

4 August 2021

**Keywords Studios plc ("Keywords Studios", "Keywords", the "Group")**

**Half year trading update and notice of results**

***23% organic revenue growth and strong margin performance***

Keywords Studios, the international technical and creative services provider to the global video games industry, today provides a trading update for the six months ended 30 June 2021, ahead of half year results which will be announced on 15 September 2021.

**Trading update**

The Group has performed strongly during the first half, with the Board expecting to report revenues of approximately €238m representing a c.37% increase on the comparative period (H1 2020: €173.5m, FY 2020: €373.5m). On an organic<sup>1</sup> basis, which excludes the impact of currency movements and acquisitions, Group revenues are expected to increase by approximately 23% (H1 2020: 8.0%, H2 2020: 15.0%, FY 2020: 11.7%) with all service lines performing well against the comparative period during which certain service lines were held back by COVID-19 constraints.

This strong first half performance was driven by robust demand for the Group's services, continuing the momentum seen in the second half of 2020, with the buoyant video games market focussed on developing new content to keep gamers engaged following increases in both numbers of gamers and gameplay during the pandemic.

Adjusted profit before tax<sup>2</sup> is expected to be approximately €40m, representing an increase of over 80% from €21.7m in the prior year, which was particularly disrupted in the earlier stages of COVID-19 pandemic. While certain parts of the business continue to experience some COVID-19 related operational constraints, Keywords has delivered a strong underlying margin, driven by operational leverage and good cost control, in addition to the continued short term benefit of a reduction in certain costs due to COVID-19, primarily resulting from a higher proportion of remote working and lower costs relating to travel, business development and marketing.

Keywords Studios continues to deliver on its acquisition strategy with the acquisition of Tantalus and Climax Studios this year. These high quality acquisitions have extended the reach and scale of the Group's Game Development service line, and are performing in line with our expectations. We continue to actively review a healthy pipeline of acquisition opportunities.

As at 30 June 2021, the Group had net cash of €84m (31 December 2020: €102.9m) after cash spend on acquisitions in the first half of the year amounting to €45m, including €5m of deferred consideration in respect of prior year acquisitions. The Group's cash balance, strong cash generation and the €100m available under its undrawn committed revolving credit facility, leave the Group well placed to pursue its organic and acquisition growth strategy, whilst also returning to a progressive dividend policy in 2021.

**CEO Succession Update**

On 15 June 2021, we announced that Andrew Day had decided to bring forward his longer term retirement plan following a health scare. Accordingly, the Board initiated a full search process to find a successor with the requisite experience and expertise to lead a fast growing and ambitious global

group. Whilst this process remains ongoing, a number of high calibre candidates have been identified and an update will be provided when appropriate.

In the interim, Keywords is fortunate to have an extremely strong senior management team in place with Jon Hauck and Sonia Sedler continuing as joint interim CEOs, who are well supported by the broader leadership team across the Group, and who continue to both drive the Company's strategy forward and enhance its operational performance.

### **Notification of Half Year Results**

The Group expects to announce its half year results for the six months ended 30 June 2021 on 15 September 2021. To register your interest, please use the following link: <https://www.keywordsstudios.com/H1-2021-results/>, or contact [Keywords@mhpc.com](mailto:Keywords@mhpc.com).

### **Jon Hauck, Joint Interim CEO of Keywords Studios commented:**

*“Keywords has made a strong start to the year, continuing the momentum seen in the second half of 2020, with demand for our services being driven by a buoyant video games market, structural trends towards outsourcing, and a renewed focus on content creation. Whilst parts of our business remain constrained by COVID-19 related measures, we would like to thank all our colleagues for their resourcefulness and dedication as they have continued to serve our clients with passion and commitment.*

*“Looking forward, we expect strong demand to continue across most service lines underpinning our confidence of delivering a performance that is at least in line with market expectations for the year, albeit with growth rates and margins expected to moderate against stronger H2 2020 comparatives, and as some costs return with the easing of restrictions.*

*“We are delighted to have welcomed Tantalus Media and Climax Studios to the Group earlier in the year, as we continue to review a healthy pipeline of acquisitions that extend the breadth and depth of services Keywords is able to offer its global video games clients, particularly as we build our Marketing and Game Development service lines to be the supplier of choice.*

*“Our unrivalled breadth of services and sought after 9,000 people-strong specialised resource base positions Keywords well to increase our share of our buoyant market, whilst our financial strength supports further acquisitions to enhance the scale and reach of our services as we cement our position as the ‘go to’ services platform for the global video games industry.”*

<sup>1</sup> Organic Revenue at constant exchange rates is calculated by adjusting the prior year revenues, adding pre-acquisition revenues for the corresponding period of ownership, and applying the prior year foreign exchange rates to both years.

<sup>2</sup> Adjusted profit before tax comprises Profit before taxation as reported in the Consolidated statement of comprehensive income, adjusted for share option expense, costs of acquisition and integration, amortisation and impairment of intangible assets, non-controlling interest, foreign exchange gains and losses, and unwinding of discounted liabilities. In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed in the prior year and investment income are also excluded.

**For further information, please contact:**

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**About Keywords Studios ( [www.keywordsstudios.com](http://www.keywordsstudios.com) )**

Keywords Studios is an international technical services provider to the global video games industry. Established in 1998, and now with over 65 facilities in 22 countries strategically located in Asia, Australia, the Americas and Europe, it provides integrated art creation, marketing services, game development, testing, localization, audio and player support services across more than 50 languages and 16 games platforms to a blue-chip client base of over 950 clients across the globe.

Keywords Studios has a strong market position, providing services to 23 of the top 25 most prominent games companies, including Activision Blizzard, Bandai Namco, Bethesda, Electronic Arts, Konami, Microsoft, Riot Games, Square Enix, Supercell, TakeTwo, Epic Games and Ubisoft. Recent titles worked on include Call of Duty: Black Ops Cold War, Anthem, Star Wars Jedi: Fallen Order, Assassin's Creed Valhalla, Valorant, League of Legends, Fortnite, Clash Royale and Doom Eternal. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).