

25 January 2023

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

Full year trading update

Strong full year performance and confident in 2023 outlook

Keywords Studios, the international technical and creative services provider to the global video games industry and beyond, today provides the following unaudited trading update for the year ended 31 December 2022 ahead of full year results which will be issued on 15 March 2023.

Trading Update

The Group announced a trading update on 21 November 2022, in which we stated that our performance for the year would be ahead of market expectations, with revenue expected to be at least €675m (2021: €512m) and adjusted profit before tax¹ in excess of €110m (2021: €86m). The Board now expects revenue and adjusted profit before tax¹ to be marginally ahead of that guidance at c.€690m and c.€112m, respectively. This performance includes an expected Organic Revenue growth² rate for the second half of the year of approximately 22% (H1 2022: 21.7%, 2021: 19.0%), as the momentum experienced in H1 continued into the second half.

The Group's strong performance during the year reflected high levels of demand for our services, particularly in our Create and Globalise service lines. In Create, we continued to benefit from the industry's focus on new content creation and the increasing complexity of games, leading to strong demand for our services. In Globalise, our increased scale and footprint meant we were well positioned to capitalise on the industry's healthy demand for post-production services despite it being a slower period for new launches. The Engage service line also delivered solid growth across the period. During the year we benefited from the strength of the US dollar, which positively impacted both revenue and gross margin, partially offset by the predominantly second half weighted return of travel and administrative expenses.

In 2022, Keywords completed five high quality acquisitions in the US, Australia, Canada and Italy, delivering against our strategy of extending our capabilities and geographical reach in our Create and Engage service lines, as well as scaling our technology offering. Three acquisitions were game development studios (Forgotten Empires, Smoking Gun and Mighty Games), with Mighty Games also bringing an automated testing technology solution, and one in marketing (Labcom). In December, we announced the acquisition of Helpshift, which has developed a market leading software-as-a-service customer support automation tool to resolve customer issues in real-time within its clients' mobile apps, for up to \$75 million. Total consideration for these five acquisitions, which includes performance related contingent deferred consideration elements, is up to a maximum of c.€140m.

As at 31 December 2022, the Group had net cash of approximately €80m (€121.3m at 30 June 2022, 31 December 2021: €105.6m) after cash spend on acquisitions during the year which amounted to €118m, including €26m of deferred consideration in respect of prior year acquisitions. The Group's cash balance, strong cash generation and the €150m available under its undrawn committed revolving credit facility, leave the Group well placed to pursue both its organic and acquisition growth strategies. The focus for accretive M&A remains on expanding our game development and marketing offerings, our technology capabilities and exploring opportunities to enter adjacent markets, such as media and entertainment.

Outlook for 2023

Despite the evolving market backdrop, across both the global economy and within the video gaming sector, our expectations for 2023 remain consistent with the guidance given on 21 November 2022, and we are confident in delivering a performance towards the upper end of the recently raised analysts' consensus range³. We continue to expect organic growth to moderate, but remain above the medium-term guidance of 10%+, with adjusted profit before tax margins expected to move to historical levels of c.15%, as previously guided.

Bertrand Bodson, Chief Executive Officer of Keywords Studios, commented:

"We delivered an excellent performance in 2022, demonstrating the strength of the platform we have and the dedication and hard work of the 12,000 people within Keywords. Whilst we are mindful of some headwinds currently facing the industry, our business model, highly diversified client base and geographical reach means that we are less exposed to the "hit or miss" risk from individual games and more insulated from changes to the development cycle of new releases. We are increasingly well positioned to support our clients in generating engaging content for their leading franchises and believe that we will see robust demand for content generation as our clients seek to capture the imagination of the 3 billion gamers globally. This backdrop, together with our continued delivery against our strategy, means we are well placed for 2023 and will continue to build upon our position as the partner of choice for the global video games industry, and beyond."

¹Adjusted profit before tax comprises Profit before taxation as reported in the Consolidated statement of comprehensive income, adjusted for share-based payment 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, other income is excluded

²Organic 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, when translating studio results into the Euro reporting currency

³As at 20 January 2023, company compiled analysts' forecasts gave a consensus for FY 2023 of €800m of revenue (range: €785-816m) and €120m of adjusted profit before tax (range: €117-123m).

Notification of Full Year Results

The Group expects to announce its full year results for the year ended 31 December 2022 on 15 March 2023. To register your interest, please contact Keywords@mhpc.com.

For further information, please contact:

Keywords Studios

Bertrand Bodson, Chief Executive Officer
Jon Hauck, Chief Financial Officer
Giles Blackham, Investor Relations

+353 190 22 730

investors@keywordsstudios.com

Numis Securities (Nominated Adviser & Broker)

Stuart Skinner/Will Baunton

+44 20 7260 1000

MHP (Financial PR)

Katie Hunt/Eleni Menikou/Charles Hirst

+44 20 3128 8794

keywords@mhpgroup.com

About Keywords Studios (www.keywordsstudios.com)

Keywords Studios is an international technical and creative services provider to the global video games industry and beyond. 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, Globalise and Engage service lines 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. 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 Anthem, Star Wars Jedi: Fallen Order, Valorant, League of Legends, Fortnite, Clash Royale and Doom Eternal. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).