2021 Interim Results

15 September 2021

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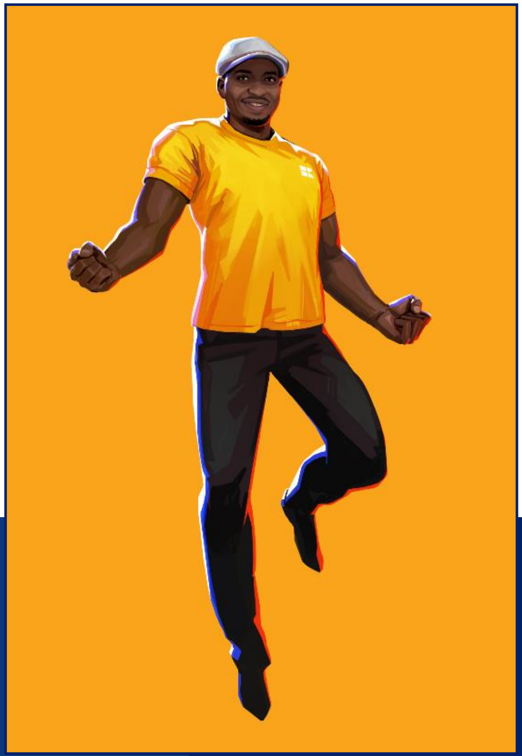
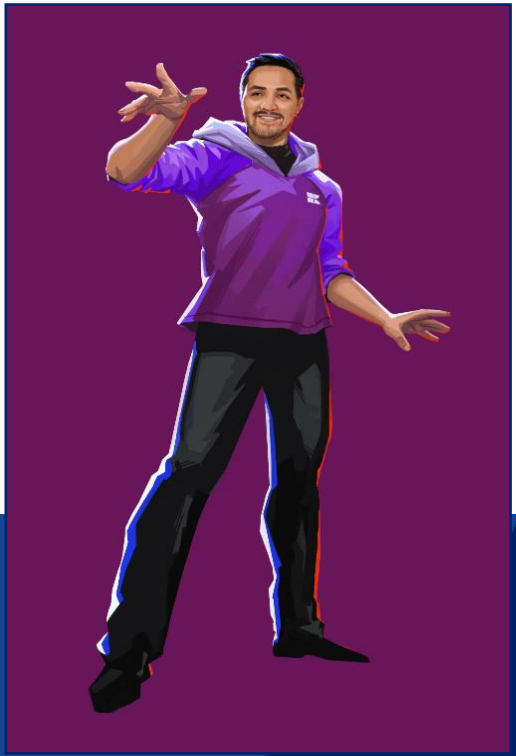
Today's agenda

H1 2021 highlights



Financial overview



Strategy & Outlook

Keywords STUDIOS

H1 2021 highlights

Executive summary

Strong H1 revenue growth including significant organic growth despite some continued COVID-19 related operational constraints

Continued growth in profitability and **cash generation** driving strong balance sheet and liquidity

Continued to **deliver on our acquisition strategy** with four high quality acquisitions completed

Good progress with our **Responsible Business** agenda; new Group Environmental policy and Women in Games partnership

CEO process well advanced – further announcement expected in coming weeks

H2 has started well with **strong demand** for most services driven by a buoyant market and renewed focus on new content creation

Expect to further cement our position as the ‘go to’ provider of technical and creative services to a global client base

Strong H1 revenue and profit growth

Revenue

+ 37.6%

Revenue up to €238.7m

(H1 2020: €173.5m)

Adjusted EBITDA

+ 64.6%

Adjusted EBITDA €50.7m

(H1 2020: €30.8m)

Adjusted EPS

+ 64.6%

Adjusted EPS 41.57c

(H1 2020: 25.25c)

Organic Revenue growth

+ 22.9%

(H1 2020: 8.0%, FY 2020: 11.7%)

Adjusted EBITDA margin

+ 21.2%

Increased by 3.4% pts
(H1 2020: 17.8%)

Interim dividend

0.70p

20.7% increase over 2019 interim dividend
(H1 2020: 0.00p, H1 2019: 0.58p)

Definitions of the performance measures are provided in the Alternative performance measures chart in the Appendix

Acquisitions and pipeline

HEAVY IRON STUDIOS
A KEYWORDS STUDIO

CLIMAX STUDIOS
A KEYWORDS STUDIO

TANTALUS
A KEYWORDS STUDIO

AMC WE SHAPE WORLDS
A KEYWORDS STUDIO

4

Acquisitions completed in 2021

€105m

Total maximum consideration

Strong pipeline with a primary focus remaining on Game Development and Marketing Services

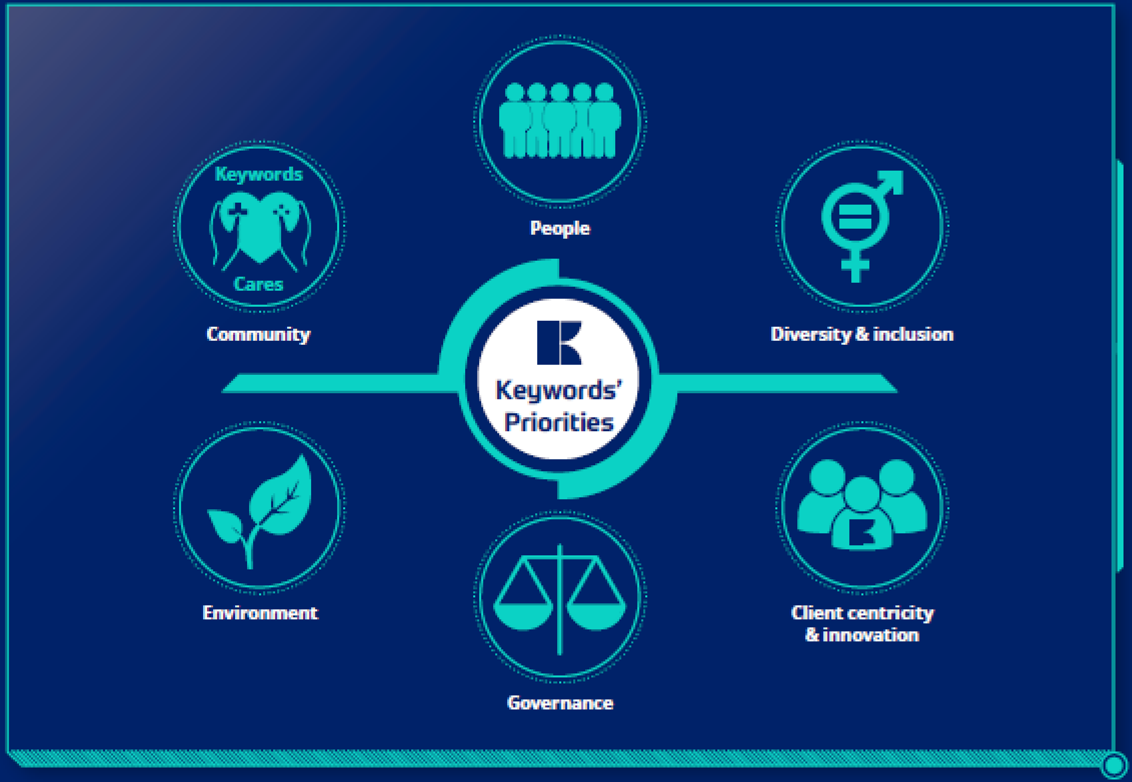
H1 2021 highlights

Responsible Business

2021 progress

- Women in Games partnership announced which sees Keywords help power their 500 strong Ambassador programme across 52 countries
- Group's first Environmental Policy covering measures to cut greenhouse gas (carbon) emissions, energy, waste and other environmental impacts
- Various initiatives to help support colleagues, including COVID-19 vaccine clinics and more recently, the support for colleagues impacted by hurricane in New Orleans

Committed to conducting our business responsibly and operating to the highest levels of honesty, integrity and ethical conduct



Financial overview

Keywords
STUDIOS

H1 2021 Financial Highlights

	H1 2021 €m	H1 2020 €m	% change
Revenue	**238.7**	**173.5**	**37.6%**
Organic Revenue growth	22.9%	8.0%	
Adjusted EBITDA	**50.7**	**30.8**	**64.6%**
Margin	21.2%	17.8%	
EBITDA	40.8	26.2	55.7%
Adjusted PBT	**39.7**	**21.7**	**82.9%**
Margin	16.6%	12.5%	
PBT	**21.9**	**11.1**	**97.3%**
Adjusted EPS (€ cents per share)	**41.57**	**25.25**	**64.6%**
Adjusted free cash flow before tax	**37.7**	**10.9**	**245.9%**
Adjusted cash conversion rate	**94.9%**	**50.2%**	

- Reported revenue up 37.6%, Organic Revenue up 22.9%
- Adjusted EBITDA up 64.6% with margin improving 3.4% pts to 21.2%
  - Margin benefitted from a full six months of the ongoing reduction in certain costs during COVID-19 combined with the revenue improvement following H1 2020 shortfalls that held back margins in that period
- Adjusted PBT up 82.9% with margin improving 4.1% pts to 16.6%; above the Group's historical range of between 14-15% due to the short-term benefit from certain costs savings as a result of COVID-19
- PBT increased by 97.3%, reflecting the increase in Adjusted PBT and COVID-19 costs benefits mentioned above

Keywords STUDIOS

Service line review

	% of revenue	Organic Revenue Growth H1 21	Organic Revenue Growth H1 20	H1 revenue growth
Keywords Art Services	10%	**25.4%**	13.0%*	20.1%
Keywords Marketing Services	10%	**50.6%**	30.8%*	213.5%
Keywords Game Development	27%	**15.5%**	25.7%	63.6%
Keywords Audio Services	12%	**36.4%**	0.5%	35.4%
Keywords Functionality QA	18%	**24.3%**	10.7%	20.9%
Keywords Localization	10%	**10.7%**	(7.4%)	8.9%
Keywords Localization QA	5%	**19.6%**	1.9%	17.8%
Keywords Player Support	9%	**17.7%**	5.5%	11.6%

Keywords STUDIOS

* The prior year numbers has been re-classified to separately report Marketing services, previously reported within the Art Creation service line

Operating and free cash flow

	H1 2021 €m	H1 2020 €m	Change €m
Adjusted EBITDA	**50.7**	**30.8**	**19.9**
MMTC and VGTR	(3.8)	(4.3)	0.5
Working capital and other items	1.7	(6.6)	8.3
Capex - PPE	(9.4)	(4.9)	(4.5)
Capex - intangible assets	(0.2)	0.0	(0.2)
Payments of principal on lease liabilities	(4.6)	(3.9)	(0.7)
COVID -19 employment support subsidies	-	3.4	(3.4)
Operating cash flows	**34.4**	**14.5**	**19.9**
Interest paid	(0.8)	(0.9)	0.1
Free cash flow before tax	**33.6**	**13.6**	**20.0**
Tax	(9.8)	(2.0)	(7.8)
Free Cash Flow	**23.8**	**11.6**	**12.2**
Adjusted free cash flow before tax	37.7	10.9	26.8
Adjusted cash conversion rate	94.9%	50.2%	

- €12.2m increase in Free Cash Flow year on year driven by:
  - Increase in Adjusted EBITDA of €19.9m
  - Working capital improvement of €8.3m - trade receivable days reduced to 41 (H1 2020: 46)
  - €4.5m increase in capex reflecting a return to more normal levels of spending following the COVID-19 disruption
  - The Group received no COVID-19 government employment retention subsidies in H1 2021
  - €7.8m increase in tax payments on the same period when the Group benefitted from timing differences that resulted in less payments in the year in respect of the 2020 tax payable
- Improvement in the adjusted cash flow conversion rate to 94.9% (H1 2020: 50.2%) partly driven by some COVID-19 phasing benefits

Definitions of the performance measures are provided in the Alternative performance measures chart in the Appendix

Movement in net cash / debt

	H1 2021 €m	H1 2020 €m	Change €m
Free cash flow	**23.8**	**11.6**	**12.2**
M&A - acquisition spend	(44.7)	(1.3)	(43.4)
M&A – acquisition and integration costs	(1.5)	(1.2)	(0.3)
Dividends paid	-	-	-
Shares issue for cash	2.3	110.7	(108.4)
Underlying increase / (decrease) in net cash / (debt)	**(20.1)**	**119.8**	**(139.9)**
FX and other items	1.3	(0.9)	2.2
Increase in net cash / (debt)	**(18.8)**	**118.9**	**(137.7)**
Opening net cash / (debt)	102.9	(17.9)	
Closing net cash / (debt)	**84.1**	**101.0**	

- Acquisition spend of €46.2m:
  - €44.7m on acquisitions in respect of the cash component of both current and prior year acquisitions
  - €1.5m of acquisition and integration costs
- Increase in net cash in H1 2020 driven by successful €110m equity placing was used to pay down drawings on RCF and deployed on the value creating M&A programme
- Decrease in net cash of €18.8m versus increase of €118.9m in H1 2020
- Net cash at 30 June 2021 of €84.1m (H1 2020: net cash €101.0m, FY 2020: €102.9m)

Keywords STUDIOS

Definitions of the performance measures are provided in the Alternative performance measures chart in the Appendix

Funding position and guidance

Robust financial position to enable strategy

- Cash generative business with an adjusted free cash flow conversion of 94.9% in H1 2021 (H1 2020: 50.2%)
- Revolving Credit Facility (RCF) of €100m expiring in 2022 with a €40m accordion and option to extend for 1 year
- €184m of liquidity through cash and undrawn committed RCF headroom
- Balance sheet capacity to:
  - provide flexibility to execute acquisition strategy
  - support the business and customers through and beyond any COVID-19 disruption
- Reviewing a strong pipeline of acquisition opportunities

Full year guidance

- Strong H1 performance and expect demand to continue across most service lines
- Organic growth rates expected to moderate against stronger H2 2020 comparatives
- Adjusted PBT margins expected to exceed 14 – 15% historic range but return towards this range in 2022 as some costs return and as we invest further in the business
- Adjusted Effective Tax rate in line with the 2020 rate of ~21%
- Capex at a higher level to 2020 relative to revenue reflecting some expansionary capex and investment in equipment
- Adjusted Cash Conversion rate of ~80%
- Following our trading update in early August, all of the above items are reflected in the current market consensus for 2021

Strategy & service line outlook

Keywords STUDIOS

Our strategy

To become the 'go to' provider for technical and creative services to the video games industry

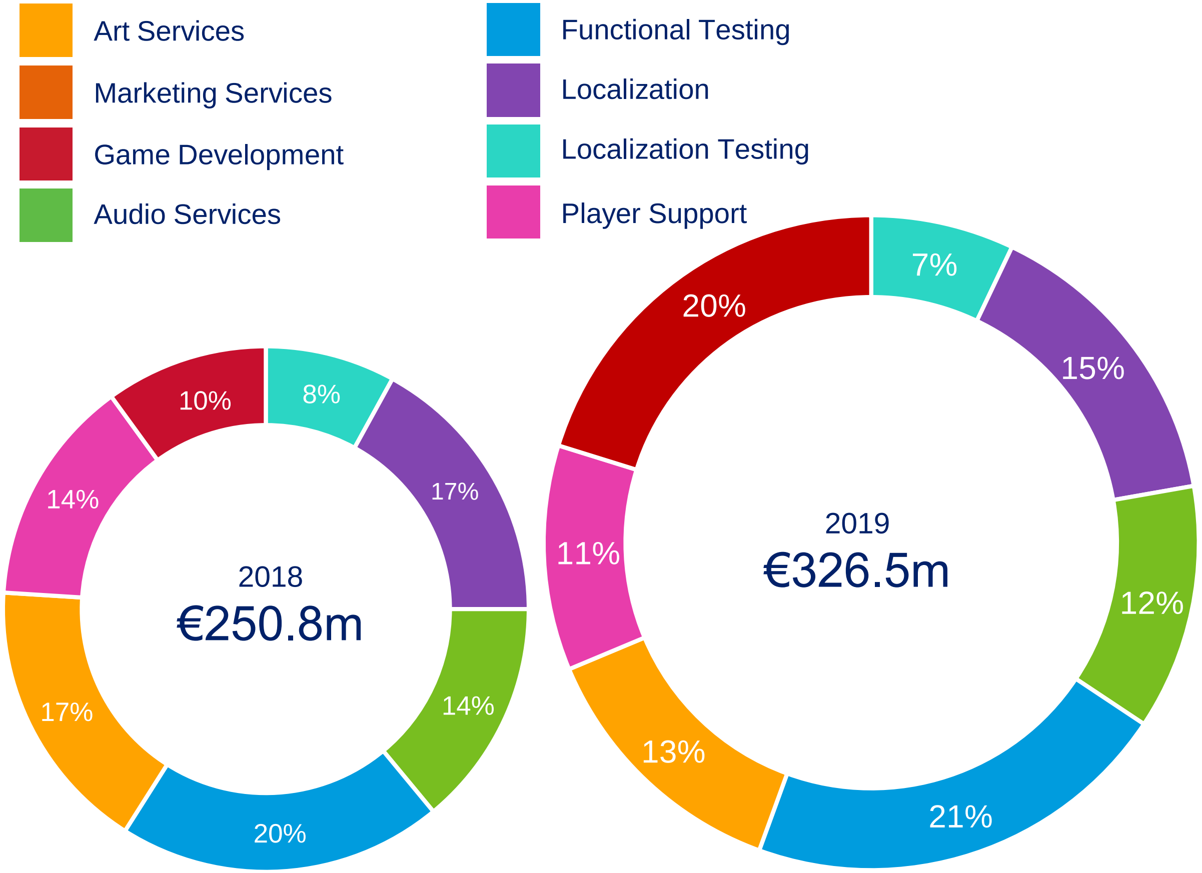
Unique end-to-end global services platform in a highly fragmented market	Relationships with the top games companies; who are increasingly outsourcing, in a more structured way	Unrivalled scale and flexible resource, in proximity to our clients
Attractive employer to talent pools around the world	Resilient business, diversified by geography, service and client base	Compelling platform for target acquisitions

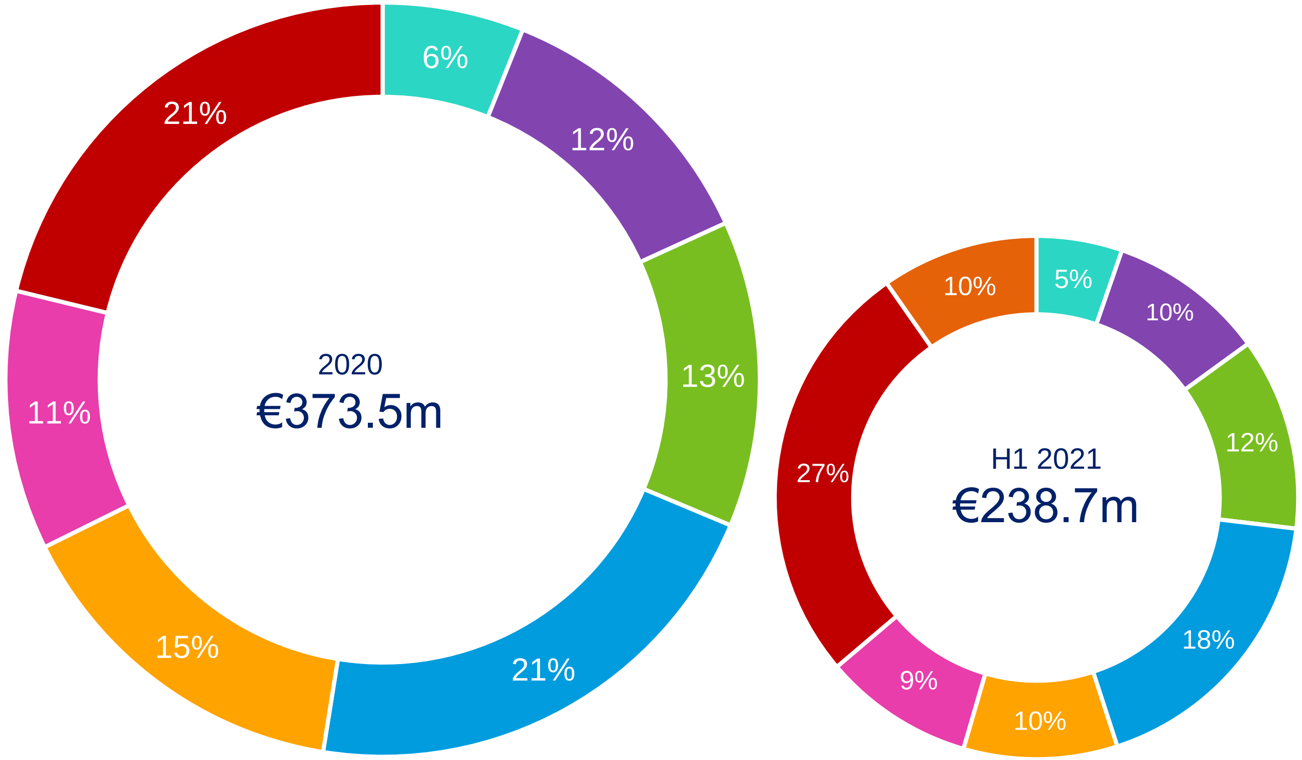
Increasing barriers to entry as a result of reputation for quality, expertise, scale, global reach and full range of services

Well balanced business across the development life cycle

Continue to move up the value chain:

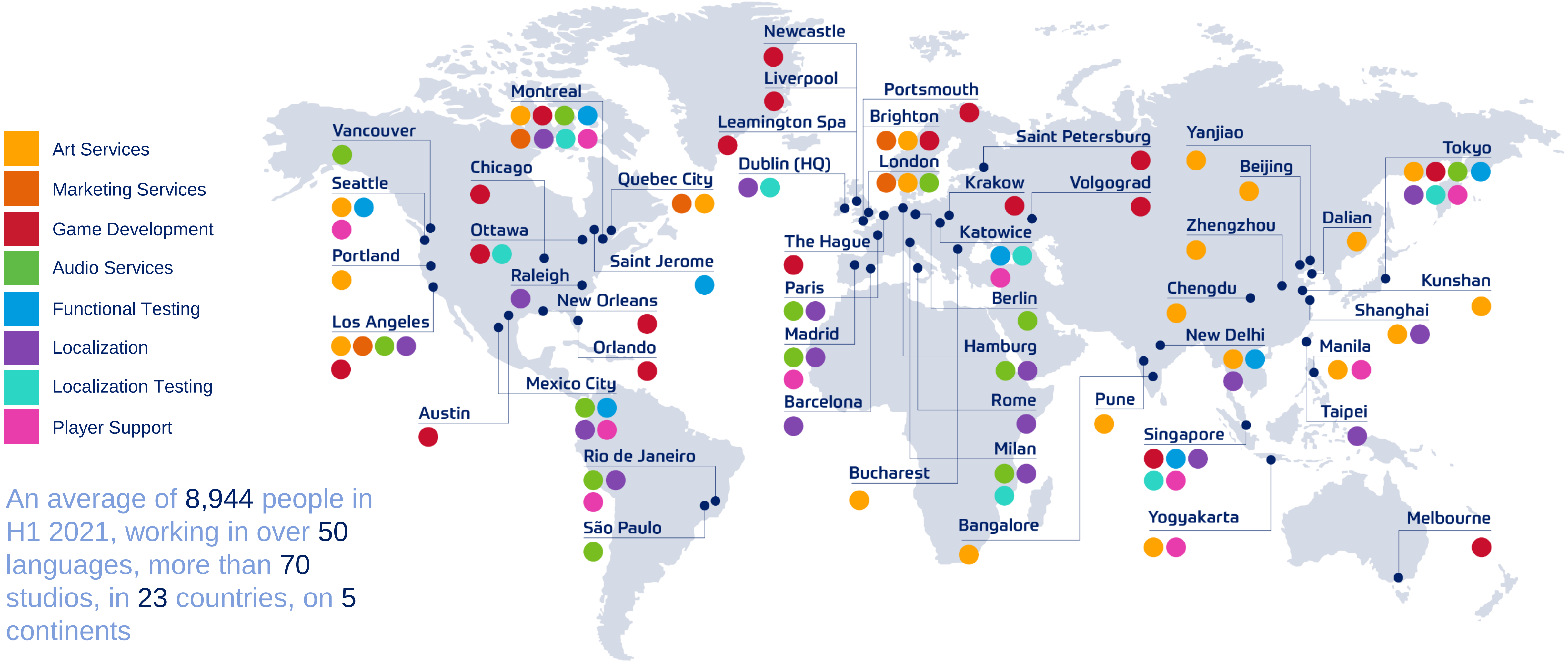
- Increasingly integrated with game development pipelines
- Increasing numbers of client specific, dedicated operations
- Highly attached to game titles & client service infrastructures
- Capturing additional share of wallet, moving beyond game production budgets to marketing spend





Keywords STUDIOS

International scale and flexibility across markets is key



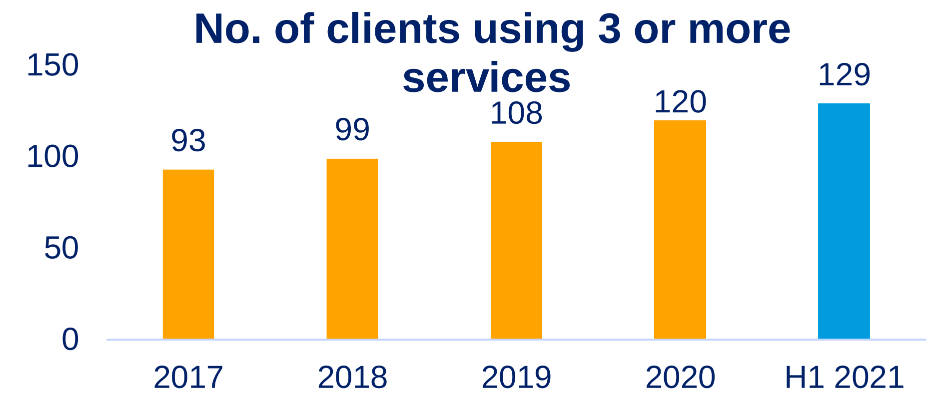
An average of 8,944 people in H1 2021, working in over 50 languages, more than 70 studios, in 23 countries, on 5 continents

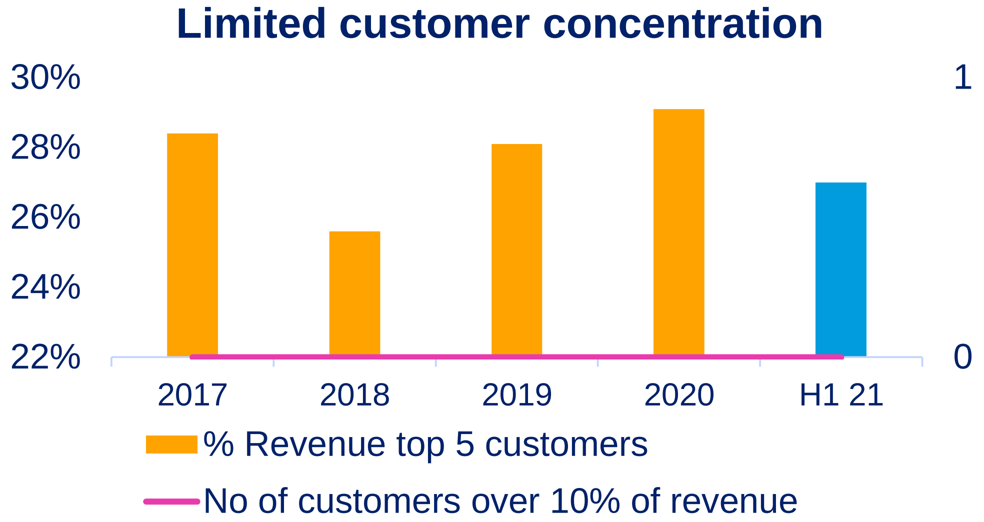
Keywords STUDIOS

Market leading position

We work with 23 of the top 25 games companies by revenue and 10 of the top 10 mobile games publishers by revenue.*

Google, Microsoft, Apple, WB Games, T2, mixi, Ubisoft, Supercell, Nexon, Bandai Namco Games, NCSOFT, playrix, Sony Interactive Entertainment, Playtika, Nintendo, Tencent Games, EA, netmarble, KONAMI, SQUARE ENIX, CyberAgent, King, Activision Blizzard, Perfect World, NetEase Games





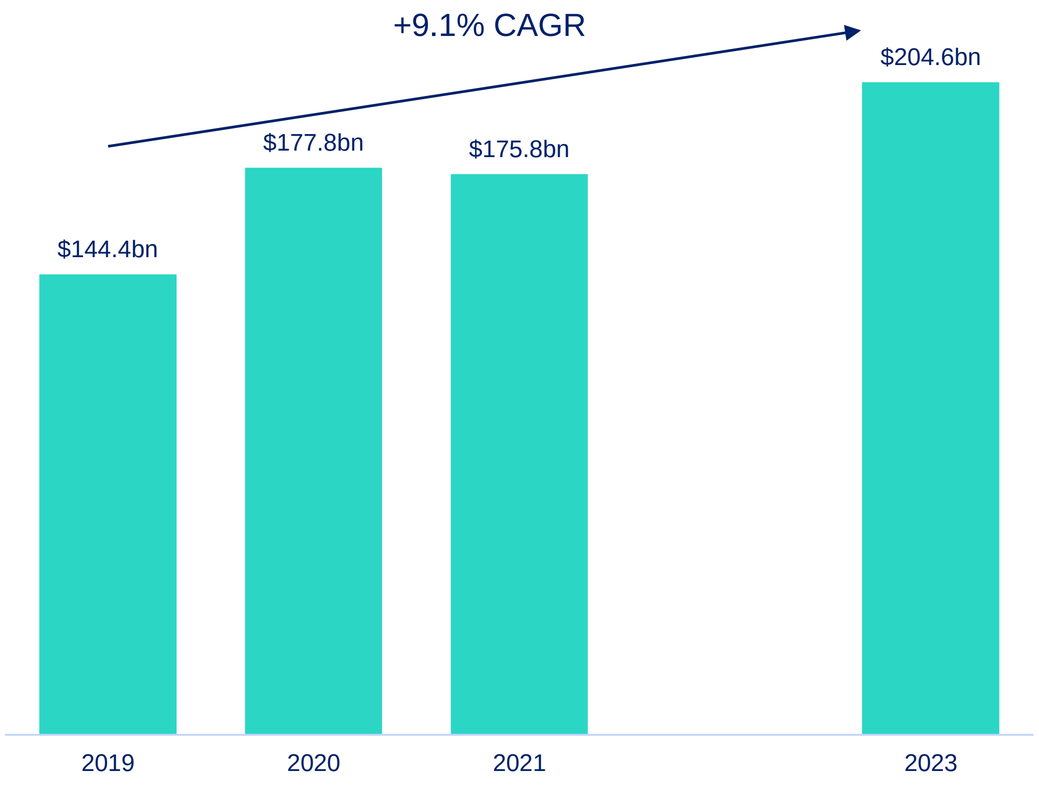
Keywords STUDIOS

* Newzoo, Top 25 public companies by game revenues in Q3 2020 and App Annie, Top publishers of 2020/21

Market growth drivers

Favourable market growth drivers

- Fast growing games industry – c. 9% CAGR
- Industry growth in 2020 of 20%, primarily driven by uplift in gamers and game play of existing content
- Increased focus in 2021 on content following production constraints in 2020
- Content demand is strong driven by with new console launches, streaming platform developments and Games as a Service
- Trend towards outsourcing as the industry deals with an increasingly complex environment
- Supply chains are becoming more structured as the industry gradually matures
- Fragmented industry provides opportunities for selective consolidation



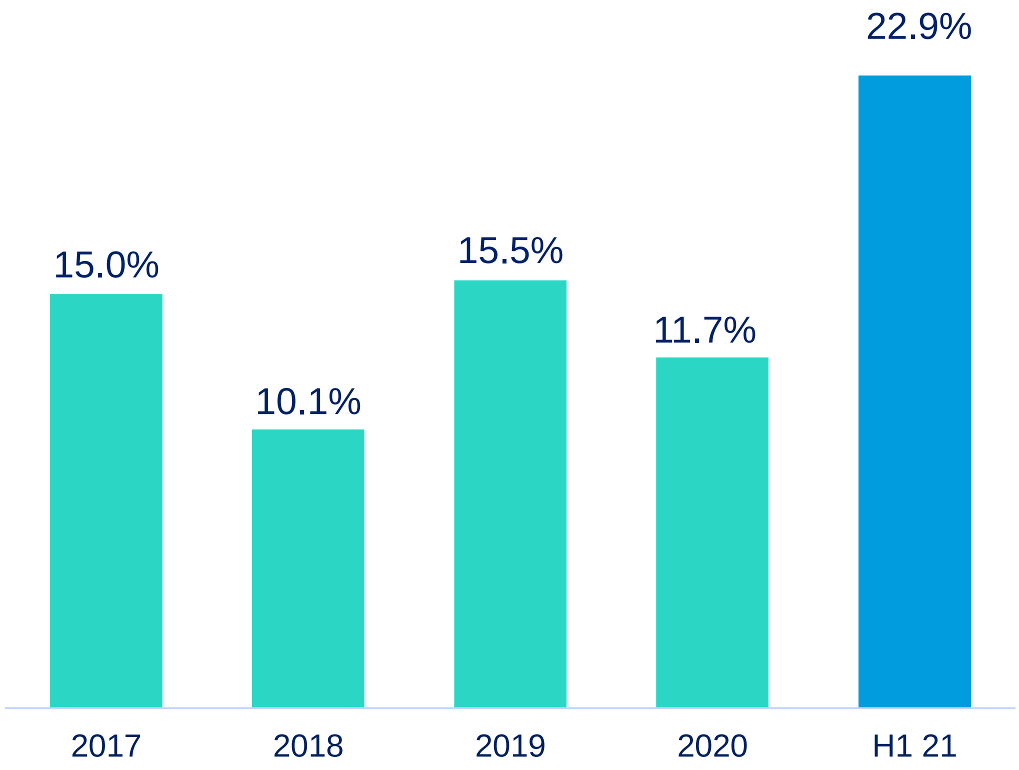
Source: Newzoo 2021 Global Games Market Report, May 2021

Keywords’ growth drivers

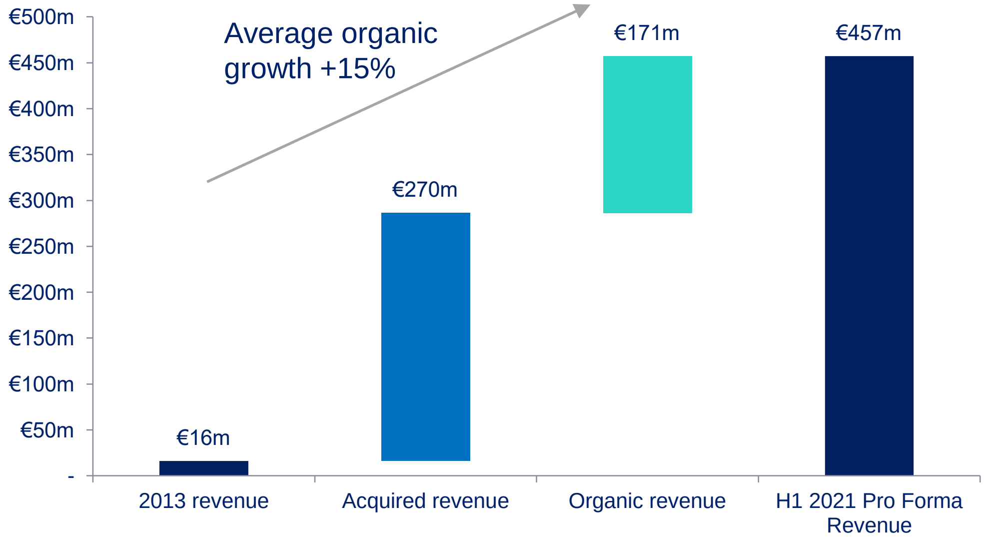
Keywords best placed to exploit market growth drivers

- Only global, full service provider in the market
- Scale begets scale in an otherwise highly fragmented market
- Balanced business across service lines and geographies
- Increasingly predictable and repeating revenue base
- Local business development supplemented by global sales team and continued cross sell opportunity
- Able to provide infrastructure and funding for acquisitions to grow

Strong track record of organic growth



Acquiring for growth



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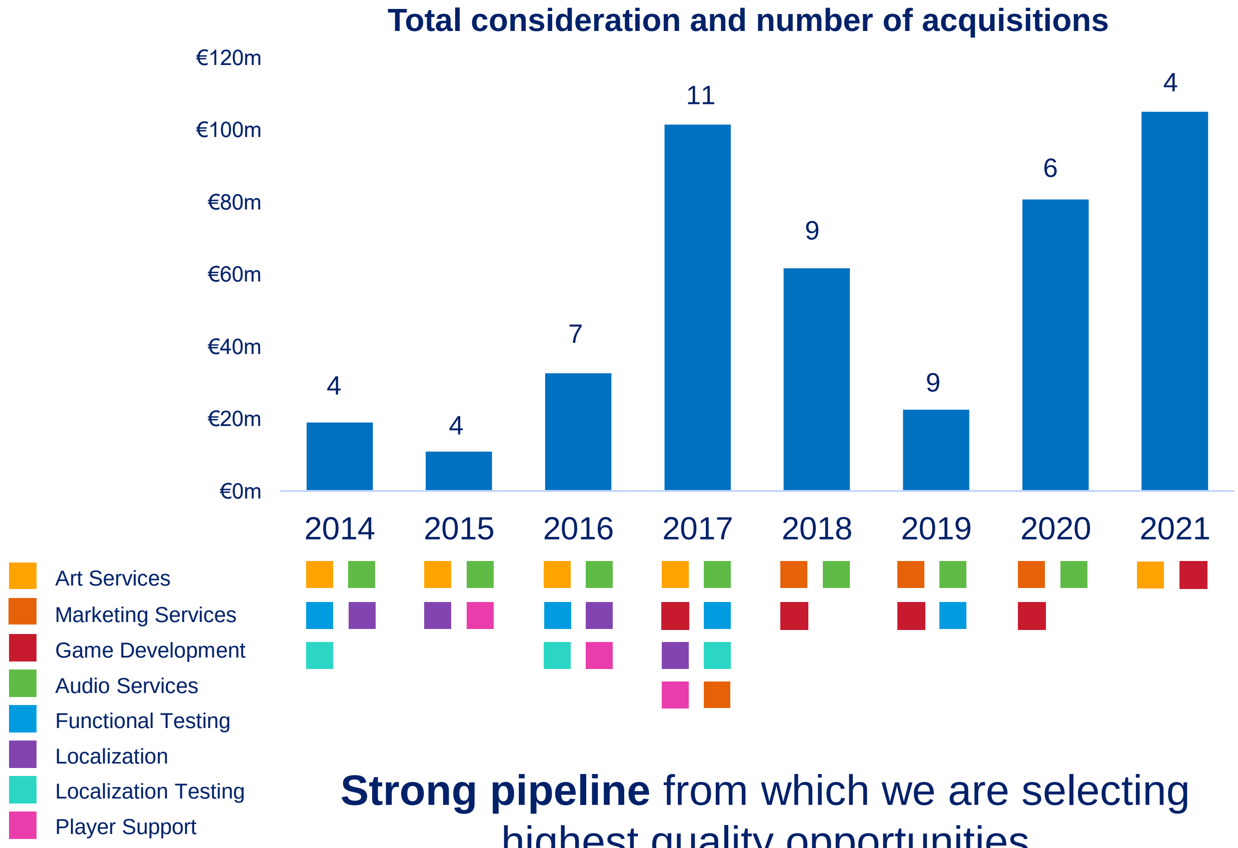
Value creating acquisitions since IPO

€184m

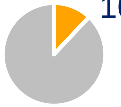
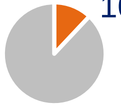
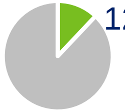
in net cash and undrawn RCF



Strong pipeline from which we are selecting highest quality opportunities

Particular focus on **Marketing Services and Game Development**

Service line outlook

	% of revenue	Organic Revenue Growth **H1 21**	Organic Revenue Growth H1 20	H1 revenue growth
Keywords Art Services	 10%	**25.4%**	13.0%*	20.1%
Keywords Marketing Services	 10%	**50.6%**	30.8%*	213.5%
Keywords Game Development	 27%	**15.5%**	25.7%	63.6%
Keywords Audio Services	 12%	**36.4%**	0.5%	35.4%

Art Creation is expected to continue to deliver strong growth in the second half given that we have better than normal visibility and as this service line is well placed to scale to meet buoyant demand

Marketing to build on a successful H1 with continued growth in H2, albeit at a more moderate level given the exceptional organic growth in H1 and the stronger comparatives in H2 of the prior year

Game Development demand remains very strong and we expect continued good growth in H2 as we focus on talent acquisition and resources globally, to service as much of that demand as possible

Audio demand remains strong albeit we are expecting growth rates to moderate in H2 due to the stronger comparatives in H2 of the prior year

Keywords STUDIOS

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Service line outlook

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Keywords Localization QA	5%	19.6%	1.9%	17.8%
Keywords Player Support	9%	17.7%	5.5%	11.6%

Functional Testing operates at the later stages of the game development cycle and are experiencing some delays in content flow following the previous disruption to earlier stage content

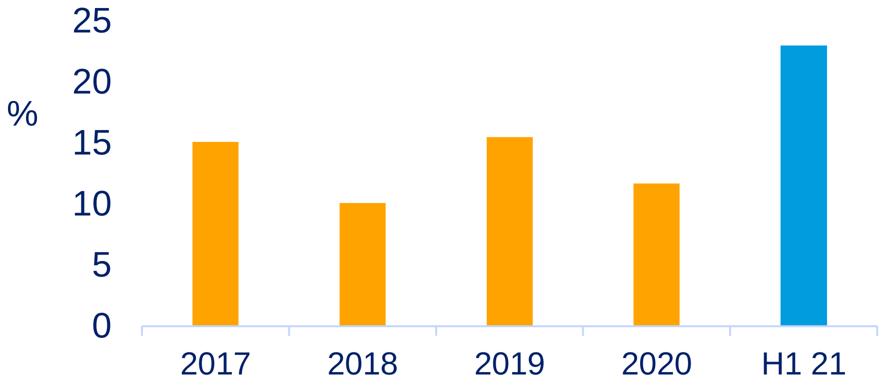
Localization: Having strengthened our sales efforts we expect to continue to deliver growth reflecting underlying momentum moderated by some delays in the flow of content

Localization Testing is not expected to see the typically higher seasonal activity due to a shift in the flow of content but is expected to recover as content reflows in to these service lines during H2

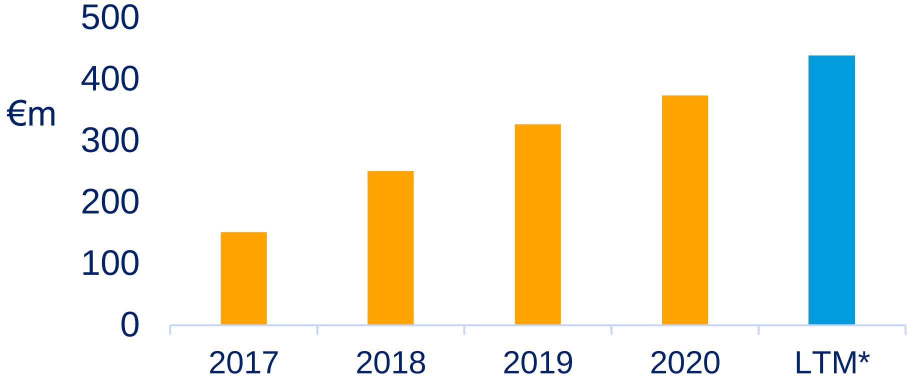
Player support's specialist video games DNA continues to position us well in terms of the quality of our service and we expect to make further progress in H2, albeit at a more moderate growth rate

Strong growth across key metrics

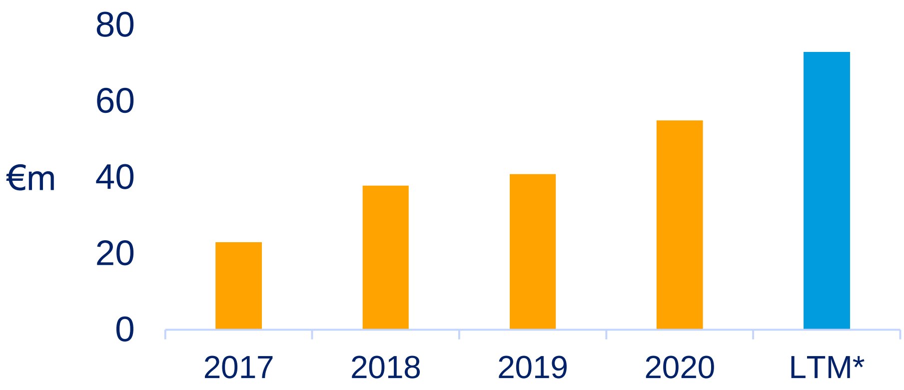
Organic Revenue growth 2017 – H1 2021



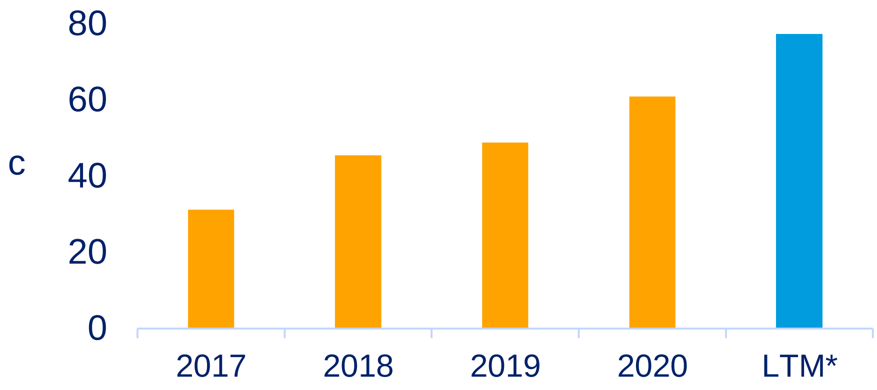
Revenue – 4 year CAGR of 39%



Adjusted PBT – 4 year CAGR of 41%



Adjusted EPS – 4 year CAGR of 32%

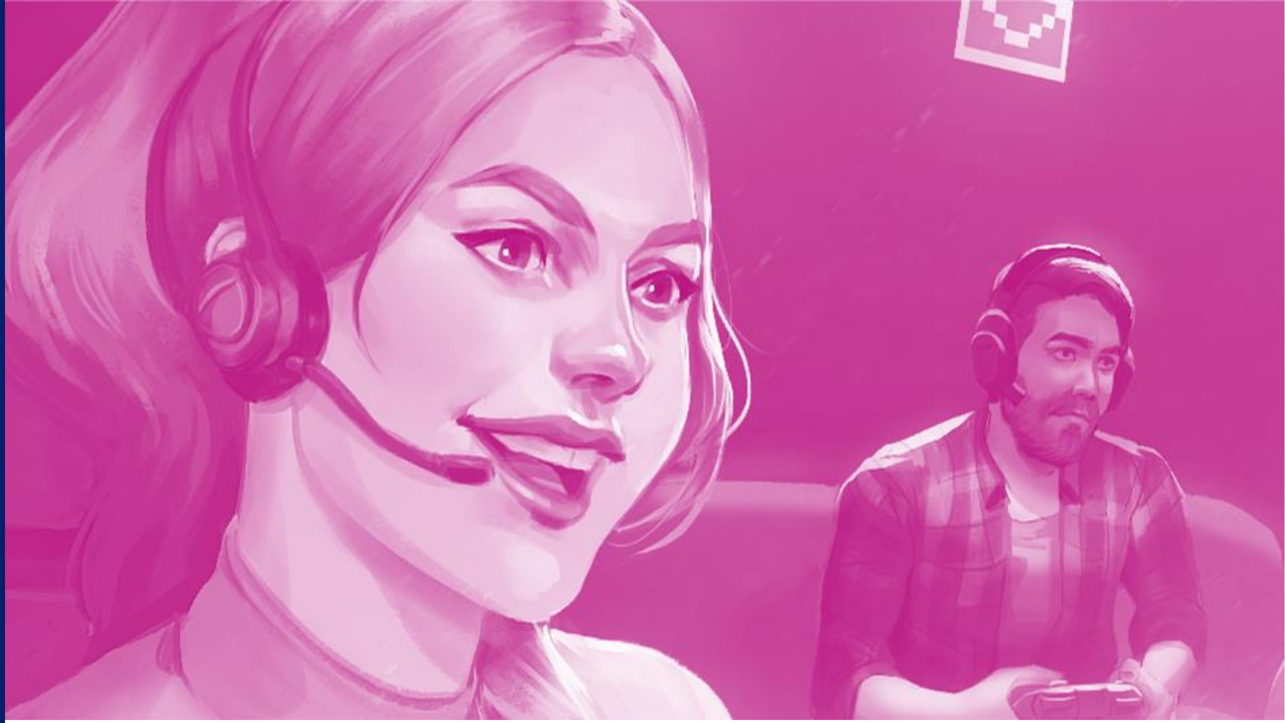


Keywords STUDIOS

* LTM: Last twelve months

CAGR is calculated using LTM figure for H1 2017 and H1 2021

Group outlook



Keywords STUDIOS

Group outlook

Positive start to H2 2021	We continue to see strong demand across most of our service lines but expect growth rates to moderate in H2, given stronger comparatives in H2 2020 – working to mitigate some of the recruitment constraints as we seek to meet the strong demand.
Maintain hybrid working model in most locations	With a fully established flexible hybrid working model across all service lines and our 65+ locations, we do not expect to be operationally constrained as we saw last year
Continued strong margins	2021 adjusted profit before tax margins are now expected to exceed our 14 – 15% historical range but we expect margins to return towards this range in 2022 as we continue to invest in the business
Well-funded to deliver our acquisition and growth strategy	Well-funded to deliver on our value accretive acquisition strategy and we are actively engaging with selected targets from an healthy pipeline of opportunities
Well positioned in a growth market	Well placed as a diversified provider of scale to deliver on the opportunity presented by the strong underlying and structural market drivers

Q&A

Jon Hauck

Sonia Sedler

Barriers to entry

- **Scale** - Large clients need large suppliers
- **Global presence** – proximity to talent and clients, multiple time zones
- **Knowledge and expertise** – Breadth and depth of capability
- **Technology** - Regular investment, security
- **Scalable model** – flexibility to meet clients needs
- **Acquisition track record** – disciplined, build out the platform, cultural fit, integration
- **Financial strength** – performance, stability and resilience
- **Reputation for quality** – culture of delivery

Keywords STUDIOS

Acquisition history

Year	Art Services	Marketing services	Game Development	Audio	Functional Testing	Localization	Localization Testing	Player Support	Total Cost*
2014	Lakshya Digital			Liquid Violet Binari Sonori	Babel Media	Babel Media Binari Sonori	Babel Media		**€19.0m**
2015	Liquid Development			Reverb Kite Team		Reverb Kite Team		Alchemic Dream	**€10.9m**
2016	Mindwalk Volta			Synthesis Sonox	Enzyme Player Research	Synthesis Sonox	Synthesis Enzyme	Ankama	**€32.6m**
2017	RedHot	SPOV	GameSim d3t Sperasoft	La Marque Rose Dune Sound AsRec	VMC	VMC XLOC Around the Word La Marque Rose Dune Sound AsRec LOLA	VMC	VMC	**€101.4m**
2018		Fire Without Smoke Trailer Farm	Snowed In Studio Gobo Electric Square Yokozuna Data	Maximal Cord Laced Blindlight					**€61.7m**
2019		Sunny Side Up Ichi Worldwide	GetSocial Wizcorp	Descriptive Video Works TV+SYNCHRON Syllabes	AppSecTest**	Kantan			**€22.5m**
2020		Maverick g-Net Indigo Pearl	Coconut Lizard High Voltage	Jingle Bell					**€80.7m**
2021	AMC		Heavy Iron Tantalus Climax						**c. €105m**

* Includes all cash, deferred and equity portions of consideration

** 48% subsidiary interest

*** 85% interest

Keywords STUDIOS

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 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 Group's Interim Results announcement.

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.

EBITDA comprises Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for amortisation and impairment 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 in the prior year and investment income are also excluded.

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

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.

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

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 in the prior year is also excluded.

Pro Forma Revenue is calculated by adding pre-acquisition revenues of current year acquisitions to the current year revenue numbers, to illustrate the size of the Group had the acquisitions been included from the start of the financial year.