number of share options which are vested but unexercised, and exercised in the reported financial year;
- base salary received during the reported financial year;
- taxable benefits received during the reported financial year;
- short-term incentives earned as a result of performance relating to a period ending in the reported financial year;
- long-term incentives where vesting is determined as a result of performance relating to a period of more than one year which ends in the reported financial year; and
- pension related benefits received during the reported financial year.

Details of the options to purchase shares in the Company granted to the Executive Directors are set out below. Details of share-based payments are included in Note 21 to the financial statements.

Number of shares	Share option scheme	Grant date	Vesting period	Opening amount at 1 January 2022	Granted during the year	Lapsed / exercised during the year	Closing amount at 31 Dec 2022
Executive Directors							
Harry Miller, Executive Chair	-	-	-	-	-	-	-
Douglas Morin, CEO	2017 Equity Incentive Plan	Sep 2020	3 yr monthly	2,100,000	-	-	2,100,000
		Mar 2021	3 yr monthly	192,500	-	-	192,500
		Sep 2021	3 yr monthly	1,750,000	-	-	1,750,000
Daniel Widdicombe, CFO	2017 Equity Incentive Plan	Sep 2021	4/36 immediate, 805,000 at IPO, balance 3 year monthly vesting	3,220,000	-	-	3,220,000

Directors' emoluments

The figures below represent emoluments earned by Directors during the year ended 31 December 2022. Benefits incorporate all benefits assessable to tax arising from employment by the Group.

Both the Cash bonus and Share based compensation were awarded in recognition of the CEO and CFO's contribution to the successful listing of the Company in 2021.

Figures for 2021 relate to the period of each Director's membership of the Board (since admission on 4 November 2021).

	Salary or fees and benefits US$'000		Cash Bonus US$'000		Share-based Compensation US$'000		Pension contributions US$'000		Total US$'000	
	2022	2021	2022	2021	*2022*	*2021*	2022	2021	2022	2021
Executive Directors										
Harry Miller, Exec Chair	299.4	341.1	-	650.0	-	-	10.7	11.6	310.0	1,002.7
Douglas Morin, CEO	411.9	279.2	-	210.0	279.2	-	12.2	11.6	703.2	500.8
Daniel Widdicombe, CFO	426.0	283.4	248.5	-	289.1	1,138.8	15.5	-	979.0	1,422.1
Non-Executive Directors										
Kate Marsh	97.2	18.1	-	-		-	-	-	97.2	18.1
Joanne Goodson	66.9	12.5	-	-		-	-	-	66.9	12.5
Janet Astall	66.9	12.5	-	-		-	-	-	66.9	12.5
Jeffrey Lyndon Ko	60.9	11.3	-	-		-	-	-	60.9	11.3

nomination committee report

Roles and responsibilities

The role of the Nomination Committee is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and reappointments to the Board. In addition, it is responsible for reviewing the succession plans for Executive Directors and Non-Executive Directors.

The core responsibilities of the Committee is to:

- ensure the balance of Directors on the Board and their mix of skills, experience and knowledge supports the Group and its ability to compete effectively in the marketplace;
- lead the process for Board appointments, identify and nominate candidates to fill vacancies as and when they arise;
- support succession planning for the Board and senior management; and
- take an active role in setting diversity objectives and strategies for the Board and the Group.

At the Group's first Annual Meeting held on 24 June 2022, and in accordance with the Company's Bylaws and Certificate of Incorporation, both Harry Miller and Kate Marsh were reappointed as executive director and non-executive director of the Company, respectively.

Diversity and inclusion

Our diversity and inclusion values hold that no individual should be discriminated against on the grounds of age, disability, gender, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. The Group is committed to encouraging equality, diversity and inclusion among our workforce. Our aim is for our workforce to be truly representative of all sections of society and for each employee to feel respected and thrive.

We firmly believe in making progress towards more diverse leadership in all areas, including gender and cultural diversity. As of 31 December 2022, the Board comprised 42% (three) female and 58% (four) male Board members.

Governance processes

The Nomination Committee meets at least twice a year.

The Committee has formal terms of reference which can be viewed on the Group's website *https://www.devolverdigital.com/*

statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

The Company is a US corporation incorporated under the laws of the State of Delaware, which does not require the Directors to prepare financial statements for each financial year. However, the Group is required to do so to satisfy the requirements of the AIM Rules for Companies. When preparing the consolidated financial statements, the Directors are required to prepare them in accordance with an appropriate set of generally accepted accounting principles or practice. The Directors have elected to use International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) ("IFRS").

The Directors must not approve the Annual Report unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 (revised) requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and comprehensive information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to better understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that correctly explain the transactions of the Group, enable the financial position of the Group to be determined with reasonable accuracy at any time and allow financial statements to be prepared. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors' responsibility also extends to the continued integrity of the financial statements.

This Directors' Report was approved and signed on behalf of the Board.

Douglas Morin
Chief Executive Officer

3 May 2023

financial statements

report of independent certified public accountants

Board of Directors
Devolver Digital, Inc.

Opinion

We have audited the consolidated financial statements of Devolver Digital, Inc. (a Delaware corporation) and subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to assess the Group's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other information included in the Annual Report

Management is responsible for the other information included in the Annual Report. The other information comprises the Strategic report, Corporate governance and Other information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the Strategic report, Corporate governance and Other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the Strategic report, Corporate governance and Other information and the consolidated financial statements, or the Strategic report, Corporate governance, and Other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Grant Thornton LLP
Tulsa, Oklahoma

3 May 2023

consolidated statement of profit or loss

	Note	**Year ended 31 December 2022 $'000**	Year ended 31 December 2021 $'000
Revenue	5	**134,565**	**98,152**
Cost of sales		(112,062)	(58,920)
Gross profit		**22,503**	**39,232**
Administrative expenses	8	(121,082)	(105,295)
Other (expenses) / income	6	(549)	116,080
Operating (loss) / profit		**(99,128)**	**50,017**
Finance income	9	364	10
(Loss) / profit before taxation		**(98,764)**	**50,027**
Income tax benefit / (expense)	10	7,264	(19,400)
(Loss) / profit for the year		**(91,500)**	**30,627**
(Loss) / profit for the year is attributable to:			
Equity holders of the parent		(91,475)	30,550
Non-controlling interests		(25)	77
		(91,500)	**30,627**
Basic earnings / (loss) per share ($)	11	(0.206)	0.081
Diluted earnings / (loss) per share ($)	11	(0.206)	0.075
Non-IFRS measures			
Adjusted EBITDA*	12	(73,378)	110,818
Normalised Adjusted EBITDA before performance-related impairments	12	23,210	25,729
Normalised Adjusted EBITDA**	12	13,914	25,729

** Adjusted EBITDA is a non-IFRS measure and is defined as earnings before interest, tax, depreciation, amortisation (but not taking out amortisation of capitalised software development costs) and share-based payment expenses.*

*** Normalised adjusted EBITDA additionally excludes any one-time non-recurring items and non-trading items such as revaluation of contingent consideration.*

consolidated statement of comprehensive income

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
(Loss) / profit for the year	**(91,500)**	**30,627**
Other comprehensive (loss) / income: Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations:	(477)	(986)
Total comprehensive (loss) / income for the year	**(91,977)**	**29,641**
Total comprehensive (loss) / income is attributable to:		
Equity holders of the parent	(91,952)	29,564
Non-controlling interests	(25)	77
Total comprehensive (loss) / income for the year	**(91,977)**	**29,641**

consolidated statement of financial position

	Note	**As at 31 December 2022 $'000**	As at 31 December 2021 $'000
ASSETS			
Non-current assets			
Intangible assets			
– goodwill	13	19,153	66,820
– other intangible assets	13	65,918	97,822
Property, plant and equipment	14	174	226
Employee loans		995	-
Deferred tax assets	20	10,088	2,413
Total non-current assets		**96,328**	**167,281**
Current assets			
Trade and other receivables	16	16,813	19,355
Cash and cash equivalents	17	79,493	86,239
Prepaid income tax		2,185	8,512
Total current assets		**98,491**	**114,106**
TOTAL ASSETS		**194,819**	**281,387**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	45	44
Share premium		146,044	121,588
Retained earnings		56,259	126,184
Translation reserve		(2,267)	(986)
Capital redemption reserve		(27,707)	-
Equity attributable to owners of the parent		**172,374**	**246,830**
Non-controlling interest		(102)	(77)
Total equity		**172,272**	**246,753**
Non-current liabilities			
Deferred tax liabilities	20	1,045	9,316
Trade and other payables	18	-	1,567
Total non-current liabilities		**1,045**	**10,883**
Current liabilities			
Trade and other payables	18	19,149	17,835
Deferred revenue		2,091	4,482
Current tax payable		262	1,434
Total current liabilities		**21,502**	**23,751**
Total liabilities		**22,547**	**34,634**
TOTAL EQUITY AND LIABILITIES		**194,819**	**281,387**

The financial statements on pages 52 to 78 were approved by the Board for issue on 3 May 2023

Douglas Morin **Chief Executive Officer**

Daniel Widdicombe **Chief Financial Officer**

consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Translation reserve $'000	Retained earnings $'000	Subtotal equity $'000	Non-controlling interest $'000	Total equity $'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)
Transactions with owners in their capacity as owners:								
Dividends	–	–	–	–	(30,000)	(30,000)	–	(30,000)
Issue of shares	43	119,230	–	–	3	119,276	–	119,276
Other movements	–	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	–	–	–	–	(91,475)	(91,475)	(25)	(91,500)
Currency translation differences	–	–	–	(1,281)	–	(1,281)	–	(1,281)
Other movements	–	383	–	–	(1)	382	–	382
Transactions with owners in their capacity as owners:								
Issue of shares		165	–	–	–	165	–	165
Exercise of share options	1	630	–	–	–	631	–	631
Reclassification of treasury shares b/f	–	25,837	(25,837)	–	–	–	–	–
Treasury share repurchase transactions	–	–	(2,500)	–	–	(2,500)	–	(2,500)
Share-based payments	–	–	–	–	19,622	19,622	–	19,622
Transfers	–	(2,559)	630	–	1,929	–	–	–
Total transactions with owners	**1**	**24,073**	**(27,707)**	**–**	**21,551**	**17,918**	**–**	**17,918**
Balance at 31 December 2022	**45**	**146,044**	**(27,707)**	**(2,267)**	**56,259**	**172,374**	**(102)**	**172,272**

Share capital
The called-up share capital records the nominal value of shares issued and paid up.

Share premium
Consideration received for shares issued above their nominal value, net of share issue costs.

Capital redemption reserve
Consideration paid for Treasury shares held by the Group, less amounts transferred to satisfy share option exercises. In the prior year, the balance on treasury shares was reported within Share premium, but was reclassified in current year to the Capital redemption reserve.

Translation reserve
Cumulative exchange differences on consolidation of overseas subsidiaries.

Retained earnings
Cumulative profit and loss attributable to the owners of the parent company, net of distributions to owners and including share-based payment reserve.

Non-controlling interest
Cumulative profit and loss attributable to the owners of the non-controlling interests in the Group.

consolidated statement of cash flows

	Note	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Cash flows from operating activities			
Cash inflow / (outflow) from operations	23	31,217	12,717
Taxation paid		(2,076)	(29,952)
Taxation received		14	-
Net cash inflow / (outflow) from operating activities		**29,155**	**(17,235)**
Cash flows from investing activities			
Purchase of intangible assets	13	(32,641)	(31,734)
Purchase of tangible assets	14	(66)	(232)
Acquisitions of businesses, net of cash acquired		-	(34,083)
Proceeds on sale of publishing rights & intellectual property		-	127,500
Net cash (outflow) / inflow from investing activities		**(32,707)**	**61,451**
Cash flows from financing activities			
Dividends paid	24	-	(30,000)
Share capital issuance, net of IPO fees		795	49,362
Share repurchase transactions		(2,514)	-
Legal fees on share issue/IPO		-	(68)
Repayment of shareholder loans		-	(20,837)
Interest received		362	-
Interest paid		(2)	-
Net cash (outflow) from financing activities		**(1,359)**	**(1,543)**
Cash and cash equivalents			
Net increase in the year		(4,911)	42,673
Foreign exchange movements		(1,835)	37
At 1 January		86,239	43,529
At 31 December		**79,493**	**86,239**

notes to the consolidated financial statements

1. GENERAL INFORMATION

Devolver Digital, Inc. ("the Company") is a publicly listed company traded on the AIM market of the London Stock Exchange, and is registered, domiciled and incorporated in Delaware, USA. The address of its registered office is 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, USA.

The Group ("the Group") consists of Devolver Digital, Inc. and all of its subsidiaries as listed in Note 15.

The Group's principal activity is that of a video game publisher specialising in independent games.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This Annual Report presents the financial results and position of the Group for the two years ended 31 December 2022 and is prepared for the purposes of regulatory disclosure requirements on the Alternative Investment Market (AIM); a market operated by the London Stock Exchange.

The Annual Report has been prepared in accordance with the requirements of AIM Rules for Companies and International Financial Reporting Standards ("IFRS"). The directors of the company are solely responsible for the preparation of this Annual Report.

The Annual Report is prepared in US Dollars, which is the functional currency and presentational currency of the Group. All balance sheet accounts of the Group's foreign subsidiaries, where applicable, are translated from their presentational currencies, at the year-end rate of exchange, and income statement items are translated at the weighted average exchange rate on a monthly basis. Foreign currency translation adjustments are included as a component of comprehensive income for each period, net of the effect of income taxes.

Monetary amounts included in all tables in these financial statements are rounded to the nearest thousand US Dollar.

Basis of accounting

The Annual Report has been prepared under the historical cost convention except for, where disclosed in the accounting policies, certain items shown at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods, services and assets.

The preparation of Annual Report in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Annual Report. If in the future, such estimates and assumptions which are based on management's best judgement at the date of the Annual Report, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Critical accounting estimates and key sources of estimation uncertainty in applying the accounting policies are disclosed in Note 3.

Basis of consolidation

The consolidated Annual Report incorporates the financial results and position of the Company, all of its subsidiaries and any other entity over which it the Group is deemed to have control under IFRS 10.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Going concern

After reviewing the Group's forecasts and projections and taking into account current net cash balances, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which is defined as period of not less than 12 months from the date of publication of this Annual Report. The Group has therefore adopted the going concern basis in preparing the Annual Report.

New and revised standards in issue but not yet effective

There were no new standards adopted by the Group during the year.

The IASB have issued some amendments to IFRS that become mandatory in a subsequent accounting period. The Group has evaluated these changes and assessed that there are no standards that are issued, but not yet effective, that would be expected to have a material impact on the Group in the current or future reporting periods nor on foreseeable future transactions.

Revenue recognition

IFRS 15 Revenue from Contracts with Customers has been applied for all periods presented within the Annual Report.

Revenue is recognised when control of a service or product provided by the Group is transferred to the customer, in line with the Group's performance obligations in the contract, and at an amount reflecting the consideration the Group expects to receive in exchange for the provision of services or the transfer of control of a product.

The Group evaluates and recognises revenue by:

- identifying the contract, or contracts, with a customer;
- identifying the performance obligations in each contract;
- determining the transaction price;
- allocating the transaction price to the performance obligations in each contract; and
- recognising revenue when, or as, performance obligations are satisfied by transferring the promised goods or services to a customer (i.e. transfer of control).

The Group derives revenue principally from the development of and sale of licensed games that can be played by customers on a variety of platforms which include PC's, game consoles, mobile phones and tablets. The Group's product and service offerings include, but are not limited to, the following:

- full games delivered digitally or via physical disc at the time of sale and product keys that provide access to offline core game content ("software license"); and
- licensing games to third parties to distribute and host games.

Revenue includes income from the release of full games and early access versions of games, paid downloadable content, royalties from published games and associated physical merchandise.

The Group utilises third-party licensees to distribute and host games in accordance with license agreements, for which the licensees typically pay sales-based royalties and / or a fixed minimum revenue guarantee. The Group recognises revenue from any sales-based royalties as the related sales occur by the licensee. Any minimum guarantee revenue is recognised when control of the license of software is transferred (upon commercial launch).

For digital full games sold to customers, the Group recognises revenue when the full game is made available for download to the customer.

The Group also receives revenue where the Group agrees to make a game available to a third party platform for their customers to download for an agreed period of time for a fixed fee (often referred to as bundled revenue or subscription deal revenue) and with minimal future performance obligations required by the Group. The fixed fee is initially received in advance and deferred as a contract liability and then subsequently recognised as revenue on the date the third party platform has the ability to make the game available to its customers.

Certain of the Group's full games are sold to resellers with a contingency that the full game cannot be resold prior to a specific date ("Street Date Contingency"). The Group recognises revenue for transactions that have a Street Date Contingency when the Street Date Contingency is removed and the full game can be resold by the reseller.

Revenue from physical full game sales and merchandise is recognised when the physical merchandise is delivered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Revenue recognition continued

Payment Terms

Substantially all of the Group's transactions have payment terms, whether customary or on an extended basis, of less than one year; therefore, the Group generally does not adjust the transaction price for the effects of any potential financing components.

Principal vs Agent considerations

The Group evaluates sales to end customers of full games and related content via third-party storefronts, including digital storefronts, in order to determine whether or not the Group is acting as the principal in the sale to the end customer, which is considered in determining whether revenue should be reported gross or net of fees retained by the third-party storefront. Key indicators that the Group evaluates in determining gross versus net treatment include but are not limited to the following:

- the underlying contract terms and conditions between the various parties to the transaction;
- which party is primarily responsible for fulfilling the promise to provide the specified good or service to the end customer; and
- which party has discretion in establishing the price for the specified good or service.

Acting as Agent with third party platforms

Based on an evaluation of the above indicators, in particular who is primarily responsible for delivering the goods, the Group has determined that the third party platform is considered the principal to end customers for the sale of full games and related content. Therefore, the Group reports revenue related to these arrangements net of the fees retained by the storefront.

Acting as Principal with game developer partners

The Group also performs an analysis to determine whether the Group is a principal or agent related to sales of video games developed by its independent game developer partners. Based on an evaluation of the above indicators, the Group has determined that the Group is the principal for sales of video games developed by its independent game developer partners. The Group therefore reports revenue related to these arrangements gross, and the royalty payments made to the independent game developer partners are reflected as a cost within cost of sales.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the Consolidated Statement of Profit or Loss, except those arising on the translation of foreign subsidiaries, which is taken to the Consolidated Statement of Other Comprehensive Income.

Research and development expenditure

Expenditure on research activities as defined in IFRS is recognised in the Consolidated Statement of Profit or Loss as an expense as incurred.

Expenditure on internally developed software products and substantial enhancements to existing software product is recognised as intangible assets only when the following criteria are met:

- It is technically feasible to develop the product to be used or sold;
- There is an intention to complete and use or sell the product;
- The Group is able to use or sell the product;
- Use or sale of the product is forecast to generate future economic benefits;
- Adequate resources are available to complete the development; and
- Expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready for use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Development costs largely relate to amounts paid to external developers, subcontracted development and production costs, and the direct payroll costs of acquired development teams. Capitalised development costs (Software development costs) are reviewed at the end of each accounting period for conditions set out above and indicators of impairment. Intangible assets that are not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount based on cash flow forecasts for the developed products.

Amortisation is charged in line with the Group's policy on intangible assets disclosed on the following pages.

Finance income and costs

Finance costs comprise interest charged on liabilities. Interest income and interest payable are recognised in the Consolidated Statement of Profit or Loss as they accrue, using the effective interest method.

EBITDA and Adjusted EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-IFRS measures used by management to assess the operating performance of the Group. EBITDA is defined as profit before finance costs, tax, depreciation and amortisation of IP (but does not exclude amortisation of software development costs). Share-based payment expense and one-time, non recurring items are excluded from EBITDA to calculate Adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-IFRS measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Computer equipment	5 years straight line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets – goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intangible assets other than goodwill

The Group has three categories of intangible assets excluding goodwill:

Purchased intellectual property

The Group purchases intellectual property related to video games. At the time of purchase, the Group estimates the useful life of the intellectual property for financial reporting purposes and recognises amortisation on a straight-line basis over the useful life of the asset, typically 5 to 10 years.

Purchased intellectual property is reviewed for impairment when events and circumstances indicate an impairment.

Software development costs

The Group incurs pre-release and post-release software development costs through both internal and third-party game studios.

Development advances paid to external developers, payroll costs for internal development teams and subcontracted development and production costs are capitalised when paid. Amortisation commences when the game is released and available for sale. These costs are amortised over a three-year period, split as 60% in the first year and 20% in each of the subsequent two years.

Amortisation of post-release costs commences when the relevant significant product enhancements become available to the end customer. Post-release costs are amortised on a reducing balance basis at 4% per month.

Impairment of property, plant and equipment and intangible assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs and then applies that impairment systematically to the assets that make up that CGU, including goodwill.

The recoverable amount is the higher of: fair value less costs to sell, and: value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and liabilities are recognised in the Consolidated Statement of Financial Position when the Group has become party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade and other receivables

Trade and other receivables that do not have a significant financing component are initially recognised at transaction price and thereafter are measured at amortised cost using the effective interest method. Other receivables are stated at their transaction price (discounted if material) less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables and contingent consideration.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Financial liabilities are measured subsequently at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are initially recognised at cost and subsequently measured at amortised cost using the effective interest rate method, with all movements being recognised in the statement of profit or loss.

Contingent consideration

Contingent consideration classified as a liability is measured at fair value through profit or loss. The liability is remeasured at each reporting date and movements in the fair value are recognised immediately in profit or loss.

Equity

Equity instruments issued are recorded at fair value on initial recognition, net of share issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity, within the Capital Redemption Reserve. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Business combinations

The cost of a business combination is the fair value at acquisition date of the assets, liabilities and equity instruments assumed. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Costs directly attributable to the business combination are expensed to profit or loss as incurred.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group recognises twelve month expected credit losses if there has not been a significant increase in credit risk, and lifetime expected credit losses if there has been a significant increase in credit risk. Indicators that the receivable may be impaired include: financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation default, delinquency in payments and the unavailability of credit insurance at commercial rates.

Financial assets are written off when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Consolidated Statement of Profit or Loss.

Trade receivables

To measure the expected credit losses, trade and other receivables are grouped based on type of customer, shared credit risk characteristics, the days past due and existing economic conditions, as applicable. For other financial assets held at amortised cost, the Group determines whether there has been a significant increase in credit risk since initial recognition.

Employee benefits

The Group operates a defined contribution pension plan under which it pays contributions based upon a percentage of the employees' basic salary.

Contributions to defined contribution pension plans are charged to the Consolidated Statement of Profit and Loss, and differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (including share awards and share options) of the Company. The fair value of the options or RSU is recognised as an expense in profit or loss. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. For share awards and share options which vest in instalments over the vesting period, each instalment is treated as a separate share award or share option grant, each with a different vesting period.

At the end of each reporting period, the Group revises its estimates of the number of share awards and share options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Profit or Loss, with a corresponding adjustment to equity.

Taxation

The tax expense for the period comprises current and deferred tax, which is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Current tax

Tax currently payable is based on the taxable profit or loss for the year and is calculated using the tax rates in force or substantively enacted at the reporting date across different jurisdictions in which the Group operates. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or taxable or deductible in other years.

Deferred tax

Using the liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax base, with the exception of temporary differences arising from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its asset and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Taxation continued

Deferred tax assets are recognised only to the extent that the Group considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's intention is to settle the amounts on a net basis.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future, usually because of a dividend distribution.

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group intends to retain the funds to finance organic growth locally.

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements

In the course of preparing the Annual Report, judgements have been made in the process of applying the accounting policies that have had a significant effect in the amounts recognised in the Annual Report. The following are the areas requiring the use of judgements that may significantly impact the Annual Report.

Capitalisation of software development costs
Management has to make judgements as to whether development costs have met the criteria for capitalisation or whether it should be expensed in the year. Development costs are capitalised only after reliable measurement, technical feasibility and commercial viability can be demonstrated in relation to the game or game asset that is being developed.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. Estimates include:

Measurement, useful lives and impairment of intangible assets
Purchased intellectual property is considered to have a useful economic life of five to ten years. Other intangible assets (except for goodwill) are also considered to have a finite useful economic life. They are amortised over their estimated useful lives that are reviewed at each reporting date. Software development costs are amortised upon release of the game, being amortised in the profile 60% in Year 1, 20% in Year 2 and 20% in Year 3. Post-release development costs are capitalised and amortised on a 4% per month declining balance basis. In the event of impairment, an estimate of the asset's recoverable amount is made. The value of the intangible assets are tested whenever there are indications of impairment and reviewed at each reporting date (or more frequently should this be justified by internal or external events).

After assessing the carrying value of each intangible asset which is not yet ready for use at the reporting date, which is shown net of any impairment charge posted, the Directors are confident that the forecast cash generation is in excess of the carrying value of the intangible asset held.

The forecast cash generation is taken from the Group's forecasts which cover the trading expectations for a minimum of two years after the reporting date. The forecast revenue and cash generation from each intangible asset are separately identifiable within the Group forecasts. The forecast cash generation includes significant assumptions regarding its commercial performance, should the assumptions prove to diverge significantly from actual outcome, there may be a risk of material adjustment in the financial year following the release of that product.

Fair value of contingent consideration
Contingent consideration arising from business combinations is classified as a liability measured at fair value through profit or loss in accordance with the Group's accounting policies.

4. SEGMENTAL REPORTING

IFRS 8 Operating Segments requires that operating segments be identified on the basis of internal reporting and decision-making. The Group identifies operating segments based on internal management reporting that is regularly reported to and reviewed by the Board of directors, which is identified as the chief operating decision maker. Management information is reported as one operating segment, being revenue from game publishing and assets are not fully directly attributable to any separate activity.

5. REVENUE

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
An analysis of the Group's revenue is as follows:		
Revenue analysed by class of business		
Game publishing	134,565	98,152
Revenue analysed by timing of revenue		
Transferred at a point in time	**134,565**	**98,152**

In respect of sales-based royalties receivable, promised in exchange for the licence of intellectual property, the Group has taken advantage of the provisions in IFRS 15.B63 to recognise the relevant royalty income in the period in which it is earned.

Management expects that contract liabilities recognised in respect of partially unsatisfied performance obligations for bundled revenue/license fee deals will be recognised as revenue within 12 months.

For the period ended 31 December 2022, revenue recognised includes $4,481,309 (2021: $598,593) that was included in the contract liability balance at the beginning of the period.

6. OTHER INCOME

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Gain on sale of publishing rights & intellectual property	-	116,080
Fair value gain on revaluation of contingent consideration	763	-
Net income/ (cost) from royalty purchase agreements	(1,317)	-
Sublease rental income	5	-
Total other income	**(549)**	**116,080**

7. EMPLOYEES

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
An analysis of the Group's staff costs is as follows:		
Employee benefit expense	12,274	12,545
Social security costs	1,464	1,496
Pension expense	451	427
Equity-settled share-based payments	19,621	55,150
Total employee benefit expense	**33,810**	**69,618**

8. OPERATING PROFIT

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
The operating profit is arrived at after charging/(crediting):		
Royalty expense	61,448	46,573
Development expense	18,644	4,384
Development expense: impairment charges	22,822	-
Amortisation of capitalised purchased intellectual property	5,292	9,191
Depreciation of property, plant and equipment	164	147
Revalution of contingent consideration*	-	15,056
Employee costs	14,189	14,468
Share-based payment charge	19,621	55,150
Professional fees	6,322	9,455
Marketing expenses	9,148	4,275
Net foreign exchange gains / (losses)	673	212
Impairment of goodwill and intellectual property	69,973	-
Other	4,848	5,304
Total administrative expenses and cost of sales	**233,144**	**164,215**
Add: Gain on sale of publishing rights/intellectual property/others	**-**	**(116,080)**

* Current year gain presented within 'Other income' for the year ended 31 December 2022

9. FINANCE INCOME

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Bank interest receivable	364	10
Total finance income	**364**	**10**

10. INCOME TAX

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Corporation tax:		
Current year	8,057	22,016
Adjustments in respect of prior years	874	-
Deferred tax:		
Origination and reversal of timing differences	(13,943)	(2,616)
Reduction in tax rate	136	-
Recognition of tax losses	(815)	-
Adjustments in respect of prior years	(1,573)	-
Total income tax	**(7,264)**	**19,400**

Factors affecting tax charge for the year

The tax assessed for the year is higher (year ended 31 December 2021: higher) than the effective rate of corporation tax as explained below:

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Profit before taxation	**(98,764)**	**50,027**
Tax at the US corporation tax rate of 21%	(20,705)	10,843
Adjusted for the effects of:		
Expenses not deductible for tax purposes	10,839	7,833
Effect of rates other than federal, including overseas tax rates	1,331	201
Adjustments in respect of prior periods	1,234	-
Other	37	523
Total income tax expense	**(7,264)**	**19,400**

Estimates and assumptions, including uncertainty over income tax treatments

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Group believes that its accruals for tax liabilities are materially adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. No material uncertain tax positions exist as at 31 December 2022. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events.To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

11. EARNINGS PER SHARE

The Group reports basic and diluted earnings per common share. Basic earnings per share is calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options.

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
(Loss) / profit for the year attributable to the owners of the company	(91,475)	30,550
Weighted average number of shares	443,090,183	376,034,064
Basic earnings / (loss) per share ($)	**(0.206)**	**0.081**
(Loss) / profit for the year attributable to the owners of the company	(91,475)	30,550
Weighted average number of shares	443,090,183	376,034,064
Dilutive effect of share options	-	32,367,003
Weighted average number of diluted shares	443,090,183	408,401,067
Diluted earnings / (loss) per share ($)	**(0.206)**	**0.075**

12. NORMALISED ADJUSTED EBITDA AND NORMALISED GROSS PROFIT

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Operating profit	(99,128)	50,017
Share-based payment expense	19,621	55,150
Amortisation of purchased intellectual property	5,292	5,504
Depreciation of property, plant and equipment	164	-
Gain on foreign exchange differences	673	147
Adjusted EBITDA	**(73,378)**	**110,818**

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of Adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Adjusted EBITDA	(73,378)	110,818
Exceptional income from IP disposal & sale of publishing rights	(214)	(113,166)
Non-recurring, one-time expenses	1,616	7,857
Exceptional bonus payment relating to sale of publishing rights	-	15,056
Revaluation of contingent consideration	763	5,164
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 excluding performance-related impairments	**23,210**	**25,729**
Released title capitalised development cost impairments	(9,296)	-
Normalised Adjusted EBITDA	**13,914**	**25,729**

Normalised adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of Normalised Adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

12. NORMALISED ADJUSTED EBITDA AND NORMALISED GROSS PROFIT continued

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Gross profit	22,503	39,232
Gross profit margin	16.7%	40.0%
Normalised Gross profit adjustment	23,829	-
Normalised Gross profit	**46,332**	**39,232**
Normalised Gross profit margin	34.4%	40.0%

Normalised Gross Profit adds back the impairment of Software development costs in relation to under-performing released games and cancelled unreleased games, charged to cost of sales in the Consolidated Statement of Profit or Loss.

13. INTANGIBLE ASSETS

	Goodwill $'000	Purchased intellectual property $'000	Royalty rights $'000	Software development costs $'000	Total $'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
Disposals	–	–	(2)	–	(2)
As at 31 December 2022	**66,820**	**59,817**	**–**	**94,037**	**220,674**
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	–	5,293	–	14,788	20,081
Impairment charge for the period	47,667	22,307	–	22,158	92,132
Disposals	–	–	(2)	–	(2)
As at 31 December 2022	**47,667**	**34,035**	**–**	**53,901**	**135,603**
Carrying amount:					
As at 31 December 2020	159	23,253	2	28,318	51,732
As at 31 December 2021	66,820	53,382	–	44,441	164,643
As at 31 December 2022	**19,153**	**25,782**	**–**	**40,136**	**85,071**

Purchased intellectual property relates to the intellectual property rights to certain games. The intellectual property is considered to have a useful life of 5 to 10 years and is amortised on a straight-line basis over the useful life. The intellectual property is assessed for impairment at least annually, or more frequently if there are indicators of impairment. A formal impairment review is only undertaken if there are indicators of impairment. Any impairment is recognised immediately within operating expenses in the Consolidated Statement of Profit and Loss.

Software development costs relate to advances payable to external developers under development agreements, the direct payroll and overhead costs of the internal development teams, and costs incurred for quality assurance, localisation and porting and other development and production costs of games. Amortisation of software development costs commences upon release of the game and is recognised within cost of sales in the Consolidated Statement of Profit and Loss. Included within software development costs is $27.3m (31 December 2021: $41.3m) relating to intangible assets under construction for which amortisation has not yet commenced.

Included within Purchased Intellectual Property are 6 material assets for which amortisation has not commenced or the remaining UEL is between 6 and 10 years. Included within Software development costs are 10 material assets for which amortisation has not commenced or the remaining UEL is 2 years.

14. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $'000	Total $'000
Cost:		
As at 31 December 2020	95	95
Additions	223	223
Business acquisitions	98	98
As at 31 December 2021	416	416
Additions	66	66
As at 31 December 2022	**482**	**482**
Depreciation and impairment:		
As at 31 December 2020	43	43
Charge for the period	147	147
As at 31 December 2021	190	190
Charge for the period	118	118
As at 31 December 2022	**308**	**308**
Carrying amount:		
As at 31 December 2020	52	52
As at 31 December 2021	226	226
As at 31 December 2022	**174**	**174**

Depreciation and impairment of property, plant and equipment is recognised within administrative expenses in the Consolidated Statement of Profit and Loss.

15. SUBSIDIARIES

Name of subsidiary	Principal activity	Country of incorporation and registered office	Proportion of ownership interest and voting rights held
ABEST d.o.o.	Video game development	Horvatova 82, 10000 Zagreb, Croatia	100%
Gambitious B.V.	Video game development and publishing	Saturnusstraat 60 Unit 83, 2516 AH The Hague, Netherlands	100%
GS Capital B.V.	Video game development and publishing	Saturnusstraat 14 Unit 2.04, 2516 AH The Hague, Netherlands	95%
GSE USA, LLC	Video game development and publishing	103 E 5th St, Ste 208, Austin, TX 78701-3673, USA	100%
Artificer Games SP. z.o.o.	Video game development	Aleja Komisji Edukacji Narodowej 95, 02-777 Warsaw, Poland	85%
Nerial Limited	Video game development	Preston Park House, South Road, Brighton, BN1 6SB, UK	100%
Firefly Studios Limited	Video game development and publishing	6th Floor, Mansfield House, 1 Southampton Street, London, England, WC2R 0LR	100%
Firefly Holdings Limited	Video game development and publishing	6th Floor, Mansfield House, 1 Southampton Street, London, England, WC2R 0LR	100%
Firefly Studios Inc	Video game development and publishing	967D Farrington Avenue, West Hartford, CT 06107, USA	100%
Dodge Roll LLC	Dormant	517 E Douglas Avenue, Apartment 311, Wichita, KS 67202-3526, USA	100%
Devolver Digital Games Limited	Dormant	85 Great Portland Street, London, W1W 7LT, UK	100%
Devolver Digital France SAS	Dormant	1 Cour du Havre CS 50101, 75008, Paris, France	100%
Devolver Digital Merger Sub Inc	Dormant	251 Little Falls Drive, Wilmington, New Castle County Delaware 19808, USA	100%

No subsidiary undertakings have been excluded from the consolidation.

16. TRADE AND OTHER RECEIVABLES

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Trade receivables and accrued income	15,402	15,872
Prepaid and other current assets	1,211	3,309
Loans and deposits	190	169
VAT recoverable	10	5
Total trade and other receivables	**16,813**	**19,355**

All of the trade receivables were non-interest bearing, and are receivable under normal commercial terms. The Group considers that the carrying value of trade and other receivables approximates to be their fair value. The Group has assessed the credit risk of its financial assets measured at amortised cost and has determined that the loss allowance for expected credit losses of those assets is immaterial to the figures recorded in the Annual Report.

17. CASH AND CASH EQUIVALENTS

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Cash at bank and in hand	**79,493**	**86,239**

18. TRADE AND OTHER PAYABLES

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Amounts due within one year:		
Trade payables and accruals	16,715	16,543
Contingent consideration	1,802	647
Taxation and social security	632	645
	19,149	**17,835**
Amounts due after one year:		
Contingent consideration	**-**	**1,567**

19. FINANCIAL RISK MANAGEMENT

The Group's financial instruments at the reporting dates mainly comprise cash and various items arising directly from its operations, such as trade and other receivables and trade and other payables.

(a) Risk management policies

The Group's Directors are responsible for overviewing capital resources and maintaining efficient capital flow, together with managing the Group's market, liquidity, foreign exchange, interest, and credit risk exposures.

(b) Financial assets and liabilities

Financial assets and liabilities analysed by the categories were as follows:

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Financial assets at amortised cost:		
Trade and other receivables	15,602	19,355
Cash and cash equivalents	79,493	86,239
Total	**95,095**	**105,594**
Financial liabilities at amortised cost:		
Trade and other payables	**17,347**	**17,835**
Financial liabilities at fair value through profit or loss:		
Contingent consideration	**1,802**	**1,567**

Fair values of financial assets and liabilities

The Group measures financial instruments at fair value and are classified into the following hierarchy:

- Level 1 - Quoted prices in active markets.
- Level 2 - When quoted prices are not available, fair value is based on observable market data.
- Level 3 - Inputs are not based on observable market data.

The assumptions applied in determining the fair value level of the financial instruments held by the Group are detailed below:

The carrying value of all financial instruments at amortised cost is not materially different from their fair value. Cash and cash equivalents attract floating interest rates. Accordingly, their carrying amounts are considered to approximate to fair value.

The following summarises the quantitative information about the Group's Level 3 fair value measurements:

Contingent consideration outstanding as of 31 December 2022 is based on the exercise price of a cohort of share option grants which, when exercised, become payable to the sellers of one of the Group's acquired subsidiaries. Accordingly, the fair value of the contingent consideration is based on the exercise price of these share options. Fluctuation in the valuation of the contingent consideration, outside of the consideration crystallising, is due to the exercise prices being denominated in GBP and translated into the Group's reporting currency.
Contingent consideration outstanding as of 31 December 2021 was based on the following:

As at 31 December 2021	Fair value $'000	Valuation technique	Significant unobservable inputs	Ranges of inputs
Contingent consideration	1,567	Scenario-based	WACC	3.7%
		model	Risk-free rate	1.3%
			Assumed exercise %	75%

19. FINANCIAL RISK MANAGEMENT
Fair values of financial assets and liabilities continued

(c) Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Maximum credit risk at the reporting dates was as follows:

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Current trade and other receivables	15,602	19,355
Other non-current receivables	-	2,413
Cash and cash equivalents	79,493	86,239
Total	**95,095**	**108,007**

Before accepting a new customer, the Group assesses both the potential customer's credit quality and risk. Customer contracts are drafted to reduce any potential credit risk to the Group. Where appropriate the customer's recent financial statements are reviewed. The Group advances royalties to developers, giving rise to an asset, recorded as capitalized software development cost on the balance sheet. The Group is shielded from credit risk because it deducts repayments of those advances from the income received from the distributors, therefore any liquidity or other constraint the developer faces does not impact the recoverability of the prepayment.

Trade receivables are regularly reviewed for impairment loss. The Group has assessed the credit risk of its financial assets measured at amortised cost and has determined that the loss allowance for expected credit losses of those assets is immaterial to the figures recorded in the Annual Report. The Group's exposure to credit losses has historically been very low given the blue chip nature of the customers and there being minimal historical write offs.

Trade receivables from the Group's three largest customers at 31 December 2022 totalled approximately $10.1 million (31 December 2021: three largest customers – $8.7 million).

The credit risk on liquid funds is limited because the material portion of cash is held with counterparties that are banks with high credit-ratings assigned by international or United States credit rating agencies. The Group diversifies risk by utilising multiple banking providers.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management monitors the level of cash and cash equivalents on a continuous basis to ensure sufficient liquidity to be able to meet the Group's obligations as they fall due.

Contractual cash flows relating to the Group's financial liabilities are as follows:

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Within one year:		
Trade payables	10,989	15,894
Contingent consideration	1,802	-
Accruals and other payables	6,358	1,942
Deferred income	2,091	4,481
	21,240	**22,317**
More than one year:		
Contingent consideration	-	1,567
Total	**21,240**	**23,884**

19. FINANCIAL RISK MANAGEMENT
Fair values of financial assets and liabilities continued

(e) Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2022, the Group had no external outstanding debt instruments incurring interest charges and therefore this risk is not considered significant. Employee loans earn interest income at a fixed rate.

(f) Currency risk

A portion of the Group's activities take place outside of the United States. The Group therefore faces currency exposure on transactions undertaken and foreign currency assets/liabiltiies by the parent company and subsidiaries in foreign currencies and upon consolidation, following the translation of the local currency results and the net assets or liabilities of these subsidiaries. The principal foreign currencies are British Pounds Sterling and Croatian Kuna (which has been replaced by Euro after 1 January 2023). The risk is not considered to be significant, given the relative contribution of these subsidiaries to the Group, the natural hedging of assets and liabilities in the subsidiaries, and the stability of the relevant currency pairs, however management continues to monitor this position.

(g) Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade for the foreseeable future. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group considers its capital to include net cash (cash and cash equivalents less borrowings), share capital, share premium and retained earnings.

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Net cash	79,493	86,239
Total equity	172,272	246,753
Total	**251,765**	**332,992**

20. DEFERRED TAX

	As at 31 December 2022 $'000 P&L	As at 31 December 2021 $'000 P&L	As at 31 December 2022 $'000 Balance Sheet	As at 31 December 2021 $'000 Balance Sheet
Deferred tax liability/(asset):				
Short term timing differences	(4,005)	(2,616)	(4,005)	-
Arising on business combinations	(6,164)	-	3,408	9,571
Potential future share option exercises	(2,774)	-	(4,995)	(2,220)
Tax losses available for offsetting against future liabilities	(3,268)	-	(3,451)	(182)
Other	(798)	-	-	(17)
Net deferred tax charge/(benefit) // (asset) / liability	**(17,009)**	(2,616)	**(9,043)**	7,152

The net movement is explained as follows:

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Opening deferred tax (asset) / liability	7,152	(362)
Charge to profit or loss	(16,195)	(2,616)
Arising on business combinations	-	10,130
Closing deferred tax (asset) / liability	**(9,043)**	**7,152**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the earnings are continually reinvested by the Group and as there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future.

21. SHARE-BASED PAYMENTS

The Group operates three share-based plans, the 2017 Equity Incentive Plan ("the Plan"), Restricted Stock Awards ("RSAs") and the 2022 Long Term Incentive Plan ("LTIP"), detailed as follows:

Equity Incentive Plan

At 31 December 2022, the Plan has no further authorisation to grant shares of common stock (31 December 2021: 51.8 million). Options generally have a ten-year term and vest between two and four years. The fair value of each option award is estimated on the date of grant using the Black-Scholes model. A reconciliation of share option movements is shown below:

	Number of options outstanding	Weighted average exercise price ($)	Number of options exercisable	Weighted average exercise price ($)	Weighted average remaining contractual life (years)
At 31 December 2021	40,157,075	0.472	13,509,438	0.310	8.9
Granted during the period	0	0.000			
Exercised during the period	(1,789,811)	0.359			
Forfeited during the period	(1,338,784)	0.592			
At 31 December 2022	**37,028,480**	**0.421**	**23,911,792**	**0.369**	**7.9**

Options granted were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted during the periods and the assumptions used in the calculation are as follows:

	Grant date				
	18 January 2020	4 November 2020	21 December 2020	1 April 2021	31 August 2021
Share price at grant date	$0.178	$0.432	$0.432	$0.432	$0.683
Exercise price	$0.178	$0.432	$0.432	$0.432	$0.683
Option life	6.5	6.5	6.5	6.5	6.5
Expected volatility	50.00%	50.00%	50.00%	50.00%	50.00%
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%
Discount rate	0.39%	0.39%	0.39%	0.37%	0.79%
Weighted average fair value per option	$0.086	$0.481	$0.481	$1.500	$1.550

Restricted Stock Awards ("RSAs")

The Group awards RSAs as part of business combinations. Awarded shares are made in the Company's share capital. The fair value of the RSAs is estimated by using the Black-Scholes valuation model on the date of grant, based on certain assumptions. The fair value of the only grant not fully vested is $1.692. The RSAs vest in monthly instalments over the service period. Each instalment has been treated as a separate share option grant because each instalment has a different vesting period. This plan is equity-settled. A reconciliation of RSAs is as follows:

	As at 31 December 2022	As at 31 December 2021
Opening RSAs outstanding	2,405,363	27,242,600
RSAs granted	-	9,907,100
RSAs vested	(1,202,681)	(34,744,337)
Closing RSAs outstanding	1,202,682	2,405,363
Weighted average remaining contractual life in years	**1.0**	**2.0**

Long Term Incentive Plan

In 2022 the Group implemented a long term incentive plan ("LTIP") following shareholder approval. The Remuneration Committee, made up entirely of Independent Non-Executive Directors, worked with independent consultants Alvarez & Marsal throughout the development of the LTIP.

A 2022 grant was made to team members of the Group with approval from the Remuneration Committee. The grant included Performance Stock Units ("PSUs"), the award of which are, amongst other things, subject to achieving ambitious financial targets, and Restricted Stock Units ("RSUs"), the award of which are, amongst other things, subject to certain performance criteria for management and senior employees.

The grants awarded to management and senior employees 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. In addition to the above, a grant of shares was recommended for the CEO and CFO, and a grant of RSUs was recommended to a small employee cohort who have joined the Group since IPO.

21. SHARE-BASED PAYMENTS
Long Term Incentive Program continued

The fair value of the stock units and awards granted is the market price on the grant date. An assumption of 98% vesting has been applied to the RSU and PSU grants awarded to management and senior employees and the grants to the post-IPO joiner cohort. An assumption of 90% vesting has been applied to the RSU grants awarded to all other employees.

A reconciliation of the LTIP grant is as follows:

Opening	–
Granted	7,186,375
Vested	(1,009,964)
Forfeited	–
Closing	**6,176,412**

Of the 1,009,964 shares vesting, 387,797 were not issued due to net settlement.

22. SHARE CAPITAL

	As at 31 December 2022 No.	As at 31 December 2021 No.
Authorised		
Shares of $0.0001 each	**2,975,000,000**	**2,975,000,000**

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Shares of $0.0001 each	**298**	**298**

	As at 31 December 2022 No.	As at 31 December 2021 No.
Issued and fully paid		
Shares of $0.0001 each	**444,729,150**	**442,256,716**

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Shares of $0.0001 each	**45**	**44**

	As at 31 December 2022 No.	As at 31 December 2021 No.
Treasury shares		
Shares of $0.0001 each	**36,590,742**	**37,244,200**

	As at 31 December 2022 $'000	As at 31 December 2021 $'000
Shares of $0.0001 each	**–**	**–**

During the year ended 31 December 2022, the Group issued 2,472,434 Shares of $0.0001 each for consideration totalling $796,000. Share premium of $795,000 has been recognised in respect of these share issues.

Of the above issued shares, the Group entered into share repurchase transactions to purchase (via the Employee Benefit Trust) 1,818,976 Shares of $0.0001 each. Consideration totalled $2,514,000 and these have been taken into the Capital Redemption Reserve in equity. In order to satisfy share option exercises, 1,739,703 shares were taken out of Capital Redemption Reserve. Consideration totalled $630,000 and these have been transferred from Capital Redemption Reserve to Share Premium.

Each share entitles the holder to one vote at general meetings of the company, to participate in dividends and to share in the proceeds of any winding up of the company.

23. CASH GENERATED FROM OPERATIONS

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
(Loss) / profit for the year before tax	(98,764)	50,027
Adjustments for:		
Amortisation of intangible assets	112,376	9,338
Finance income	(362)	(10)
Gain on sale of Publishing Rights & Intellectual Property	-	(115,576)
Share based payment charge	19,621	55,150
Foreign exchange movements	673	(774)
Movements in working capital:		
Receivables	(2,844)	9,870
Payables	517	4,692
Cash generated from operations	**31,217**	**12,717**

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	As at 1 January 2021 $'000	Cash flows $'000	Non-cash movements $'000	As at 31 December 2021 $'000
Cash and cash equivalents	43,529	42,673	37	86,239
Borrowings	(240)	–	240	–
Shareholder loans	(20,837)	20,837	–	–
Net cash	**22,452**	**63,510**	**277**	**86,239**

	As at 1 January 2022 $'000	Cash flows $'000	Non-cash movements $'000	As at 31 December 2022 $'000
Cash and cash equivalents	86,239	(4,911)	(1,835)	79,493
Net cash	**86,239**	**(4,911)**	**(1,835)**	**79,493**

24. DIVIDENDS

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Dividends paid of $NIL per share (2021: $0.08)	-	30,000

25. RELATED PARTY TRANSACTIONS

Interests in subsidiaries are set out in Note 15.

The directors are considered to be the only key management personnel of the group. An analysis of key management personnel compensation is set out below:

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Key management personnel compensation		
Salary and cash bonus	2,466	5,109
Pension	62	46
Share/option-based compensation	568	5,549
Aggregate compensation	**3,096**	**10,704**

Transactions with related parties

One of the Group's outgoing executive officers has two family members employed by the Group. These family members received total compensation of $71,640 (2021: $742,000) for the portion of the year that the outgoing executive officer was in office. Related party compensation is established in accordance with the Group's employment and compensation practices applicable to employees with equivalent qualifications and responsibilities and holding similar positions.

26. POST BALANCE SHEET EVENTS

In January 2023 Devolver acquired the IP, assets and development team of Doinksoft, a small development studio based in Oregon, United States, for cash consideration of $0.6 million. The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. Doinksoft created Gato Roboto, which was published by Devolver in 2019. Devolver will also publish Doinksoft's new title, Gunbrella, in 2023. The acquisition takes Devolver's first-party IP count to 24 titles.

Following the year end, the EBT was authorised to, and executed, share repurchase transactions totalling $6.6 million to increase the volume of Treasury Shares held by the Group by 18,853,502.

27. IMPAIRMENTS

The Group tests Intangible assets for impairments at the end of each reporting period if there is any indication of impairment, or annually (irrespective of whether there is an indication of impairment) for Goodwill, where the asset has an indefinite useful life or where the asset is not yet available for use.

The Group estimates the asset or CGU's recoverable amount as the higher of the fair value less costs of disposal and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the Group prepares cash flow forecasts for each asset or CGU reflecting management's estimations of future performance and are based, where applicable, on historical performance. Key assumptions on which these forecasts are based include future title release cadence, title revenue generation and decay curves, costs associated with the title releases, operation of the CGUs as applicable and long term growth rates. The cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the cost of capital, market risk premiums and the risk premiums specific to the asset.

At the end of 2022 the Group recorded an impairment of $22.8 million against Software development costs, $22.3 million against Purchased intellectual property and $47.7 million against Goodwill.

Impairment to Software development costs

The Group recorded an impairment of $22.8 million against the carrying value of Software development costs at 31 December 2022.

$9.3 million of this impairment related to 5 titles published in 2022. As a result of lower than expected sales and future projections, these titles were impaired to their respective recoverable amounts, being value in use.

Pre-tax discount rates applied ranged from 23% - 41%.

$13.5 million of this impairment related to 7 titles at varying stages of development in 2022. 6 of these titles have been cancelled, and as a result, these titles were impaired to a recoverable amount of $nil. The remaining title was impaired by 48% of its carrying balance.

These cancellations occurred for several reasons: 5 titles had been contracted for publication by Good Shepherd Entertainment ("Good Shepherd"), the Group's publishing subsidiary. An option not to publish was exercised on 2 of the titles following early development reviews and 2 of the titles were cancelled as part of full pipeline review and operational restructuring of Good Shepherd, with management having determined that these titles would not meet the varied challenging technical requirements required for release. The fifth Good Shepherd title was written down based on management's latest view of likely forecast performance. Of the other 2 titles in development, one was cancelled because the external studio was no longer able to complete its work on personal grounds, the second due to loss in confidence that the title remained commercially viable.

If a 1% increase in discount rate or 1% decrease in forecast revenues was applied to the principal assumptions, the impairment increase would be less than $0.1 million.

27. IMPAIRMENTS continued

Impairment to Goodwill

The Group recorded an impairment of $47.7 million against the carrying value of Goodwill at 31 December 2022.

Future cash flows of the CGUs were estimated and discounted to derive a cash-free, debt-free valuation. This was compared against the book value of assets and liabilities at the reporting date to determine the implied Goodwill. Pre-tax discount rates applied ranged from 27% - 41%.

Where the value in use recoverable amount of the CGU's Goodwill was not sufficient to support the carrying value, the assets were impaired. Impairments of Goodwill for the CGUs ranged from 0% to 100% of the carrying value.

If a 1% increase in discount rates was applied to this principal assumption (against all rates used in the range), the impairment would increase by $1.7 million. If a 1% decrease in forecast revenues was applied to this principal assumption, the impairment would increase by $0.7m. If a 1% decrease in profit margin was applied to this principal assumption, the impairment would increase by $1.2 million.

	Year ended 31 December 2022 $'000 Goodwill Impairment	Year ended 31 December 2022 $'000 Goodwill Carrying Value	Impact of 1% increase in discount rate $'000	Impact of 1% decrease in forecast revenues $'000	Impact of 1% decrease in profit margins $'000
Game development (US)	(2,407)	13,330	(711)	(235)	(336)
Game development (EU)	-	4,600	(753)	(349)	(638)
Game development (UK)	(10,486)	1,223	(257)	(137)	(195)
Game publishing (EU)	(27,587)	-	-	-	-
Vertically integrated game publishing & development (UK)	(7,186)	-	-	-	-
Total	**(47,666)**	**19,153**	**(1,721)**	**(721)**	**(1,169)**

Impairment to Purchased intellectual property ("PIP")

The Group recorded an impairment of $22.3 million against the carrying value of PIP at 31 December 2022.

PIP assets relating to both historic back catalogue portfolios and specific titles in development at the time of acquisition of the subsidiaries were assessed against cash flow forecasts for each individual asset. Pre-tax discount rates applied ranged from 27% - 41%.

In a number of cases, the value in use recoverable amount of the PIP asset was not sufficient to support the carrying value and so the assets were impaired. Where impaired, the impairments of PIP assets ranged from 35% to 100% of the carrying value.

If a 1% increase in discount rate was applied to this principal assumption (against all rates used in the range), the impairment would increase by $0.3 million. If a 1% decrease in forecast revenues was applied to this principal assumption, the impairment would increase by $0.1 million.

	Year ended 31 December 2022 $'000 PIP Impairment	Year ended 31 December 2022 $'000 PIP Carrying Value	Impact of 1% increase in discount rate $'000	Impact of 1% decrease in forecast revenues $'000
Game development (US)	-	2,763	-	
Game development (EU)	(8,055)	10,332	(145)	(54)
Game development (UK)	(3,728)	536	(13)	(7)
Game publishing (EU)	(7,309)	780	(13)	(4)
Vertically integrated game publishing & development (UK)	(3,215)	11,371	(97)	(49)
Total	**(22,307)**	**25,782**	**(268)**	**(114)**

company and shareholder information

Company information

Websites

www.devolverdigital.com/
https://investors.devolverdigital.com/

Registered office

251 Little Falls Drive
Wilmington
New Castle County
Delaware 19808
USA

Registered number

Delaware corporation number 4524543

Country of incorporation and main country of operation

The Company is a US corporation incorporated under the laws of the State of Delaware.

There are a number of differences between the corporate structure of the Company as a Delaware corporation and that of a public limited company incorporated in England under the Companies Act. Certain provisions have been incorporated into the Certificate of Incorporation and Bylaws of the Company to provide rights to shareholders that are not conferred by the provisions of the Delaware General Corporation Law, but which the Company believes Shareholders would expect to see in a company whose shares are admitted to trading on AIM to the extent such practices are enforceable under Delaware law.

Company Secretary

Brian Chadwick

Nominated advisor and broker

Zeus Capital Limited
82 King Street
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Independent auditor

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Tulsa, Oklahoma 74136
United States of America

Financial PR

FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London
EC1A 4HD
United Kingdom

Shareholder information

Registrar

Computershare Investor Services (Jersey) Limited
13 Castle Street
St. Helier
JE1 1ES
Jersey
Channel Islands

Shareholder enquiries

Any enquiries concerning your shareholding should be addressed to the Group's registrar. The registrar should be notified promptly of any change in a shareholder's address or other details.

For assistance and for services relating to your holding please register / login to Investor Centre: www.investorcentre.co.uk
Or call / email our shareholder helpline:
+44 (0370) 707 4040
info@computershare.co.je

Shareholder security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Group. Details of any share dealing facilities that the Group endorses will be included in Group mailings or on our website. More detailed information can be found at www.moneyadviceservice.org.uk.

You can find out more information about investment scams, how to protect yourself and report any suspicious telephone calls to the Financial Conduct Authority (FCA) by visiting its website (www.fca.org.uk/scamsmart/resources) or contacting the FCA on 0800 111 6768.

Share price information

London Stock Exchange Alternative Investment Market (AIM) symbol: DEVO.

Information on the Group's share price is available on the Devolver investor relations website at https://investors.devolverdigital.com/investor-centre/share-price-tools/

Investor relations

https://investors.devolverdigital.com

glossary

AAA games
informal classification of video games developed, produced and/or distributed by major international video games publishers, created with a large budget

Back catalogue
titles released by Devolver in periods prior to the current financial year

Black-Scholes model
the Black-Scholes model is a methodology used to estimate the theoretical value of derivatives and other investment instruments, taking into account the impact of time and other risk factors

Cloud gaming
a type of game or platform which runs games on a remote server and streams the game directly to the user's device

Company / Devolver
Devolver Digital, Inc. and as the context shall so admit, means that entity and/or all or some of the members of its Group and/or any of their respective businesses from time to time

Digital distribution
electronic distribution and sale of video games and related content

DLCs
downloadable content, being digitally distributed additional content for already released video games. It can be downloaded for no additional cost or it may be a form of video game monetisation

First-party IP
intellectual property that is owned and developed by Devolver

Franchise
a collection of related games in which several derivative works have been produced following an original game

Games-as-a-service or GaaS
a business model whereby games receive significant developer post release support, including multiplayer hosting, community management, post-release patching, game fixes, downloadable content and expansions

Indie
an informal classification typically given to games developed by smaller development teams. The indie game style is considered to be accessible to a wider audience due to its lower price-point and simpler gameplay compared to AAA-rated games

IP
intellectual property

Own-IP
includes first-and second-party IP

Physical distribution
physical distribution and sale of video games and related content

Pipeline
future titles in the Company's pipeline as at the date of this document

Premium game
games which are not free to play

QCA
the Quoted Companies Alliance

QCA Code
the Corporate Governance Code 2018 published by the QCA

Return on investment
a financial metric based on an investment's lifetime total revenues as a percentage of its total costs (comprising development costs, royalties and other publishing costs such as porting, localisation, quality assurance and engine licensing)

Second-party IP
IP that is owned, but not developed in-house by Devolver

Shareholder
a holder of Shares or, as applicable, a holder of Depositary Interests

Shares
shares of the Company's common stock, par value $0.0001 each in the capital of the Company, and, where the context requires, any Depositary Interests representing any shares of such common stock from time to time

Stadia or Google Stadia
a cloud gaming service developed and operated by Google

Staff
both employees and independent contractors together

Steam
a video game digital distribution service

Team members
both full-time and part-time employees and independent contractors

Third-party IP
IP that is not owned or developed by Devolver. The Company typically enters into a commercial contract to publish third-party IP on behalf of developers

Treasury Shares
the 36,590,742 shares in issue as at the date of this document which are held by the Group (Company or EBT) in treasury

Twitch
an interactive live streaming service, with a focus on video game streaming

Design and production: **CBG:** together
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