17 September 2020

Keywords Studios PLC ("Keywords Studios", "the Group")

Half year results for the six months to 30 June 2020

Robust revenue growth driven by strong demand and flexible, resilient business model

Keywords Studios, the international technical and creative services provider to the global video games industry, today announces its half year results for the six months to 30 June 2020.

Financial overview:

Results for the six month ended 30 June	H1 2020	H1 2019	% change
Group revenue	**€173.5m**	**€153.2m**	**+13.3%**
Organic Revenue growth[1]	**+8.0%**	**+17.3%**	
Adjusted EBITDA[2]	**€30.8m**	**€25.8m**	**+19.3%**
Adjusted EBITDA margin	17.8%	16.9%	
Adjusted profit before tax[3]	**€21.7m**	**€18.4m**	**+17.9%**
Profit before tax	€11.1m	€6.7m	+66.0%
Adjusted earnings per share[4]	**25.25c**	**21.53c**	**+17.3%**
Earnings per share	9.49	4.69c	+102.3%
Dividend per share	**n/a**	**0.58p**	
Adjusted cash conversion rate[5]	**50.2%**	**30.0%**	
Net cash / (net debt)	**€101.0m**	**€(9.0)m**	

Highlights:

Robust H1 revenue growth (+13.3% to €173.5m) despite COVID-19 disruptions

- 8.0% Organic Revenue growth (H1 2019: 17.3%) supported by growth across all service lines with the exception of Localization. Particularly strong growth in the Group's largest service line, Game Development
- Strong demand for most of our services throughout the period, albeit certain services were held back by COVID-19 related supply side constraints, particularly in Testing and Audio, while Localization suffered from postponements on the demand side
- By May, we had transitioned the majority of our people to remote working, following some short-term disruption
- Since June, we have been able to reopen most of our Audio studios and are performing certain tasks from our Testing studios

Increased margins despite revenue being held back by COVID-19

- Increase in Adjusted EBITDA of 19.3% to €30.8m, represented a 0.9% pts increase in margin to 17.8% (H1 2019: 16.9%)

Good cash generation

- Increase in Adjusted Free Cash Flow[6] of €5.4m to €10.9m (H1 2019: €5.5m)
- Improvement in adjusted cash flow conversion rate to 50.2% (H1 2019: 30%, FY 2019: 80.2.%) for the seasonally lighter first half
- Driven by the timing of MMTC/VGTR receipts, a reduction in tax payments and a small reduction in capex as a result of lower equipment purchases due to the COVID-19 disruption and reduced levels of expansionary capex

Robust balance sheet and liquidity

- Robust balance sheet with net cash of €101.0m (H1 2019: net debt €9.0m), strengthened by our well supported placing in May that raised net proceeds of €110m
- €100m of further funds available from undrawn committed facilities under the Group's Revolving Credit Facility (RCF)

Delivering on our acquisition strategy

- Completed the acquisition of Coconut Lizard in June, strengthening Game Development with a high quality Unreal Engine development specialist
- Maverick Media, acquired in August, adding scale and a sixth studio to our Marketing services business, with one of the longest established video game creative agencies in Europe
- Announced separately today, the acquisition of Heavy Iron, further enlarging and bringing a new base on the West Coast for our Game Development services

Current trading, COVID-19 update and outlook

- Trading in the second half has started well with continued growth across all service lines, despite ongoing headwinds from the disruption caused by COVID-19
- Anticipate continued strong demand for our services, aided by the upcoming new console launches, increased game play and further development of new streaming platforms driving content demand
- Expect good revenue growth in the second half despite some COVID-related hiring constraints in our Testing businesses in the Americas, restricted use of our studios, stronger comparatives in the second half and the impact of the recent weakening of the US dollar
- Anticipate maintaining effective remote working model in the majority of locations for the rest of the year, with a focus on certain priority activities taking place in studios
- Expect to continue to drive incremental margin increases in the second half and beyond towards historic norms by the end of 2021
- Well-funded to deliver on our value accretive acquisition strategy and we are actively engaging with selected targets from an expanded pipeline of opportunities
- The Board remains committed to resuming its progressive dividend policy in 2021

Andrew Day, Chief Executive of Keywords Studios, commented:

"The resilience of our business continues to shine through as we delivered growth despite the restricted use of our 60+ studios around the world, recruiting and training challenges, and some short term disruption to content flowing into the business. The resolve, continued passion and professionalism of Keywordians around the globe to do the best we can for each and every project entrusted to us helps ensure we are the global supplier of choice to the industry. We are incredibly proud of the contribution we make to creating, adapting and supporting the majority of the world's leading video games.

We are delighted to announce the acquisition of Heavy Iron today, joining recently added Coconut Lizard in our Game Development service line and to have added Maverick Media to our expanding Marketing services business. Our strong balance sheet and continued good cash generation places us in a strong position to continue our highly successful acquisition strategy as we selectively welcome new companies into the Keywords family.

The growth drivers across our underlying video games market remain intact and we anticipate continued strong demand across all our service lines, including some pent-up demand from our clients as our operating environment continues to normalise. As governments around the world ease support measures for the unemployed or furloughed workers, we expect to be better able to recruit at the entry level positions that fuel growth in our testing and player support businesses. We believe Keywords will be seen as an even more attractive employer, with a hybrid model of remote and socially distanced, in-studio working in a thriving interactive entertainment sector.

While margins were held back by lower volumes compared to our original plans for the year, outweighing the benefits of COVID-19 related cost savings, we expect our margins to move towards our historic norms as we settle into this hybrid working model to serve the strong demand we are seeing from our customers."

A presentation of the half year results will be made to analysts at 9.30am this morning and the live webcast can be accessed via this link: http://bit.ly/KWS_H120_Webinar . To register for dial in access, or for any enquiries, please contact Charles Hirst or Isabella Grace at MHP Communications on +44 7595 461 231 / +44 7860 821978 or email keywords@mhpc.com.

The Group reports a number of alternative performance measures (APMs) to present the financial performance of the business which are not GAAP measures as defined by International Financial Reporting Standards (IFRS). The Directors believe these measures provide valuable additional information for the users of the financial information to understand the underlying trading performance of the business. In particular, adjusted profit measures are used to provide the users of the accounts a clear understanding of the underlying profitability of the business over time. For full definitions and explanations of these measures and a reconciliation to the most directly referenceable IFRS line item, please refer to the APMs section at end of the statement.

[1] *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.*

[2] *EBITDA comprises Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for amortisation of intangible assets, depreciation, and deducting bank charges. Adjusted EBITDA comprises EBITDA, adjusted for share option expense, costs of acquisition and integration and non-controlling interest. In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded. Both EBITDA and Adjusted EBITDA include the impact of IFRS 16 in the current and prior year periods.*

[3] *Adjusted profit before tax comprises Profit before taxation as reported in the Consolidated statement of comprehensive income, adjusted for costs including share option expense, costs of acquisitions and integration, amortisation 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 is also excluded.*

[4] *Adjusted earnings per share comprises the adjusted profit after tax divided by the non-diluted weighted average number of shares as reported. The adjusted profit after tax comprises the adjusted profit before tax, less the Tax expense as reported in the Consolidated statement of comprehensive income, adjusted for the tax impact of the adjusting items in arriving at adjusted profit before tax.*

[5] *Adjusted cash conversion rate is the adjusted free cash flow as a percentage of the adjusted profit before tax.*

[6] *Adjusted free cash flow is a measure of cash flow adjusting for capital expenditure that is supporting growth in future periods (as measured by capital expenditure in excess of maintenance capital expenditure). In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded.*

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About Keywords Studios (www.keywordsstudios.com)

Keywords Studios is an international technical services provider to the global video games industry. Established in 1998, and now with 62 facilities in 21 countries strategically located in Asia, the Americas and Europe, it provides integrated art creation, marketing services, software engineering, testing, localization, audio and customer care 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: Modern Warfare, Anthem, Star Wars Jedi: Fallen Order, Assassin's Creed Odyssey, Valorant, League of Legends, Fortnite, Clash Royale and Doom Eternal. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).

CEO Review

Robust revenue growth driven by strong demand

Keywords delivered a robust performance in H1 2020, with revenues up 13.3% to €173.5m, as we worked hard in the context of COVID-19 disruptions to deliver on the strong demand for our services as our clients, in turn, experienced accelerated demand for their content, and some constraints to their production and support.

I am exceptionally proud of the efforts of all our people through this challenging period, as we reacted with agility to fundamental changes to our ways of working, whilst continuing to deliver the high quality of service for which we have become well-known.

The Group delivered 8.0% Organic Revenue growth including, in particular, a continued strong performance from our largest service line, Game Development, which grew Organic Revenues by 25.7%. The Group's Organic Revenue growth was complemented by contributions from prior year acquisitions.

Whilst we experienced strong demand for most of our services, revenues were held back by some operational and market disruption caused by COVID-19. This was particularly apparent in Testing which historically is done in secure facilities and Audio services which generally requires actors, directors and audio engineers to be in recording studios. We were able to move the vast majority of our Testing operations to work-from-home arrangements albeit with some short term delays as we put in place the IT infrastructure to support this and secured client consents. Our Localization business, which saw some short term disruption to content flowing into it in the first half, has seen a marked increase in volume in the early part of the second half.

Since June we have been able to reopen most of our Audio studios and from July we have started to operate certain activities from our Testing studios, albeit recently extended unemployment support measures have been constraining our ability to recruit at the entry level, particularly in our testing operations in the Americas.

Our Art Creation service performed well in the period, given that some of its later stage marketing activities were held back by COVID-19 and we lost around two weeks of production in China as it went into lockdown first, earlier in the year. Player Support returned to growth, as expected, with some benefit from increased game playing activity since lockdown commenced.

The Group's Adjusted EBITDA increased by 19.3% to €30.8m, representing a 0.9% pts increase in margin. The operational investments made in 2019 such as increased seat numbers and more efficient recruitment aided growth and margins in the first two months of the year but have since been nullified by the effects of COVID-19 as we continue to pay our rents and associated property costs and deal with some recruitment headwinds as previously reported. We look forward to being able to fully capitalise on these investments as we ease back into greater use of our studios, and we have indeed continued to invest prudently in 2020 in expanding capacity at studios including Mexico City, New Delhi and Katowice. We were also pleased to continue to expand Electric Square with the opening of a new studio in Singapore, which extends our Game Development capabilities in this important market.

Delivering on our strategy

As we continue to build our services platform into the 'go to' provider to the video games industry in accordance with our strategy, the Group is increasingly standing out as the leader in a market characterised by highly fragmented, local, single-service providers, despite the growing needs of the major video games publishers and developers who act globally. These customers are increasingly turning to external development and support services as a way to manage the demands of generating more sophisticated content whilst limiting their fixed costs, and so they require the quality, flexibility, and security of a full service provider of scale. This trend has been particularly evident through the COVID-19 situation, where Keywords has been able to support its clients' business continuity.

Demand for video games has accelerated during the pandemic which is likely to result in an enlarged market for video games content going forward. We are continuing to invest, as appropriate, to position the Group as an increasingly integral partner to our clients, ahead of the launch of next generation games consoles later in 2020 and through the important growth period that should follow this refresh. Further development of new and existing video games streaming platforms will also increase demand for content and its ongoing support.

We have been determined not to allow COVID-19 to halt our highly successful M&A program that has always been an integral part of our strategy. Following our strongly supported €110m placing in May, we are delighted to have been able to welcome three new companies to the Keywords family since June and continue to systematically work through a healthy pipeline of further acquisition opportunities.

The acquisitions of Coconut Lizard in June and Heavy Iron today have brought two high quality game development studios into the Keywords family, whilst Maverick Media, acquired in August, added scale and a sixth studio to our Marketing services business, in line with our stated strategy to have a particular focus on acquisitions in these areas of expertise.

Supporting our people, clients and communities

Keywords' ongoing success is based on its people, and I am exceptionally proud of the way that all Keywordians around the world have responded to the challenges and the changes to our ways of working to keep everybody safe in the context of COVID-19.

Where we were not able to provide work for all our colleagues, particularly in the earlier months of the pandemic, we were fortunate in being able to help them access enhanced unemployment benefits in various territories in which we operate while they were temporarily laid off, and we are pleased to have been able to bring the vast majority of our people back to work and to have begun hiring in earnest as we scale into the consistently busier second half of the year. In addition, we established our own US$500,000 hardship fund to support those experiencing more acute financial issues as a result of COVID-19.

We constantly strive to provide great work and career development opportunities for Keywordians in a supportive, relaxed but professional culture. We believe that our business model provides structural advantages for both our colleagues and our clients. Our broad pool of highly experienced and games-passionate talent provides a tremendous resource that our customers can access in a flexible and cost-efficient manner across the globe and in convenient time zones. For our colleagues, we work on over 200 game titles from game developers and publishers around the world at any one time, providing a steady stream of engaging work for our full-time staff, our flexible workers and our freelance collaborators.

During the period, our studios have implemented various local initiatives to help colleagues feel connected, engaged and appreciated while working from home. Gift packs, online social events, access to wellbeing counselling and the provision of helplines are just some of these many initiatives. Additionally, we have deployed several measures to enhance the working experience at Keywords, including our new e-card which allows colleagues to show gratitude and appreciation for one another and the launch of a fund under the 'Keywords Cares' banner that matches funds raised by Keywordians for their local community outreach and charitable initiatives.

Service line review

With the exception of our Localization business which was held back by scheduling delays further upstream, all our services lines grew despite the pandemic and the operational challenges it has created.

The following table provides a summary of our revenues by service line, including their growth rates on a reported and Organic Revenue** basis. We have also presented pro forma revenues by service line, which includes the annualised revenue of Coconut Lizard, in line with our practice in prior periods to provide an overview of the size and balance of the business at the end of the period. The service line commentary which follows reports on the statutory reported revenues unless otherwise stated.

Revenue	% of H1 2020 Group revenue	H1 2020 Revenue €m	H1 2019* Revenue €m	Change year on year %	H1 2020 Organic Revenue** growth %	H1 2020 Pro forma** Revenue €m
Art Creation	15.2%	26.3	22.2	18.5%	7.9%	26.3
Game Development	22.3%	38.7	29.6	30.7%	25.7%	39.7
Audio	11.9%	20.6	18.3	12.6%	0.5%	20.6
Functional Testing	20.6%	35.8	31.8	12.6%	10.7%	35.8
Localization	12.4%	21.6	22.7	(4.8%)	(7.4%)	21.6
Localization Testing	6.2%	10.7	10.3	3.9%	1.9%	10.7
Player Support	11.4%	19.8	18.3	8.2%	5.5%	19.8
Total	**100.0%**	**173.5**	**153.2**	**13.3%**	**8.0%**	**174.5**

** The prior year comparatives for Audio and Localization have been re-classified to reflect the current year presentation as the Directors consider this to be more meaningful.*

*** The group reports certain Alternative performance measures (APMs) which the Directors believe provide valuable additional information for the users of the financial information to understand the underlying trading performance of the business. For full definitions and explanations of these measures and a reconciliation to the most directly referenceable IFRS line item, please see the APMs section at the end of the statement.*

Art Creation (15.2% of Group revenues for the half year)

Our Art Creation service line creates graphical art assets for video games including concept art creation, 2D and 3D art asset production and animation. Also included under Art Creation is the Marketing services business we are building through acquisitions, and subsequent organic growth.

H1 2020 performance

Art Creation revenues grew by 18.5% to €26.3m (H1 2019: €22.2m) with the benefit of contributions from 2019 acquisitions, Sunny Side Up and Ichi. Organic Revenue, which excludes the impact of currency movements and acquisitions, grew by 7.9% for Art Creation.

This was a good performance given that the Art Creation team saw some disruption from the very early stages of the COVID-19 pandemic in China, that affected five of its studios, before lockdowns became more widespread, and as some of the earlier stage Marketing services were held back by COVID-19 as game developers and publishers paused early stage marketing planning while assessing the implications of COVID-19. However, demand across all of these businesses is now strong and they have settled into their new ways of working.

The market opportunity and outlook

Art Creation and Marketing services operate in large addressable markets which remain highly fragmented, particularly given the range of Marketing services provided both internally and externally which range from key art, trailer creation, advertising, PR, branding, campaign management, influencer marketing and management through to marketing analytics and community management.

Marketing services remains a particular area of focus for acquisitions, and we expect to report this business separately once it achieves scale.

While we continue to work within the operational constraints of COVID-19, demand for all our services in this area has been building into the second half of the year and we expect to maintain good levels of activity through to the end of the year, including our newly acquired Maverick Media business.

Game Development (22.3% of Group revenue for the half year)

Our Game Development service line provides external development services to game developers and publishers including full game development, co-development, porting and general software engineering consultancy.

H1 2020 performance

Now our largest service line, Game Development increased revenues by 30.7% to €38.7m (H1 2019: €29.6m). This increase reflected a full contribution from Wizcorp, which was acquired in April 2019. Organic Revenue, which excludes the impact of currency movements and acquisitions, increased very strongly for Game Development, up 25.7% compared to H1 2019.

Our investments in the latter part of 2019 and early in 2020 in new studios in Leamington Spa, UK, in Singapore and in Austin, Texas, and the access to talent that they have provided, along with successfully moving to remote working and continued recruitment across all our Game Development studios, have enabled us to meet much of the strong demand we are seeing for our services.

We are continuing to build this service line through organic expansion as well as through acquisitions with a focus on accessing pools of talent from which we can expand organically, as the industry continues to make greater use of external development services.

At the very end of June we acquired Coconut Lizard, a well-regarded provider of game development engineering services with particularly deep expertise in the video game development environment, Unreal Engine. Importantly, in addition to expanding Game Development's services, Coconut Lizard brings with it good access to talent including graduates from the specialised video game development and engineering degree courses at the University of Sunderland and Newcastle University.

The market opportunity and outlook

Game Development is our largest addressable market; a market that is growing strongly and has the lowest proportion of services outsourced of all of the Group's market segments. Characterised by per project engagements, rather than the ongoing service provision of many of our other service lines, Game Development revenues can be impacted by the transitions from one project to another. As a result of COVID 19, we have witnessed some delays in getting new projects started which may hold this service line back from maintaining the very strong growth rate seen in the first half, albeit the underlying trend in this area of our business remains extremely positive. As previously communicated, Game Development remains an area of particular focus in our M&A program, where we target companies that provide access to strong pools of talent to help support the fast pace of organic growth.

Audio (11.9% of Group revenue for the half year)

Our Audio service line provides multi language voice-over, original language voice recording, music, sound design, accessibility and related services.

H1 2020 performance

Audio revenues rose by 12.6% in the period to €20.6m (H1 2019: €18.3m), with the benefit of full contributions from the 2019 acquisitions of Descriptive Video Works, TV+SYNCHRON, and Syllabes. Organic Revenue, which excludes the impact of currency movements and acquisitions, increased by 0.5% compared to H1 2019.

Our Audio services businesses were held back in the period by the closure of their recording studios during the lockdowns in their respective cities. We were able to partially mitigate the effects of these closures with some level of remote recording and, since June, most of our studios have been operational albeit at reduced capacity levels due to the extra measures in place to safeguard our staff and recording artists.

The market opportunity and outlook

The audio localization services market remains highly fragmented in terms of service provision, with clients requiring state of the art studios for optimal sound quality. This represents an opportunity for us to grow our market share organically, as well as make acquisitions over time, and with the majority of our studios now open we expect to be able to deliver against pent up demand in the second half of the year and beyond.

Assuming the environment continues to normalise in relation to COVID-19 measures, our Audio service line should also benefit from a better second half of 2020 for AAA game releases, to coincide with the anticipated new console launches from Microsoft and Sony, as well as continued content generation for the streaming services, with some of our studios benefitting from Netflix preferred vendor status.

Functional Testing (20.6% of Group revenue for the half year)

Functional Testing is our second largest service line and provides quality assurance including the discovery and documentation of game defects; testing to ensure games are compatible with the various hardware devices and configurations they are played on; and testing to verify that games comply with console manufacturers' specifications.

H1 2020 performance

Functional Testing revenues increased by 12.6% to €35.8m (H1 2019: €31.8m). Organic Revenue, which excludes the impact of currency movements and acquisitions, increased by 10.7%.

This represented a strong performance, given the operational constraints created by the COVID-19 lockdown measures. This service line had been severely constrained at the beginning of the lockdown, as the security implications of working on valuable, pre-release content meant the work needed to be conducted from within our security audited testing studios. However, in consultation with our clients, we worked quickly to move the majority of our team to remote working arrangements. We now have access to our studios again and are cautiously deploying testing teams there, as well as using the studios for training and testing purposes and for housing particularly sensitive projects such as those requiring new generation console test kits.

The market opportunity and outlook

In the second half, we are already seeing an increase in demand as anticipated and this is now coming at a time where we are beginning, as from August, to see an easing in the recruitment constraints we had been experiencing. We therefore expect to be able to scale quickly into the peak months of September and October, albeit we will be trading against stronger comparatives.

We are a leading player in this large and growing market segment of the market which is seeing a trend towards outsourcing. Our scale, flexibility and proven robustness, even in the most challenging of circumstances, positions us well as games companies continue to increase the proportion of functional testing that they outsource.

Localization (12.4% of Group revenue for the half year)

Our Localization service line provides translation of in-game text, audio scripts, cultural and local adaptation, packaging and marketing materials. We have also recently added neural machine translation technology and a global crowd sourcing translation platform, through the acquisition of Kantan in December 2019.

H1 2020 performance

Localization revenues were down by 4.8% to €21.6m (H1 2019: €22.7m). Organic Revenue, which excludes the impact of currency movements and acquisitions, was down by 7.4% as we experienced some delays in the receipt of content as production schedules further upstream were disrupted by work from home transitions at some of our clients.

The market opportunity and outlook

We have seen an improvement in Localization's performance in the second half to date as the volumes of content flowing to us have picked up, leaving it on track to return to organic growth in the second half, with its flexible production model able to respond quickly to an increase in demand for its services.

Service provision in this segment of the market remains highly fragmented, with most competitors being single language providers without the scale to deliver simultaneous multi-jurisdictional localization projects for our global video games customer base. In this context, we expect Localization to continue to build on its leading market position as it increasingly differentiates itself by combining proprietary software tools like XLoc, and recently acquired Artificial Intelligence (AI) and Machine Learning (ML) technology from Kantan, with its market leading expertise in games localization built up over the past 20 years. We have made steady progress in developing our AI/ML capabilities for the very challenging specific requirements of the games industry and we expect to see this technology being adopted by our clients as an integral part of our partnership arrangements with them going forward.

Localization Testing (6.2% of Group revenue for the half year)

Our Localization Testing service line identifies out of context translations, truncations, overlaps, spelling, grammar, age-rating and cultural issues and tests for console manufacturer compliance requirements in over 30 languages using native speakers.

H1 2020 performance

Localization Testing revenue increased by 3.9% to €10.7m (H1 2019: €10.3m). On an organic basis, which also excludes the impact of currency movements, Localization Testing was 1.9% higher compared to H1 2019.

Localization Testing experienced the same operational constraints seen in our Functional Testing division during the period, compounded by some lack of availability of native language resources due to people returning to be with their families in their home countries and the subsequent travel restrictions. However, as in the case of Functional Testing, we have successfully transitioned the majority of people to remote working and are also now using our studios for priority activities.

The market opportunity and outlook

We would expect strong demand for Localization Testing's services as it benefits from a stronger second half for AAA game releases including some demand related to the anticipated new console launches from Microsoft and Sony. Our ability to meet that demand will be subject to the availability of language skills as described above, albeit we hope these constraints will continue to ease as we move through the second half.

As market leader in this segment, for which scale, breadth of languages, and the agility of a larger player is critical to customers, we look forward to building on our leadership during an anticipated busy period for the industry.

Player Support (11.4% of Group revenue for the half year)

Our Player Support service line provides multi-lingual, cost effective and flexible customer care services including managing communities of gamers across all forms of social media, within the games themselves and on the official game forums.

H1 2020 performance

Player Support increased revenue by 8.2% to €19.8m (H1 2019: €18.3m) and Organic Revenue, which is on a constant currency basis, by 5.5%.

Player Support returned to growth in H1, representing a good performance in the context of the COVID-19 disruption. During the period, it successfully transitioned its teams around the world to remote working arrangements enabling it to provide continuous support to its clients.

The market opportunity and outlook

We continue to aim to differentiate ourselves from the large generalist call centre operators who have benefited from video game operators turning to them for support as they have developed 'games as a service' products, requiring player support for the first time. Our specialist video games "DNA", our extensive range of capabilities and our fundamental understanding of what is important to players shows through in the quality of our service delivery compared to these generalist providers. We continue to extend our services to cover more 'touch points' of gamer engagement, and develop our technological tools, in order to make further progress in this market.

Our focused business development activities in this area, following a period in which the operations settled into the new COVID-19 era regime, have started to produce interesting new business prospects and we expect Player Support to trade strongly through the second half.

COVID-19, current trading and outlook

Trading in July and August has started strongly with all our service lines performing well, even with the continued operational and market disruption resulting from COVID-19. We are still seeing some constraints particularly to our recruitment efforts but these should ease as governments rein in some of the COVID-19 specific support measures to individuals, thereby encouraging them back into the work place.

Since April, the vast majority of our business has operated a remote working model that we have supported efficiently and robustly. On an ongoing basis, we have adopted an approach tailored to each studios' needs in each of the 60+ locations in which we have our production operations. Each studio continually assesses the needs and desires of its staff and the requirements of our customers in determining how much, if any, of its operations move back into studios. As such, we are retaining a very flexible approach to where and how we work in order to adapt to the COVID-19 related challenges over the months ahead.

The underlying drivers of growth across the video games market remain intact and we anticipate continued strong demand across all our service lines further aided by the market refresh in the console games sector that will follow the launch of the PlayStation ™5 and Xbox X Series consoles towards the end of 2020, by the ongoing development of new streaming platforms, and by increased game playing on current platforms which is driving demand for ever more content. We also hope to continue to benefit from pent up demand from our clients as our operating environment continues to normalise.

We expect to continue to drive incremental margin increases in the second half and beyond towards historic norms by the end of 2021, benefitting from our previous investment in expanding and diversifying the business, improving our technology, strengthening our management team and extending our functional support. The investments made in expanding studio capacity in many of our studios in 2019, in order to support continued growth, have yet to be put to work with only marginal occupancy rates in all but our China based studios at present, due to COVID-19. Nevertheless, these previous investments did provide us with broader access to talent and the infrastructure to enable us to operate well through the lockdowns.

Our recent placing and revolving credit facility mean we are well-funded to deliver on our value accretive acquisition strategy and we are actively engaging with selected targets from an expanded pipeline of opportunities. We remain ideally placed to capitalise on our clear opportunity to take a leading share of the increasingly outsourced video games services market both organically and via acquisitions, as we further enhance shareholder value.

Thanks to the robustness of the Group's model and its proven business continuity capability, the growth characteristics of our end markets and the strength of our market position, we are confident that the Group is well positioned for growth and long-term success.

Andrew Day
Group Chief Executive Officer

Financial and Operating Review

Resilient performance in period of significant disruption

Revenue

Despite the COVID-19 disruptions, revenue for H1 2020 increased by 13.3% to €173.5m (H1 2019: €153.2m). Total revenue growth was supplemented by the impact of acquisitions made in 2019 and the impact of currency movements, in particular the strengthening of the US dollar against the Euro between H1 2019 and H1 2020 which contributed 1.7% pts of the growth in the first half.

Organic Revenue growth (which adjusts for the impact of currency movements and acquisitions) was 8.0% driven by a robust performance in most service lines, despite the closure of most of our studios in March and the move to work from home arrangements, and a particularly strong performance in Game Development which delivered organic growth of 25.7%. Whilst we saw continued strong demand for most of our services, all of our service lines were held back due to studio closures, particularly in our Testing and Audio businesses, while Localization was held back by some short term client disruption which caused delays to content flowing into the service line.

Gross margin

Gross profit in H1 2020 was €62.9m (H1 2019: €55.2m) representing an increase of 13.9%. The gross profit margin improved by 0.2% pts to 36.3% (H1 2019: 36.1%) albeit the margin improvement was held back by the revenue shortfalls from March onwards compared to pre-COVID-19 expectations, particularly in our Testing, Audio and Localization service lines.

Operating costs

Adjusted operating costs increased by 9.1% in the first half of the year to €32.1m (H1 2019: €29.4m) representing 18.5% of revenue versus 19.2% in H1 2019. This was partly driven a reduction in certain costs including travel and marketing as a result of the lockdown restrictions.

EBITDA

Adjusted EBITDA increased 19.3% to €30.8m compared with €25.8m for H1 2019 resulting in an improvement in Adjusted EBITDA margin of 0.9% pts to 17.8% (H1 2019: 16.9%). As noted above, the margin partly benefited from a reduction in certain costs during COVID-19, albeit it was held back by the revenue shortfalls from March onwards versus previously anticipated levels.

Net finance costs

Net finance costs reduced by €0.8m to €1.6m (H1 2019: €2.4m largely driven by a reduction on the net foreign exchange loss of €0.9m which is described in more detail below). Underlying interest costs (excluding IFRS 16 interest, deferred consideration discount unwind and foreign exchange) increased by €0.2m to €0.6m (H1 2019: €0.4m) reflecting the increase in drawings in the RCF entering into the year which was repaid in May following the successful €110m placing.

Alternative performance measures

The group reports a number of Alternative performance measures (APMs) to present the financial performance of the business which are not GAAP measures as defined by IFRS. The Directors believe these measures provide valuable additional information for the users of the financial information to understand the underlying trading performance of the business. In particular, adjusted profit measures are used to provide the users of the accounts a clear understanding of the underlying profitability of the business over time. A breakdown of the adjusting factors is provided in the table below:

	H1 2020 €m	**H1 2019 €m**	**FY 2019 €m**
Share option expense	6.8	4.0	9.8
Costs of acquisition and integration	1.2	2.8	4.3
Amortisation and impairment of intangible assets	5.7	3.5	7.3
COVID-19 related subsidies claimed	(3.4)	-	-
Foreign exchange and other items	0.4	1.4	2.1
	10.7	**11.7**	**23.5**

2.3m of options were granted under the Share Option Scheme and Long Term Incentive Plan in H1 2020. This, together with grants from previous years, has resulted in a non-cash share option expense of €6.8m in H1 2020 (H1 2019: €4.0m). The increase is largely due to an increase in the fair value charge for the more recent grants compared to previous years.

One-off costs associated with the acquisition and integration of businesses of €1.2m (H1 2019: €2.8m) were incurred in the period, including deferred consideration true ups for acquisitions made in earlier periods.

The amortisation charge of €5.7m (H1 2019: €3.5m) for the period includes a €1.9m non-cash charge relating to an impairment of intangible assets in certain pre-revenue businesses. These businesses have potentially exciting prospects but the speed to market has been hampered by COVID-19.

During the first half the group benefited from €3.4m of COVID-19 related government subsidies largely in the Americas aimed at supporting employment retention during the COVID-19 crisis. Due to the temporary nature of the support the income was excluded in arriving at the adjusted profit measures.

Foreign exchange and other items amounted to a net charge of €0.4m (H1 2019: net charge of €1.4m). Keywords does not hedge foreign currency exposures. The effect on the Group's results of movements in exchange rates and the foreign exchange gains and losses incurred during the year mainly relate to the effect of translating net current assets held in foreign currencies. This resulted in a net foreign exchange loss of €0.3m in the first half, recorded within financing cost (H1 2019: €1.2m).

A more detailed explanation of the measures used together with a reconciliation to the corresponding GAAP measures is provided in the APMs section at the end of the statement.

Profit before taxation

Profit before tax increased by €4.4m to €11.1m (H1 2019: €6.7m). Adjusted Profit Before Tax, which adjusts for share option charge, costs of acquisition and integration, amortisation and impairment of intangibles (as described above), non-controlling interest, foreign currency exchange movements, unwinding of discounted liabilities, and COVID-19 government employment retention subsidies increased by 17.9% to €21.7m compared with €18.4m in H1 2019, representing an improvement in net margin of 0.5% pts to 12.5% (H1 2019: 12.0%).

Taxation

The tax charge in the period was €4.7m (H1 2019: €3.6m) resulting in a reduction in the Adjusted Effective Tax Rate to 21.5% of Adjusted Profit Before Tax versus the full year rate of 22.4% in 2019, largely due to the non-repeat of a legacy pre-acquisition tax charge of €0.5m in the prior year.

Basic earnings per share

Basic earnings per share increased by 102.3% to 9.49c (H1 2019: 4.69c) reflecting the increase in the statutory profit after tax of 110.6% and a 4.1% increase in the weighted average number of shares in issue which does not yet include the full impact of the 10.5% equity placing in May of this year.

Adjusted earnings per share which adjusts for the items noted in the APM section above was 25.25c representing an increase of 17.3% (H1 2019: 21.53c).

Acquisitions

The Group entered the year with a strong acquisition pipeline but progress was slowed due to COVID-19 disruption. Following the successful equity placing in May, the Group completed its first acquisition in June, the Game Development business Coconut Lizard for an initial consideration of €1.7m comprising cash of €1.3m and shares of €0.4m. Up to a further €0.7m is payable in a mixture of cash and shares subject to the business meeting certain performance conditions over the first 12 months post completion.

Going forward we will continue to execute our targeted and disciplined approach to M&A to build out our global services platform to enhance further our position as the 'go to' provider for technical and creative services to the video games industry.

Cash flow and net debt

Cash flow statement	**H1 2020 €m**	**H1 2019 €m**	**Change €m**
Adjusted EBITDA	**30.8**	**25.8**	**5.0**
MMTC and VGTR	(4.3)	(7.0)	2.7
Working capital and other items	(6.6)	(5.8)	(0.8)
Capex - property, plant and equipment (PPE)	(4.9)	(5.1)	0.2
Capex - intangible assets	-	(0.3)	0.3
Payments of principal on lease liabilities	(3.9)	(3.2)	(0.7)
COVID-19 employment support subsidies	3.4	-	3.4
Operating cash flows	**14.5**	**4.4**	**10.1**
Interest paid	(0.9)	(0.7)	(0.2)
Free cash flow before tax	**13.6**	**3.7**	**9.9**
Tax	(2.0)	(3.8)	1.8
Free cash flow	**11.6**	**(0.1)**	**11.7**
M&A - acquisition spend	(1.3)	(7.0)	(5.7)
M&A – acquisition and integration costs	(1.2)	(1.7)	0.5
Dividends paid	-	(0.8)	0.8
Shares issue for cash	110.7	0.6	110.1
Underlying increase / (decrease) in net cash / (debt)	**119.8**	**(9.0)**	**128.8**
FX and other items	(0.9)	0.4	(1.3)
Increase in net cash / (debt)	**118.9**	**(8.6)**	**127.5**
Opening net cash / (debt)	(17.9)	(0.4)	
Closing net cash / (debt)	**101.0**	**(9.0)**	

The Group generated Adjusted EBITDA of €30.8m in H1, an increase of €5.0m from €25.8m in H1 2019. This was reduced by an increase in the amounts due in respect of multi-media tax credits (MMTC) that are earned in the year of production, and are collected a year in arrears, and Video Games Tax Relief (VGTR). Other working capital outflows increased by €0.8m compared to H1 2019, with trade receivable days of 46 in line with H1 2019.

Investment in property, plant and equipment amounted to €4.9m (H1 2019: €5.1m), a slight reduction on H1 2019 reflecting a lower relative level of equipment spend as a result of the COVID-19 disruption and a reduction in the level of expansionary capex. Lease payments increased by €0.7m as a result of the flow through of the studio expansions in the prior year.

Cash received in respect of COVID-19 government employment retention subsidies amounted to €3.4m in the period, resulting in operating cash flows of €14.5m (H1 2019: €4.4m), an increase of €10.1m on H1 2019.

Interest payments were €0.9m in the first half, an increase of €0.2m reflecting the increased level of debt at the start of the year prior to it being repaid in May following the placing. Tax payments amounted to €2.0m (H1 2019: €3.8m) a reduction of €1.8m on H1 2019 driven by the increase in taxable profits offset by tax settlements in the prior year.

This resulted in Free Cash Flow of €11.6m, an increase of €11.7m on H1 2019 and an adjusted cash conversion rate (which adjusts for capital expenditure that is supporting growth in future periods and the COVID-19 government employment retention subsidies) of 50% (H1 2019: 30%).

Cash spent on acquisitions totalled €2.5m and this together with the €110m received from the successful equity placing results in an underlying increase in cash of €119.8m (H1 2019 increase in net debt: €9.0m). This, together with foreign exchange and other items, resulted in closing net cash of €101.0m (H1 2019: net debt €9.0m).

Balance sheet and liquidity

The Group funds itself primarily through cash generation and a syndicated revolving credit facility (RCF) of €100m, with an accordion option to increase this up to €140m. The RCF matures in October 2022 with an option to extend it for up to a further 2 years.

The majority of Group borrowings are subject to two financial covenants that are calculated in accordance with the facility agreement:

- Leverage: Maximum Total Net Borrowings to Adjusted EBITDA ratio of 3 times; and
- Interest cover: Minimum Adjusted Operating Profit to Net Finance Costs ratio of 4 times.

The Group entered the year with a strong balance sheet, with net debt (excluding IFRS 16 leases) of €17.9m as at 31 December 2019 representing a net debt to Adjusted EBITDA ratio of 0.4x. In May, the Group placed 6,900,000 new ordinary shares representing c.10.5% of the Group’s issued share capital generating net proceeds of €110m. The placing allows the Group to continue to pursue its value accretive acquisition strategy whilst maintaining a strong balance sheet.

The funds were used to repay drawings under the RCF and at the end of June the group had net cash of €101.0m and undrawn committed facilities of €100m. As a result of the equity placing, the process to exercise the accordion option under the RCF has been halted.

Dividend

The Group has delivered a robust performance in the first half of the year and has demonstrated the resilience of the Group’s business model, the benefit of its diversified services platform, and the continued strong demand for most of its services. Our service lines have performed well given the operational and market disruption caused by COVID-19, delivering revenue and profit growth and the Group has continued to generate cash in the period. The Board intends to resume its progressive dividend policy in 2021.

Jon Hauck
Chief Financial Officer

Condensed interim consolidated statement of comprehensive income

	Note	**Unaudited 26 weeks ended 30 Jun 20 €'000**	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
Revenue from contracts with customers	5	**173,485**	153,190	326,463
Cost of sales		**(110,565)**	(97,950)	(206,234)
Gross profit		**62,920**	55,240	120,229
Share option expense		**(6,750)**	(4,011)	(9,775)
Costs of acquisition and integration		**(1,185)**	(2,804)	(4,348)
Amortisation and impairment of intangible assets	10	**(5,662)**	(3,491)	(7,318)
COVID-19 government subsidies claimed	19	**3,411**	-	-
Total of items excluded from adjusted profit measures		**(10,186)**	(10,306)	(21,441)
Other administration expenses		**(39,997)**	(35,897)	(77,246)
Administrative expenses		**(50,183)**	(46,203)	(98,687)
Operating profit		**12,737**	9,037	21,542
Financing income	6	**31**	-	74
Financing cost	6	**(1,674)**	(2,354)	(4,245)
Profit before taxation		**11,094**	6,683	17,371
Taxation		**(4,691)**	(3,643)	(7,462)
Profit		**6,403**	3,040	9,909
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain / (loss) on defined benefit plans		**(82)**	13	(167)
Items that may be reclassified subsequently to profit or loss				
Exchange gain / (loss) in net investment in foreign operations		**(304)**	620	1,267
Exchange gain / (loss) on translation of foreign operations		**(7,297)**	2,895	5,960
Total comprehensive income / (expense)		**(1,280)**	6,568	16,969
Profit / (loss) for the period attributable to:				
Owners of the parent		**6,453**	3,132	10,022
Non-controlling interest		**(50)**	(92)	(113)
		6,403	3,040	9,909
Total comprehensive income / (expense) attributable to:				
Owners of the parent		**(1,230)**	6,660	17,082
Non-controlling interest		**(50)**	(92)	(113)
		(1,280)	6,568	16,969
Earnings per share		**€ cent**	€ cent	€ cent
Basic earnings per ordinary share	8	**9.49**	4.69	15.23
Diluted earnings per ordinary share	8	**9.11**	4.50	14.73

Condensed interim consolidated statement of financial position

	Note	**Unaudited 26 weeks ended 30 Jun 20**	Unaudited 26 weeks ended 30 Jun 19 Restated (note 12)	Audited 52 weeks ended 31 Dec 19 Restated (note 12)
		€'000	€'000	€'000
Non-current assets				
Property, plant and equipment	10	**21,988**	17,666	22,163
Right of use assets	10	**31,321**	20,410	21,469
Intangible assets	10	**188,657**	186,432	196,769
Deferred tax assets		**5,698**	3,340	5,060
		247,664	227,848	245,461
Current assets				
Trade receivables	11	**44,941**	43,094	43,243
Other receivables	11	**43,941**	37,238	35,413
Cash and cash equivalents		**101,213**	37,763	41,827
		190,095	118,095	120,483
Total assets		**437,759**	345,943	365,944
Equity				
Share capital	12	**872**	773	780
Share capital - to be issued	12	**3,033**	8,679	5,310
Share premium	12	**21,836**	20,617	20,718
Merger reserve	12	**244,845**	126,603	132,712
Foreign exchange reserve		**(1,837)**	2,052	5,764
Shares held in Employee Benefit Trust ("EBT")		**(1,997)**	(1,997)	(1,997)
Share option reserve		**23,199**	10,685	16,449
Retained earnings		**49,558**	36,901	43,187
		339,509	204,313	222,923
Non-controlling interest		**(15)**	56	35
Total equity		**339,494**	204,369	222,958
Current liabilities				
Trade payables		**6,434**	7,068	8,027
Other payables	14	**42,703**	50,642	38,712
Loans and borrowings	15	**76**	46,584	80
Corporation tax liabilities		**5,984**	6,249	2,732
Lease liabilities	17	**8,186**	7,268	7,741
		63,383	117,811	57,292
Non-current liabilities				
Other payables	14	**11**	1,496	285
Employee defined benefit plans		**2,049**	1,489	2,049
Loans and borrowings	15	**142**	208	59,671
Deferred tax liabilities		**8,879**	7,196	9,523
Lease liabilities	17	**23,801**	13,374	14,166
		34,882	23,763	85,694
Total equity and liabilities		**437,759**	345,943	365,944

Condensed interim consolidated statement of changes in equity

	Share capital	Share capital - to be issued	Share premium	Merger reserve	Foreign exchange reserve	Shares held in EBT	Share option reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 01 January 2019	763	15,648	102,225	35,996	(1,463)	(1,997)	6,674	34,529	192,375	-	**192,375**
Reclassification of Share premium within Reserves (note 12)	-	-	(82,261)	82,261	-	-	-	-	-	-	**-**
At 01 January 2019 (restated)	**763**	**15,648**	**19,964**	**118,257**	**(1,463)**	**(1,997)**	**6,674**	**34,529**	**192,375**	**-**	**192,375**
Profit for the period	-	-	-	-	-	-	-	3,132	3,132	(92)	**3,040**
Other comprehensive income	-	-	-	-	3,515	-	-	13	3,528	-	**3,528**
Total comprehensive income for the period	-	-	-	-	3,515	-	-	3,145	6,660	(92)	**6,568**
Contributions by and contributions to the owners:											
Share option expense	-	-	-	-	-	-	4,011	-	4,011	-	**4,011**
Share options exercised	4	-	543	-	-	-	-	-	547	-	**547**
Dividends	-	-	-	-	-	-	-	(773)	(773)	-	**(773)**
Acquisition related issuance of shares	6	(6,969)	110	8,346	-	-	-	-	1,493	-	**1,493**
Net assets on acquisition of AppSecTest	-	-	-	-	-	-	-	-	-	148	**148**
Contributions by and contributions to the owners	10	(6,969)	653	8,346	-	-	4,011	(773)	5,278	148	**5,426**
At 30 June 2019 (restated)	**773**	**8,679**	**20,617**	**126,603**	**2,052**	**(1,997)**	**10,685**	**36,901**	**204,313**	**56**	**204,369**
Profit for the period	-	-	-	-	-	-	-	6,890	6,890	(21)	**6,869**
Other comprehensive income	-	-	-	-	3,712	-	-	(180)	3,532	-	**3,532**
Total comprehensive income for the period	-	-	-	-	3,712	-	-	6,710	10,422	(21)	**10,401**
Contributions by and contributions to the owners:											
Share option expense	-	-	-	-	-	-	5,764	-	5,764	-	**5,764**
Share options exercised	3	-	211	-	-	-	-	-	214	-	**214**
Dividends	-	-	-	-	-	-	-	(424)	(424)	-	**(424)**
Acquisition related issuance of shares	4	(3,369)	(110)	6,109	-	-	-	-	2,634	-	**2,634**
Contributions by and contributions to the owners	7	(3,369)	101	6,109	-	-	5,764	(424)	8,188	-	**8,188**
At 31 December 2019 (restated)	**780**	**5,310**	**20,718**	**132,712**	**5,764**	**(1,997)**	**16,449**	**43,187**	**222,923**	**35**	**222,958**
Profit for the period	-	-	-	-	-	-	-	6,453	6,453	(50)	**6,403**
Other comprehensive income	-	-	-	-	(7,601)	-	-	(82)	(7,683)	-	**(7,683)**
Total comprehensive income for the period	-	-	-	-	(7,601)	-	-	6,371	(1,230)	(50)	**(1,280)**
Contributions by and contributions to the owners:											
Shares issued for cash	77	-	-	109,459	-	-	-	-	109,536	-	**109,536**
Share option expense	-	-	-	-	-	-	6,750	-	6,750	-	**6,750**
Share options exercised	13	-	1,118	-	-	-	-	-	1,131	-	**1,131**
Acquisition related issuance of shares (note 12)	2	(2,277)	-	2,674	-	-	-	-	399	-	**399**
Contributions by and contributions to the owners	92	(2,277)	1,118	112,133	-	-	6,750	-	117,816	-	**117,816**
At 30 June 2020	**872**	**3,033**	**21,836**	**244,845**	**(1,837)**	**(1,997)**	**23,199**	**49,558**	**339,509**	**(15)**	**339,494**

Condensed interim consolidated statement of cash flows

	Note	**Unaudited**	Unaudited	Audited
		26 weeks ended 30 Jun 20	26 weeks ended * 30 Jun 19	52 weeks ended 31 Dec 19
		€’000	€’000	€’000
Cash flows from operating activities				
Profit after tax		**6,403**	3,040	9,909
Income and expenses not affecting operating cash flows				
Depreciation - property, plant and equipment	10	**4,209**	3,168	7,295
Depreciation - right of use assets	10	**3,935**	3,467	7,849
Amortisation and impairment of intangible assets	10	**5,662**	3,491	7,318
Taxation		**4,691**	3,643	7,462
Share option expense		**6,750**	4,011	9,775
Fair value adjustments to contingent consideration		**(34)**	1,127	493
Fair value adjustments to right of use assets	10	**239**	-	-
Disposal of property, plant and equipment		**-**	-	200
Unwinding of discounted liabilities - deferred consideration	6	**119**	177	330
Unwinding of discounted liabilities - lease liabilities	6	**344**	338	694
Interest receivable	6	**(31)**	-	(74)
Fair value adjustments to employee defined benefit plans		**84**	138	504
Interest expense	6	**645**	434	934
Unrealised foreign exchange (gain) / loss		**(378)**	1,669	(577)
		26,235	21,663	42,203
Changes in operating assets and liabilities				
Decrease / (increase) in trade receivables		**(2,276)**	(5,521)	(4,370)
Decrease / (increase) in MMTC and VGTR receivable		**(4,267)**	(7,048)	(5,913)
Decrease / (increase) in other receivables		**(6,033)**	(5,129)	(2,162)
(Decrease) / increase in accruals, trade and other payables		**2,028**	4,320	6,402
		(10,548)	(13,378)	(6,043)
Taxation paid		**(1,961)**	(3,769)	(13,288)
Net cash generated by / (used in) operating activities		**20,129**	**7,556**	32,781
Cash flows from investing activities				
Current year acquisition of subsidiaries net of cash acquired	18	**(1,027)**	(5,156)	(13,051)
Settlement of deferred liabilities on acquisitions		**(237)**	(1,808)	(14,711)
Acquisition of property, plant and equipment	10	**(4,888)**	(5,061)	(13,145)
Investment in intangible assets	10	**-**	(332)	(391)
Interest received		**31**	-	74
Net cash generated by / (used in) investing activities		**(6,121)**	(12,357)	(41,224)
Cash flows from financing activities				
Repayment of loans	15	**(64,022)**	(500)	(7,973)
Drawdown of loans	15	**4,500**	7,001	27,000
Payments of principal on lease liabilities	17	**(3,930)**	(3,236)	(7,355)
Interest paid on principal of lease liabilities	17	**(344)**	(338)	(694)
Dividends paid		**-**	(773)	(1,197)
Shares issued for cash	12	**110,667**	547	761
Interest paid		**(553)**	(394)	(1,436)
Net cash generated by / (used in) financing activities		**46,318**	2,307	9,106
Increase / (decrease) in cash and cash equivalents		**60,326**	(2,494)	663
Exchange gain / (loss) on cash and cash equivalents		**(940)**	386	1,293
Cash and cash equivalents at beginning of the period		**41,827**	39,871	39,871
Cash and cash equivalents at end of the period		**101,213**	37,763	41,827

* Please note that the comparative period to 30 June 2019 has been re-classified to reflect the presentation in the Annual Report 2019

Notes forming part of the Condensed interim consolidated financial statements

1 Basis of Preparation

Keywords Studios PLC (the "Company") is a company incorporated in the United Kingdom. The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to 30 June 2020. The Group was formed on 8 July 2013 when Keywords Studios PLC (formerly Keywords Studios Limited) acquired the entire share capital of Keywords International Limited through the issue of 31,901,332 ordinary shares.

The interim results for the 26 weeks ended 30 June 2020 and the 26 weeks ended 30 June 2019 are neither audited nor reviewed by our auditors and the accounts in this interim report do not therefore constitute statutory accounts in accordance with Section 434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the latest annual audited financial statements of Keywords Studios PLC for the year ended 31 December 2019, which have been filed with Companies House. The report of the auditors on those accounts was unqualified, did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006 and did not contain any matters to which the auditors drew attention without qualifying their report.

There have been no changes in the principal risks and uncertainties during the period and therefore these remain consistent with the year ended 31 December 2019 and are disclosed in the Annual Report for that year. The Directors have considered the impact of COVID-19 and do not consider that it has (at this point in time) changed the principal risks and uncertainties which the Group is facing. The directors continue to monitor the impact of COVID-19 on the principal risks and uncertainties.

After making enquiries, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Condensed interim consolidated financial statements. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, but have noted:

- the strong cash flow performance of the Group in the first half of the year;
- the continued demand for the Group's services;
- the ability to operate most of its services in a work from home model whilst studios are temporarily closed;
- the historical resilience of the broader video games industry in times of economic downturn; and,
- the ability of the Group to flex its cost base in response to a reduction in trading activity.

The Directors have also considered the Group's strong liquidity position, with net cash of €101m and committed undrawn facilities under the Revolving Credit Facility (RCF) of €100m as at 30 June 2020.

The Directors have applied downside sensitivities to the Group's cash flow projections to evaluate the Group's ability to withstand a further prolonged period of studio closures as a result of the COVID-19 pandemic, leading to a reduction in production capability. Under this severe case the Group would have sufficient liquidity and remain within its banking covenants. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate and meet their liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of these interim financial statements and therefore the going concern basis of preparation continues to be appropriate.

The interim financial statements made up to 30 June 2020 were approved by the Board of Directors on 16 September 2020.

2 Changes in Significant Accounting Policies

The Group has not applied early adoption of any standards not yet effective.

A number of new amendments and interpretations to accounting standards are effective from 1 January 2020 including:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

These amendments and interpretations would not have resulted in the accounting applied by the Group changing and would not have had a material effect on the Group's financial statements.

On 28 May 2020, the IASB issued amendments to IFRS 16: COVID-19 Related Rent Concessions. These amendments introduce a practical expedient available to lessees in accounting for rent concessions (e.g. rent holidays and deferrals of lease payments) that are a direct consequence of the COVID-19 pandemic and that satisfy certain other criteria. As the relevant topics have not had a material impact on the Group's financial statements, the Group has not availed of these practical expedients.

3 Significant Accounting Policies

These financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2019, with the exception of the issues highlighted in note 4 below.

4 Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The judgements, estimates and assumptions applied in these interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2019. The only exceptions are:

- The estimate of tax liabilities which are determined in these interim financial statements using the estimated annual effective tax rate applied to the pre-tax income of the interim period.
- The effects of COVID-19 have required judgements and estimates to be made. These issues are considered in note 19 in the context of the impact the pandemic has had on the Group.

5 Revenue from Contracts With Customers and Segmental Analysis

Revenue from Contracts With Customers

Revenue by line of business	**Unaudited 26 weeks ended 30 Jun 20 €'000**	Unaudited 26 weeks ended * 30 Jun 19 €'000	Audited 52 weeks ended * 31 Dec 19 €'000
Art creation	**26,280**	22,245	43,601
Game development	**38,715**	29,567	66,290
Audio	**20,599**	18,288	41,856
Functional testing	**35,789**	31,815	68,930
Localisation	**21,595**	22,666	47,060
Localisation testing	**10,701**	10,288	22,638
Player support	**19,806**	18,321	36,088
	173,485	153,190	326,463

* The prior year comparative has been re-classified to reflect the current year presentation, as the Directors consider this to be more meaningful.

Revenue is earned from external customers, with no individual customer accounting for 10% or more of the Group's revenue in any period presented.

Geographical analysis of revenues	**Unaudited 26 weeks ended 30 Jun 20 €'000**	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
Ireland	**66,991**	49,337	118,095
United States	**29,759**	24,747	52,265
Canada	**18,228**	26,283	48,112
United Kingdom	**27,574**	20,242	41,768
Switzerland	**7,331**	8,411	19,045
Japan	**7,919**	7,051	15,501
Italy	**4,272**	6,056	9,395
France	**3,170**	3,430	7,606
India	**2,611**	2,225	6,355
Germany	**2,579**	396	1,920
Singapore	**1,084**	2,199	1,637
Spain	**502**	775	1,588
Poland	**465**	754	1,285
Brazil	**355**	422	802
China	**359**	339	691
Mexico	**286**	523	398
	173,485	153,190	326,463

For Game development, games are developed to an agreed specification and time schedule, and often have delivery schedules and / or milestones that extend well into the future. The following are Game development revenues expected to be recognised for contracts with a schedule of work that extends beyond one year, representing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

Revenue expected to be recognised	**Total undelivered €'000**	**Scheduled completion within 1 year €'000**	**Scheduled completion 1-2 years €'000**	**Scheduled completion 2-5 years €'000**
At 30 June 2020	**18,571**	**16,065**	**2,219**	**287**
At 30 June 2019	38,859	31,523	6,893	443
At 31 December 2019	24,645	23,593	1,052	-

Segmental Analysis

Geographical analysis of non-current assets from continuing businesses

	Unaudited 26 weeks ended 30 Jun 20 €'000	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
United States	**86,129**	85,941	84,139
United Kingdom	**55,334**	48,656	52,233
Canada	**29,424**	22,338	29,772
Italy	**11,900**	12,554	12,222
Switzerland	**10,381**	12,264	10,644
Ireland	**10,645**	4,694	9,296
China	**8,249**	8,999	8,776
France	**6,729**	6,531	6,725
Spain	**5,333**	5,776	5,924
Germany	**5,227**	1,184	5,250
Japan	**3,436**	4,542	3,905
Philippines	**2,449**	2,356	2,798
India	**2,350**	2,723	2,526
Mexico	**1,783**	2,062	2,164
Poland	**1,547**	1,318	1,563
Brazil	**885**	1,303	1,247
Russia	**821**	926	925
Singapore	**1,341**	271	225
Netherlands	**61**	66	64
Taiwan	**2**	4	3
	244,026	224,508	240,401

Geographical analysis of non-current assets from continuing businesses	**244,026**	224,508	240,401
Deferred tax assets	**5,698**	3,340	5,060
Non-current assets	**249,724**	227,848	245,461

6 Financing Income and Cost

	Unaudited 26 weeks ended 30 Jun 20 €'000	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
Financing income			
Interest received	**31**	-	74
	31	-	74
Financing cost			
Bank charges	**(302)**	(246)	(629)
Interest expense	**(645)**	(434)	(934)
Unwinding of discounted liabilities - lease liabilities	**(344)**	(338)	(694)
Unwinding of discounted liabilities - deferred consideration	**(119)**	(177)	(330)
Foreign exchange loss	**(264)**	(1,159)	(1,658)
	(1,674)	(2,354)	(4,245)
Net financing income / (cost)	**(1,643)**	(2,354)	(4,171)

7 Seasonal Business

The video games industry is heavily impacted by sales of new releases of games and platforms during the traditional holiday season, including the run up to Thanksgiving in the United States and Christmas in other parts of the world. As with all other service providers to the video games industry, certain of Keywords Group's service lines typically experience significantly higher activity as part of this release cycle, during the six months from June to November. This activity drives increased revenues in that period and generates higher gross profit margins compared with the first six months of each calendar year.

Revenue and Gross profit for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period are presented below, which include the post-acquisition results of acquisitions completed in the current period.

	Unaudited 52 weeks ended 30 Jun 20 €'m	Unaudited 52 weeks ended 30 Jun 19 €'m
Revenue	**347**	294
Gross profit	**128**	110

8 Earnings per Share

	Unaudited 26 weeks ended 30 Jun 20	Unaudited 26 weeks ended 30 Jun 19	Audited 52 weeks ended 31 Dec 19
	€ cent	€ cent	€ cent
Basic	**9.49**	4.69	15.23
Diluted	**9.11**	4.50	14.73

Earnings	**€'000**	€'000	€'000
Profit for the period from continuing operations	**6,403**	3,040	9,909

Weighted average number of equity shares	**Number**	Number	Number
Basic (i)	**67,506,245**	64,845,831	65,081,403
Diluting impact of Share options (ii)	**2,770,558**	2,674,175	2,187,083
Diluted (i)	**70,276,803**	67,520,006	67,268,486

(i) Includes (weighted average) shares to be issued:

	Number	Number	Number
	259,900	733,900	510,350

(ii) Contingently issuable Ordinary Shares have been excluded where the conditions governing exercisability have not been satisfied:

	Number	Number	Number
LTIPs	**1,910,100**	948,200	2,067,536
Share options	**289,397**	1,239,400	1,128,000
	2,199,497	2,187,600	3,195,536

9 Dividends

The Board remains committed to resuming its progressive dividend policy in 2021 but does not believe it would be appropriate to propose an interim dividend at this time.

10 Non-current Assets

	Unaudited 26 weeks ended 30 Jun 20 €'000	**Unaudited 26 weeks ended 30 Jun 20 €'000**	**Unaudited 26 weeks ended 30 Jun 20 €'000**	**Unaudited 26 weeks ended 30 Jun 20 €'000**	**Unaudited 26 weeks ended 30 Jun 20 €'000**
Movement of the carrying value of Non-current assets	**Property, plant and equipment**	**Right of use assets**	**Intangible assets - goodwill**	**Intangible assets - other**	**Intangible assets - total***
Carrying amount at the beginning of the period	**22,163**	**21,469**	**175,639**	**21,130**	**196,769**
Recognition on acquisition of subsidiaries (note 18)	165	331	1,746	-	1,746
Other additions	4,888	14,711	-	-	-
Depreciation charge	(4,209)	(3,935)	-	-	-
Amortisation charge	-	-	-	(3,602)	(3,602)
Impairment charge	-	(239)	(147)	(1,913)	(2,060)
Exchange rate movement	(1,019)	(1,016)	(4,158)	(38)	(4,196)
Carrying amount at the end of the period	**21,988**	**31,321**	**173,080**	**15,577**	**188,657**

*Please note that goodwill and other intangible assets have been amalgamated for presentation purposes in the Consolidated statement of financial position, for both current and comparative periods presented.

While the Group performs a full assessment of the carrying value of goodwill and intangible assets on an annual basis, at 30 June 2020 an interim assessment was made taking into account the potential impact of COVID-19 (see note 19). Based on this interim review, an impairment charge of approximately €2m was made in the period to intangible assets, in relation to certain early technology pre-revenue businesses.

11 Trade and Other Receivables

	Unaudited 26 weeks ended 30 Jun 20 €'000	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
Trade receivables derived from contracts with customers	**45,940**	44,058	44,526
Provision for bad debts (i) (ii)	**(999)**	(964)	(1,283)
Financial asset held at amortised cost	**44,941**	43,094	43,243
Accrued income from contracts with customers	**10,569**	8,029	7,010
Prepayments and rent deposits	**4,714**	3,002	4,089
Other receivables	**4,346**	4,534	3,151
Multimedia tax credits / video games tax relief	**20,838**	18,232	17,626
Tax and social security	**3,474**	3,441	3,537
Other receivables - short term	**43,941**	37,238	35,413

(i) The movements in provision for bad debts in the current period were as follows:

	Unaudited 26 weeks ended 30 Jun 20 €'000
Provision at the beginning of the period	**(1,283)**
Impairment of financial assets (trade receivables) charged to other administration expenses	(236)
Amounts written off against the provision in the period	490
Exchange rate movement	30
Provision at end of the period	**(999)**
Credit loss experience	**0.5%**

(ii) The composition of the provision for bad debts at period end was as follows:

	Unaudited 30 Jun 20 €'000
Credit impaired	**(774)**
Expected credit losses	**(225)**
Provision at end of the period	**(999)**

12 Share Capital and Prior Year Restatement of Share Premium to Merger Reserve

	Issue date	Per share €	Number of ordinary £0.01 shares	Number of ordinary £0.01 shares - to be issued	Share capital €'000	Share capital - to be issued €'000	Share premium €'000	Merger reserve €'000
At 31 December 2019 (restated)			**65,212,515**	**349,721**	**780**	**5,310**	**20,718**	**132,712**
Acquisition related issuance of shares:								
Sunny Side Up	06-Jan-20	12.46	60,179	(60,179)	1	(750)	-	749
Cord and Laced	14-Apr-20	17.48	73,744	(73,744)	1	(1,289)	-	1,288
Descriptive Video Works	12-Jun-20	17.93	35,560	(35,560)	-	(637)	-	637
Coconut Lizard	25-Jun-20	20.23	-	19,739	-	399	-	-
Acquisition related issuance of shares			**169,483**	**(149,744)**	**2**	**(2,277)**	**-**	**2,674**
Share placing	20-May-20	16.23	6,900,000	-	77	-	-	109,459
Issue of shares on exercise of share options		0.96	1,182,408	-	13	-	1,118	-
At 30 June 2020			**73,464,406**	**199,977**	**872**	**3,033**	**21,836**	**244,845**

In May 2020, the Company completed a placing of 6,900,000 new ordinary shares issued at a price of €16.23 (£14.50) per share, representing approximately 10.5% of the issued share capital prior to the placing. Net of transaction costs, the placing raised proceeds of approximately €110m (£98m). The placing was made via a cash box structure, resulting in the Company acquiring the proceeds via a share for share exchange and hence the premium on the issuance of new shares of €109.5m has been credited to Merger reserve (in accordance with S610 of the Companies Act 2006). At the time of the placement, the proceeds were not allocated to a specific acquisition or specific purpose, and thus this reserve is considered distributable. The new shares rank pari passu in all respects with the existing ordinary shares of the Company, including the right to receive all future dividends and other distributions declared or paid after the date of placing.

Following completion of the share placement via the cash box structure in May 2020, a review of the Company's merger reserves was performed. It was identified that the premium on shares issued as part of the share placement in 2017 of €82.3m, was incorrectly recorded in non-distributable share premium. As the placing was also made via a cash box structure, resulting in the Company acquiring the proceeds via a share for share exchange, the premium on the issuance of new shares of €82.3m should have been credited to Merger reserve (in accordance with S610 of the Companies Act 2006). At the time of the placing the proceeds were identified as allocated to specific acquisitions. Hence the reserve is not considered distributable, but may become distributable in the future. The premium has been re-designated to Merger reserve and the prior period balances have been restated accordingly.

Prior period restatement	Share premium €'000	Merger reserve €'000
At 01 January 2019 - as reported	**102,225**	**35,996**
Reclassification of Share premium within Reserves	(82,261)	82,261
At 01 January 2019 - as restated	**19,964**	**118,257**

It was further identified that the share premium of €14.4m on the share placement in 2015, again via a cash box structure, that was posted to Merger reserve in 2015, is in fact distributable (as at the time of the placement the proceeds were not allocated to a specific purpose). For clarity, this transaction together with the €109.5m from the share placement in 2020, or €123.9m included in the Merger reserve, is considered distributable.

13 Share Options

	Share Option Scheme		Long Term Incentive Plan	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
Outstanding at 01 January 2020	**9.96**	**2,148,102**	**0.01**	**3,445,868**
Granted	15.93	822,000	0.01	1,428,000
Lapsed	15.20	(43,487)	0.01	(71,600)
Exercised	2.85	(350,018)	0.01	(832,390)
Outstanding at 30 June 2020	**12.72**	**2,576,597**	**0.01**	**3,969,878**
Exercisable at 30 June 2020	**5.15**	**737,097**	**0.01**	**545,942**
Weighted average share price at date of exercise	**16.89**		**16.62**	

14 Other Payables

	Unaudited 26 weeks ended 30 Jun 20 €'000	Unaudited 26 weeks ended 30 Jun 19 €'000	Audited 52 weeks ended 31 Dec 19 €'000
Current liabilities			
Accrued expenses	**23,382**	21,697	22,809
Payroll taxes	**2,886**	3,553	3,833
Other payables	**10,081**	6,643	6,104
Deferred and contingent consideration (i)	**6,354**	18,749	5,966
Related party payable (ii)	**-**	-	-
	42,703	50,642	38,712
Non-current liabilities			
Other payables	**11**	1,383	216
Deferred and contingent consideration (i)	**-**	113	69
	11	1,496	285

(i) The movements in deferred and contingent consideration (Level 3 input in the fair value hierarchy), in the current period were as follows:

	Unaudited 26 weeks ended 30 Jun 20 €'000
Carrying amount at the beginning of the period	**6,035**
Consideration settled by cash	(237)
Unwinding of discount (note 6)	119
Additional liabilities from current year acquisitions (note 18)	721
Fair value adjustments	(34)
Exchange rate movement	(250)
Carrying amount at the end of the period	**6,354**

In general, in order for contingent consideration to become payable, pre-defined profit and / or revenue targets must be exceeded. The valuation of contingent consideration is derived using data from sources that are not widely available to the public and involves a degree of judgement (Level 3 input in the fair value hierarchy). On an undiscounted basis, at period end the Group may be liable for deferred and contingent consideration ranging from €5.6m to a maximum of €6.4m. A 10% movement in expected performance results has no impact on the fair value of the contingent consideration, and hence there are no reasonably probable changes to the assumptions and inputs (including the discount rate) that would lead to a material change to the fair value of the total amount payable.

The contractual maturities of the Group's deferred and contingent consideration liabilities were as follows:

	Unaudited 30 Jun 20 €'000
Not later than one year	**6,354**
Later than one year and not later than two years	**-**
Later than two years and not later than five years	**-**
Carrying amount at the end of the period	**6,354**

(ii) The related party transactions in the current period were as follows:

	Unaudited 26 weeks ended 30 Jun 20 €'000
Canteen charges	**13**
Rental payments	**13**

15 Loans and Borrowings and Capital Management

The movements in loans and borrowings (classified as financial liabilities, held at amortised cost under IFRS 9), in the current period were as follows:

	Unaudited 26 weeks ended 30 Jun 20 €'000
Carrying amount at the beginning of the period	**59,751**
Drawdowns	4,500
Repayments	(64,022)
Exchange rate movement	(11)
Carrying amount at the end of the period	**218**

There were a number of drawdowns during the period mainly to fund payments of deferred consideration on acquisitions. Following on the share placing in May 2020, the balance of the revolving credit facility ("RCF") was repaid in June 2020, with the residual balance being loans owed by Keywords Studios QC-Interactive Inc. Throughout the period, the Group operated well within the interest cover and leverage ratio terms of the RCF agreement. The RCF remains in place allowing the Group to access financing of up to €100m (with an option to increase this by up to €40m to a total of €140m, subject to lender consent), extending to October 2022 (with an option to extend this maturity date by up to a further 2 years).

At the period end the net debt and the debt to capital ratio were as follows:

	Unaudited 30 Jun 20 €'000
Loans and borrowings	**218**
Less: cash and cash equivalents	**(101,213)**
Net debt / (net cash) position	**(100,995)**
Total equity	**339,494**
Net debt / (net cash) to capital ratio (%)	**(30%)**

16 Financial Instruments

During the period there has been no change in the measurement basis of the financial assets and liabilities shown in the Consolidated statement of financial position. The carrying amounts of the financial assets and liabilities are stated at amortised costs, with the exception of contingent consideration (note 14) held at fair value.

17 Lease Liabilities

	Unaudited 26 weeks ended 30 Jun 20 €'000
Carrying amount at the beginning of the period	**21,907**
Recognition on acquisition of subsidiaries (note 18)	331
Liabilities recognised on new leases in the period	14,711
Unwinding of discounted liabilities - lease liabilities	344
Payment of principal and interest on lease liabilities	(4,274)
Exchange rate movement	(1,032)
Carrying amount at the end of the period	**31,987**

The value of leases not yet commenced to which the lessee is committed, which are not included in the lease liability at 30 June 2020, were €Nil.

18 Business Combinations / Acquisitions Completed in the Current Period

	Coconut Lizard €'000
Date of acquisition	25-Jun-20
Acquisition company jurisdiction	UK
Book value of identifiable assets and liabilities	
Property, plant and equipment	192
Right of use assets	331
Trade and other receivables - gross	325
Bad debt provision	-
Cash and cash equivalents	232
Trade and other payables	(56)
Lease liabilities	(331)
Net book value	693
Fair value adjustments	
Identifiable tangible assets	(27)
Trade and other payables	(33)
Total fair value adjustments	**(60)**
Total identifiable assets	**633**
Goodwill	1,746
Total consideration	**2,379**
% Share capital acquired	100%
Satisfied by:	
Cash	1,259
Deferred cash contingent on performance	721
Shares to be issued	399
Total consideration transferred	**2,379**
Number of shares	
Fixed amount agreed to be issued	19,739
Net cash outflow arising on acquisition	
Cash paid in the period	1,259
Less: cash and cash equivalent balances transferred	(232)
Net cash outflow - acquisitions	1,027
Related acquisition costs charged through to the Consolidated Statement of Comprehensive Income	32
Pre-acquisition revenue in H1	1,007
Post-acquisition revenue	38
Pro forma revenue	**1,045**
Pre-acquisition profit / (loss) before tax	181
Post-acquisition profit / (loss) before tax	8
Pro forma profit / (loss) before tax	**189**

The main factors leading to the recognition of goodwill on the acquisition is the presence of certain intangible assets in the acquired entity, which are not valued for separate recognition, such as:

- The experience and expertise in game development services at Coconut Lizard, in particular their deep expertise in the video game development engine, Unreal Engine.

The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

19 Significant Events and Transactions

During the first half of the year, the Group's operations have been impacted by the COVID-19 pandemic. This has resulted in restrictions being put in place requiring most of the Group's studios to be temporarily closed from March onwards. The Group has been able to move most employees to work from home arrangements and whilst this has resulted in some short term disruption, particularly in the Audio and Testing service lines, it has allowed production to continue across most of the Group's operations. Since June, most of the Group's Audio studios have reopened and from July some activities have started to operate from Testing studios.

The Group has demonstrated a strong financial resilience during the period, with continued demand for most of the Group's services albeit certain service lines have been held back by COVID-19 operational and market disruption particularly in Testing, Audio and Localisation. The significant events and transactions (together with relevant judgements, estimates and assumptions) that have occurred in the period relating to the effects of the COVID-19 pandemic are summarised below:

Impairment review:
While the Group performs a full assessment of the carrying value of goodwill on an annual basis, at 30 June 2020 an interim assessment was made based on the same underlying assumptions used in the last Annual Report, but using updated forecasts and projections taking into account the impact of COVID-19. Based on this interim review, an impairment charge of approximately €2m was made in the period to intangible assets in relation to certain early technology pre-revenue businesses.

Credit risk:
The Group's exposure to credit risk is limited to the carrying amount of financial assets (Trade receivables) recognised at the balance sheet date. The Group has not seen a significant increase in credit risk during the pandemic, largely due to the resilience of the broader video games industry during the period. However credit risk continues to be monitored and managed closely by the Group, with a heightened awareness due to the pandemic.

Government subsidies claimed:
The Group has received COVID-19 government subsidies in various jurisdictions, introduced in response to the global pandemic. Judgement has been applied in determining both the eligibility for these programs, and the presentation of the subsidies in the financial statements. In certain jurisdictions COVID-19 supports displaced ongoing government incentives and reliefs. In these instances, the Group has elected to present the ongoing incentives as if they have been received, reducing the amounts recognised as COVID-19 government subsidies accordingly. Included in the Consolidated statement of comprehensive income are government subsidies received of €3.4m (net of amounts recognised as other government incentives). The supports relate to wage subsidies designed to help prevent job losses and better position companies to resume normal operations following the crisis. Given the temporary nature of the subsidies, the amounts received have been added back when arriving at the Group's adjusted profit measures (see Alternative performance measures section).

20 Events after the Reporting Date

Acquisition of Maverick Media Limited
On 27 August 2020, the Group announced the acquisition of the entire issued share capital of Maverick Media Limited ("Maverick"), for an amount of up to STG£3.6m. Maverick produces marketing campaigns and related services for some of the world's leading games publishers, developers and brands. The Group will pay non-contingent consideration of STG£2.7m, comprising STG£2.4m upfront in cash and the remainder through the issue of 13,579 new ordinary shares to the sellers on the first anniversary of completion. The remaining consideration of up to STG£0.9m will become payable to the sellers, in a mixture of cash and up to 22,632 shares, based upon performance targets over the first six months post completion.

Acquisition of Heavy Iron Studios
On 17 September 2020, the Group announced that it has entered into a conditional agreement to acquire the entire issued share capital of Heavy Iron Studios, Inc., a provider of specialised game development services, for total consideration of up to US$13.3m. Keywords will pay initial consideration of US$4m in cash and the equivalent of US$0.5m in new ordinary shares to the seller on the first anniversary of the acquisition, which will then be subject to orderly market provisions for a further year. The deferred consideration of up to US$8.8m will be payable to the seller, in a mix of cash and shares, based on performance targets being met by the first and second year anniversaries of the acquisition. The acquisition will further the Group's strategy to become the 'go to' technical and creative services platform for the global video games industry.

Alternative performance measures

The Group reports a number of alternative performance measures (APMs) to present the financial performance of the business, that are not GAAP measures as defined under IFRS. The Directors believe that these measures, in conjunction with the IFRS financial information, provide the users of the financial statements with additional information to provide a more meaningful understanding of the underlying financial and operating performance of the Group. The measures are also used in the Group's internal strategic planning and budgeting processes and for setting internal management targets. These measures can have limitations as analytical tools and therefore should not be considered in isolation, or as a substitute for IFRS measures.

The principal measures used by the Group are set out below:

Organic revenue growth – Acquisitions are a core part of the Group's growth strategy. Organic revenue growth measures are used to help understand the underlying trading performance of the Group excluding the impact of acquisitions. Organic revenue growth is calculated by adjusting the prior year revenues, adding pre-acquisition revenues for the corresponding period of ownership to provide a like for like comparison with the current year, and applying the prior year's foreign exchange rates to both years.

Constant exchange rates – Given the international nature of the Group's operations, foreign exchange movements can have an impact on the reported results of the Group when they are translated into the Group's reporting currency of Euros. In order to understand the underlying trading performance of the business, revenue is also presented using rates consistent with the prior year in order to provide year over year comparability.

Adjusted profit and earnings per share measures – Adjusted profit and earnings per share measures are used to provide management and other users of the accounts with a clear understanding of the underlying profitability of the business over time. Adjusted profit measures are calculated by adding the following items back to the equivalent GAAP profit measures:

- **Amortisation of intangible assets** – Customer relationships and music licence amortisation commences on acquisition, whereas intellectual property / development costs amortisation commences when the product is launched. These costs, by their nature, can vary by size and amount each year. As a result, amortisation of intangibles is added back to assist with the understanding of the underlying trading performance of the business and to allow comparability across regions and categories.
- **Costs of acquisition and integration** – The level of acquisition activity can vary each year and therefore the costs associated with acquiring and integrating businesses are added back to assist with the understanding of the underlying trading performance of the Group.
- **Share-based payments** – The Group uses share-based payments as part of remuneration to align the interests of senior management and employees with shareholders. These are non-cash charges and the charge is based on the Group's share price which can change. The costs are therefore added back to assist with the understanding of underlying trading performance.
- **Foreign exchange gains and losses** – The Group does not hedge foreign currency translation exposures. The effect on the Group's results of movements in exchange rates can vary each year and are therefore added back to assist with understanding the underlying trading performance of the business.
- **COVID-19 government subsidies claimed** – The Group has received COVID-19 government subsidies in various jurisdictions, introduced in response to the global pandemic. These subsidies have been added back in order to present adjusted profit and cash flow measures consistently year-on-year.

Free cash flow measures - The Group aims to generate sustainable cash flow (Free cash flow) in order to support its acquisition program and to fund dividend payments to shareholders. Free cash flow is measured as Net cash generated by / (used in) operating activities after capital expenditure, payments of principal on lease liabilities, interest and tax payments, and before acquisition and integration cash outlay. Adjusted free cash flow is a measure of cash flow adjusting for capital expenditure that is supporting growth in future periods (represented by capital expenditure in excess of depreciation) and also adjusted for COVID-19 subsidies claimed.

The remainder of this section provides a reconciliation of the APMs with the relevant IFRS GAAP equivalent.

Service line analysis

The following table presents revenue growth by service line at both actual exchange rates (AER) and constant exchange rates (CER). Constant exchange rates are calculated by retranslating current year reported numbers at the corresponding 2019 foreign exchange rates, in order to give management and other users of the accounts better visibility of underlying trading performance against the prior period.

	26 weeks ended 30 Jun 20 Revenue AER €m	**26 weeks ended 30 Jun 20 Revenue CER €m**	26 weeks ended 30 Jun 19 Revenue AER €m	**HY 2020 Growth AER %**	**HY 2020 Growth CER %**
Art creation	**26.3**	**26.0**	22.2	**18.5%**	**17.1%**
Game development	**38.7**	**38.1**	29.6	**30.7%**	**28.7%**
Audio*	**20.6**	**20.5**	18.3	**12.6%**	**12.0%**
Functional testing	**35.8**	**35.2**	31.8	**12.6%**	**10.7%**
Localisation*	**21.6**	**21.3**	22.7	**(4.8%)**	**(6.2%)**
Localisation testing	**10.7**	**10.5**	10.3	**3.9%**	**1.9%**
Player support	**19.8**	**19.3**	18.3	**8.2%**	**5.5%**
	173.5	**170.9**	153.2	**13.3%**	**11.6%**

*The prior year comparative has been re-classified to reflect the current year presentation as the Directors consider this to be more meaningful.

Pro forma revenue

Pro forma revenue is calculated by adding pre-acquisition revenues of current year acquisitions, excluding any pre-acquisition revenues with the Keywords Group, to the current year revenue numbers.

	26 weeks ended 30 Jun 20 Revenue AER €m	**26 weeks ended 30 Jun 20 Pre-acquisition revenue AER €m**	**26 weeks ended 30 Jun 20 Pro forma Revenue AER €m**
Art creation	**26.3**	**-**	**26.3**
Game development	**38.7**	**1.0**	**39.7**
Audio	**20.6**	**-**	**20.6**
Functional testing	**35.8**	**-**	**35.8**
Localisation	**21.6**	**-**	**21.6**
Localisation testing	**10.7**	**-**	**10.7**
Player support	**19.8**	**-**	**19.8**
	173.5	**1.0**	**174.5**

Organic revenue at constant exchange rates

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 2019 foreign exchange rates to both years.

	26 weeks ended 30 Jun 19 Revenue AER €m	26 weeks ended 30 Jun 19 Pre-acquisition revenue AER €m	26 weeks ended 30 Jun 19 Like for like revenue AER €m	**26 weeks ended 30 Jun 20 Revenue growth CER €m**	**26 weeks ended 30 Jun 20 Revenue CER €m**	**26 weeks ended 30 Jun 20 Organic revenue growth CER %**
Art creation	22.2	1.9	24.1	**1.9**	**26.0**	**7.9%**
Game development	29.6	0.7	30.3	**7.8**	**38.1**	**25.7%**
Audio*	18.3	2.1	20.4	**0.1**	**20.5**	**0.5%**
Functional testing	31.8	-	31.8	**3.4**	**35.2**	**10.7%**
Localisation*	22.7	0.3	23.0	**(1.7)**	**21.3**	**(7.4%)**
Localisation testing	10.3	-	10.3	**0.2**	**10.5**	**1.9%**
Player support	18.3	-	18.3	**1.0**	**19.3**	**5.5%**
	153.2	5.0	158.2	**12.7**	**170.9**	**8.0%**

*The prior year comparative has been re-classified to reflect the current year presentation as the Directors consider this to be more meaningful.

Adjusted operating costs

This comprises Administrative expenses as reported in the Consolidated statement of comprehensive income, adding back share option expense, costs of acquisitions and integration, amortisation of intangible assets, depreciation, non-controlling interest and deducting bank charges. In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Administrative expenses	Consolidated statement of comprehensive income	**(50,183)**	(46,203)	(98,687)
Share option expense	Consolidated statement of comprehensive income	**6,750**	4,011	9,775
Costs of acquisition and integration	Consolidated statement of comprehensive income	**1,185**	2,804	4,348
Amortisation and impairment of intangible assets	Consolidated statement of comprehensive income	**5,662**	3,491	7,318
Depreciation - property, plant and equipment	Note 10	**4,209**	3,168	7,295
Depreciation - right of use assets	Note 10	**3,935**	3,467	7,849
Non-controlling interest	Consolidated statement of comprehensive income	**50**	92	113
Bank charges	Note 6	**(302)**	(246)	(629)
COVID-19 government subsidies claimed	Consolidated statement of comprehensive income	**(3,411)**	-	-
Adjusted operating costs		**(32,105)**	(29,416)	(62,618)
Revenue from contracts with customers	Consolidated statement of comprehensive income	**173,485**	153,190	326,463
Adjusted operating costs as a % of revenue		**18.5%**	19.2%	19.2%

Adjusted operating profit

The adjusted operating profit consists of the Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for share option expense, costs of acquisition and integration and amortisation of intangible assets. In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Operating profit	Consolidated statement of comprehensive income	**12,737**	9,037	21,542
Share option expense	Consolidated statement of comprehensive income	**6,750**	4,011	9,775
Costs of acquisition and integration	Consolidated statement of comprehensive income	**1,185**	2,804	4,348
Amortisation and impairment of intangible assets	Consolidated statement of comprehensive income	**5,662**	3,491	7,318
COVID-19 government subsidies claimed	Consolidated statement of comprehensive income	**(3,411)**	-	-
Adjusted operating profit		**22,923**	19,343	42,983
Revenue from contracts with customers	Consolidated statement of comprehensive income	**173,485**	153,190	326,463
Adjusted operating profit as a % of revenue		**13.2%**	12.6%	13.2%

EBITDA

EBITDA comprises Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for amortisation of intangible assets, depreciation, and deducting bank charges.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Operating profit	Consolidated statement of comprehensive income	**12,737**	9,037	21,542
Amortisation and impairment of intangible assets	Consolidated statement of comprehensive income	**5,662**	3,491	7,318
Depreciation on property plant and equipment	Note 10	**4,209**	3,168	7,295
Depreciation on right of use assets	Note 10	**3,935**	3,467	7,849
Bank charges	Note 6	**(302)**	(246)	(629)
EBITDA		**26,241**	18,917	43,375

Adjusted EBITDA

Adjusted EBITDA comprises EBITDA, adjusted for share option expense, costs of acquisition and integration and non-controlling interest. In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
EBITDA	As above	**26,241**	18,917	43,375
Share option expense	Consolidated statement of comprehensive income	**6,750**	4,011	9,775
Costs of acquisition and integration	Consolidated statement of comprehensive income	**1,185**	2,804	4,348
Non-controlling interest	Consolidated statement of comprehensive income	**50**	92	113
COVID-19 government subsidies claimed	Consolidated statement of comprehensive income	**(3,411)**	-	-
Adjusted EBITDA		**30,815**	25,824	57,611
Revenue from contracts with customers	Consolidated statement of comprehensive income	**173,485**	153,190	326,463
Adjusted EBITDA as a % of revenue		**17.8%**	16.9%	17.6%

Adjusted profit before tax

Adjusted profit before tax comprises Profit before taxation as reported in the Consolidated statement of comprehensive income, adjusted for costs including share option expense, costs of acquisitions and integration, amortisation 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 is also excluded.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Profit before tax	Consolidated statement of comprehensive income	**11,094**	6,683	17,371
Share option expense	Consolidated statement of comprehensive income	**6,750**	4,011	9,775
Costs of acquisition and integration	Consolidated statement of comprehensive income	**1,185**	2,804	4,348
Amortisation and impairment of intangible assets	Consolidated statement of comprehensive income	**5,662**	3,491	7,318
Non-controlling interest	Consolidated statement of comprehensive income	**50**	92	113
Foreign exchange (gain) / loss	Note 6	**264**	1,159	1,658
Unwinding of discounted liabilities - deferred consideration	Note 6	**119**	177	330
COVID-19 government subsidies claimed	Consolidated statement of comprehensive income	**(3,411)**	-	-
Adjusted profit before tax		**21,713**	18,417	40,913
Revenue from contracts with customers	Consolidated statement of comprehensive income	**173,485**	153,190	326,463
Adjusted profit before tax as a % of revenue		**12.5%**	12.0%	12.5%

Adjusted effective tax rate

The adjusted effective tax rate is the Tax expense as reported in the Consolidated statement of comprehensive income, adjusted for the tax impact of the adjusting items in arriving at adjusted profit before tax, as a percentage of the adjusted profit before tax.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Adjusted profit before tax	As above	**21,713**	18,417	40,913
Tax expense	Consolidated statement of comprehensive income	**4,691**	3,643	7,462
Effective tax rate before tax on adjusting items	Tax expense / Adjusted profit before tax	**21.6%**	19.8%	18.2%
Tax arising on bridging items to adjusted profit before tax^		**(21)**	813	1,703
Adjusted tax expense		**4,670**	4,456	9,165
Adjusted effective tax rate	Adjusted tax expense / Adjusted profit before tax	**21.5%**	24.2%	22.4%

**The prior year comparative has been restated to reflect to reflect the presentation in the Annual Report 2019.*

^Being mainly the tax impact of amortisation of intangible assets €0.90m (2019: €0.81m) and COVID-19 government subsidies claimed €0.92m (2019: NIL).

Adjusted earnings per share

The adjusted profit after tax comprises the adjusted profit before tax, less the Tax expense as reported in the Consolidated statement of comprehensive income, adjusted for the tax impact of the adjusting items in arriving at adjusted profit before tax.

The adjusted earnings per share comprises the adjusted profit after tax divided by the non-diluted weighted average number of shares as reported in note 8.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Adjusted profit before tax	As above	**21,713**	18,417	40,913
Tax expense	Consolidated statement of comprehensive income	**(4,691)**	(3,643)	(7,462)
Tax arising on bridging items to adjusted profit before tax^		**21**	(813)	(1,703)
Adjusted profit after tax		**17,043**	13,961	31,748
Denominator (weighted average number of equity shares)	Note 8	**67,506,245**	64,845,831	65,081,403
		€ c	€ c	€ c
Adjusted earnings per share		**25.25**	21.53	48.78
Adjusted earnings per share % growth		**17.3%**	11.8%	7.2%

**The prior year comparative has been restated to reflect to reflect the presentation in the Annual Report 2019.*
^Being mainly the tax impact of amortisation of intangible assets €0.90m (2019: €0.81m) and COVID-19 government subsidies claimed €0.92m (2019: NIL).

Return on capital employed (ROCE)

ROCE represents the adjusted profit before tax (excluding net interest costs, unwinding of discounted lease liabilities and bank charges, and also adjusted to include pre-acquisition profits of current year acquisitions), expressed as a percentage of the capital employed. In order to present the measure consistently, the half year adjusted profits are presented on a rolling 12 month basis.

Capital employed represents Total equity as reported on the Consolidated statement of financial position adding back employee defined benefit liabilities, cumulative amortisation of intangible assets (customer relationships), acquisition related liabilities (deferred and contingent consideration), together with loans and borrowings, while deducting cash and cash equivalents.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended 31 Dec 19 €'000
Adjusted profit before tax	As above	**21,713**	18,417	40,913
Interest received	Note 6	**(31)**	-	(74)
Bank charges	Note 6	**302**	246	629
Interest expense	Note 6	**645**	434	934
Unwinding of discounted liabilities - lease liabilities	Note 6	**344**	338	694
Pre-acquisition profits of current year acquisitions	Note 18	**181**	(15)	151
Adjusted profit before tax including pre acquisition profit excluding interest for the period		**23,154**	19,420	43,247
Rolling 12 month adjustment		**23,827**	27,188	-
Adjusted profit before tax including pre acquisition profit excluding net interest on a rolling 12 month basis		**46,981**	46,608	43,247
Total equity	Consolidated statement of financial position	**339,494**	204,369	222,958
Employee defined benefit plans	Consolidated statement of financial position	**2,049**	1,489	2,049
Cumulative amortisation of intangibles assets (customer relationships)		**23,157**	16,476	20,017
Deferred and contingent consideration	Note 14	**6,354**	18,862	6,035
Loans and borrowings	Note 15	**218**	46,792	59,751
Cash and cash equivalents	Consolidated statement of financial position	**(101,213)**	(37,763)	(41,827)
Capital employed		**270,059**	250,225	268,983
Return on capital employed	Adjusted profit before tax including pre acquisition profit excluding net interest expense on a rolling 12 month basis / capital employed	**17.4%**	18.6%	16.1%

**The prior year comparative has been restated to reflect to reflect the presentation in the Annual Report 2019.*

Free cash flow

Free cash flow represents Net cash generated by / (used in) operating activities as reported in the Consolidated statement of cash flows, adjusted for acquisition and integration cash outlay, capital expenditure, net interest paid, payments of principal on lease liabilities and is presented both before and after taxation paid.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended* 31 Dec 19 €'000
Net cash generated by / (used in) operating activities	Consolidated statement of cash flows	**20,129**	7,556	32,781
Acquisition and integration cash outlay:				
Costs of acquisition and integration	Consolidated statement of comprehensive income	**1,185**	2,804	4,348
Fair value adjustments to contingent consideration	Consolidated statement of cash flows	**34**	(1,127)	(493)
Acquisition of property, plant and equipment	Consolidated statement of cash flows	**(4,888)**	(5,061)	(13,145)
Investment in intangible assets	Consolidated statement of cash flows	**-**	(332)	(391)
Interest received	Consolidated statement of cash flows	**31**	-	74
Interest paid	Consolidated statement of cash flows	**(897)**	(732)	(2,130)
Payments of principal on lease liabilities	Consolidated statement of cash flows	**(3,930)**	(3,236)	(7,355)
Free cash flow after tax		**11,664**	(128)	13,689
Taxation paid		**1,961**	3,769	13,288
Free cash flow before tax		**13,625**	3,641	26,977

** The presentation of the 2019 comparatives have been re-stated to align to the pre IFRS 16 reported measures in the Annual Report 2019, as the Directors consider this to be more meaningful.*

Adjusted free cash flow

Adjusted free cash flow is a measure of cash flow adjusting for capital expenditure that is supporting growth in future periods (as measured by capital expenditure in excess of maintenance capital expenditure). In order to present the measure consistently year-on-year, the impact of COVID-19 government subsidies claimed is also excluded.

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended* 31 Dec 19 €'000
Free cash flow before tax	As above	**13,625**	3,641	26,977
Capital expenditure in excess of depreciation:				
Acquisition of property, plant and equipment	Consolidated statement of cash flows	**4,888**	5,061	13,145
Depreciation on property, plant and equipment	Consolidated statement of cash flows	**(4,209)**	(3,168)	(7,295)
Capital expenditure in excess of depreciation		**679**	1,893	5,850
COVID-19 government subsidies claimed	Consolidated statement of comprehensive income	**(3,411)**	-	-
Adjusted free cash flow		**10,893**	5,534	32,827

** The presentation of the 2019 comparatives have been re-stated to align to the pre IFRS 16 reported measures in the Annual Report 2019, as the Directors consider this to be more meaningful.*

Adjusted cash conversion rate

Adjusted cash conversion rate is the adjusted free cash flow as a percentage of the adjusted profit before tax:

Calculation		**26 weeks ended 30 Jun 20 €'000**	26 weeks ended* 30 Jun 19 €'000	52 weeks ended* 31 Dec 19 €'000
Adjusted free cash flow	As above	**10,893**	5,534	32,827
Adjusted profit before tax	As above	**21,713**	18,417	40,913
Adjusted cash conversion ratio	Free cash flow before tax and capital expenditure in excess of depreciation, as a % of adjusted profit before tax	**50.2%**	30.0%	80.2%

** The presentation of the 2019 comparatives have been re-stated to align to the pre IFRS 16 reported measures in the Annual Report 2019, as the Directors consider this to be more meaningful.*