

# Investor Presentation

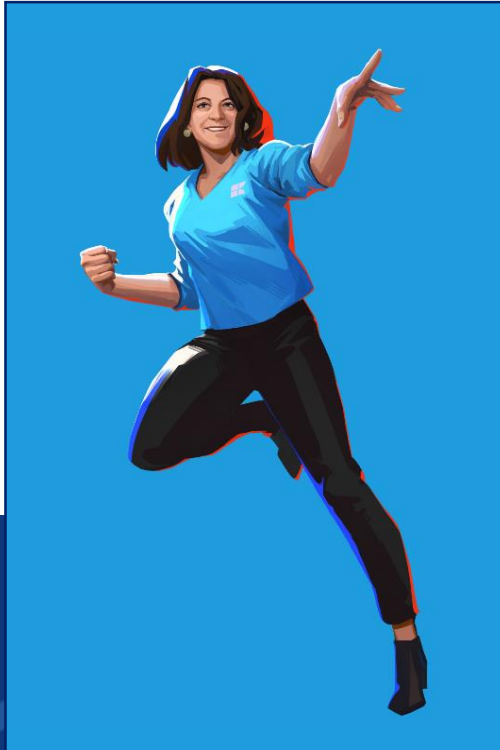
October 2021



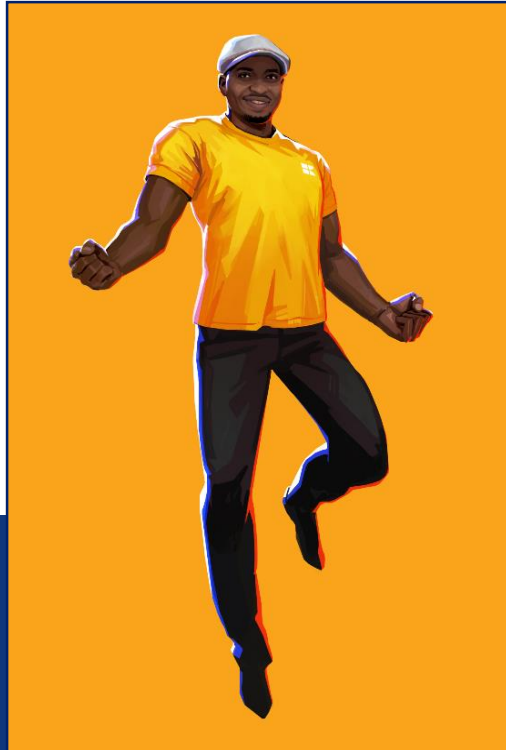


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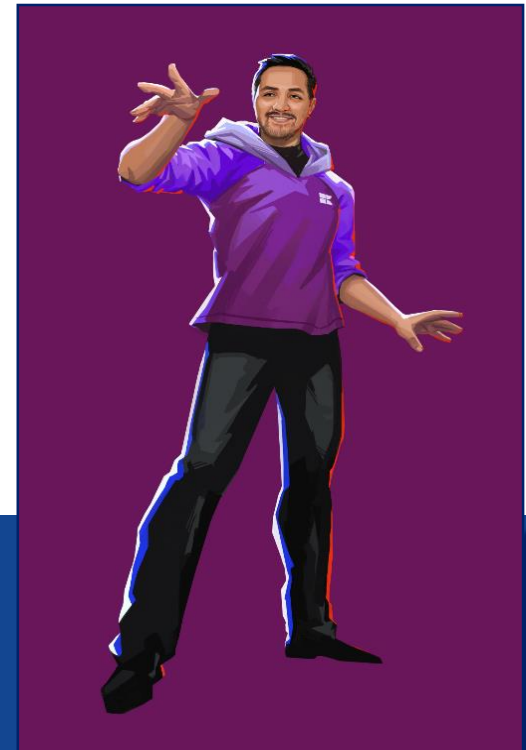
# Agenda



**Who we are**

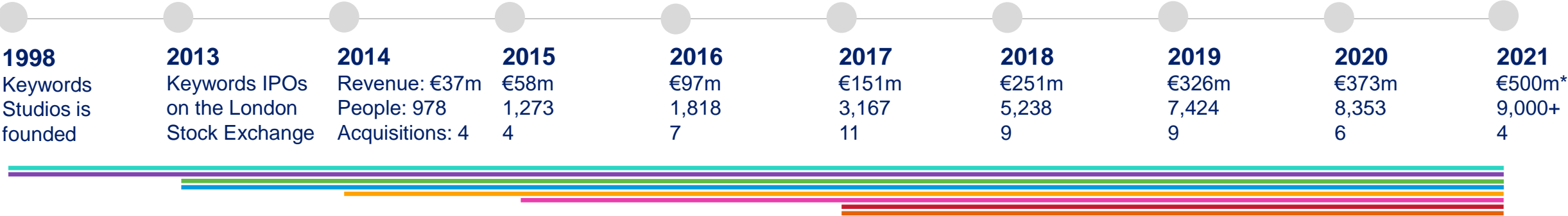


**Strategy &  
Market trends**



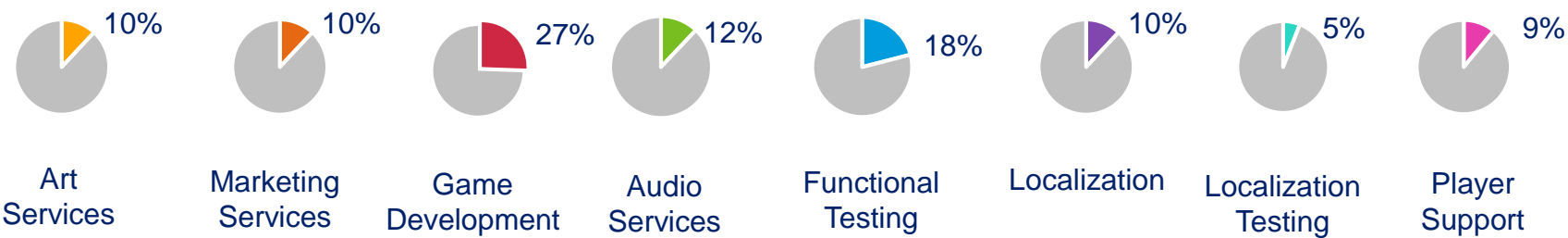
**H1 highlights**

# Keywords journey so far



~3,000 Developers, Artists, Creatives  
5,000+ Technicians, Linguistics, Support Experts  
70+ studios | 23 countries | 5 continents

Revenue by Service line\*\*



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

# Our services

## Art Services

The creation of video game graphical art, including concept art, 2D and 3D art asset production & animation.

## Marketing services

Marketing services includes the creation of game trailers, marketing art and materials, PR and full brand campaign strategies.

## Player Support

365/24/7, multilingual customer support delivered in-game and on-digital community and social platforms, where we ensure our customers have a safe player environment

## Localization Testing

Testing for out of context translations, truncations, overlaps, spelling, grammar, age rating issues, geopolitical and cultural sensitivities and console manufacturer compliance requirements in over 30 languages using native speakers.



## Game Development

Game development services including full game development, co-development, porting of games from one platform to another and remastering, tool development and consulting services on a work-for-hire basis, such as player behaviour research.

## Audio Services

Multi-language voiceover recording, original language voice production, music management, sound effects and related services for the video games industry, film and TV.

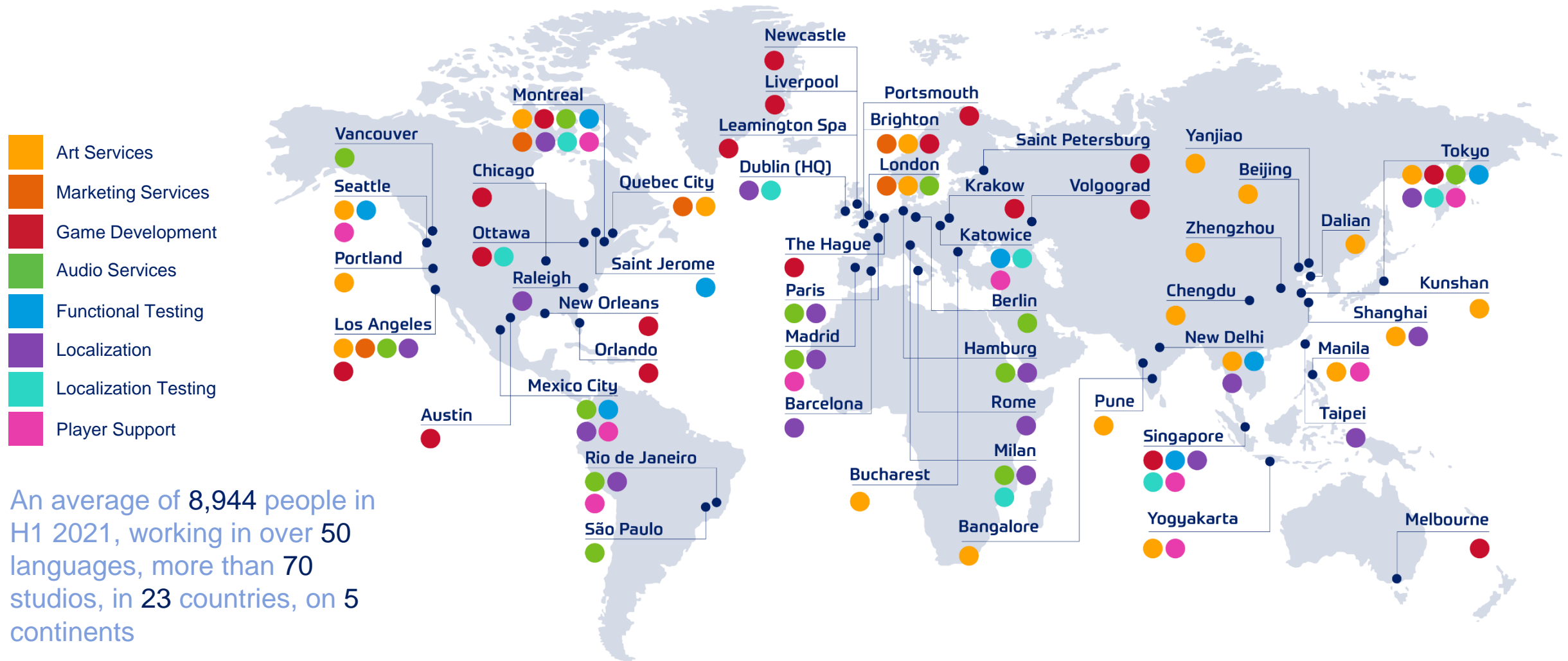
## Functional Testing

Quality assurance, including testing game for defects and compliance with hardware manufacturers' and distribution platforms' specifications, as well as test automation tools and services, crowd based and focus group testing solutions.

## Localization

Translation of in-game text, audio scripts, cultural and local adaptation, accreditation, packaging and marketing materials in over 50 languages. Includes our proprietary technologies for content management, machine translation, crowd sourcing and workflow management.

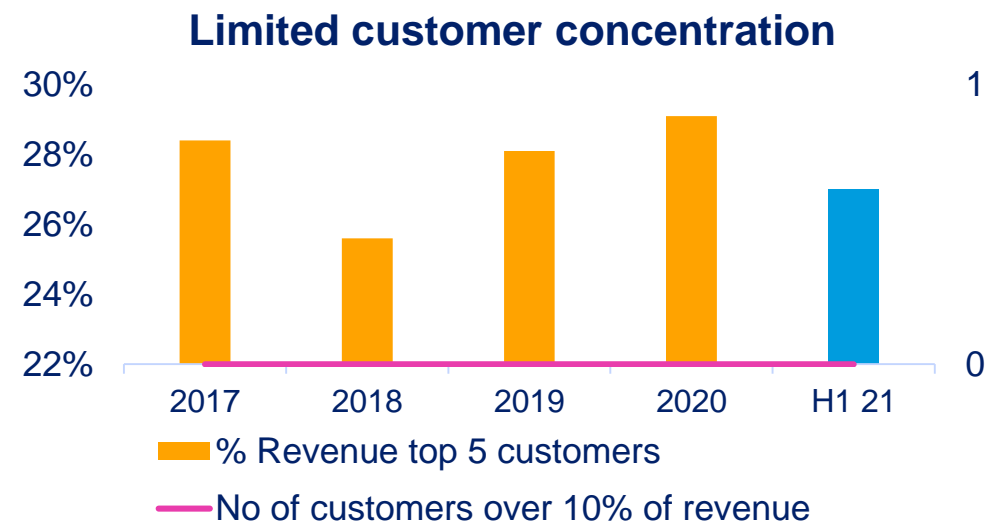
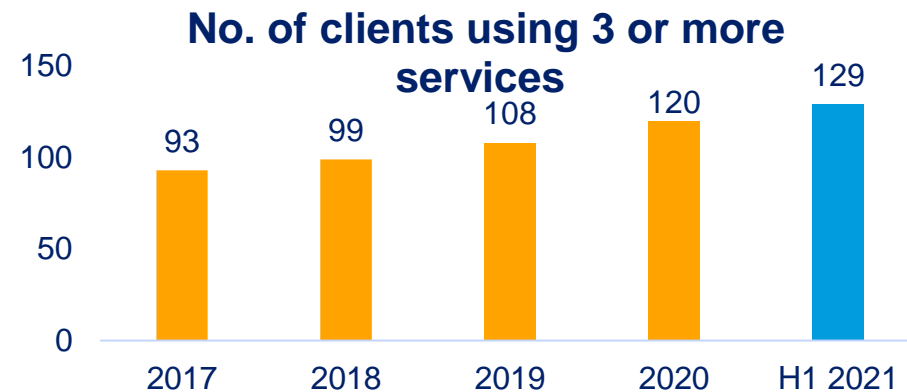
# International scale and flexibility across markets is key





# 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.\*



# Strategy & Market trends





# 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

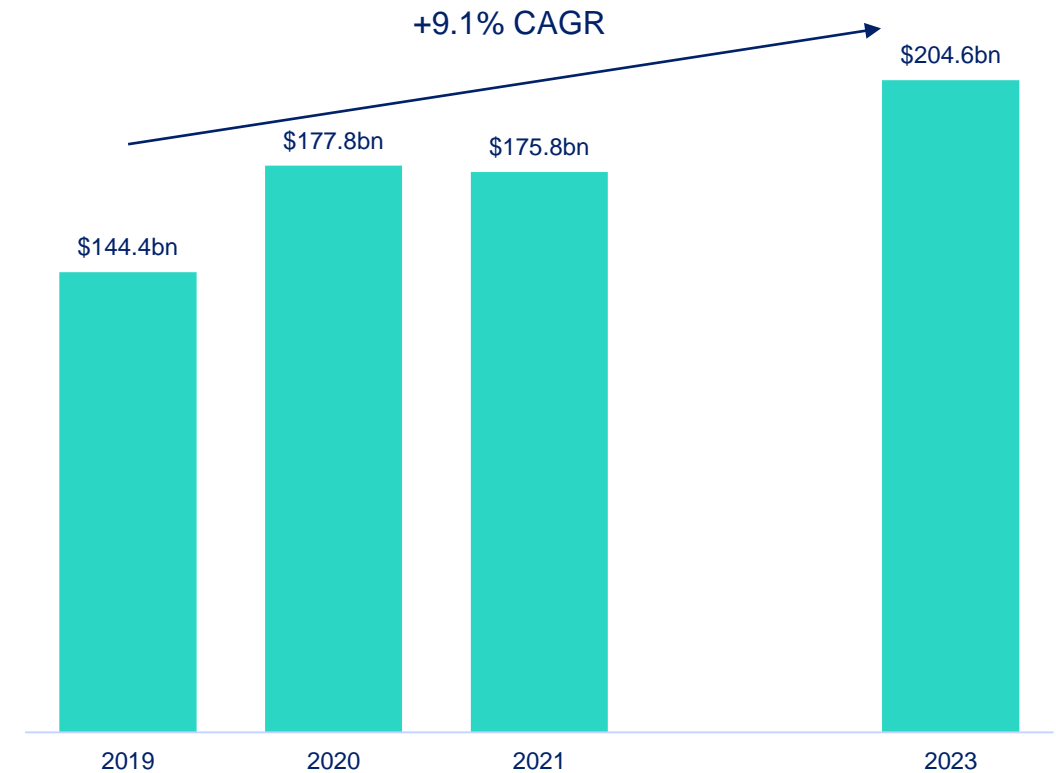
Compelling platform for target acquisitions

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

# 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



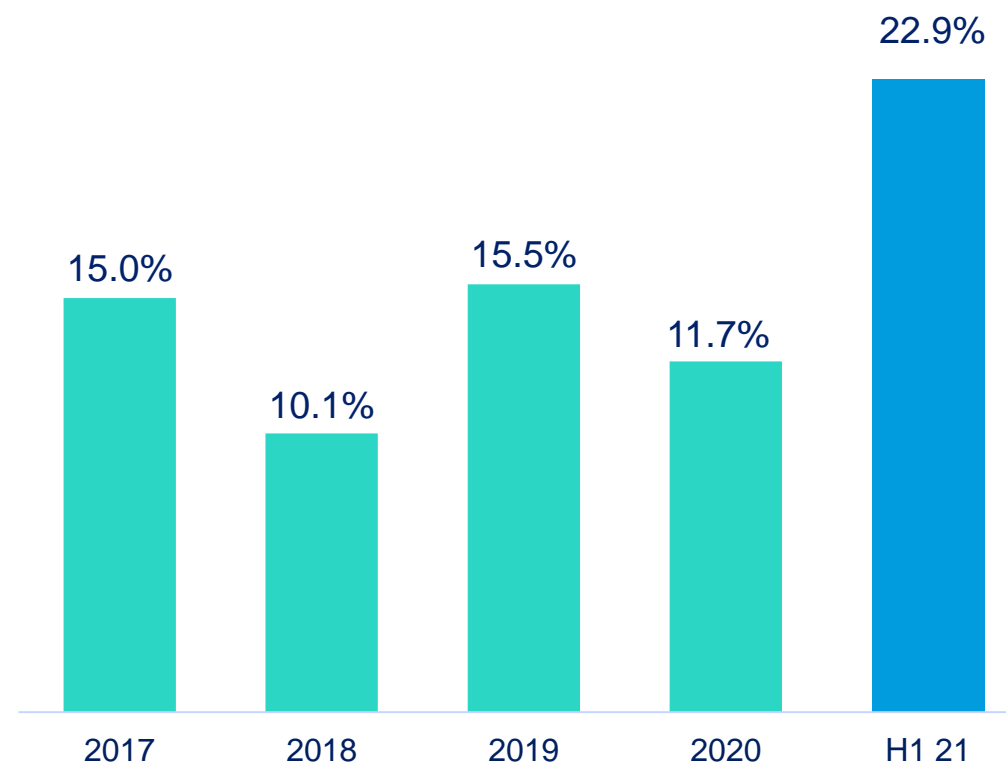
Source: Newzoo 2021 Global Games Market Report, May 2021

# Keywords' growth drivers

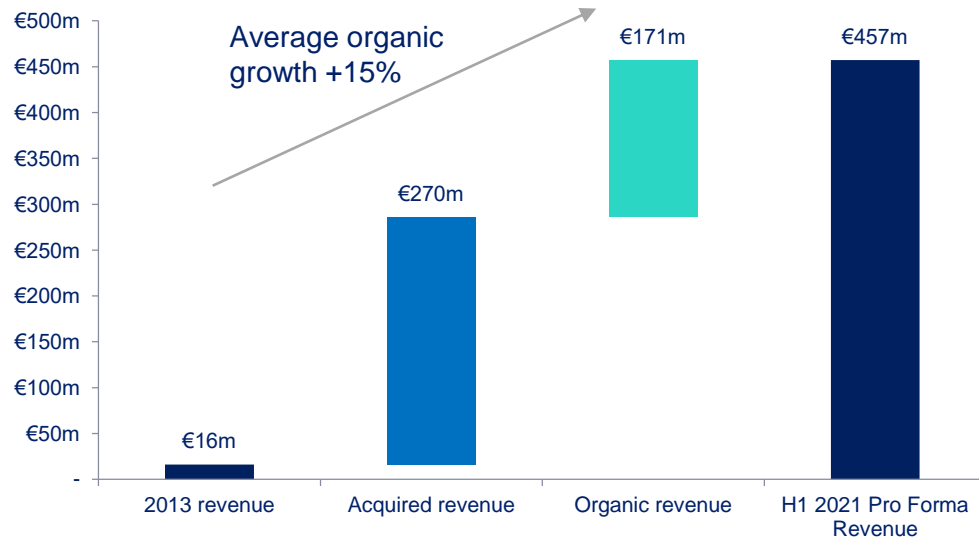
Keywords  
best placed  
to exploit  
market  
growth  
drivers

- 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



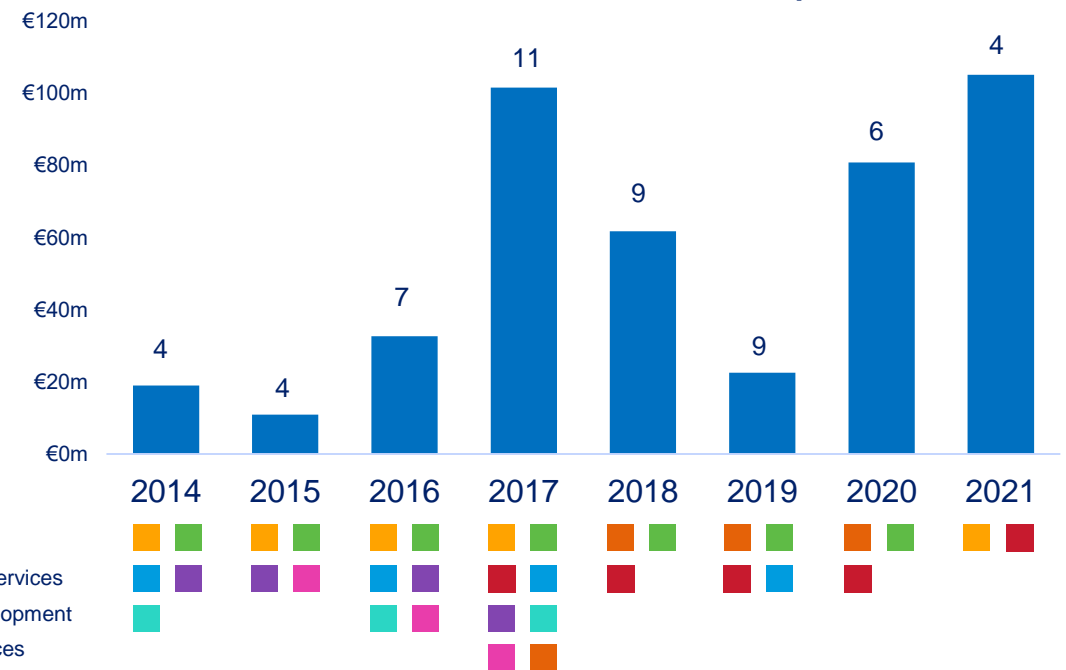
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Value creating acquisitions since IPO

€184m

in net cash and undrawn RCF

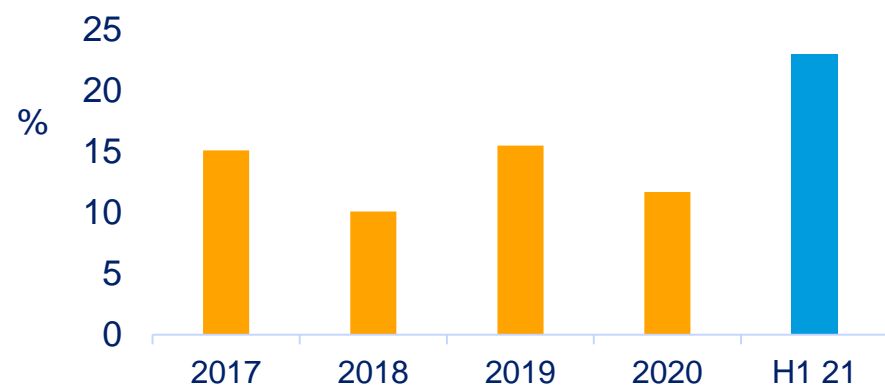
Total consideration and number of acquisitions



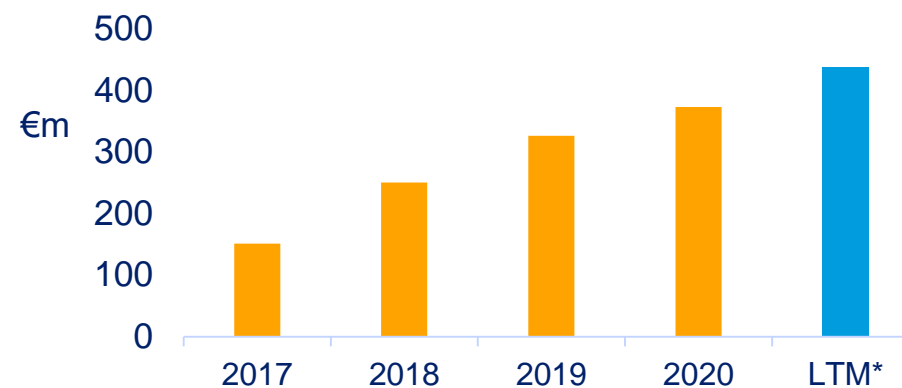
**Strong pipeline** from which we are selecting highest quality opportunities  
Particular focus on **Marketing Services** and **Game Development**

# Strong growth across key metrics

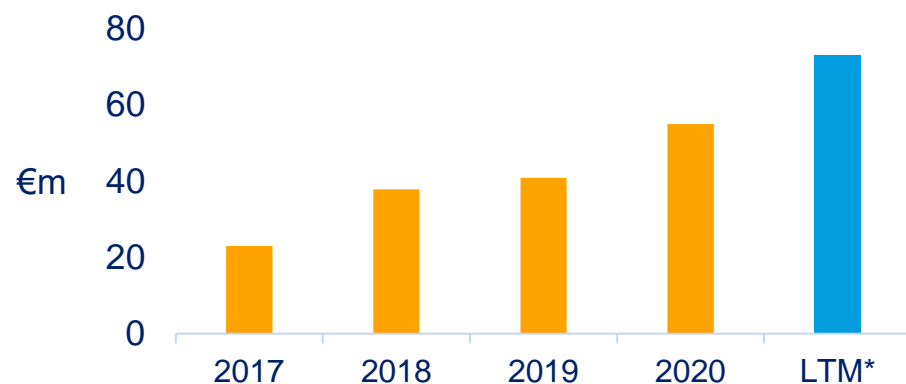
## Organic Revenue growth 2017 – H1 2021



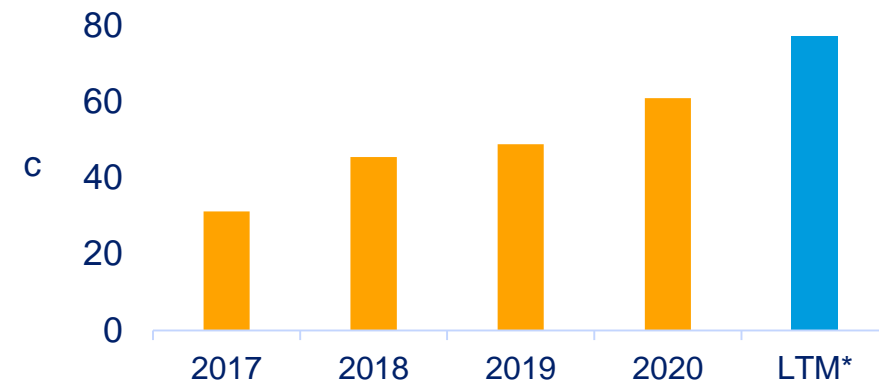
## Revenue – 4 year CAGR of 39%



## Adjusted PBT – 4 year CAGR of 41%

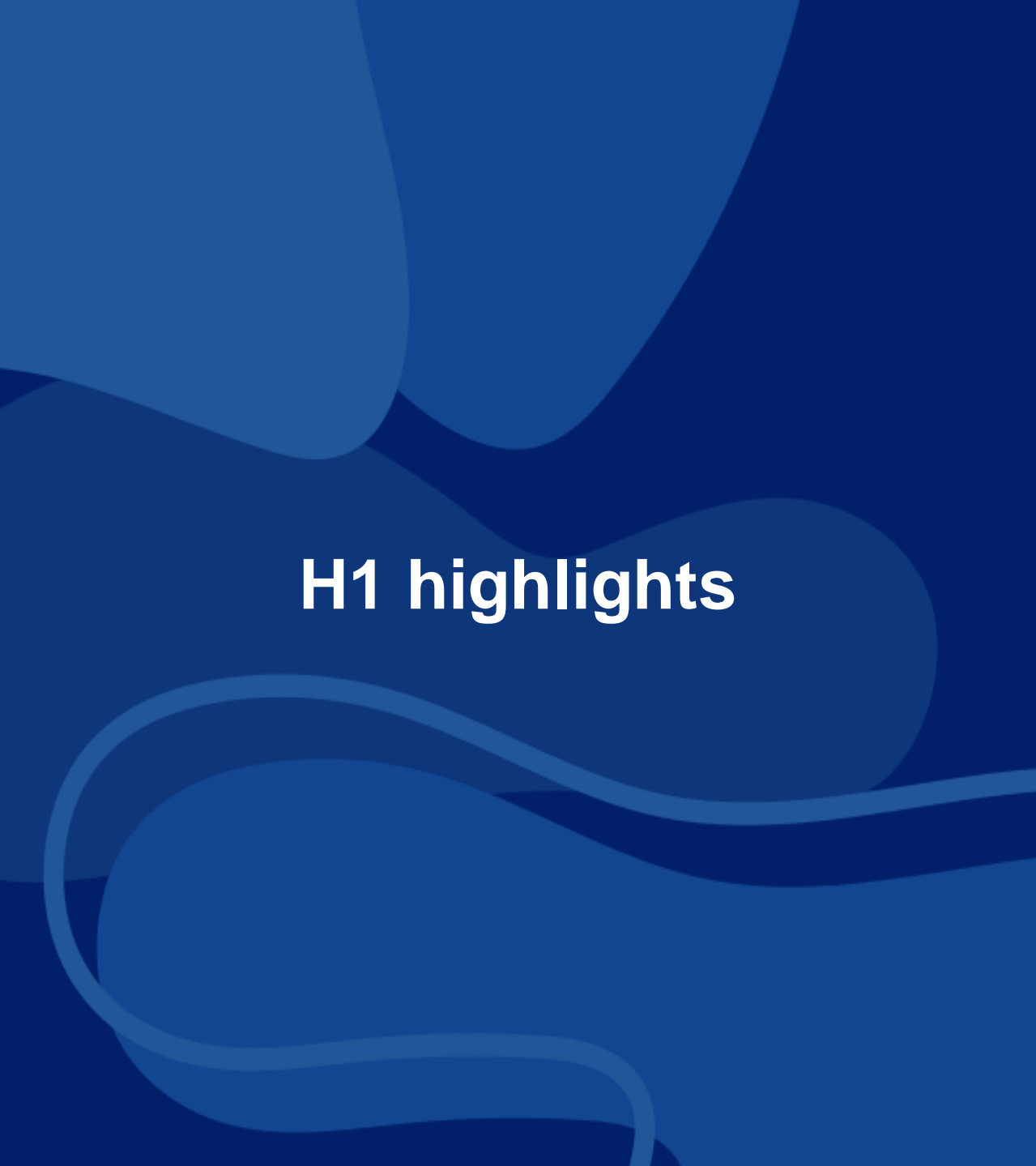


## Adjusted EPS – 4 year CAGR of 32%



\* LTM: Last twelve months

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



# H1 highlights





# Appointment of Bertrand Bodson as CEO

On 15 June 2021, Andrew Day announced his intention to step down from his position as CEO after 12 years

Jon and Sonia have successfully operated the business as joint interim CEOs



**Jon Hauck**  
Interim CEO / CFO

Wealth of finance, change management and M&A experiences including Group Financial Controller and Treasurer at Rentokil and CFO of North America. Prior to Rentokil, Jon was at PwC



**Sonia Sedler**  
Interim CEO / COO

20 years of experience scaling up businesses internationally including Global Head of Managed Services and Banking Strategy at Diebold Nixdorf and EMEA MD at Sutherland Global Services

Jon Hauck (CFO) and Sonia Sedler (COO) continue as joint interim CEOs while the board initiated a full search process to appoint a high calibre successor

After a rigorous selection process, Keywords announced on 20<sup>th</sup> Sep 2021 that Bertrand Bodson will be the new CEO, effective from 1<sup>st</sup> December 2021

Bertrand possesses the relevant experience to accelerate Keywords' strategy and lead the company through its next phase of development



**Bertrand Bodson**  
Incoming CEO

Deep experience in driving and executing growth strategies for international businesses gained through his 23-year career

## Relevant experience

- Chief Digital Officer, Novartis (2018-2021)
- Chief Digital and Marketing Officer, Sainsbury's Argos (2013-2017)
- Previously held senior roles at EMI Group, Bragster.com (which he co-founded) and Amazon

## 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

**Bertrand Bodson appointed CEO** – bringing an ideal skillset to leading our ambitious, international business

**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)



## Acquisitions and pipeline



A KEYWORDS STUDIO



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Acquisitions completed in 2021

€105m

Total maximum consideration

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

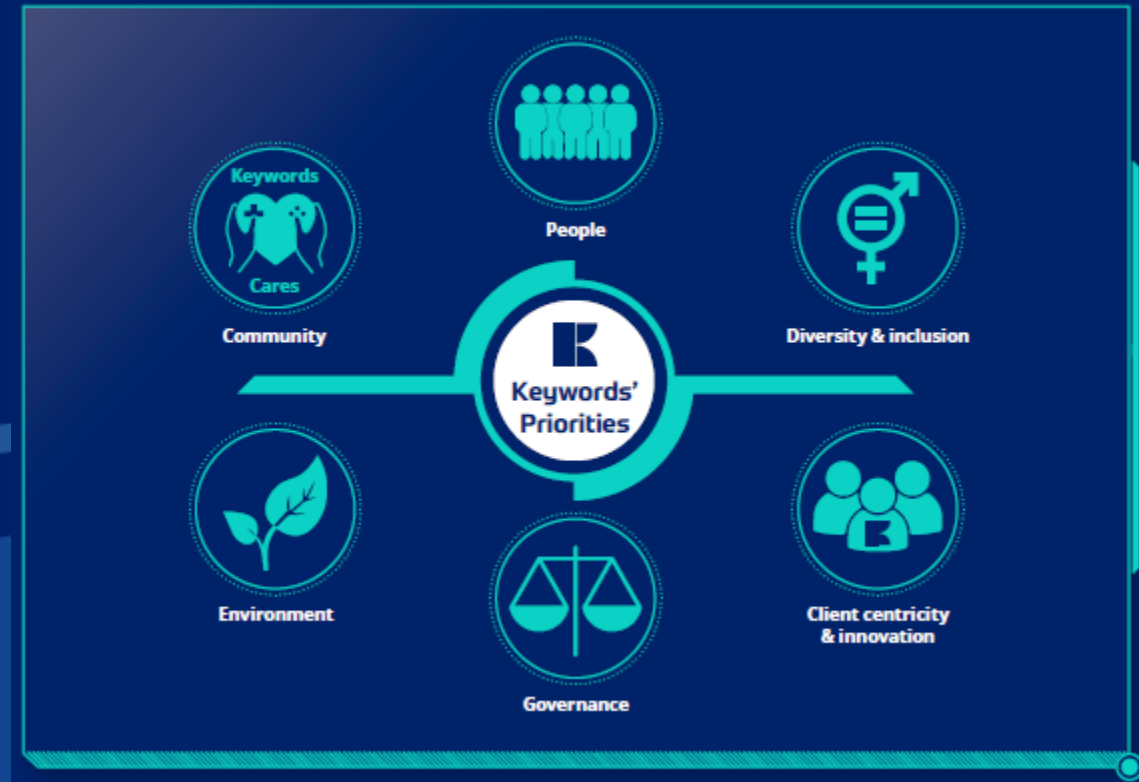


# Responsible Business









## 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**



# Service line review

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

	% of revenue	Organic Revenue Growth		H1 revenue growth
		H1 21	H1 20	
 <b>Keywords</b> Functionality QA	 18%	24.3%	10.7%	20.9%
 <b>Keywords</b> Localization	 10%	10.7%	(7.4%)	8.9%
 <b>Keywords</b> Localization QA	 5%	19.6%	1.9%	17.8%
 <b>Keywords</b> Player Support	 9%	17.7%	5.5%	11.6%

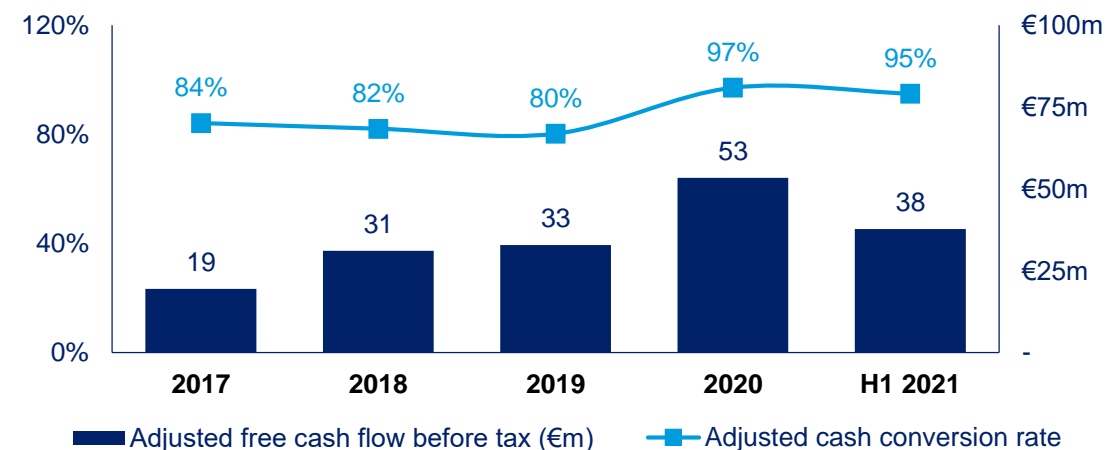


# Robust cash generation and strong balance sheet

## Healthy cash generation and balance sheet

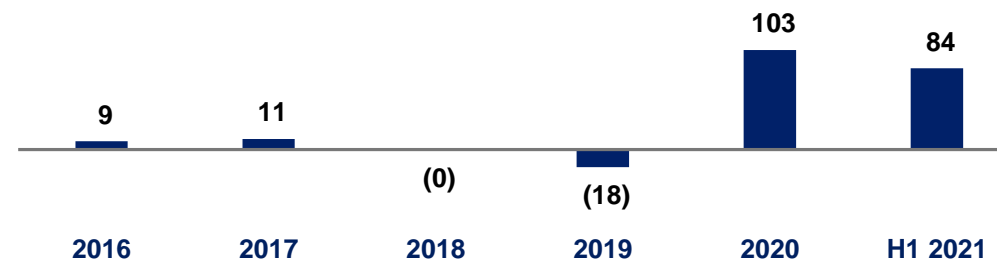
- Adjusted cash conversion has been consistently maintained above 80%
- €184m of liquidity through cash and undrawn committed RCF headroom
- Track record of maintaining a net cash position or minimal net debt despite highly acquisitive strategy
- Revolving Credit Facility (RCF) of €100m expiring in 2022 with a €40m accordion and option to extend for 1 year
- €110m raised in equity placing in May 2020 to support the business to deploy on M&A programme
- 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

## Adjusted operating cash flow and cash conversion



## Consistent net cash / low net debt position

### Net cash position\* (€m)



\* Excluding IFRS16 leases

# 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

# Appendix

- Upcoming events
- H1 2021 Financial Highlights
- Funding position and guidance
- Service line outlook
- Barriers to entry
- Acquisition history
- Alternative performance measures

# Upcoming events

<u>Date</u>	<u>Event</u>	<u>Format</u>
Wednesday, November 3 <sup>rd</sup>	Berenberg Video Gaming Conference	In person
Thursday, November 11 <sup>th</sup>	Jefferies Global Interactive Entertainment Conference	Virtual
Tuesday, November 16 <sup>th</sup>	Exane BNP Paribas 4 <sup>th</sup> European Mid Cap CEO Conference	Virtual
Wednesday, November 17 <sup>th</sup>	Investec Best Ideas Conference	Virtual
Friday, November 19 <sup>th</sup>	Morgan Stanley European Technology, Media & Telecom Conference	Virtual
Tuesday, November 23 <sup>rd</sup>	Goodbody 14th Annual Equity Conference	Virtual
Thursday November 25 <sup>th</sup>	Numis UK Small / Mid Cap Conference 2021	In person

# H1 2021 Financial Highlights

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

- 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

# Operating and free cash flow

	H1 2021	H1 2020	Change
	€m	€m	€m
<b>Adjusted EBITDA</b>	<b>50.7</b>	<b>30.8</b>	<b>19.9</b>
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)
<b>Operating cash flows</b>	<b>34.4</b>	<b>14.5</b>	<b>19.9</b>
Interest paid	(0.8)	(0.9)	0.1
<b>Free cash flow before tax</b>	<b>33.6</b>	<b>13.6</b>	<b>20.0</b>
Tax	(9.8)	(2.0)	(7.8)
<b>Free Cash Flow</b>	<b>23.8</b>	<b>11.6</b>	<b>12.2</b>
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



# Movement in net cash / debt

	H1 2021	H1 2020	Change
	€m	€m	€m
<b>Free cash flow</b>	<b>23.8</b>	<b>11.6</b>	<b>12.2</b>
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)
<b>Underlying increase / (decrease) in net cash / (debt)</b>	<b>(20.1)</b>	<b>119.8</b>	<b>(139.9)</b>
FX and other items	1.3	(0.9)	2.2
<b>Increase in net cash / (debt)</b>	<b>(18.8)</b>	<b>118.9</b>	<b>(137.7)</b>
Opening net cash / (debt)	102.9	(17.9)	
<b>Closing net cash / (debt)</b>	<b>84.1</b>	<b>101.0</b>	

- 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)

# Funding position and guidance






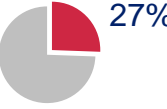

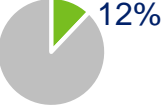
## Robust financial position to enable strategy

- 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

# Service line outlook

	% of revenue	Organic Revenue Growth		H1 revenue growth
		H1 21	H1 20	
	 10%	25.4%	13.0%*	20.1%
	 10%	50.6%	30.8%*	213.5%
	 27%	15.5%	25.7%	63.6%
	 12%	36.4%	0.5%	35.4%




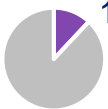

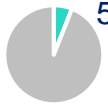


**Art Creation** is expected to continue to deliver strong growth in the second half given that we have better than normal visibility and as this service line is well placed to scale to meet buoyant demand

**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

# Service line outlook

	% of revenue	Organic Revenue Growth		H1 revenue growth
		H1 21	H1 20	
	 18%	24.3%	10.7%	20.9%
	 10%	10.7%	(7.4%)	8.9%
	 5%	19.6%	1.9%	17.8%
	 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



# 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



# 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



# 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.