



**Keywords
Studios**
Imagine More

KEYWORDS STUDIOS

FULL YEAR 2022 RESULTS

MARCH 2023

AGENDA

01

2022 Results Highlights

02

Financial Review

03

Strategy

04

Outlook



EXECUTIVE SUMMARY

01

We delivered an excellent performance in 2022...

02

...whilst significantly enhancing our platform through M&A...

03

...and delivering against our evolved strategy to drive long-term sustainable growth

Continue to further cement our position as the partner of choice for the global video games industry and beyond



2022 WAS ANOTHER EXCELLENT YEAR

REVENUE

+ 34.8%

Revenue up to €691m

ORGANIC REVENUE GROWTH

21.8%

2021: 19.0%

ADJUSTED PBT

+ 30.2%

Adjusted PBT of €112.0m

ADJUSTED PBT MARGIN

16.2%

2021: 16.8%

ADJUSTED FREE CASH FLOW

+ 21.5%

Adjusted FCF of €112.1m

NET CASH POSITION

€82m

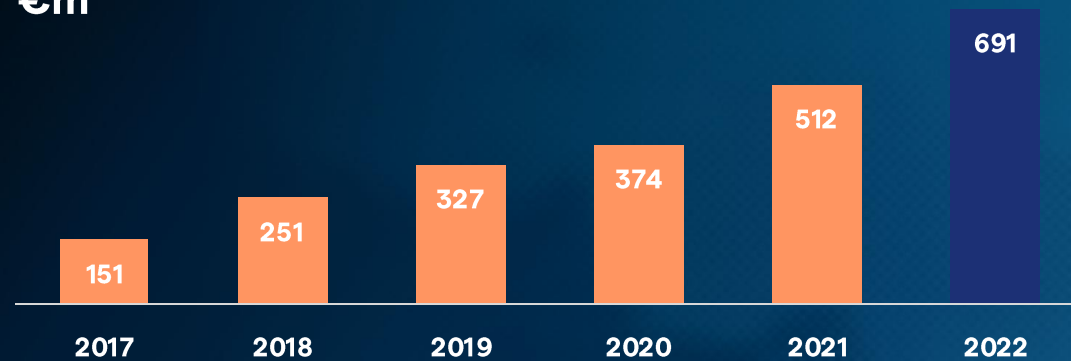
After €116m of M&A cash spend



ADDING TO OUR STRONG TRACK RECORD OF GROWTH

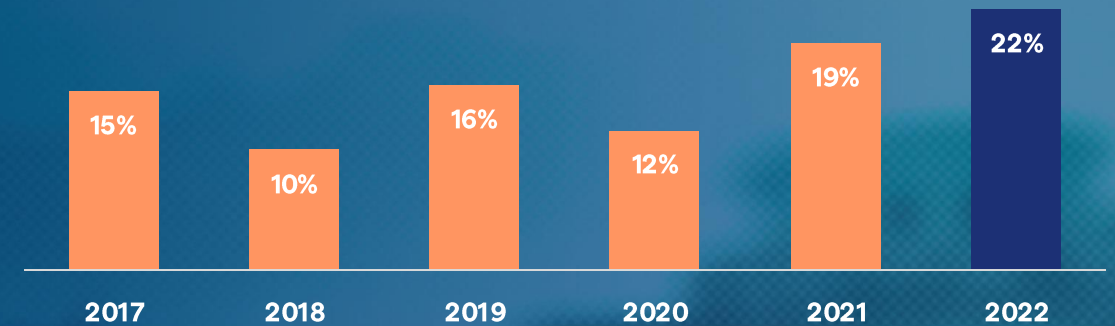
Revenue – 5-year CAGR of 35%

€m



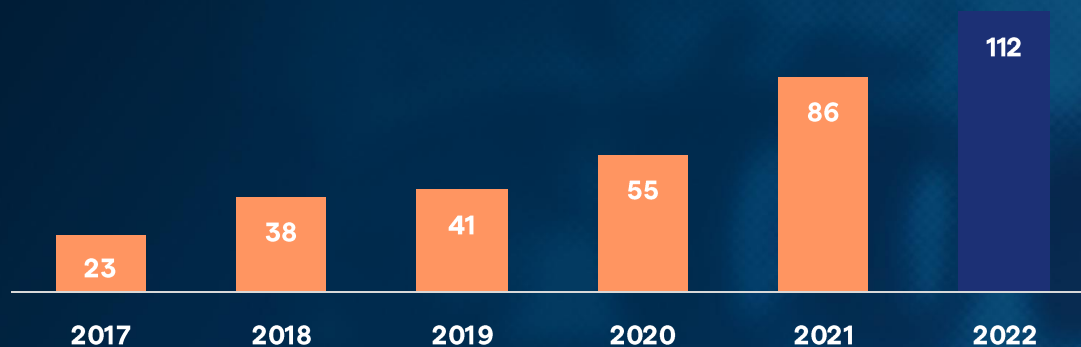
Organic Revenue growth

%



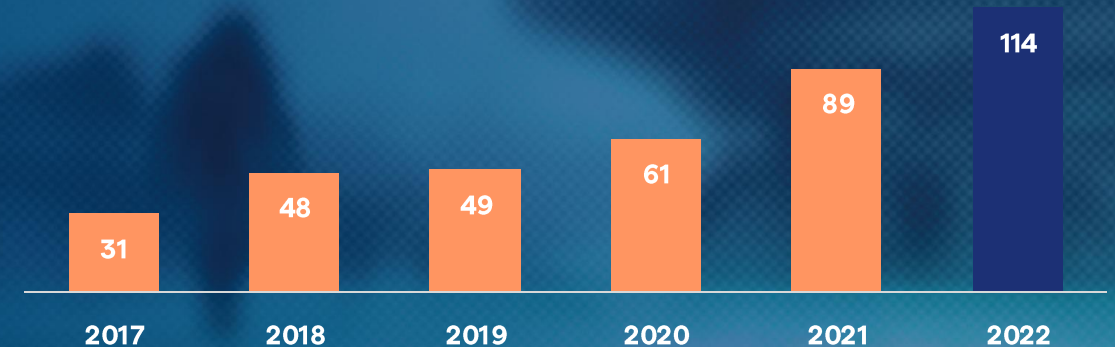
Adjusted PBT – 5-year CAGR of 37%

€m



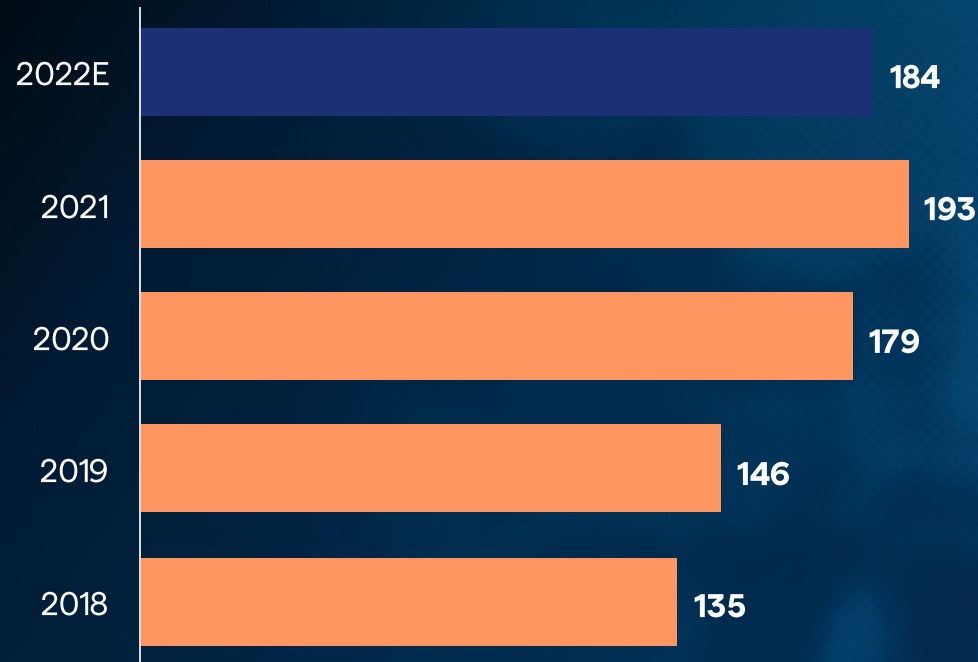
Adjusted EPS – 5-year CAGR of 29%

€

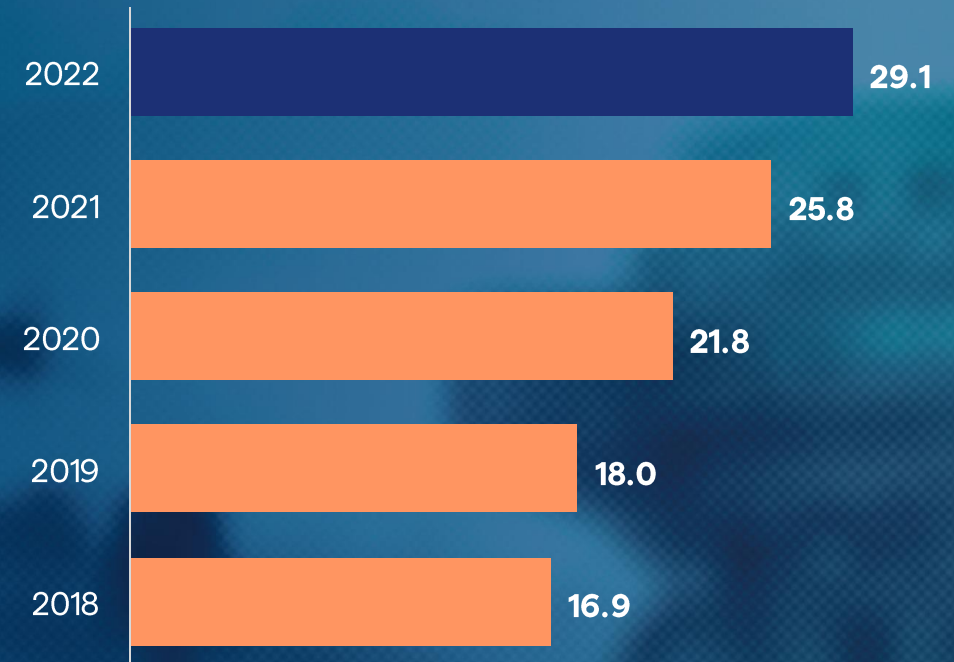


IN A MARKET THAT PAUSED FOR BREATH IN 2022 – ALTHOUGH ENGAGEMENT CONTINUED TO GROW

Global video game market*
\$bn



Average concurrent players on Steam#
m

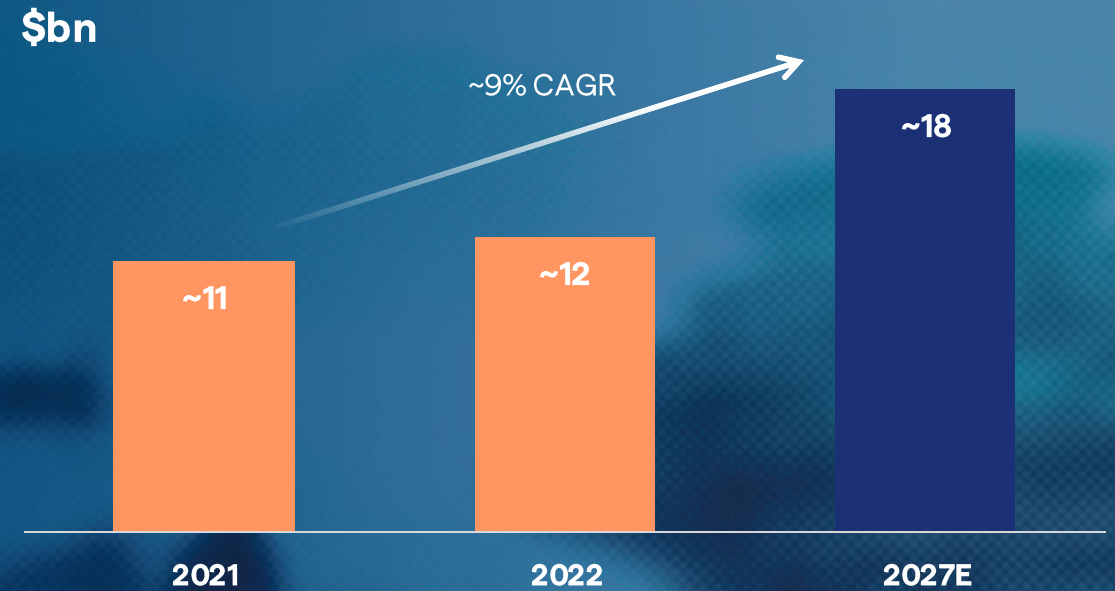


CLEAR MARKET LEADER IN OUR FRAGMENTED AND GROWING EXTERNAL PROVISION MARKET

Market landscape



External Service Provider Market Sizing*



Unrivalled global scale in a market with large white space

Only full-scale service platform across the entire content development lifecycle

Highly fragmented industry provides opportunities for selective consolidation



Market share of outsourced game services
* Source: IDG Market research March 2023

WE CONTINUE TO EXPAND OUR PLATFORM

Recent acquisition activity



A KEYWORDS STUDIO



A KEYWORDS STUDIO



A KEYWORDS STUDIO



A KEYWORDS STUDIO



A KEYWORDS STUDIO



A KEYWORDS STUDIO



5

Acquisitions completed in 2022



€140m

2022 Total maximum consideration*

Extensive pipeline with a primary focus on Game Development, Marketing Services, technology and adjacent markets, such as media & entertainment



- Including cash acquired of €5.4m
- Note: 47 Communications acquired in January 2023

FINANCIAL REVIEW

02

2022 FINANCIAL HIGHLIGHTS

	2022 €m	2021 €m	% change
Revenue	690.7	512.2	+ 34.8%
Organic Revenue Growth	21.8%	19.0%	
Adjusted EBITDA	146.9	110.1	+ 33.4%
Margin	21.3%	21.5%	
EBITDA	120.9	85.7	+ 41.1%
Adjusted operating profit	114.6	88.4	+29.6%
Adjusted operating profit margin	16.6%	17.3%	
Operating profit	71.8	50.4	+42.5%
Adjusted PBT	112.0	86.0	+ 30.2%
Margin	16.2%	16.8%	
PBT	68.0	48.0	+ 41.7%
Adjusted EPS (€ cents per share)	113.50	89.24	+ 27.2%

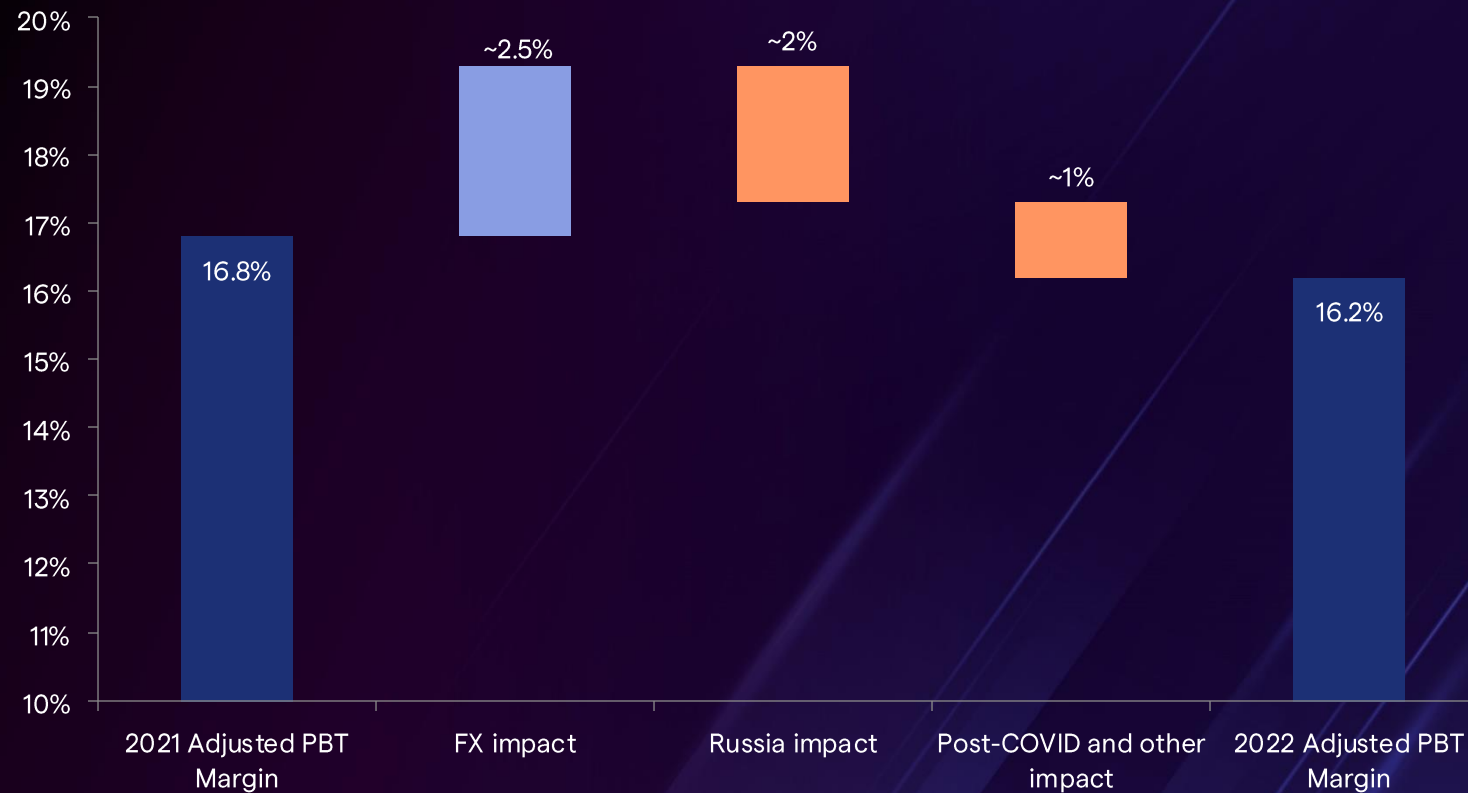
- Reported revenue up 34.8% with Organic Revenue up 21.8%
 - Revenues supported by ~8% fx translation tailwinds
 - Organic revenue growth*, excluding fx conversion, would have been ~3% lower
- Adjusted EBITDA up 33.4% with margin slightly lower at 21.3%
- Adjusted PBT up 30.2% with margin falling by 0.6% pts to 16.2%, as expected
 - Favourable foreign exchange offset by costs incurred from the transition out of Russia and the return of certain costs post-COVID restrictions
- Statutory PBT increased by 41.7%



* 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 2021 foreign exchange rates to both years, when translating studio results into the euro reporting currency

ADJUSTED PBT MARGIN BRIDGE

Adjusted Profit before tax margin year-on-year bridge



- Adjusted PBT margins fell from 16.8% in 2021 to 16.2% in 2022, predominantly due to:
 - ~2% point impact from costs and disruption associated with the relocation of our Russia-operations to outside of the country
 - ~1% point impact from the return of travel, business development and return to office costs post COVID-19
- This was partially offset by a ~2.5% point margin benefit from foreign exchange, as we invoice a significant proportion of our sales in foreign currency*



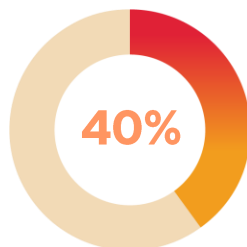
* Amounts invoiced in a foreign currency, that are then converted into studio local currency, before being translated into the euro reporting currency on consolidation.

SERVICE LINE REVIEW

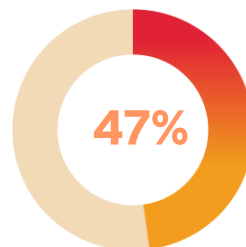
CREATE - combines Game Development and Art Services and represents ~3,500 people in 23 studios across 42 cities



% of Group revenue



% of Group Adj EBITDA



2022 2021 Change

Revenue €m	275.5	188.2	46.4%
Organic Revenue growth %			25.9%
Adjusted EBITDA €m	69.7	49.7	40.2%
Adjusted EBITDA margin %	25.3%	26.4%	

- Create performed strongly in the year with revenues up by 46.4% to €275.5m
- Organic Revenue grew by 25.9%
 - Increased headcount enabling our game development studios to take on more work and meet demand
 - Art continued to experience very strong performance in Quebec and in our Indian business
- Successful transition of over 400 roles and work out of Russia
- Adjusted EBITDA up 40.2% at €69.7m with margin slightly lower due to costs incurred in the transition from Russia offsetting FX benefits
- Acquired 3 new Game Development studios during the year
- Expect continued robust demand across our Create service line



SERVICE LINE REVIEW

GLOBALIZE - combines Audio, Testing and Localization with ~5,000 people in 32 studios across 27 cities

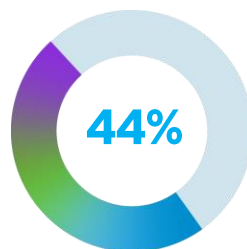
Keywords
Functionality QA

Keywords
Localization

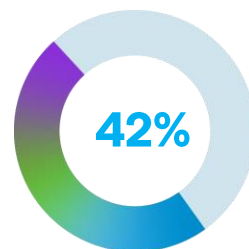
Keywords
Localization QA

Keywords
Audio Services

% of
Group revenue



% of Group
Adj EBITDA



2022 **2021** **Change**

Revenue €m	300.9	231.9	29.8%
Organic Revenue growth %			23.4%
Adjusted EBITDA €m	61.6	47.4	30.0%
Adjusted EBITDA margin %	20.5%	20.4%	

- Globalize performed well during the year with revenues up by 29.8% to €300.9m
- Organic Revenue grew by 23.4%
 - All the lines of business within Globalize performed well during the year
 - Increased scale and footprint meant we could capitalise on healthy demand for post-production services, despite it being a slower period for new launches
- Adjusted EBITDA in Globalize grew 30.0% to €61.6m
 - Adjusted EBITDA margin maintained at 20.5%
- Expect trend to external service provision to continue, even in a more constrained market environment, and our scale enables us to capture increasing demand

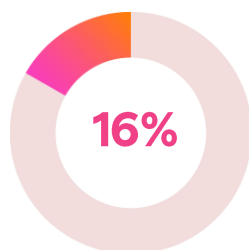


SERVICE LINE REVIEW

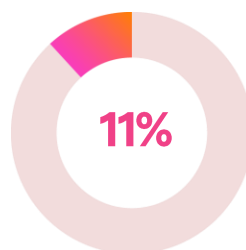
ENGAGE - combines Marketing and Player Experience services with ~2,500 people in 29 studios across 23 cities



% of Group revenue



% of Group Adj EBITDA



	2022	2021	Change
Revenue €m	114.3	92.1	24.1%
Organic Revenue growth %			9.7%
Adjusted EBITDA €m	15.6	13.0	20.0%
Adjusted EBITDA margin %	13.6%	14.1%	

- Engage performed robustly in 2022 with revenues up by 24.1% to €114.3m
- Organic Revenue grew by 9.7%
 - Player Support performed strongly with the addition of new clients and healthy growth across our top clients
 - Our Marketing studios delivered a more modest performance, in part due to the exceptional performance in 2021
- Adjusted EBITDA grew 20.0% to €15.6m (2021: €13.0m)
 - Adjusted EBITDA margin of 13.6% was slightly lower than 2021
- Continuing to broaden our Engage offering to provide a holistic solution focused on driving and maintaining player engagement



OPERATING AND FREE CASH FLOW

	2022 €m	2021 €m	Change €m
Adjusted EBITDA	146.9	110.1	36.8
MMTC and VGTR	(3.6)	(4.5)	0.9
Working capital and other items	0.6	11.3	(10.7)
Capex – PPE	(27.0)	(19.4)	(7.6)
Capex - intangible assets	(0.5)	(0.3)	(0.2)
Payments of principal on lease liabilities	(11.4)	(10.0)	(1.4)
Operating cash flows	105.0	87.2	17.8
Net Interest paid	(1.5)	(2.7)	1.2
Free cash flow before tax	103.5	84.5	19.0
Tax	(17.5)	(23.9)	6.4
Free cash flow	86.0	60.6	25.4
Adjusted free cash flow before tax	112.1	92.3	21.5%
Adjusted cash conversion rate	100.1%	107.3%	

- €25.4m increase in Free Cash Flow year on year primarily due to the €36.8m increase in Adjusted EBITDA
- This was offset by
 - Working capital and other items outflow of €10.7m due to the growth in the business, partially offset by reduced debtor days
 - €7.6m increase in capex as we continued to invest in the growth of the business
- Adjusted cash conversion rate of 100.1% in 2022, cash generation significantly stronger in H2, as anticipated



MOVEMENT IN NET CASH / DEBT

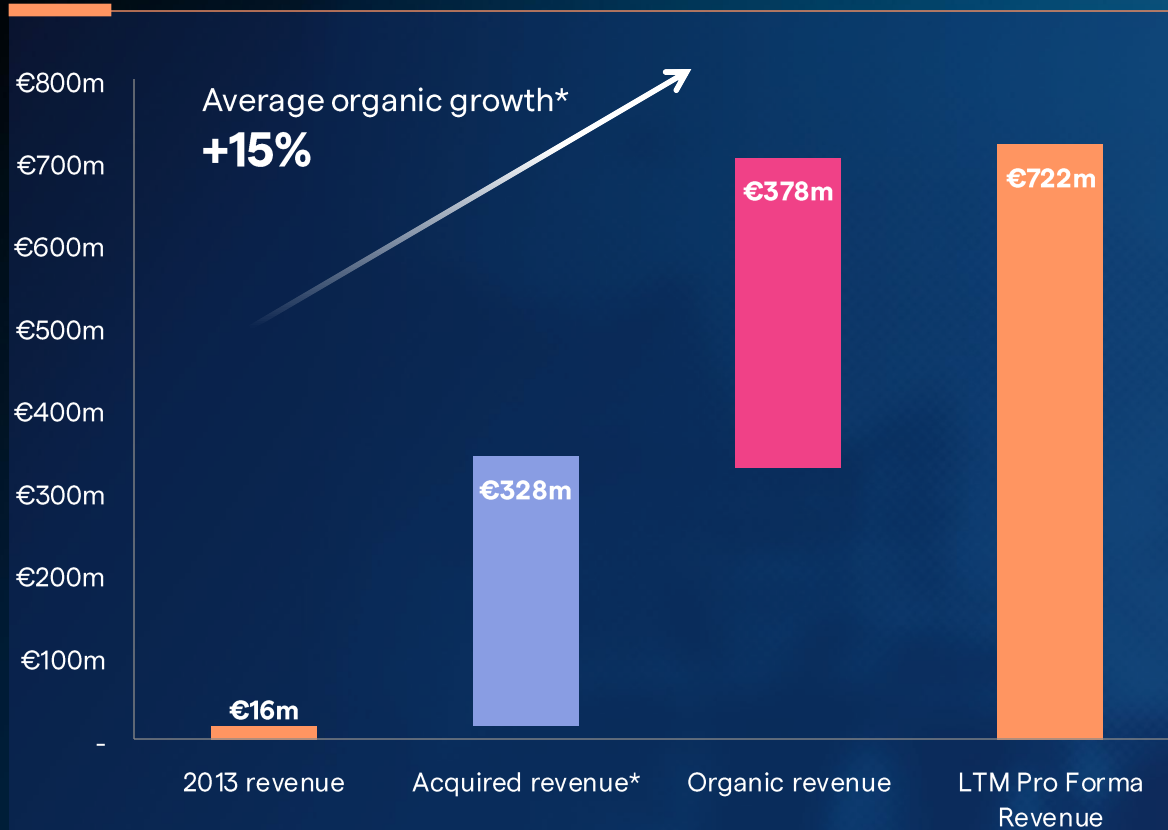
Strong cash generation and robust financial position enables business to deliver against strategy

	2022 €m	2021 €m	Change €m
Free cash flow	86.0	60.6	25.4
M&A - acquisition spend	(113.3)	(63.1)	(50.2)
M&A - acquisition and integration costs	(3.1)	(2.4)	(0.7)
Other income and other items	1.6	-	1.6
Dividends paid	(2.0)	(0.6)	(1.4)
Shares issued for cash	6.8	5.3	1.5
Underlying increase / (decrease) in net cash / (debt)	(24.0)	(0.2)	(23.8)
FX and other items	0.2	2.9	(2.7)
Increase in net cash / (debt)	(23.8)	2.7	(26.5)
Opening net cash / (debt)	105.6	102.9	
Closing net cash / (debt)	81.8	105.6	

- Cash spent on acquisitions totalled €116.4m
 - €25.8m was in respect of the cash component of prior year acquisitions
 - €3.1m of acquisition and integration costs
- Reduction in net cash of €23.8m in 2022 driven by acquisition spend, partially offset by strong free cash flow
- Net cash at 31 December 2022 of €81.8m (2021: €105.6m)
- ~€232m of liquidity through cash and undrawn committed Revolving Credit Facility (RCF) of €150m with a further €50m accordion
 - No exposure to Silicon Valley Bank



OUR INORGANIC GROWTH ENGINE



60+

Value creating acquisitions since IPO

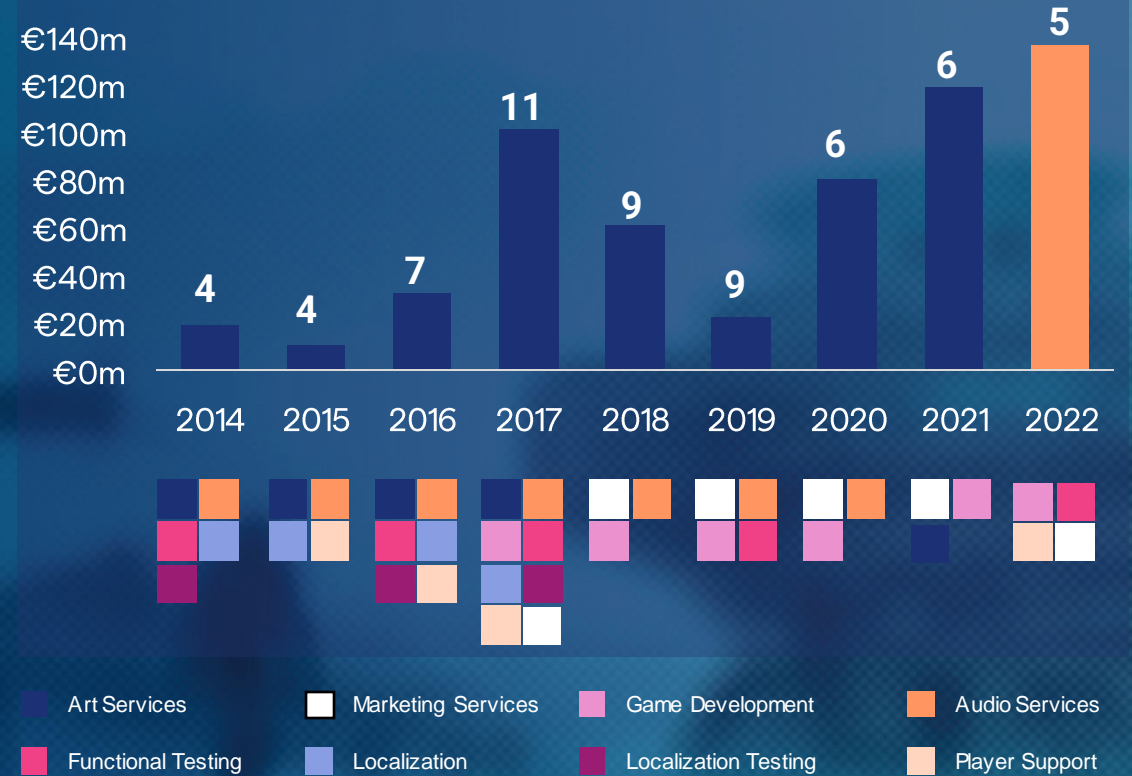
€232m

in net cash and undrawn RCF at end of 2022



* Last five years

Total consideration and number of acquisitions



M&A FOCUS AREAS

Create

- Build scale
- Live Ops
- Access to talent & geographies
 - Asia / Central Europe / Americas



Technology

- Expand offering
- Automate
- Stay at the forefront of the industry



Marketing

- Video games and broader M&E
- Social media marketing
 - Influencer marketing
 - Brand / campaign strategy
 - PR
 - Data / analytics



Adjacencies

- Build media and entertainment capability
- Virtual production
- Audio dubbing and subtitling



GUIDANCE

Full year guidance

Continue to expect organic growth to moderate from 2022 levels, but remain above the medium-term guidance of 10%+

Adjusted PBT margin expected to return to ~15% in 2023, excluding the potential impact of any debt we take on in the future to fund acquisitions

Adjusted Effective Tax rate is expected to be in line with the 2022 rate of ~22%.

Benefited from the strength of the US dollar in 2022 and mindful of potential foreign exchange impacts beyond our control in 2023

Capex slightly higher % of revenue than in 2022, due to expansionary capex and investment in our platform

Adjusted cash conversion rate expected to be at least 80%

Robust financial position



Cash generative business with an adjusted free cash flow of €112.1m in 2022 (2021: €92.3m)



€232m of liquidity through cash and undrawn committed RCF headroom[#]



Revolving Credit Facility (RCF) of €150m with a further €50m accordion



[#] RCF matures in December 2024 with an option to extend the term by two further one-year periods.

STRATEGY

03

KEYWORDS SNAPSHOT



#1 technical & creative solutions provider to the video games industry



3 service lines covering entire gaming value chain



26 countries and more than **70** studios



~12,000 employees that speak **50** languages



24 out of top 25 gaming companies are clients



10 out of top 10 mobile games companies are clients



c. \$12bn Video game external services market*



~3x size of next largest industry player

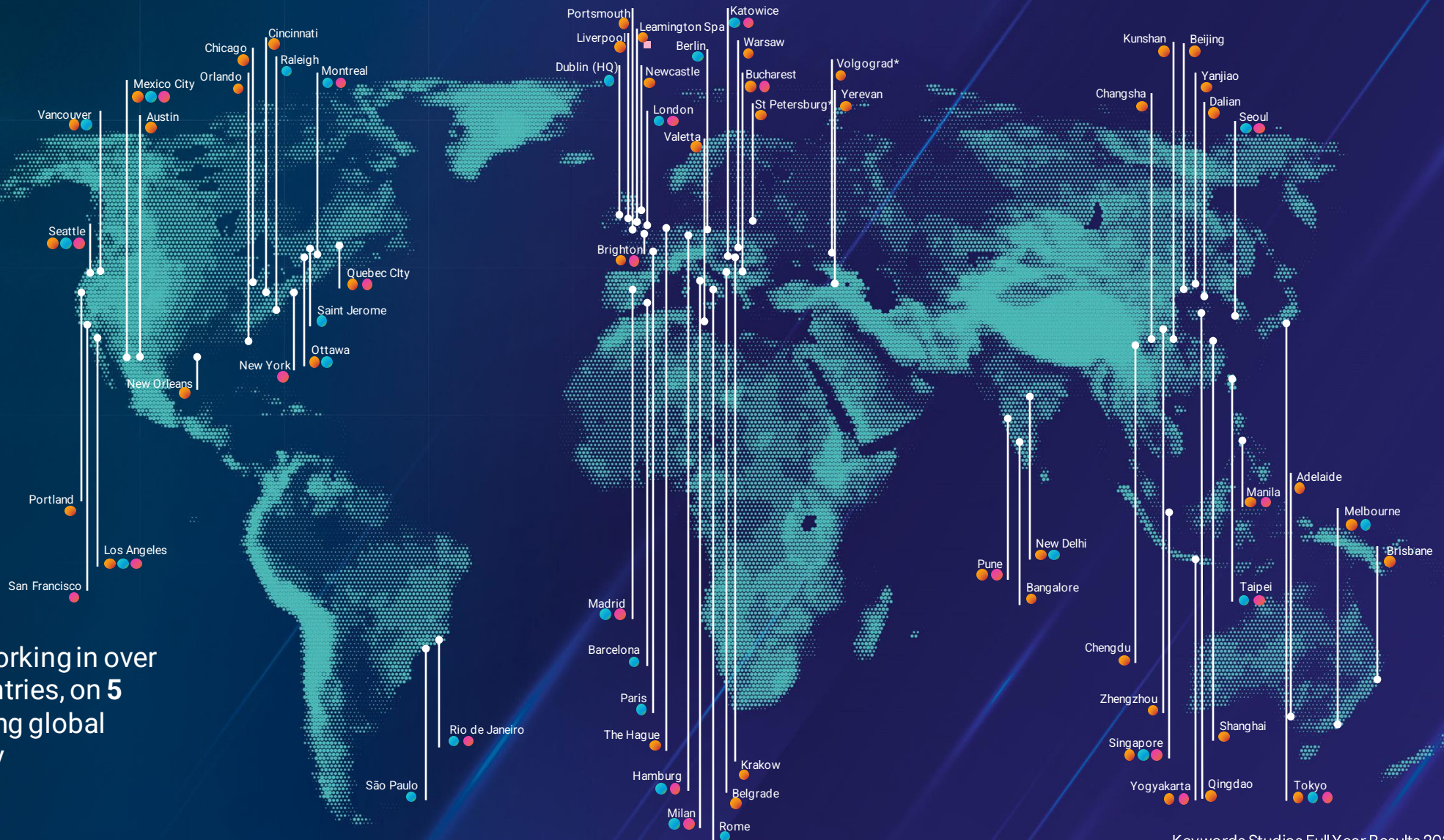


*Sources: Market sizing conducted by IDG Consulting Inc.

OUR GLOBAL FOOTPRINT

- Create
- Globalize
- Engage

~12,000 people, working in over 60 cities in 26 countries, on 5 continents, providing global workflow capability



* Offices closing in 2023

OUR RESPONSIBLE BUSINESS PRIORITIES



COMMUNITY

Making a positive impact through Keywords Cares

- ✓ Dedicated regional CSR leads
- ✓ €46k fundraising
- ✓ Support fund utilised



PEOPLE

Our largest and most valuable asset

- ✓ Enhanced employee engagement
- ✓ Great place to work awards
- ✓ Women in Games Partnership
- ✓ Employee NPS of 30



PLANET

Minimising our impact on the planet

- ✓ Sustainable Studios initiative to reduce emissions and waste
- ✓ GHG intensity reduced by 16%
- ✓ Offsetting balance of operational emissions



CLIENT

Clients at the heart of everything we do

- ✓ Pursuing closer partnerships to better support our clients
- ✓ Increased NPS to 37 in 2022



GOVERNANCE

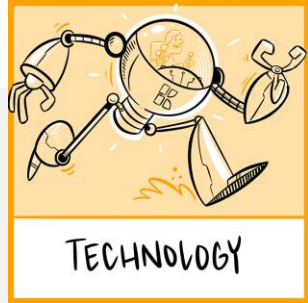
Setting the highest standards of behaviour, honesty and integrity underpins everything we do

OUR FIVE STRATEGIC PRIORITIES

The next evolution of our global platform, building on the unique position we have, to deliver long-term sustainable growth



Developing **strategic client partnerships** to create and capture more value together.



Harnessing **technology to work smarter**, do more and stay at the forefront of the industry.



Galvanizing our **“One Keywords”** culture of entrepreneurialism and collaboration.



Establishing Keywords as the **destination for talent** and career development.



Expanding **our expertise into adjacent markets** increasingly requiring Games expertise.

Supported by value accretive M&A to develop our platform



PROGRESS AGAINST OUR FIVE STRATEGIC PRIORITIES

1

Strategic client partnerships

- ✓ Undertaken Strategic Partnership Reviews with a range of Top 25 clients
- ✓ Tangible improvement in the overall visibility and understanding of KWS's unique offering
- ✓ Ongoing discussions with a range of clients about complex multi-service line projects

2

Technology

- ✓ **Acquired AI platforms in Helpshift & Mighty Games to complement existing offering**
- ✓ Hired CDIO to spearhead deeper integration of technology across the Group.
- ✓ Launching Labs @ Keywords Studios to drive innovation across the Group

3

One Keywords

- ✓ Scaled our strategic and tactical Shared Services to empower every studio with the expertise of the Group
- ✓ **Launched new Leadership Principles capturing the essence of the Group, while retaining unique studio characteristics**
- ✓ Enhanced our strong track record of M&A execution with deeper integration processes

4

Destination for talent

- ✓ Created a global talent acquisition team modelled on the approach used at Snowed In Studios
- ✓ Broad range of staff received a one-off cost of living payment & additional interim salary increases
- ✓ Expanding initiatives to develop talent through Academies & Bootcamps

5

Adjacent markets

- ✓ Developing our LiveOps offering to work more strategically with clients on their GaaS projects
- ✓ Demonstrated our in-house Virtual Production (VP) skill set through end-to-end creation of VP video
- ✓ Expanded knowledge of the opportunity across M&E space (audio, marketing, VP)



TECHNOLOGY ENHANCED DELIVERY

We are harnessing new and existing technologies to enable smarter working, do more for our clients and to futureproof our business



+



+



A powerful combination of advanced neural machine translation technologies, workflow management, people, and expertise that makes translation delivery faster and customer communications more efficient

Innovative set of AI-led tools helping developers improve quality of their code by automatically testing and providing feedback, complementing our existing FQA offering

Conversational AI customer support platform for a digital customer-first experience that together with KantanAI and player support agents offers a unique holistic solution



BRAND POSITIONING & LEADERSHIP PRINCIPLES



OUTLOOK



GROUP OUTLOOK

01

A good start to the 2023, in line with our expectations for the year

02

Continuing to deliver against our strategy, build our platform, and execute on healthy M&A pipeline

03

Well positioned to drive sustainable growth and potential acceleration of external service provision over the medium-term

Expect to further grow our platform and cement our position as the partner of choice for technical and creative solutions to a global client base



APPENDIX

05

SERVICING ENTIRE CONTENT DEVELOPMENT LIFECYCLE

● Create Services

Game Development

Includes full & co-development, porting & remastering, tool development and consulting services

Art Services

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

● Engage Services

Player Support

365/24/7, multilingual support delivered in game, on digital community and social platforms and through proprietary tech platform, Helpshift

Marketing Services

Creation of game trailers, marketing art and materials, PR and full brand campaign strategies



● Globalise Services

Audio Services

Multi-language voiceover recording, original language voice production, music management, sound effects

Functional Testing

Quality assurance, testing for defects, compliance with hardware/platform specifications, as well as test automation tools and services

Localization

Translation of in-game text, audio scripts, cultural and local adaptation, accreditation, packaging and marketing materials in 50+ languages

Localization Testing

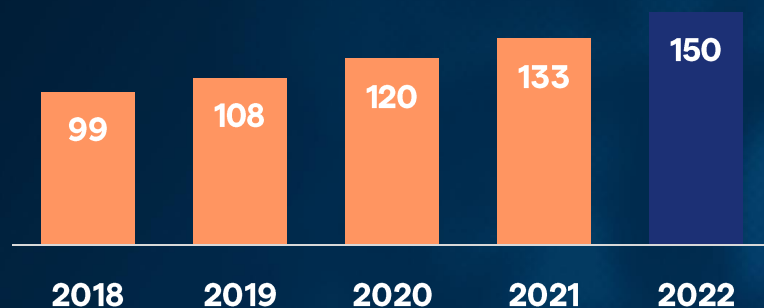
Testing for out of context translations, truncations, overlaps, spelling, grammar, geopolitical and cultural sensitivities and compliance requirements

LONG-STANDING RELATIONSHIPS WITH THE LEADING PLAYERS IN THE MARKET

We work with 24 of the top 25 games companies by revenue and 10 of the top 10 mobile games publishers by revenue*



No. of clients using 3 or more services



7 the average number of services taken by our Top 10 clients



21 of Top 25 clients take 5 or more services



* Newzoo, Top 25 public companies by game revenues in Q2 2022 and App Annie, Top publishers of 2022