

25 January 2024

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

### Full Year 2023 Trading Update

#### Delivering resilient growth and strong performance in the current market backdrop

Keywords Studios, the international provider of creative and technology-enabled solutions to the global video games and entertainment industries, provides the following unaudited trading update covering the expected results for the year ended 31 December 2023.

#### Highlights

- Full year revenue of c.€780m, growth of 13% and 17% on a constant currency basis
- Organic revenue growth<sup>1</sup>, excluding FX and US strikes, of c.9% (c.6% on a reported basis)
- Adjusted operating profit<sup>2</sup> of c.€122m, representing margins of 15.6%
- Adjusted cash conversion above 80%, with strong H2 cashflows
- Completed five high-quality acquisitions for maximum consideration of €225m

#### Trading update

The Group has delivered resilient growth in the second half of 2023, through a mixed industry back-drop and the US entertainment strikes, and expects full-year revenues to be approximately €780m, representing year-on-year growth of 13%, and 17% on a constant currency basis. As a result of the current market conditions, full year organic revenue growth, excluding the impact of foreign exchange and the US strikes, is expected to be approximately 9%. The overall impact of the US strikes on organic revenue growth was 2.6% (€20m), with foreign exchange also a small headwind, leading to reported organic revenue growth of approximately 6% for the year.

On a divisional level, Create's performance remained strong, with growth normalising, as expected, from the high levels in H1. The impact of the US strikes and lower client activity, especially in its Localization businesses, led to subdued performance in Globalize. Engage saw a small improvement in growth in H2, even with a number of marketing projects slipping out of Q4 and the impact of the US strikes.

The Group expects to report strong adjusted operating profit performance of approximately €122m, with adjusted operating profit margins of approximately 15.6%, supported by cost-saving measures and efficiencies across the Group. Cash generation remained healthy, with full year adjusted cash conversion expected to be above 80%, ahead of guidance, as we continued to see an H2 weighting to cash flow.

The Group completed five acquisitions in 2023, for a total maximum consideration of €225m. This included the exciting acquisition of The Multiplayer Group on 18 December 2023 for £76.5m ([link](#)), which significantly scales our Create division, and further increases our exposure to high-end creative services. We ended the year with a net debt position of approximately €68m. Our healthy balance sheet and strong cash generation continues to

provide us with significant flexibility to invest in growing our platform, and we have a strong pipeline of opportunities as we move into 2024.

## Outlook

We expect to deliver strong revenue and profit growth in 2024, driven by improving organic growth, recent M&A, and the maintenance of adjusted operating profit margins above 15% as we continue to manage our cost base and drive efficiencies across the Group. Organic growth is expected to improve from current levels as we move through the year, as the industry's appetite for new content returns and allowing time for the output from Hollywood to increase post the 2023 strikes.

## Bertrand Bodson, CEO of Keywords Studios, commented:

"In what was a difficult year for the industry, we delivered resilient performance in 2023 and we continued to grow our market share and industry leadership position. We made considerable progress against our strategic objectives and scaled our platform through the acquisition of five studios, broadening our high-quality offering for clients. We will continue to successfully navigate the market conditions in 2024 and are excited by the opportunity ahead to build the leading technology-enabled platform, solving complexity for clients across the content creation process in the largest entertainment industries in the world."

<sup>1</sup> Organic revenue at constant exchange rates is calculated by adjusting the prior year revenues, adding pre-acquisition revenues for the corresponding period of ownership, and applying the 2022 foreign exchange rates to both years, when translating studio results into the euro reporting currency.

<sup>2</sup> Adjusted operating profit consists of the Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for share-based payments expense, costs of acquisition and integration, and amortisation of intangible assets. In order to present the measure consistently year-on-year, the impact of other income is also excluded.

## Notification of Full Year Results

The Group expects to report full year results for the year ended 31 December 2023, on 13<sup>th</sup> March 2024. To register your interest please contact: [keywords@mhpgroup.com](mailto:keywords@mhpgroup.com)

## For further information, please contact:

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

Keywords Studios is an international provider of creative and technology-enabled solutions to the global video games and entertainment industries. Established in 1998, and now with over 70 facilities in 26 countries strategically located in Asia, Australia, the Americas, and Europe, it provides services across the entire content development life cycle through its Create, Globalize and Engage service lines to a large blue-chip client base across the globe.

Keywords Studios has a strong market position, providing services to 24 of the top 25 most prominent games companies and contributing to over 70% of the 2023 Game Awards winners. Across the games and entertainment industry, clients include Activision Blizzard, Bandai Namco, Bethesda, Electronic Arts, Epic Games, Konami, Microsoft, Netflix, Riot Games, Square Enix, Supercell, TakeTwo, Tencent and Ubisoft. Recent titles worked on include Starfield, Baldur's Gate 3, Diablo IV, Hogwarts Legacy, Elden Ring, Fortnite, Valorant, League of Legends and Clash Royale. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).