Keywords Studios
Imagine More

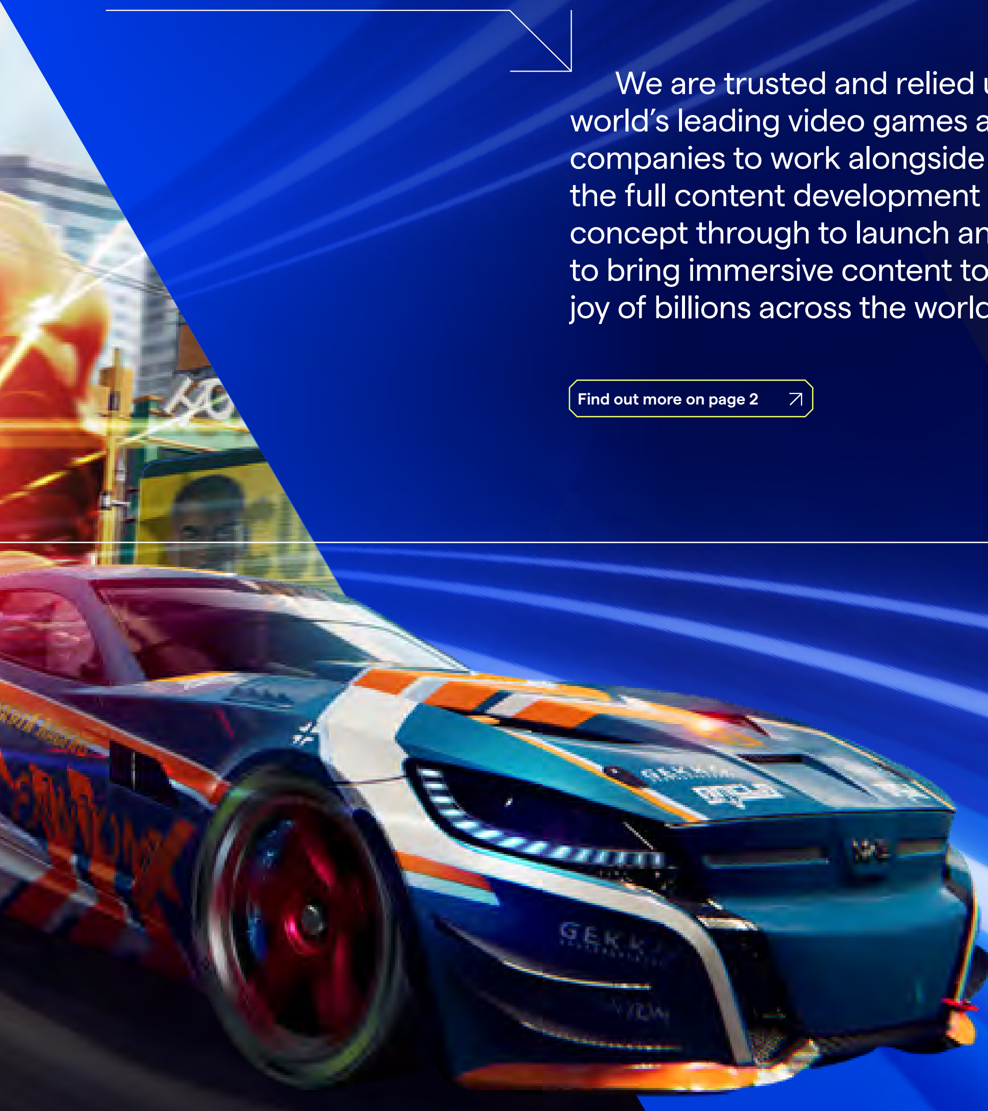
Imagine More

Annual Report
and Accounts 2023

We Imagine More for the global video gaming and entertainment communities

We are trusted and relied upon by the world's leading video games and entertainment companies to work alongside them during the full content development cycle, from concept through to launch and beyond, to bring immersive content to life for the joy of billions across the world.

Find out more on page 2



Keywords Studios
Imagine More

2023 Highlights

Revenue
€780m
13% year-on-year

Organic Revenue growth*
6%
2022: 22%

EBITDA*
€109m
(10)% year-on-year

Adjusted EBITDA*
€158m
8% year-on-year

Operating Profit
€47m
(35)% year-on-year

Adjusted Operating profit*
€122m
6% year-on-year
Margin 15.6% (2022: 16.6%)

Basic earnings per share
25.3c
(59)% year-on-year

Adjusted earnings per share*
112.9c
(1)% year-on-year

Adjusted cash conversion rate*
82%
2022: 100%

Total dividend per share
2.61p
10% year-on-year

Continuing to perform

- Resilient performance, extending leadership position in the industry.
- Create division performed well, with Globalize and Engage divisions impacted by market conditions and US entertainment strikes.
- Delivered five acquisitions for a total maximum consideration of €225 million.

Delivering against strategy to drive long-term sustainable growth

- Enhanced strategic partner relationships, with Top 25 revenues increasing faster than Group.
- Growing traction with clients around our AI post-production technology suite.
- Increased Group collaboration, with leadership principles supporting One Keywords culture.

Progress against ESG goals

- Renewed and strengthened partnership with Women in Games.
- Increased MSCI ESG rating from A to AA.
- Increased number of studios on renewable tariffs by 50%.

Find out more on page 10

* Alternative performance measures.

The Group reports a number of alternative performance measures (APMs) to present the financial performance of the business which are not Generally Accepted Accounting Principles (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 financial statements 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 see page 152.

Scan to visit us online

Who we are

We have an unrivalled collection of connected studios across the globe, who together offer world-leading expertise and technology to support our partners create the richest, most immersive experience for the +3 billion players globally.

We're on a mission to Imagine More...more for our clients, more for our studios, more for our people and more for the games that we work on.

We aim to be the world's most trusted partner in creative and technology solutions for the video games and entertainment industries, operating sustainably and positively contributing to the environment and our communities across the globe.

72%

of Game Awards winners

Keywords partnered on 13 of the 18 winning titles (72%) at the 2023 Game Awards in December, including two of the biggest winners on the night, Baldur's Gate 3 by Larian Studios and Alan Wake 2 by Remedy Entertainment.

Our purpose

To bring to life content that entertains, connects, challenges and educates people worldwide

Our strategic priorities

Strategic partnerships
Form deeper strategic client partnerships to create and capture more value together.

Technology
Harness technology to do more for our clients and stay at the forefront of the industry.

One Keywords
Drive a "One Keywords" entrepreneurial culture and enhance collaboration.

Talent & capabilities
Become the destination for talent and career development in the industry.

Adjacent markets
Leverage our capabilities to win in closely adjacent markets

Find out more on page 20

Our responsible business pillars

- People
- Planet
- Community
- Client
- Governance

Find out more on page 38

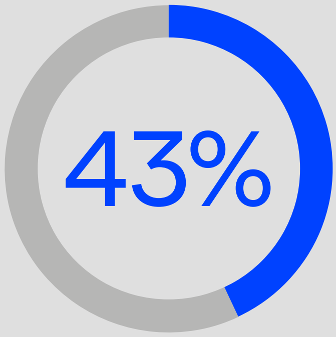
↘ What we do

We Create

Our connected network of 25 game development and art studios across four continents support global publishers in designing and developing content for some of the largest IPs in the world.

Find out more on page 28 ↗

% of 2023 Group revenue



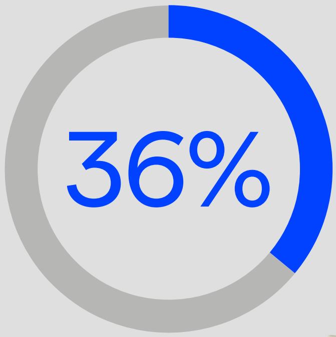
~4,500
People across 18 countries

We Globalize

We provide a global offering encompassing technology-enabled post-production services - audio, testing and localization - required by our clients to get their content ready for markets across the globe.

Find out more on page 30 ↗

% of 2023 Group revenue



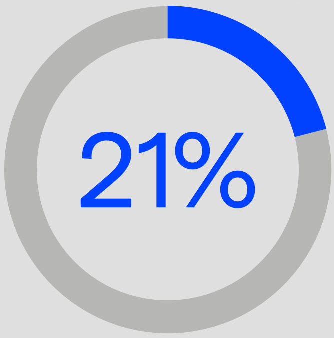
~5,000
People across 18 countries

We Engage

Our Engage division brings together our Marketing Services and Player Engagement businesses and is responsible for attracting, retaining and supporting fans across the video games and entertainment industries. We are experts in fandom.

Find out more on page 32 ↗

% of 2023 Group revenue



~2,500
People across 14 countries

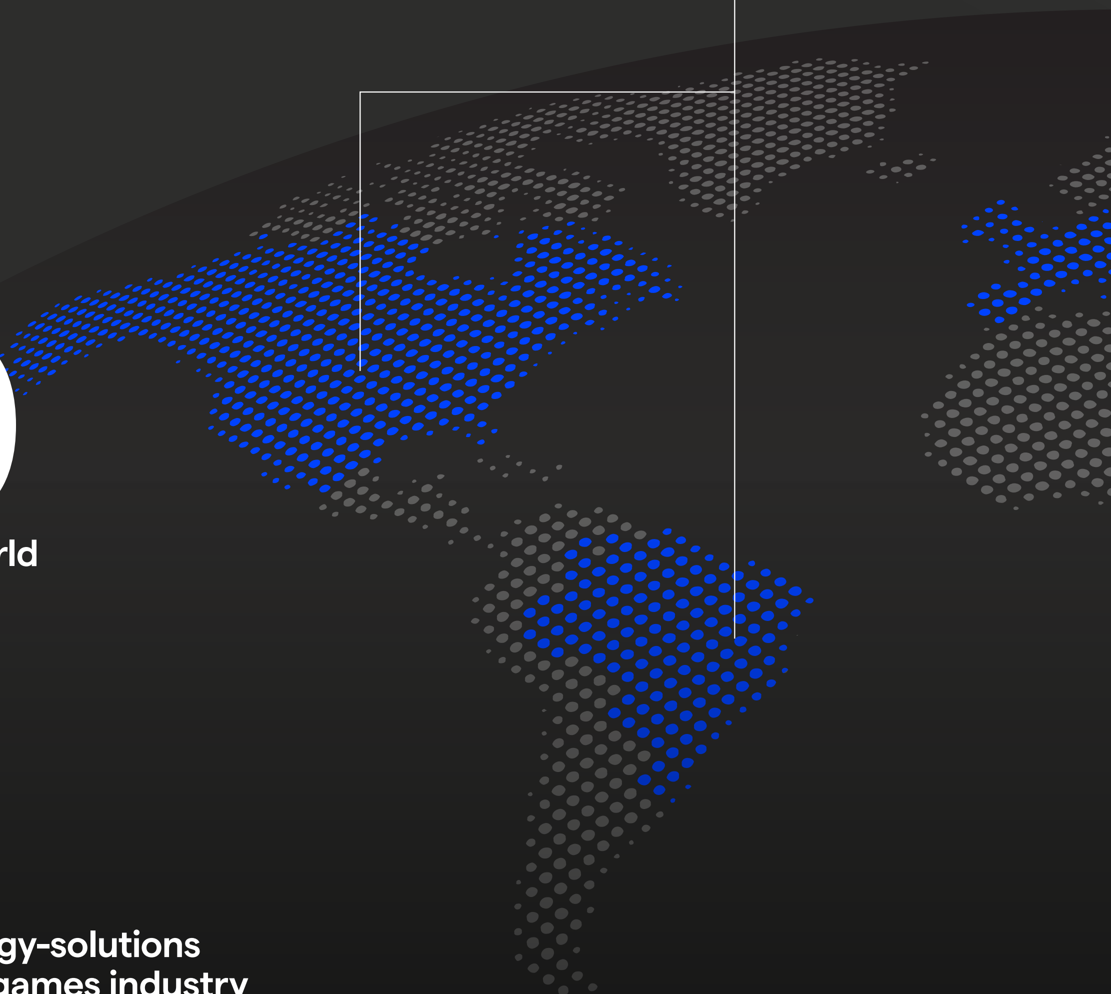
↘ Our footprint

International scale and diversification across markets

Americas

Countries
4

- Brazil
- Canada
- Mexico
- USA



26
countries

+70
studios across the world

#1
creative and technology-solutions provider to the video games industry

We operate in strategically important locations, which provide both proximity to the world's leading entertainment companies and good access to skilled talent pools across five continents. Through the year we focused on consolidating our footprint in key locations and creating central hubs, whilst maintaining the individual identities of our studios.

Divisional representation in the region

- ◆ Create
- ◆ Globalize
- ◆ Engage

Europe

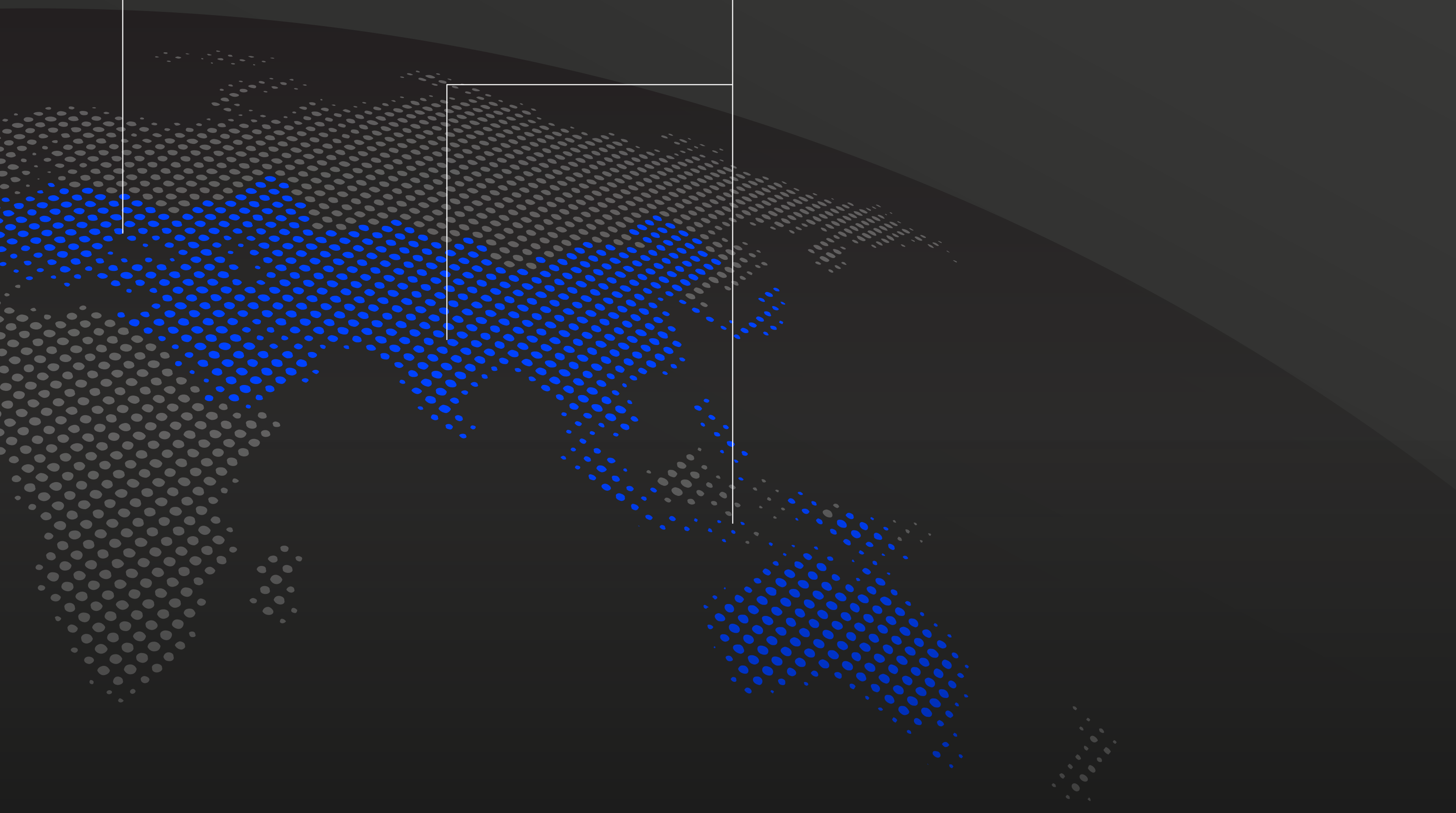
Countries **12**

Country	Create	Globalize	Engage
Armenia	◆	◇	◇
England	◆	◆	◆
France	◇	◆	◇
Germany	◇	◆	◇
Ireland	◇	◆	◇
Italy	◇	◆	◆
Malta	◆	◇	◇
Poland	◆	◆	◆
Romania	◆	◇	◆
Scotland	◆	◇	◇
Serbia	◆	◇	◇
Spain	◇	◆	◇

Asia-Pacific

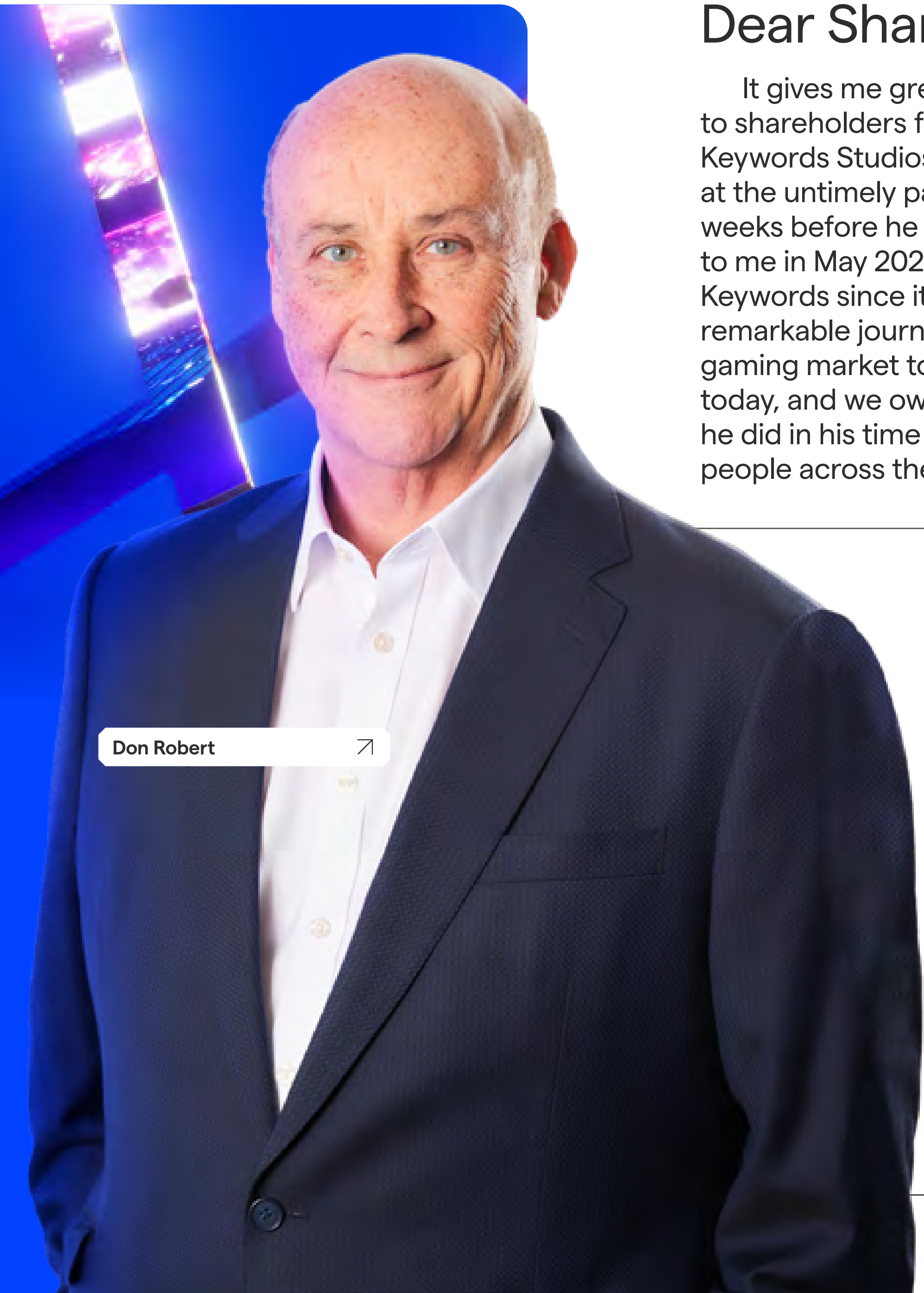
Countries **10**

Country	Create	Globalize	Engage
Abu Dhabi	◆	◇	◇
Australia	◆	◆	◇
China	◆	◆	◇
India	◆	◆	◆
Indonesia	◆	◇	◆
Japan	◆	◆	◆
Korea	◇	◆	◆
Philippines	◆	◇	◆
Singapore	◆	◆	◆
Taiwan	◇	◆	◆



↘ Chair's statement

Continued growth. Forward momentum.



Dear Shareholders,

It gives me great pleasure to write this letter to shareholders for the first time as the Chair of Keywords Studios, but it is tinged with sadness at the untimely passing of Ross Graham, just two weeks before he was due to pass the baton on to me in May 2023. Ross had been Chairman of Keywords since it listed in 2013, guiding it on its remarkable journey from a small player in the gaming market to the industry leader that it is today, and we owe him deep gratitude for all that he did in his time here. He is missed by many people across the organisation.

Overview

The business continued to deliver against its core strategic objectives this year, and despite a number of macro environment and industry challenges has further extended its leadership position within its markets. The strength and breadth of the Group's offering across the full development cycle has allowed it to successfully navigate a difficult time in the video gaming industry, as it resets and refocuses after experiencing extremely strong growth during the Covid period.

We delivered revenues of €780m in 2023, representing overall growth of 13%, and 17% in constant currency*. Adjusted operating profit rose by 6% and adjusted earnings per share was broadly flat. Adjusted cash conversion continued to remain strong at 82%, in line with expectations.

* Constant currency definition can be found in Alternative Performance Measures, page 152.

Strategy

The Group has continued to deliver against the five pillars of its strategy this year, as well as extending its platform through M&A. The significant focus on technology and artificial intelligence (AI), one of the Group's strategic pillars, since the emergence of Generative AI, has had a meaningful impact on the Company's share price due to speculation about the potential impact on the business. As a Board we believe that AI will provide many opportunities and continue to focus on the long-term value generation of the business. I have been pleased with the progress that the business has made in developing its technology solutions, specifically in the post-production areas of the business. The Group is also exploring the opportunities that lie ahead across the full value chain. In my experience, companies that are agile and entrepreneurial are those that will emerge from any significant technology changes as clear winners. I believe that the team in place and the culture of the organisation is such that we are well placed to take advantage of benefits that increasing technology adoption will bring.

The Group has continued its disciplined deployment of capital aimed at driving long-term value. To support this, it extended its Revolving Credit Facility to $400 million and lengthened its maturity to 2027. This has enabled the business to execute on high-quality M&A opportunities, with five deals completed during the year for a maximum consideration of €225m, which has both strengthened our position and extended our offering for our clients.

The Board has recommended a final dividend of 1.76p, making the total dividend for the year ended 31 December 2023 2.61p per share, an increase of 10% over the 2022 full year dividend (2022: 2.37p per share), in line with its progressive policy. Subject to shareholder approval at the 2024 Annual General Meeting, the final dividend will be paid on 28 June 2024.

The Board continues to believe that allocating capital to drive high-quality long-term growth provides the best returns for shareholders, but regularly assesses other opportunities to deploy capital in a disciplined manner for the benefit of our stakeholders.

Corporate governance

Keywords is a young and dynamic company, and the Board seeks to operate to high governance and ethical standards. Further detail is available in the Governance report from page 62.

From a corporate governance perspective, we have a knowledgeable and engaged Board, marked by a good balance of discussion and robust challenge on key topics. We undertook a Board effectiveness review in the second half of the year, which confirmed that the Board continues to function well and each Director continues to provide valuable contributions in, and outside of, Board meetings. During the year, we were pleased to welcome Rob Kingston to the Board as CFO in July. Rob has had a lengthy career within content and technology businesses and has already made a positive impact. His arrival was part of a long-planned strengthening of the management team, allowing Jon Hauck to move into the COO role at an important juncture for the business.

To ensure the Board remains focused on our strategic priorities, two key governance enhancements were introduced in 2023. Deep dive sessions on our clients were held at every Board meeting, providing greater insight into the interests of clients and how we respond to them and build stronger relationships. Secondly, in December, the Board and executive leadership team held a dedicated strategy day to review strategic progress, a comprehensive three-year plan for the Group, and the medium-term opportunity, which remains significant for the business. Further details of these can be found in the Governance report on pages 64 and 65.

Balance sheet flexibility

$400m

Increased size of revolving credit facility from €150m to $400m during the year, and lengthened maturity to 2027.

Find out more on page 124

Sustainability

With around 13,000 people within the Group, in addition to our freelancer community, we place great emphasis on engagement, diversity, well-being and development and have seen progress across the key metrics in each of these areas. We have also improved our climate-related disclosures, publishing our third Taskforce on Climate-related Financial Disclosures (TCFD) report and have enhanced our monitoring of our emissions with the aim of applying to join the Science Based Target initiative (SBTi) by the end of 2025. We are also integrating sustainability metrics into the Executive team's remuneration packages this year as part of an overall review of their remuneration, to bring that into line with similar-sized businesses.

Summary

Keywords has delivered a robust year of growth, despite the difficult backdrop, and has enhanced its leadership position in the market. The benefits of our strategy are becoming more tangible, and we see significant opportunities ahead for long-term sustainable growth. On behalf of the Board, I would like to thank all colleagues for their dedication and professionalism throughout the year. I look forward to working with the Board and the Executive Committee to execute against our strategic objectives and to build on our position at the centre of the gaming ecosystem.

Don Robert
Chair

> As a Board we continue to focus on the long-term value generation of the business and have been pleased with the progress that the business has made.

Extending our leadership position.

"Despite pausing for breath in 2023, we believe the medium-term prospects for the industry remain extremely attractive and will enable the Group to thrive."

Performance

The Group delivered resilient performance in 2023, with revenues growing 13% to €780m, despite a 4% headwind from foreign exchange, further extending our market leadership position.

Reported organic revenue growth of 6% included a 3% combined impact from the US entertainment strikes on our media and entertainment businesses, and foreign exchange movements. Excluding these factors, organic growth would have been around 9%, slightly behind our medium-term guidance, reflecting the current market and macro dynamics, which have led to pressures on certain parts of the business.

Operating margins were ahead of expectations at 15.6%, due to good cost control, which delivered adjusted operating profit of €122m (reported operating profit was €47m). This was 6% higher than 2022, despite the higher margin experienced in the comparative period.

The performance of each of the Group's three Divisions reflected the varied conditions in the market. We continued to see strong demand in Create, which now accounts for over 50% of Group profitability, offset by a temporary moderation of demand in our Globalize and, to a lesser extent, Engage Divisions, due to the current market conditions.

Cash generation remained strong, and as normal, was H2 weighted, primarily due to the timing of working capital, and we delivered adjusted free cash flow of €94m, giving an adjusted cash conversion rate of 82%.

We had another successful year of M&A, supported by our strong balance sheet, cash generation and expanded revolving credit facility, adding three high-quality game development studios to Create, and broadening Engage's digital and PR offerings, with two new US studios. As a result of this activity, we moved from a net cash position of €82m at December 2022 to a year-end net debt position of €68m, with significant headroom remaining in our facilities for further selective acquisitions.

Market opportunity

After a number of extremely strong years of growth, in 2023, the video gaming industry saw a mixed performance. Major titles that had been in production for a number of years were released to commercial success, such as Hogwarts Legacy, Starfield, Diablo IV and Baldur's Gate 3, but the broader industry saw publishers focus more on profitability than on taking risks around new content. This meant that we saw a focus on core IPs and smaller scopes for the launch of some titles, with an increase in the number of games being delayed or cancelled.

As we move into 2024, we expect a gradual improvement to market conditions and we remain confident in the medium-term market backdrop. Player numbers continue to rise, with another record year of average in-game players on Steam, and games such as Fortnite have attracted their highest ever monthly average users during Q4, demonstrating the popularity and longevity of high-quality games. The mobile market, which has been through a difficult period, also appears to be returning to growth after six consecutive quarters of declines. Hardware challenges have eased, with the PS5 now readily available and there is a market expectation that when Nintendo launches new hardware this will also drive further growth in content.

Industry forecasts point to continuing long-term growth in the vast video-gaming market, with growth in the content creation segment expected to be above the overall market, with a five-year CAGR of 8%. External service provision is still expected to be the fastest growing segment, with a five-year CAGR of over 9% (Source: IDG) and this underpins our medium-term organic growth expectations.

Delivering against strategy

As the key player in this market, at more than 3x the size of the next largest competitor, yet with market share of 6%, we believe we remain incredibly well placed to grow our market share in a highly fragmented market. To do so, we are making good progress against the five pillars of our strategy, including utilising the power of our platform to drive strategic partnerships with the key market players, and investing in leading technology solutions to better serve our clients and enhance our economic and technology moat against competitors.

We have continued to work more closely with our largest clients as we seek to evolve our relationships to more **strategic partnerships**. This has seen increased access to CXO suites, more in-depth strategic partner reviews, and sessions with key partners on developments around AI, strengthening our position as thought-leaders in this field. These enhanced relationships are giving us the opportunity to partner with our clients on more projects, as well as taking on larger, longer-term projects. During the year, we were pleased to see revenues from our Top 25 clients grow meaningfully faster than the Group, demonstrating the power of the relationships and helping us to outperform the market.

Technology, the second major pillar of our strategy, goes hand-in-hand with our strategic partnership initiatives, as an important differentiator in the market, providing real benefits to clients, whether large or small. Our 4,500 dedicated engineers and technical experts in Create have a long track record of unlocking the benefits of multiple generations of new technologies to support the industry's "race to the top" to create the most immersive experience for players and we continue to build on our focus on responsibly harnessing AI and other technologies in recent years.

CASE STUDY

One Keywords: Starfield

Starfield was the much-anticipated new space epic from Bethesda Game Studios, the award-winning creators of landmark blockbusters The Elder Scrolls V: Skyrim and Fallout 4.

It was the first entirely new universe in over two decades from these giants of the video game industry, and Keywords was proud to have worked alongside them every step of the way to deliver a truly groundbreaking game for their legions of players worldwide.

The collaboration involved teams from each of our Divisions working in unison to provide best-in-class services, whether technical development, breath-taking artwork, exceptional voiceovers, testing and localization into a range of languages, all to augment Bethesda's own extraordinary operations.

Scan to read more

Chief Executive's review

CONTINUED

Through a combination of M&A and internal development, the business has also been building a post-production platform of AI-enabled products to meet client needs, supported by over 250 product engineers, enhancing our existing Globalize and Engage services, and enabling us to do more, faster, and more efficiently whilst enhancing quality for clients.

We saw good traction with Mighty Games' innovative AI-based testing solution, Mighty Build & Test, who have scaled their footprint and product offering, so that they are now able to test on any game engine. Mighty is increasingly becoming our internal testing solution, increasing automation across our game development studios globally and has an exciting client pipeline and product development roadmap ahead.

Helpshift, our digital first customer support solution saw good growth, powered by its ability to swiftly scale support for certain high performing mobile games in H2. The business has continued to broaden its offering whilst delivering an average of over 60% AI automation to clients. It is integrating Gen AI to aid the customer support journey, providing enhanced first contact resolution, delivering insights and providing sentiment analysis for clients. We were also excited to launch LanguageAI during the year, which is powered by KantanAI's machine translation technology to enable more languages to be supported within the Helpshift solution, and in early 2024, a VIP Services offering, utilising Helpshift's data insights to better support high-spending players.

KantanAI has continued to grow its partnership with Microsoft, and due to the benefits of its unique AI-assisted workflow with improved turn-around times and quality of service, has become increasingly embedded in service delivery for other clients. We have also broadened the Kantan suite of products, with Kantan Audiomate, which manages and stores audio digital assets, whilst automating and enhancing audio workflows, now in production with clients.

During the year, we recruited the former Head of Gaming AI from AWS Games to spearhead our AI Centre of Excellence (CoE), as part of our Innovation at Keywords team, led by Jamie Campbell. The CoE is continually mapping the landscape for AI tools that can be deployed in the game development cycle, knowledge sharing and coordinating the many initiatives across our studios and building partnerships, so that we can help clients navigate the fast-moving landscape and shape their AI strategies.

An example R&D initiative, sponsored by the Innovation team was Project Ava, where a team, initially from Electric Square Malta, attempted to create a 2D game solely using Gen AI. Over the six-month process, the team shared their findings across the Group, highlighting where Gen AI has the potential to augment the game development process, and where it lags behind. Whilst the project team started small, it identified over 400 tools, evaluating and utilising those with the best potential. Despite this, we ultimately utilised bench resource from seven different game development studios as part of the project, as the tooling was unable to replace talent.

One of the key learnings was that whilst Gen AI may simplify or accelerate certain processes, the best results and quality needed can only be achieved by experts in their field utilising Gen AI as a new, powerful tool in their creative process. As a research project, the game will not be released to the public, but has been an excellent initiative to rapidly spread tangible learnings across the Group, provide insights to clients and it demonstrates the power and level of cross-studio collaboration that currently exists. Alongside Project Ava, the team is undertaking a range of Gen AI R&D projects, including around 3D assets, to ensure that we are able to provide current insights in an ever-evolving part of the market.

An important element of our technology journey has been to ensure we have a strong technology spine within the Group. During the year, we have reshaped our internal teams to ensure we can support the different needs of each Division better and have made targeted investments to

Investment case

Keywords is a critical enabler of a large, dynamic industry, and we are building out our proprietary technology platform to augment our future growth.

Over time we have proven that we can evolve our offering, organically and through M&A, to move up the value chain and our entrepreneurial culture enables us to continually adapt and deliver leading services to our clients to meet their current and future needs.

01

Compounding model has driven a long-term track record of growth

Since our listing in 2013, we have grown from €16m of revenues to €780m in 2023. Over the last six years, revenues have grown at a compound average growth rate of over 30% through a combination of strong organic growth and M&A. Over the same time period, annual organic revenue growth has tended to be in excess of 10% as we have benefitted from both the growth in the video games industry and growth in market share.

Our compounding growth model combines medium-term double-digit organic growth driven by high levels of repeat business and strong customer relationships, with stable operating margins and strong cash conversion. This enables us to re-invest into value accretive M&A to drive future growth and propels us towards our medium-term target of over €1bn in annual revenues.

consolidate systems and begin to create a global platform that will, over time, enable enhanced customer experiences, data insights and increasingly frictionless customer collaboration.

Whilst the initiatives I have picked out are not exhaustive, this gives a good flavour of the success of the **One Keywords** pillar in driving collaboration and advantage across the Group. The consolidation of our service lines into Divisions has been a foundational step, for example in the Create Division alone, over 30% of projects had multiple studios working on them. With the support of operational excellence initiatives such as HR and IT business partnering and cross-studio initiatives like Project Ava, increased collaboration across our global platform is set to continue and with it the unique advantages it brings. We have also continued to embed our new Leadership Principles across the organisation, with a broad-ranging communications programme, and were very pleased with the seamless transition of Sperasoft into four new operating hubs in Eastern Europe, with production in Russia ceasing.

Even in a year of wide-spread job losses, it remains difficult to find high-quality engineering **talent and capabilities** across the industry. Despite this, Keywords continued to grow, with our talent acquisition programmes, supporting good growth in this part of our business, with targeted efforts to identify and attract talent on a global basis. The recruitment of Rob Kingston as CFO in July meant that Jon Hauck was able to move across to the COO role to support the long-term growth of the business and complete the evolution of the leadership team. I believe we are building a leadership team and structure, with good strength in depth, to drive the future success of the business.

Our progress in **adjacent markets** has also been very encouraging with Lively, our dedicated LiveOps studio, experiencing strong growth and demand from a wide variety of clients. We also believe there is a significant opportunity within virtual production, both for turn-key services, and as a virtual art department within the broader production process and have launched services to address this opportunity. Towards the end of the year, we won virtual production and animation client mandates through both our Engage and Create Divisions.

We extended our media and entertainment offering in the US, through the acquisition of Digital Media Management, which works with some of the world's biggest franchises, including the recent Barbie movie, to enhance their reach online and in social media. With the convergence of gaming and film and television, as underscored by Disney's recent $1.5bn investment in Epic Games, we see meaningful opportunities ahead for us here.

M&A

A key and long-standing element of our strategy is to add significant value by reinvesting our free cash flow into consolidating a fragmented market in four M&A focus areas: game development, marketing, technology and adjacent markets. We were pleased to deliver a record year of M&A, acquiring five studios for total maximum consideration, including performance related contingent deferred consideration, of €225m. In 2023, the cash component of both the current and previous years' transactions amounted to €195m.

In line with our focus areas, three of the acquisitions broadened our game development capabilities, with The Multiplayer Group bringing extensive multiplayer game expertise, Hardsuit Labs bringing a deep understanding of Unreal Engine and Playboss Interactive providing one of our leading UK studios, Climax, a second location to grow from. We also broadened our Engage offering in the US, the largest global market for gaming, with the acquisitions of 47 Communications and Digital Media Management (DMM), with both enhancing our media and entertainment offering, and DMM bringing market-leading social media capabilities and an innovative Creator-focused technology platform.

02

Market-leading position

Keywords is the only global provider of fully integrated creative and technology-enabled solutions to the global video games industry and is ~3x the size of our nearest competitor. The industry is still incredibly fragmented, with around 90% white space, and there is a significant opportunity to grow our market share, both organically and inorganically.

With an industry reputation for quality, reliability and flexibility, our global scale, full-service offering and technology platform mean we are well placed to take advantage of the trend for customers to move to more collaborative partnerships with fewer, larger suppliers.

3x **the size of our nearest competitor**

Find out more on page 17

Chief Executive's review

CONTINUED

The five acquisitions delivered pro forma revenues of €90m in 2023 (including pre-acquisition revenues), at margins above the current Group, and are expected to grow strongly in the coming years as we continue to evolve the Group towards higher-value services. We have a strong balance sheet and an extensive pipeline of opportunities that will lead to further attractive acquisitions during 2024. We expect to continue our long track record of adding significant value to our business and our clients through our highly value accretive acquisition strategy for many years.

Responsible business

Our responsible business agenda is centred around five key areas; our people, planet, community and our clients, underpinned by our commitment to good governance and ethics. We have made solid progress against our main priorities across the year, with a range of initiatives designed to enhance culture, employee engagement and diversity and inclusion. These included the expansion of our employee engagement initiatives, together with the continuing roll-out of our Leadership Principles across the Group. We continued to make progress with our diversity, equity, inclusion and belonging agenda, increasing the proportion of women in the Group once again, supporting the growth of the Women in Games Ambassador programme to more than 1,700 people, and hosting a very successful Women's Summit in Asia. We also began to increase efforts around broader diversity, especially given the prevalence of neurodiversity within the video gaming sector, and undertook training, and launched a thriving affinity group - Brain Space - which is providing the opportunity for connections and support.

In May, we celebrated 25 years of Keywords by planting 25,000 trees across the world and have continued to win a range of Best Company to Work For awards in a number of locations. We have continued our climate journey, expanding our emissions reporting, and enhancing our climate-related risk reporting, within our annual report. Our progress against our priorities has been increasingly recognised by third-party ESG rating agencies, with MSCI now rating the business AA, the joint highest rating in our category.

US entertainment strikes

Whilst Keywords' primary market is video gaming, it has an increasing exposure to the broader media and entertainment industry, with the crossover between the two industries growing. Both our Globalize and Engage Divisions generate revenues from the media and entertainment industry, with a large proportion of this in post-production audio services and marketing in the US. In May, the Writers Guild of America (WGA) union commenced strike action following the failure of union negotiations around working conditions, residuals and AI usage. The WGA was followed on strike by the SAG-AFTRA union in mid-July, which meant a near complete stoppage of content generation in Hollywood.

These strikes continued for a number of months, with the WGA returning to work in September and SAG-AFTRA in November. As a result, our US businesses saw substantially reduced work volume, leading to around €20 million in lost second-half 2023 revenue. Whilst the strikes are now over, there remains considerable uncertainty around the pace of ramp-up in 2024, as the industry returns to normal, given the logistics involved in each project. However, the Group believes it is very well placed to benefit from the surge in demand, as the industry looks to increase its content output to meet viewer needs.

Investment case

03 Access to a large, dynamic growth market

We operate in a growing industry that services the needs of over three billion players, and requires the ongoing creation of engaging content. The content creation market was estimated to be worth ~$38bn in 2023, with around one third of this spent with external providers like us, presenting a large growth opportunity. Our focus on content means we are platform agnostic and the increasing complexity of games and consoles is driving demand for larger providers, such as Keywords.

+3bn players driving demand for content

Find out more on page 16

04 Critical enabler of the massive and growing video gaming and entertainment ecosystem

Our business model means we provide services and solutions to a broad client base rather than owning the intellectual property of a game.

This means we have exposure to the underlying growth in the overall video games market, without the risk of exposure to the performance of individual game titles. This provides more consistent growth, and our focus is on deepening our strategic relationships with the largest players in the market. We already service 24 of the top 25 gaming businesses and all of the top 10 mobile players.

We believe that these relationships, together with our technology offering, will only serve to increase our competitive moat against our smaller peers as the industry continues to grow and rely more and more on external service providers to get high-quality games to market.

+70% of the 2023 Game Awards winners partnered with Keywords

Find out more on page 18

Driving efficiencies

2023 was a difficult year for our Globalize Division, and specifically for our Localization and Localization Testing businesses, as clients were particularly cost conscious, and looked to manage budgets carefully by focusing solely on those languages with the highest return on investment. During 2023, we carefully managed our cost base, more deeply integrating technology and enhancing collaboration across our locations. This process is continuing in 2024 and regrettably, we have rightsized headcount in Globalize by around 5% as we look to balance our costs and locations with meeting client requirements. It is expected that this programme, together with other changes, will lead to a one-time exceptional charge of €5m during 2024. Against this backdrop, and changes in post-Covid working patterns, we have also taken a non-cash impairment charge of €10m relating to onerous right-of-use leases, associated office improvements and historic IT investments. We have also launched a multi-year efficiency programme to enhance our operating model as we continue to look to provide best-in-class delivery for our clients and expect these actions to deliver meaningful annual savings, with the majority of the benefits being reinvested into growth.

Outlook

In a challenging year for the industry, we delivered resilient performance in 2023, continuing to grow our leadership position, reflecting our role as a diversified enabler of the industry. Whilst the industry back-drop remains tough in the near term, our leading technology-enabled global platform and strong client relationships means that we are incredibly well-positioned to continue to grow our market share as we support clients in the creation of ever more exciting and immersive experiences.

We had a record year of M&A in 2023, which has brought greater exposure to higher value Create services, and have an extensive pipeline of acquisitions for 2024, with our expanded RCF providing enhanced flexibility to invest. Having made significant strategic progress, we are better positioned than ever to benefit as content production in the video games and entertainment industries re-accelerates. We remain confident in our medium-term targets, expect to deliver strong revenue and profit growth in 2024 and are firmly on track to become a +€1bn revenue business.

I am, therefore, convinced that our unique position at the heart of the largest entertainment industries in the world, combined with our ongoing investments to augment our human creativity with leading technology, will create significant value for clients and shareholders.

Bertrand Bodson
Chief Executive Officer

05

Inorganic growth engine

Since 2013, we have acquired over 65 businesses to augment our customer offerings, consolidate a fragmented market, extend our geographic reach and continually improve the quality of our earnings.

The M&A pipeline continues to be very healthy, and we are selectively pursuing value accretive acquisitions, at valuations below Keywords' own rating, that support our strategic ambitions.

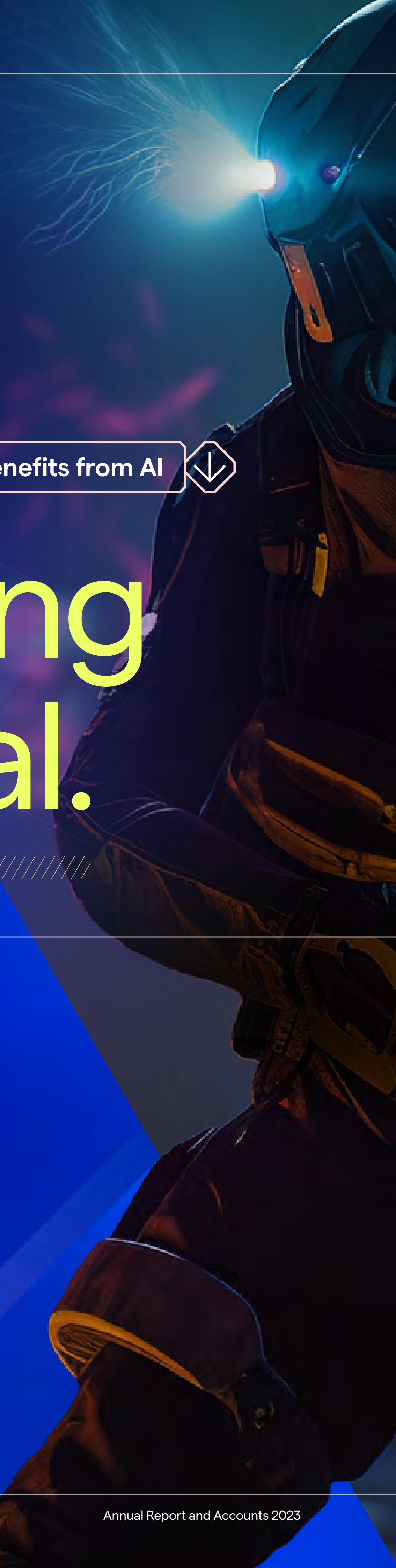
+65 **acquisitions completed in the last 10 years**

Find out more on page 11

Imagine More.

Capturing the benefits from AI

Unlocking potential.



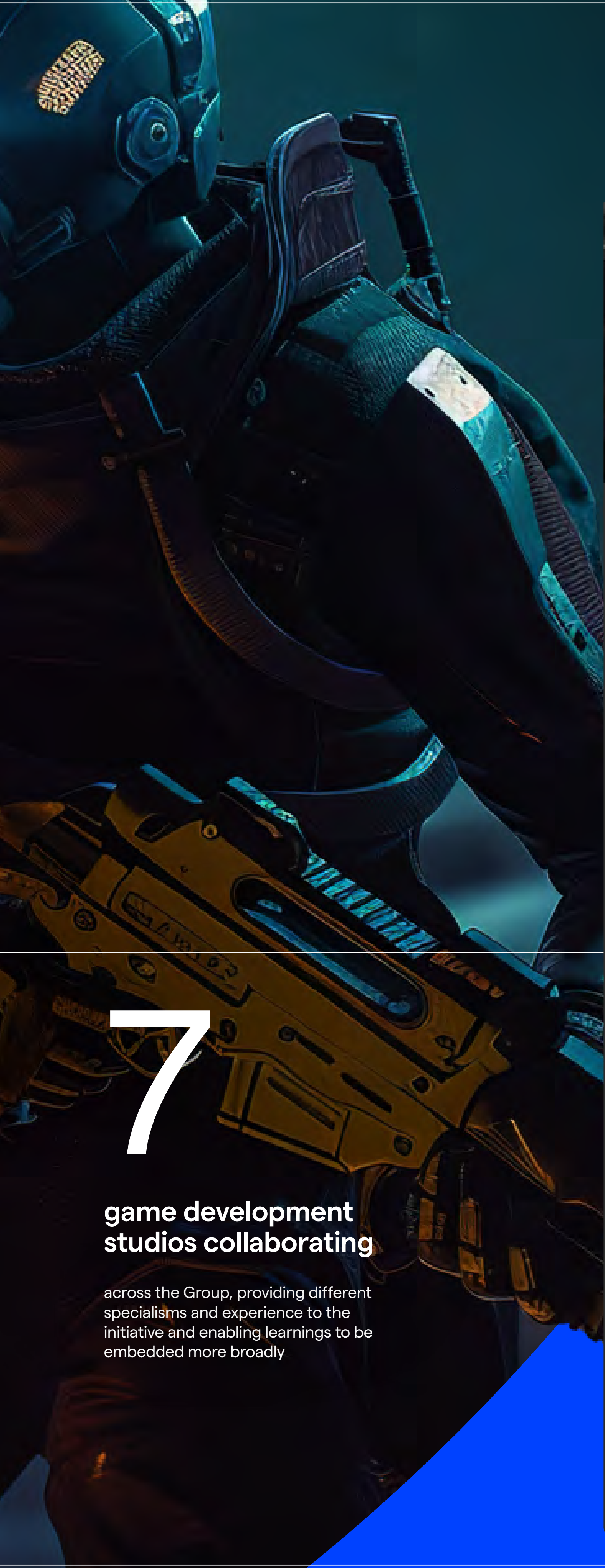
The video gaming industry has been using technology and AI to fuel the increasing complexity of games for many years. Devices are more powerful than they have ever been, increasing the bounds of the possible for new experiences and technology is required to deliver what players demand.

At Keywords, we have been investing in AI for a number of years, and have built a post-production platform of interconnected tools to support our clients. We believe that responsible use of Generative AI will, in time, enable rich new experiences in gaming, when both the tools and legal frameworks are more developed, providing us greater opportunities to raise the game for clients.

Link to strategic priorities:

Technology One Keywords Talent and capabilities

Keywords Studios
Imagine More



7

game development studios collaborating

across the Group, providing different specialisms and experience to the initiative and enabling learnings to be embedded more broadly

CASE STUDY

Project Ava – Gen AI R&D Initiative

A team from our Electric Square Malta studio, together with our Innovation at Keywords team, is leading a broad R&D initiative into how Gen AI could be used to support the game creation process in future.

The aim of the project was to use bench resources to build a high-quality game with limited budget using Gen AI to establish a broad understanding of available tools, how well they work and compare to existing techniques. The learnings from the project would be used to educate our studios across the globe and support clients.

We undertook a deep evaluation of the tools in the market to understand their quality and consistency when creating content, as well as their legal status. In total we identified over 400 tools as part of the project, evaluating and using those that had the most potential.

As the team progressed, they identified areas where new tools could accelerate development, but many others where they couldn't. The team's original aim was to make the game with three people, but it quickly became apparent that the tools were unable to replace the skills of highly trained people, and the team grew to nearly 30 people at its peak, across seven game development studios.

One of the key learnings was that whilst Gen AI may simplify certain processes, the best results can only be achieved by domain experts utilising Gen AI as a powerful tool in their creative process. The tools can provide good initial outcomes, but in the hands of the inexperienced, Gen AI tools get you running before you can walk, disrupting the creative tension, critical to development of great games.

This has been an excellent initiative to rapidly spread tangible learnings across the Group and it demonstrates both the power of the network and the level of collaboration across our studios. Once complete, the team will continue their research, with further Gen AI initiatives.

The video games and entertainment industries are large, vibrant and fast-moving. The gaming industry received a significant boost to growth from COVID-19, as there was an acceleration in both consumer spending and engagement, and the industry grew significantly faster than was forecast. During both 2022 and 2023, it has seen a normalisation of the growth trajectory as a result, but the medium-term outlook remains strong, and the Group has continued to grow and extend its leadership position within the industry.

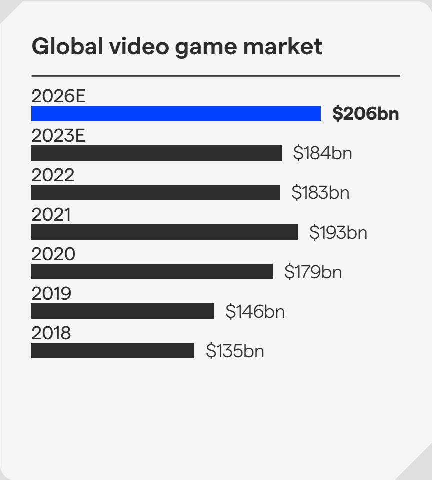
Demand trends

Market spending

Consumer spending on video games saw moderate growth in 2023, with Newzoo forecasting a 1% expansion to $184 billion. This represents a 6% compound annual growth rate (CAGR) over the past five years. Newzoo predicts continued medium-term expansion at a 2023-2026 CAGR of 4%.

There were divergent 2023 spending trends between personal computer (PC) and console games, up 2% and 4% respectively, and mobile games, down 2%. Large PC and console releases like Starfield, Diablo VI, and Hogwarts Legacy drove growth, alongside ongoing spending on live service and annual titles such as Fortnite and EA Sports FC. The mobile segment, accounting for just under 50% of total spend, extended its 2022 decline before stabilising in the second half. This weaker mobile performance stemmed from lower engagement and spend levels across casual games.

Intensified cost-of-living pressures and a crowded second-half release calendar forced gamers to be selective, concentrating spending on premier franchises and titles. As a result, some high-profile games underperformed expectations. This led publishers and developers to prioritise profitability over growth to de-risk their investments, spurring game delays and cancellations. It has also led to significant industry job losses during 2023 and in early 2024.



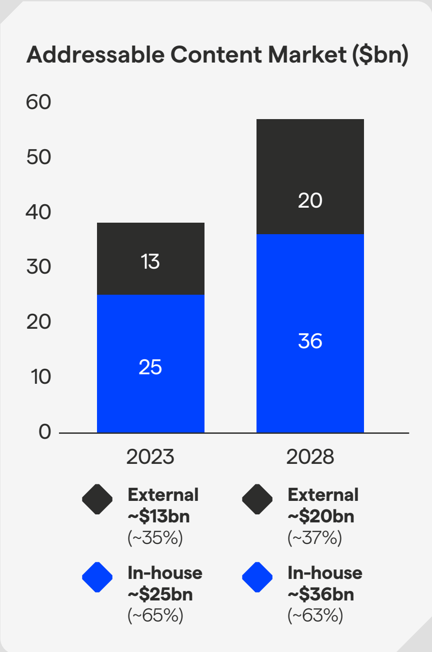
Addressable market

Within the vast video game ecosystem, Keywords focuses on the critical content creation segment. Spending on video game content creation reached approximately $38 billion in 2023 (Source: IDG). Despite the mixed year, content creation spend still grew 4% and externalised spend grew 5%. Historically, most game development has occurred in-house, but external provision has risen markedly in recent years. Of total content spend, externalised spend now represents around one third, or ~$13 billion. With 2023 revenue of €780 million, Keywords has grown its market share to over 6%, and has a significant opportunity to grow further.

IDG forecasts that Keywords' total addressable market will grow above broader industry levels as the trend towards external providers continues and the level of technical demands increases.

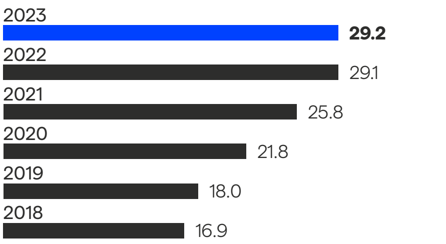
They expect the annual growth of content creation to average ~8% growth between 2023-2028, whilst the externalised services market will grow at ~9%. Game development and art, the largest areas of spend, remain the most internalised areas of the value chain, with ~30% external penetration, and IDG expects this will be a key area of growth going forward. More mature areas like audio and localization are over 50% externalised.

We also continue to see game engine technology increasingly being used in other markets to improve their processes. In the media and entertainment space, we have seen virtual production, which uses game engines to render backgrounds onto large, high-resolution LED screens, increase in use and we also see potential opportunities in visual effects and animation. These trends will remain supportive over the medium term and provide an opportunity for us to utilise our expertise in broader sectors over time.



Industry trends

Average concurrent users on Steam (m)



Player engagement

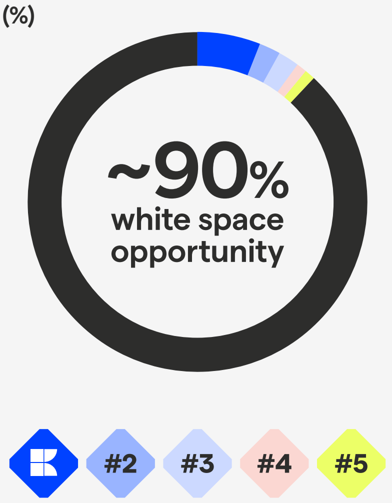
Despite marginal overall market growth in 2023, video game engagement remained strong. On Steam, the leading PC gaming platform, average concurrent users edged higher, with peaks of over 34 million users in January 2024. Full-year 2023 "in-game" averages grew about 12% year-on-year, with a peak of over 10 million in-game players being achieved in January 2023. For comparison, in the week prior to the pandemic being declared in March 2020, concurrent players were at just over 20 million, with around 6 million being in-game.

Subscription services like Microsoft's Game Pass and live service games such as Fortnite also drove engagement. Microsoft confirmed that Game Pass subscribers logged a record number of play hours in Q3 driven by new content on the platform, and Fortnite saw record player numbers during Q4.

Fragmented market

The gaming services ecosystem is highly fragmented, with Keywords uniquely positioned as the lone scaled player offering breadth across the value chain. This allows Keywords to meet diverse customer needs whilst consolidating market share. Industry players are attracted to Keywords for stability, customer access, and service breadth. Keywords holds over a 6% market share, but is 3x larger than the next competitor. Smaller rivals command 1-2% overall share, but are focused on specific offerings. In total, the Group believes that around 90% of the services in the industry are provided by small providers and as the industry matures, it believes there is a significant opportunity to consolidate the industry and provide scaled services to clients. Keywords' relative size advantage over competitors continues to grow. This should enable closer partnerships with top industry players needing large-scale, complex project support going forward.

Market share versus competitors (%)



US entertainment strikes

Whilst Keywords' primary market is video gaming, it has an increasing exposure to the broader media and entertainment industry, as there is an increasing cross-over between the two industries, with large gaming IPs becoming successful movies and TV shows. There is also considerable cross-over in the skills required, both in post-production audio services and marketing, and both Globalize and Engage generate revenue from media and entertainment clients, with the majority of this US focused. As Keywords expands in the broader entertainment space alongside gaming, it faces industry dynamics like union negotiations.

In 2023, the Writers Guild of America (WGA), SAG-AFTRA, and SAG-AFTRA Interactive Performers unions held talks on working conditions, residuals, and AI usage. When initial negotiations failed, the WGA commenced strikes in May followed by SAG-AFTRA in mid-July, marking the industry's first joint strike in 60 years and leading to a near complete work stoppage. After months of talks, the WGA reached a deal in September and SAG-AFTRA in November, allowing actors to resume work. SAG-AFTRA Interactive Performers negotiations continue into 2024 without strike action having taken place, and work continues as per normal.

These strikes severely impacted California's economy and Hollywood operations. For Keywords, our US businesses saw substantially reduced work volume, leading to around €20 million in lost second-half 2023 revenue. Whilst the strikes are now over, there remains considerable uncertainty around the pace of ramp-up in 2024 before the industry returns to business as usual, given the logistics involved in each project.

Technology

The video gaming industry has long utilised technology to enhance the quality of the games that it produces, whether the hardware games are played on or the software that sits behind the game. This constant innovation ratchets up games' visual fidelity and immersion, requiring more content spend and jobs in the industry. During 2023, as in many other industries, there was a significant focus on the potential impact of Generative AI in gaming and many believe that this new tool will enable bigger and better games and more immersive experiences for players, bringing to life areas of the game, such as non-player characters, where budgets and current technology limit what is achievable.

Keywords believes AI represents a major opportunity, but that it will take time before the technology is of a high enough quality to provide the experiences that a AAA publisher requires, and before there are settled legal frameworks around its use. To date, our experience is that clients are keen to understand the possibilities that may be available but are not ready to utilise them in the production process of the game. In non-production areas, the Group is seeing strong interest in the AI platform it is creating across the testing, localization and player engagement areas to enhance efficiency in tandem with human expertise.

↘ Our business model

Creating value by driving long-term sustainable growth

Barriers to entry

Scale and flexibility
Clients increasingly need large reliable partners who can provide scaled teams and specialist services to support content production.

Reputation for quality
Our commitment to quality, delivery and partnership is central to our customer value proposition.

Knowledge and expertise
Our talented people have deep games-specific knowledge and experience, enabling them to add value to our customers' games at all stages in the development lifecycle.

Global presence
Providing access to the best talent enables us to deliver projects across studios in multiple time zones, allowing global workflow capabilities whilst remaining close to our customers.

Technology
The technology landscape continues to evolve and requires investment into innovative client solutions, as well as network and security infrastructure which makes it difficult for smaller suppliers to compete.

Financial strength
Our strong financial performance and position enables us to invest in building our technology platform and gives our customers reassurance of resilience in their supply chain and is part of our attraction to businesses we acquire.

What we do

We Create

Our connected network of 25 game development and art studios across four continents supports global publishers in designing and developing content for some of the largest IPs in the world.

Game Development

Art Services

Find out more on page 28

We Engage

Our Engage division brings together our Marketing Services and Player Engagement businesses and is responsible for attracting, retaining and supporting fans across the video games and entertainment industries. We are experts in fandom.

Player Engagement

Marketing Services

Find out more on page 32

At Keywords, we are using our passion for games, technology and entertainment to create a global, integrated services platform of scale for video games and beyond. By working as their external development partner, we enable leading content creators and publishers to leverage our expertise. Our presence across the full game development cycle creates multiple opportunities to support our clients and we continue to evolve our offerings to ensure we meet our clients' future needs.

We Globalize

We provide a global offering encompassing technology-enabled post-production services - audio, testing and localization - required by our clients to get their content ready for markets across the globe in both video gaming and TV/film.

Audio Services

Functional Testing

Localization

Localization Testing

Find out more on page 30

Creating value for our stakeholders

Shareholders Consistent track record of delivering revenue and profit growth, augmented by value-creating M&A.	2017-2023 revenue CAGR **+31%**
Clients Deepening and broadening our relationships with our key clients.	Number of clients taking 3 or more services **150**
Employees Growing scale and diversity of our teams within the supportive One Keywords culture.	Increase in average number of employees in 2023 **+11%** % women in workforce **27%**
Environment Minimising our impact on the planet through Sustainable Studios programme.	Number of studios on renewable energy increased by **+50%**
Communities Increasing support for good causes focused around advocacy, environment and education.	Amount raised and matched for good causes **€86,000**

Our strategy

Imagine More.

In 2022, we outlined a refreshed strategy to build on our position at the centre of the video gaming ecosystem and made considerable progress against that strategy in 2023. We are continuing to grow our platform, capabilities, and technology-led offering to deliver an ever-more compelling proposition globally for our partners in the video games industry, and adjacent content markets.

The five priority areas of focus to take Keywords forward and to drive accelerated sustainable growth and opportunity are:

- Strategic partnerships
- Technology
- One Keywords
- Talent & capabilities
- Adjacent markets

Strategic partnerships

We are aiming to develop deeper strategic client partnerships at all levels to create and capture more value together, driving success for our clients and more demand for Keywords' services. We believe that as the leading global provider we are uniquely placed to build strong strategic relationships and that our key clients are looking to elevate their key relationships to enable them to navigate the increasing complexity within the full game development value chain. By facilitating greater cross-studio collaboration, we aim to capture more value for all and unlock opportunities to take on larger engagements with clients.

2023 Focus

- Enhancing our relationships with our Top 25 clients
- Developing our strategic partnering capability and capacity
- Win larger, more complex, lighthouse deals with key clients

2023 Progress

- Increased CXO access with revenues from Top 25 clients meaningfully outpacing the Group
- Building end-to-end offerings for new entrants looking for white glove game development services
- Signing of several lighthouse agreements with AAA publishers for long-term testing and game development services

Keywords Studios
Imagine More

Technology

We are harnessing new and existing technologies to enable us to work smarter, do more for our clients and stay at the forefront of the industry. This includes broadening our use of AI and automation across our business and building an integrated post-production technology platform to enhance our client offering. We are also strengthening our internal capability to support growth and our ability to deliver larger, more complex work ever more seamlessly through better integration of our systems across the business.

2023 Focus

- Guide responsible use of Generative AI
- Create a broad AI post-production technology platform for clients
- Broaden capabilities and depth of innovation teams
- Enhance internal tech spine and commonality of systems

Progress in 2023

- Broadened AI capabilities, through hiring of ex-AWS Head of Gaming AI/ML to drive AI Centre of Excellence, and launched AI Council
- Project Ava launched as an R&D initiative to assess current Gen AI tools and feasibility of use in production workflows
- Meaningful increase in revenues derived from digital product platform
- Innovation team launched new cross studio games accessibility product, with good traction with clients

CASE STUDY

Developing Strategic Partnerships

Keywords continues to strive to be more strategic with its customers, and broaden the number of services that it can support them with. In 2021, we started working with a large content provider for the first time within our video gaming business. The work was initially focused on small titles and was limited in nature, and due to it being across several services, the client found it difficult to navigate the internal complexity. In 2022, we introduced a Global Integrated Solutions Producer dedicated to the client to help with retention, manage client relations and along with the Client Partner, delivery of projects across studios to help with growth of the account. Challenges were resolved in early 2022 enabling the relationship to flourish, and we experienced a significant step up in activity. This continued into 2023, and during the year Keywords provided localization services on over 30 titles and our functional testing teams tested over 60 games for the client. In 2024, we are looking to expand our relationship from Globalize into Engage and have seen revenues increase such across the period, that it has become a multi-million euro relationship that we look to grow further.

Our strategy

CONTINUED

One Keywords

We are galvanising the Group's "One Keywords" culture of entrepreneurialism and collaboration to make it easier to navigate our comprehensive service and studio platform and facilitate more collaboration and scalability. As part of this we are developing our shared cultural values and launched new leadership principles to facilitate platform growth. We are amplifying the voice of our studios to ensure we have a global platform that combines invaluable local knowledge with the benefits of our strong spine of shared services to support the growth of our studios.

2023 Focus

- Embedding a unifying set of leadership principles
- Enhancing business partnering across the Group
- Driving collaboration initiatives to support both Group and studio objectives

2023 Progress

- Leadership principles embedded into the organisation, providing a frame of reference for culture across the Group
- IT & Digital team transformation providing basis Divisional IT excellence
- One Keywords team supported the transition of work out of Russia to create "Sperasoft 2.0"
- Meaningful increase in collaboration within Create, with 30% of projects multi-studio

Talent and capabilities

We aim to establish Keywords as the destination for talent and career development in the industry. Our goal is to enhance our employee value proposition to support the growth of our global and increasingly diverse workforce. We will do this through talent development and acquisition, effective communication and engagement, alignment of incentives and a broadening of our DEIB initiatives. As part of this we are expanding our talent development and acquisition activities across our global footprint to offer the best opportunities, and are looking to develop a further pool of talent to support studios around the world.

2023 Focus

- Scale HR systems and compensation and benefit practices to reflect scale of business
- Enhance employee engagement to support talent related initiatives
- Scale talent acquisition and talent development pathways

2023 Progress

- Supported the growth of average employee base by more than 11%, including over 600 people joining through acquisitions
- Expanded the ambassador programme with Women in Games and held third Women's Summit in Asia
- Global talent acquisition team accelerated growth in Create, where talent remains scarce

Adjacent markets

We are targeting closely adjacent markets that are increasingly utilising video games expertise, that naturally fit with our current offering, or where we can benefit from or transfer our gaming experience to other close verticals. We are developing a dedicated LiveOps offering, to build on our existing offering, as an increasing proportion of games have content that is constantly iterated and developed after launch. Another key area of focus unlocked by our mastery of game engines is the opportunity in virtual production and animation, as the technology is increasingly converging.

2023 Focus

— Broadened live operations offering to take on larger roles

— Explore internal capabilities and route to market for virtual production

— Enhance capabilities in media and entertainment to capture transmedia opportunities

2023 Progress

— Strong demand for Lively, our dedicated LiveOps studio, which developed a full "go to market" offering

— Acquisition of DMM broadened reach into film and TV marketing, with significant opportunity to expand their gaming offering

— First virtual production and animation client wins across both Create and Engage

CASE STUDY

Painting the World Pink

Digital Media Management (DMM) partnered with Warner Bros. to make a spectacular splash for the world-famous Barbie on her cinematic debut, celebrate an icon and reignite the timeless magic of the Barbie legacy in the hearts of millions. DMM was tasked with bridging generational gaps, speaking to both the nostalgic older audience and the digitally-native younger viewers. To do this it led a multifaceted digital strategy to carve a ubiquitous Barbie digital identity, resonating across platforms and demographics, cultivating visually stunning creatives and strategically amplifying press efforts, to drive both engagement and anticipation. DMM created a digital mosaic of content where every piece resonated with a part of Barbie's journey, including creating TikTok behind the scenes diaries and took people on the global press tour by capturing the ambience and narrating it through Instagram Stories. As she strutted in her high heels to the big screen, Barbie made the summer one to remember with 63 million engagements and 274 million impressions across Facebook, Twitter, Instagram and TikTok. As the summer sizzled with their energy, Barbie had the biggest opening of 2023 and soon reached over $1 billion at the global box office. Through crafting a 360 campaign as lively and empowering as Barbie herself, DMM gave everyone a chance to live out their Barbie pink dreams.

Scan to read more

↘ Strategy in action - Innovation

Imagine More.

Making games accessible to all

Breaking down barriers.

Driving the industry towards an accessible future by giving developers and publishers the tools they need to enable everyone to enjoy gaming experiences as fully as possible.

Our aim is to create a one-stop, comprehensive resource of capabilities to equip and empower developers to make video games more accessible for players with disabilities, as well as anyone who benefits from inclusive design and accessibility features.

Link to strategic priorities:

Technology One Keywords Talent and capabilities

Keywords Studios
Imagine More

Scan to read more

+30

cross-trained staff

providing specialist Accessibility Quality Assurance delivering both rapid audits and long-term accessibility testing integrated into traditional QA.

CASE STUDY

Advancing Accessibility

We believe everyone deserves to play. Our studios have enabled developers to craft approachable, accessible experiences for hundreds of games reaching billions of players. Building on this, in 2023 we launched Advancing Accessibility, part of our broader push to make games more inclusive and our first product offering identified by our Innovation at Keywords team.

This cross-disciplinary initiative was spearheaded by Player Research, with four other studios taking part, spanning accessible UX/UI, marketing, trailers, engineering, and championing accessibility specialists across Keywords. The goal is supporting inclusive game design, accessible marketing, and provide wide-ranging support for testing research and engineering teams. The programmes have been designed in conjunction with disabled players and will help bring the voice of disabled players into their design process.

As part of the offering, our teams will deliver feedback on content at every stage of game production. Alongside that, a range of auditing and research services, inclusive design consultancy, co-development of accessibility features, professional audio description and closed caption support for accessible game trailers will also be on offer.

Furthering these efforts, we unveiled Accessibility Quality Assurance (AQA) to reinforce modern game accessibility during production. Leveraging a novel "barrier severity" prioritisation system, AQA specialists meticulously identify barriers and provide technical assessments to ensure seamless experiences. This first-of-its-kind service, with 30 cross-trained staff across Canada, Poland and India, delivers both rapid audits and long-term cycle testing integrated into traditional QA.

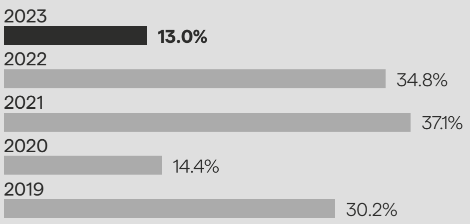
Find out more on page 41

Key performance indicators

We monitor our financial performance against a number of different benchmarks and these are set in agreement with the Board.

Revenue growth

13.0%



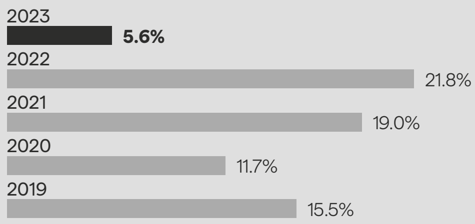
Reasons for choice
Quantifies the growth in revenue from our operations on a reported basis.

How we calculate
Increase year-on-year in reported revenue.

Objectives
The Group aims for continued revenue growth and development.

Organic revenue growth

5.6%



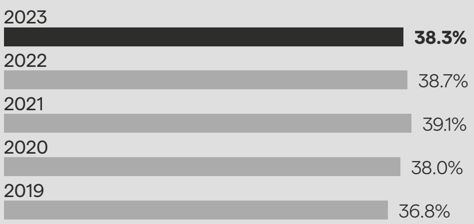
Reasons for choice
Due to the number of acquisitions the Group makes, and because it integrates them quickly, this provides the most meaningful measure of underlying revenue growth.

How we calculate
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, when translating studio results into the euro reporting currency.

Objectives
The Group aims to achieve Organic Revenue growth in excess of 10% per annum over the medium term.

Gross margin

38.3%



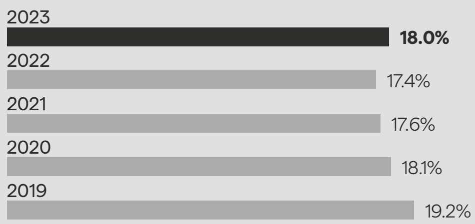
Reasons for choice
The Board believes this to be a consistent measure of trading performance.

How we calculate
Revenues from services supplied to customers less cost of sales, as a percentage of revenue.

Objectives
The Group aims for gross margins in line with historic norms.

Adjusted operating costs as a % of revenue

18.0%



Reasons for choice
The Board monitors overheads to ensure the operating costs of the Group are in line with the level of business being generated.

How we calculate
Administration expenses, adding back non-operating costs including share-based payments expense, costs of acquisition and integration, amortisation of intangible assets, depreciation and impairment, non-controlling interest and deducting bank charges, expressed as a percentage of revenue.

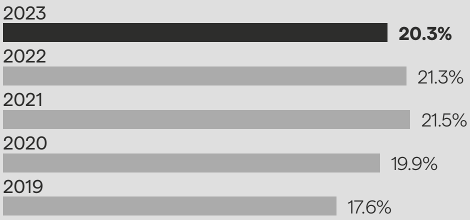
Objectives
The Group will continue to seek to control these costs closely and in line with the level of business being generated.

Link to strategy

Strategic partnerships · Technology · One Keywords · Talent and Capabilities · Adjacent markets

Adjusted EBITDA margin

20.3%



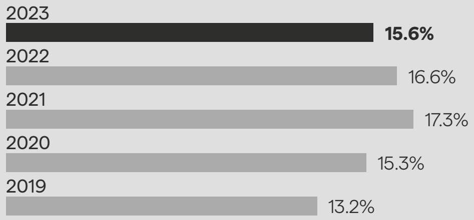
Reasons for choice
Provides an indication of how we are performing both internally and relative to our peers.

How we calculate
Comprises EBITDA (operating profit, adjusted for amortisation of intangible assets, depreciation and impairment, while deducting bank charges) adjusted for share-based payments expense, costs of acquisition and integration and non-controlling interest, as a percentage of revenues.

Objectives
The Group aims to increase margins through operational efficiencies.

Adjusted operating profit margin

15.6%



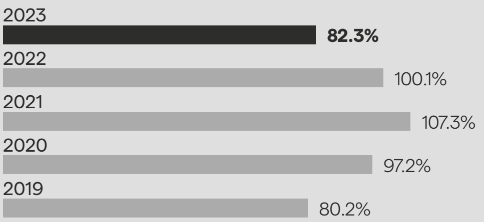
Reasons for choice
The Board believes this to be a consistent measure of trading performance, aligned with the interests of our shareholders.

How we calculate
Adjusted operating profit margin 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 as a percentage of revenues. In order to present the measure consistently year-on-year, the impact of other income is also excluded.

Objectives
The Group aims for margins at or above 15%.

Adjusted cash conversion rate

82.3%



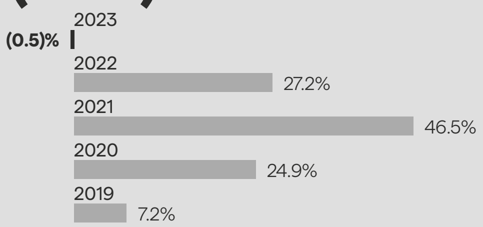
Reasons for choice
Measures operating cash generation and our capacity to pay dividends, service debt and fund acquisitions.

How we calculate
Adjusted free cash flow before tax as a percentage of the Adjusted profit before tax. The calculation is described in more detail on page 160.

Objectives
The Group aims to achieve an annual cash conversion rate of around 80% over the medium term with a key focus on cash generation and working capital management.

Growth in Adjusted EPS

(0.5)%



Reasons for choice
Reports the underlying profit growth generated on a per share basis, demonstrating the value being created for shareholders.

How we calculate
The Adjusted profit after tax comprises the Adjusted profit before tax, less the tax expense as reported on the Consolidated statement of comprehensive income, further adjusted for the tax arising on the bridging items to Adjusted profit before tax.

The Adjusted earnings per share comprises the Adjusted profit after tax divided by the non-diluted weighted average number of shares as reported in note 8.

Objectives
The Group aims for continued growth in Adjusted earnings per share.

Create

Create combines Game Development and Art Services to deliver a range of content production services to clients and partners globally. It represents around 4,500 people across four continents.

Service offerings

Game Development
Includes full and co-development, porting and remastering, tool development and consulting services.

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

Performance indicators

Service line revenue

€336m
+22%

Organic Revenue growth

17%
2022: 26%

Average operational staff

3,935
+15%

2023 Performance

Create performed strongly during the year, with total revenues up by 22% to €336m (2022: €276m) and Organic Revenue, which excludes the impact of acquisitions, growing by 17%, as we continued to see strong demand for our high-end services. H1 performance was exceptionally strong, with H2 normalising, as expected, given current industry dynamics.

This growth was primarily driven by our Australian and UK game development hubs, as we continued to expand our footprint in each region through a combination of new satellite studios and headcount additions.

We also won a number of larger engagements with key clients, both single studio and wider collaborative efforts, as we continue to demonstrate the benefits of working with a multi-studio or geographic set up to clients. Our art studios also performed strongly across the period, with enhanced collaboration between our game development and art studios supported our overall growth.

Aside from good execution at the studio level, which contributed to this success, we increased collaborations within the Division as we reacted to the changes in the market dynamics, keeping our utilisation high by using bench resources and managing recruitment cadence.

During the first half, Sperasoft completed its transition out of Russia into four new operating hubs in Eastern Europe. This was a major undertaking, and we are delighted that we were able to complete this with limited disruption to existing projects for our clients. Once the transition was complete, we were able to take on new work and were pleased with the growth during the second half of the year as the team won a number of new projects.

Adjusted EBITDA in Create grew 35% to €94m in 2023 (2022: €70m), with the Adjusted EBITDA margin of 28.0% in 2023 higher than the previous period (2022: 25.3%). This was primarily due to the increased weighting of game development in the Division, good central cost control and strong revenue growth.

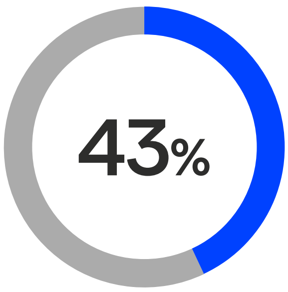
We welcomed three new game development studios this year, The Multiplayer Group (MPG) in Nottingham, Hardsuit Labs in Seattle, and Playboss Interactive in Liverpool. Together, these acquisitions broadened our service offering, footprint and added nearly 450 high-quality game engineers and artists to the Division. MPG is a market leader in providing multiplayer services, Hardsuit has deep expertise in Unreal Engine, and Playboss provides Climax, one of our largest UK studios, with a second location from which to continue its growth trajectory.

	2023	2022	Change
Revenue €m	**336.1**	275.5	22.0%
Organic Revenue growth %	**17.3%**	25.9%	
Adjusted EBITDA €m	**94.1**	69.7	35.0%
Adjusted EBITDA margin %	**28.0%**	25.3%	2.7%

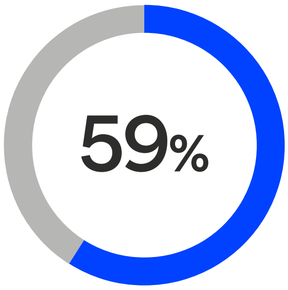
Outlook

Our expanded Create Division remains well positioned to capitalise on the continuing demand for its high-end services. We have good pipeline visibility into 2024 across both game development and art, with growth weighted towards the second half of the year. The increasing scale and depth of our expertise in Create means we believe we are uniquely placed to harness the benefits of Generative AI as a tool to support our clients if they wish to utilise it. We are seeing limited utilisation to date, with copyright and quality concerns currently a barrier to adoption for AAA publishers. Over time, we believe these technology advancements will be able to augment the creativity of our clients and teams and enable the delivery of ever more content for our clients.

Percentage of Group Revenue



Percentage of Group Adjusted EBITDA



↘ Divisional review

CONTINUED

Globalize

Globalize brings together our Audio, Testing and Localization businesses to create a global provider, with around 5,000 people across five continents.

Service offerings

Audio Services
Multi-language voiceover recording, original language voice production, music management and sound effects to both the video game and film and TV markets.

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.

Performance indicators

Service line revenue

€280m

(7)%

Organic Revenue growth

(4)%

2022: 23%

Average operational staff

4,795

+5%

2023 Performance

Globalize experienced more difficult trading conditions in 2023 and was impacted by the US entertainment strikes and foreign exchange movements, with total revenues falling by 7% to €280m (2022: €301m). Organic Revenue declined by 4% and excluding the impact of the strikes, organic growth would have declined slightly, significantly outperforming the core gaming post-production market, which was estimated to have declined by 5% in 2023 (Source: IDG).

Whilst performance was below expectations at the start of the year, it was a resilient result given market conditions, as there has been an elevated level of project cancellations, delays and reduced scopes which have impacted the Division given its broad reach across the industry. In addition to this, the US entertainment strikes, had a significant impact on our audio businesses during the second half of the year.

We were, however, pleased that Functional testing continued to deliver robust results, with the addition of some larger scale contracts in lower cost locations such as Poland and with our operations in Mexico beginning to scale up. This was offset by our embedded services testing business and our localization businesses which experienced a tougher period. Localization clients were particularly cost conscious and looked to manage their budgets carefully, by only focusing on key languages where the best returns could be generated. Audio faced tough comparators in H1 and then was heavily impacted by the US entertainment strikes, which are now resolved.

We have continued to make good progress in developing and integrating our post-production technology platform. As part of this we developed our Mighty Build and Test solution and significantly scaled the team and the product offering during 2023. Mighty is now able to operate on Unreal, Unity and custom/proprietary game engines and has expanded its external client base as well as operating as the QA tool at a number of our large internal studios. We have an exciting pipeline of client opportunities as we move into 2024 and are continuing to deliver against our product development roadmap to broaden its functionality.

Adjusted EBITDA of €49m was 21% lower than 2022 (€62m), with Adjusted EBITDA margins of 17.4% moderately lower than 2022 (20.5%). Margins were expected to normalise following exceptional demand in 2022 and were impacted by the lower utilisation of resources compared to the 2022, with pricing more of a focus for clients.

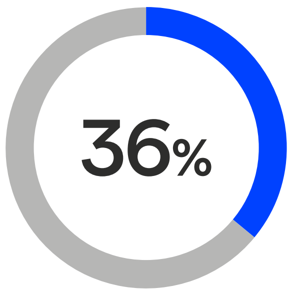
During 2023, we carefully managed our cost base, whilst integrating technology more deeply and enhancing collaboration across studios. This process is continuing in 2024, and, regrettably, we have rightsized the headcount in Globalize by around 5% as we look to balance our costs and locations with client demands. We continuously look to enhance our operating model to generate efficiencies and provide best-in-class delivery for our clients, reinvesting savings into growth.

	2023	2022	Change
Revenue €m	**279.5**	300.9	(7.1)%
Organic Revenue growth %	**(4.3)%**	23.4%	
Adjusted EBITDA €m	**48.5**	61.6	(21.3%)
Adjusted EBITDA margin %	**17.4%**	20.5%	(3.1%)

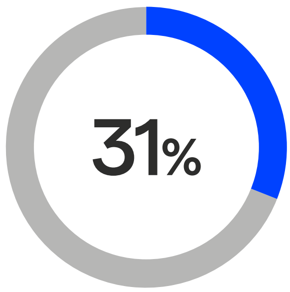
Outlook

Globalize has a leading position with major publishers within the industry and is well placed to benefit when the content cycle turns and as Hollywood rebounds to previous output levels through the year. We also believe that there is a significant opportunity over time to support clients moving from fixed to variable costs as they look to manage their budgets and cost base. We will continue to carefully manage our cost base, enhancing our delivery model and efficiencies across our global footprint, and will further integrate technology into our workflows to differentiate our offering in the market.

Percentage of Group Revenue



Percentage of Group Adjusted EBITDA



Engage

Our Engage Division brings together our Marketing Services and Player Engagement businesses to create a holistic offering focused on attracting, retaining, and supporting fans across the video games and entertainment industries, encompassing around 2,500 people across three continents.

Service offerings

Marketing Services
Specialists in creative production (including game trailers), communications & PR and social media & influencer marketing, community management as well as strategy and insights.

Player Engagement
Holistic multilingual player support delivered via an end-to-end solution that combines our proprietary tech platform, Helpshift, and our human expertise, in addition to offering specialist VIP and Trust & Safety Services.

Performance indicators

Service line revenue

€165m
+44%

Organic Revenue growth

2%
2022: 10%

Average operational staff

2,591
+14%

2023 Performance

Engage saw a resilient performance during the year, with the higher revenue growth of 44% to €165m (2022: €114m) driven by a number of acquisitions as we built out the capabilities of the Division. Organic Revenue, which excludes the impact of acquisitions, grew by 2% despite the backdrop and the significant impact from the US entertainment strike. Excluding the impact of the strikes, organic growth would have been around 9%.

Marketing delivered a robust performance, despite the macroeconomic environment leading to publishers reducing their marketing activity, with lower budgets and delays to projects. The US entertainment strikes had a major impact on organic revenue growth in H2, and despite the continued subdued level of activity, we still delivered strong underlying organic growth, with large projects being delivered for clients during the period.

We continue to enhance collaboration across our studios, both in the UK and in the US, in order to provide a more solution-based model for our clients' needs and enhance the cross-selling of multiple services. We were delighted to bring two high-quality US studios into the service line during the period, with Digital Media Management (DMM) and 47 Communications greatly enhancing our social media, influencer and PR offerings respectively. We believe that DMM in particular is exceptionally well placed to benefit from the increasing share of social media in overall marketing budgets.

Player Engagement is primarily focused on the mobile market and was impacted by reduced player numbers and spend across the broader mobile market, although this stabilised during the second half. This meant that certain clients reduced the scale of the teams working on their games to reflect the reduced activity, although new business wins mitigated the reduced demand. We saw very good traction, despite the market, for our Helpshift AI solution, which we acquired in late 2022, and fully integrated into our existing offering to create a unique end-to-end technology enabled solution for clients. During the year we launched Language AI, to enhance our multi-lingual support offering, made good progress with our trust and safety offering in tandem with a number of technology partners and launched our VIP concierge service.

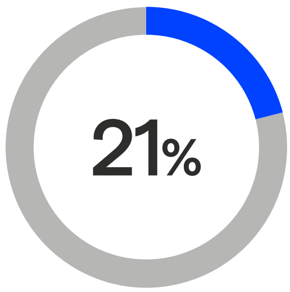
Adjusted EBITDA of €16m was slightly higher than 2022 (€16m), with the Adjusted EBITDA margin of 9.5% behind the prior year period (2022: 13.6%). Margins were impacted as the business has relatively fixed costs and was scaled for growth, but experienced lower utilisation rates as projects were delayed and lower revenues due to the US strikes. We have implemented cost control measures in certain studios and have reduced marketing headcount by approximately 8%, whilst retaining our capacity to support growth in future periods, as well as rationalising our footprint into larger hubs in London and Los Angeles.

Outlook

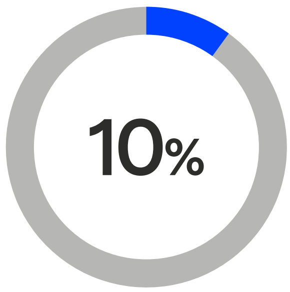
We continue to scale the Engage Division, by building out the full-service capabilities of our marketing offering and by creating a holistic technology-enabled player engagement offering through the addition of Helpshift's automated solutions. Whilst the current market backdrop remains tougher, and it will take time for Hollywood to return to normal output, our Marketing studios are increasingly well placed with clients, our collaborative solutions are gaining traction, and we are exploring the use of AI and technology to support our client offerings. The technology first approach to Player Engagement, powered by Helpshift and a range of partnerships supporting offerings such as Trust & Safety and VIP services, is expected to enable continuing growth.

	2023	2022	Change
Revenue €m	**164.8**	114.3	44.2%
Organic Revenue growth %	**2.3%**	9.7%	
Adjusted EBITDA €m	**15.7**	15.6	0.6%
Adjusted EBITDA margin %	**9.5%**	13.6%	

Percentage of Group Revenue



Percentage of Group Adjusted EBITDA



Good performance. Disciplined approach.

Revenue

Revenue for 2023 increased by 13% to €780m (2022: €691m). This performance included the impact of acquisitions in 2022 and 2023 and a ~4% headwind from the impact of currency movements, when translating studio results from local currency into the euro reporting currency.

Reported Organic Revenue growth (which adjusts for the impact of acquisitions) was 6%. However, adjusting for the significant impact from the US entertainment strikes and from foreign exchange movements, organic revenue growth would have been 9%. Continuing strong performance in Create, was offset by more muted performance in Engage and difficult trading conditions in Globalize. Further details of the trading performances of each of the Divisions are provided in the Divisional review.

Gross profit and margin

Gross profit in 2023 was €299m (2022: €267m), representing an increase of 12%. The gross margin of 38.3% was broadly in line with 2022 (38.7%) as the increased weighting of the higher margin Create Division largely offset lower margins in Globalize and Engage.

Operating costs

Adjusted operating costs increased by 17% to €141m (2022: €120m), reflecting the larger Group, but at 18.0% of revenue were slightly higher than 2022 (17.4%). This was due to continuing investment in the business, the larger office footprint, and the post-Covid return to normal of travel and business development costs.

EBITDA

EBITDA of €109m was 10% behind 2022 (€121m). Adjusted EBITDA increased 8% to €158m compared with €147m in 2022. The Adjusted EBITDA margin in 2023 of 20.3% was slightly lower than 2022 (21.3%), as expected, reflecting the lower gross margin and higher operating costs.

Net finance costs

Net finance costs of €12m compared to €4m in 2022. The €8m increase was primarily driven by interest costs due to the drawdown on the RCF to fund acquisitions, together with a €3m negative year-on-year foreign exchange impact.

Alternative performance measures (APMs)

The Group reports a number of APMs to present the financial performance of the business which are not GAAP measures as defined by 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 financial statements a clear understanding of the underlying profitability of the business over time. A breakdown of the adjusting factors is provided in the table below:

	2023 €m	2022 €m
Share-based payments expense	**22.0**	18.7
Costs of acquisition and integration	**27.1**	8.4
Amortisation of intangible assets	**26.1**	16.8
Foreign exchange and other items	**4.5**	0.1
Total	**79.7**	44.0

A total of 1.37m options were granted under incentive plans in 2023. This, together with grants from previous years, has resulted in a non-cash share-based payments expense of €22m in 2023 (2022: €19m).

Costs associated with the acquisition and integration of businesses amounted to €27m (2022: €8m). Of this, €10m was related to Globalize restructuring costs associated with onerous leases, office improvements and historic IT spend. The balance was primarily due to the accounting treatment of deferred consideration related to continuing employment, which has led to a charge of €9m, and the costs associated with the exit from Russia of €4m. Amortisation of intangible assets increased by €9m to €26m (2022: €17m) due to the increased acquisition activity in recent years.

Foreign exchange and other items amounted to a net loss of €5m (2022: flat). This includes €3m for the unwinding of discounted liabilities on deferred consideration (2022: €3m) and a net foreign exchange loss of €1m (2022: gain of €2m). Keywords does not hedge foreign currency exposures in relation to net current assets. Whilst more material movements in foreign exchange can be impactful on revenues and expenses, the net impact on the Group's results of movements in exchange rates and the foreign exchange gains and losses incurred during the year mainly relate to the effect of translating net current assets held in foreign currencies.

A more detailed explanation of the measures used together with a reconciliation to the corresponding GAAP measures is provided in the APMs section at the end of the report.

Operating Profit

Reported Operating profit of €47m in 2023 was 35% lower than 2022 (€72m). Adjusted operating profit, which adjusts for the items described in the APMs section above increased to €122m, 6% ahead of 2022 (€115m). Adjusted operating profit margin of 15.6% was ahead of guidance, albeit slightly behind 2022 (16.6%) due to continuing investment in the business, the larger office footprint, and the post-Covid return to normal of travel and business development costs.

Profit before taxation

Reported Profit before tax of €35m in 2023 was 49% lower than 2022 (€68m). Adjusted profit before tax, which adjusts for the items described in the APMs section above increased to €115m, 2% ahead of 2022 (€112m). This reflects lower Adjusted operating profit margins and increased interest payments linked to acquisition activity.

Taxation

The tax charge reduced to €15m from €21m in 2022, largely reflecting the reduction in the Profit before tax of the business. After adjusting for the items noted in the APMs section above and the tax impact arising on these items, the Adjusted effective tax rate for 2023 was 22.3%, in line with 2022 (22.0%).

Earnings per share

Basic earnings per share of 25 cents was lower than 2022 (62 cents), primarily reflecting the reduction in the statutory Profit after tax. Adjusted earnings per share, which adjusts for the items noted in the APMs section above and the tax impact arising on these items, was 113 cents (2022: 114c), broadly flat year-on-year, with both Adjusted profit before tax and the basic weighted average number of shares increasing in similar proportions.

Financial and operating review

CONTINUED

Cash flow and net debt

	2023 €m	2022 €m	Change €m
Adjusted EBITDA	**158.3**	146.9	11.4
MMTC and VGTR and similar incentives	**(11.3)**	(3.6)	(7.7)
Working capital and other items	**(4.3)**	0.6	(4.9)
Capex - property, plant and equipment (PPE)	**(30.7)**	(27.0)	(3.7)
Capex - intangible assets	**(3.1)**	(0.5)	(2.6)
Payments of principal on lease liabilities	**(15.0)**	(11.4)	(3.6)
Operating cash flows	**93.9**	105.0	(11.1)
Interest paid net of received	**(7.1)**	(1.5)	(5.6)
Free cash flow before tax	**86.8**	103.5	(16.7)
Taxation paid	**(20.9)**	(17.5)	(3.4)
Free cash flow	**65.9**	86.0	(20.1)
M&A - acquisition spend	**(194.7)**	(113.3)	(81.4)
M&A - cost of acquisition and integration cash outlay	**(7.8)**	(3.1)	(4.7)
Cash proceeds arising from share-based payments	**2.6**	7.3	(4.7)
Other income	**–**	1.1	(1.1)
Company funded acquisition of shares by EBT	**(14.8)**	–	(14.8)
Dividends paid	**(2.2)**	(2.0)	(0.2)
Underlying increase/(decrease) in net cash/(debt)	**(151.0)**	(24.0)	(127.0)
FX and other items	**1.6**	0.2	1.4
Increase in net cash/(debt)	**(149.4)**	(23.8)	(125.6)
Opening net cash/(debt)	**81.8**	105.6	
Closing net cash/(debt)	**(67.6)**	81.8	

The Group generated Adjusted EBITDA of €158m in 2023, an increase of €11m from €147m in 2022. There was an €8m increase in respect of the amounts due for Multi-Media Tax Credits (MMTCs) and Video Game Tax Credits (VGTRs), higher than 2022 (€4m), primarily due to timing of receipts under new incentive regimes in Australia and Serbia. Other working capital increased by €5m as we saw an outflow of €4m, compared to a small inflow in 2022, mainly due to an increase in accrued income from work in progress.

Investment in property, plant and equipment increased by €4m to €31m (2022: €27m) as we continued to invest in the footprint of the business, the new sites required to exit Russia, and took advantage of favourable pricing to purchase longer-term software licences. In addition, we incurred €3m of capitalised research and development costs as we developed our technology platform. Property lease payments of principal of €15m were €4m higher than the prior period (2022: €11m) mainly related to acquisitions in the period.

Operating cash flows of €94m were behind 2022 (€105m), primarily due to the change in working capital and the increased capex during the period.

There was a €3m increase in cash tax paid to €21m (2022: €18m) as payment schedules return to a more normal pattern. Net interest payments, which largely relate to interest from drawdowns on the RCF, and arrangement costs for the facility, were €7m compared to €2m in 2022.

This resulted in Free cash flow of €66m, €20m behind 2022 (€86m). Adjusted free cash flow, which adjusts for capital expenditure that is supporting growth in future periods, was €94m in 2023, behind 2022 (€112m), which resulted in an Adjusted cash conversion rate of 82%, in line with guidance.

Cash spent on acquisitions totalled €203m, of which €34m was in respect of the cash component of prior year acquisitions and €8m was in relation to acquisition and integration costs. This was €86m higher than the spend in 2022 due to the increased size and scale of acquisitions. The Group also spent €15m purchasing shares of behalf of the Employee Benefit Trust, to manage dilution at current share prices from long-term incentive plans.

This resulted in an increase in net debt of €149m in 2023, leading to closing net debt of €68m (2022: net cash €82m).

Balance sheet and liquidity

The Group funds itself primarily through cash generation and a syndicated multi-currency Revolving Credit Facility. In July 2023, the Group entered a new RCF of $400m that matures in July 2027, replacing the previous €150m facility. The new RCF includes an accordion option to increase the facility up to $500m and an option to extend the expiry date by a further one-year period (both subject to lender consent). The majority of Group borrowings are subject to two financial covenants, minimum interest cover of 4x and maximum net leverage of 3x, that are calculated in accordance with the facility agreement. The Group retained considerable headroom against both of these covenants at year end.

The Group entered the year with a strong balance sheet and deployed €195m of cash in the period to support its value accretive M&A programme and made €15m of share purchases on behalf of the Employee Benefit Trust. At the end of 2023, Keywords had net debt (excluding IFRS 16 leases) of €68m (31 December 2022: net cash of €82m) and undrawn committed facilities of $260m. The undrawn facilities, together with strong cash generation, leaves us well placed to continue to execute on our M&A programme.

Capital allocation

The Group continues be disciplined as it allocates capital to drive shareholder value creation. Its key priorities are to invest in driving organic growth, delivering value accretive M&A, whilst maintaining a strong balance sheet and delivering shareholder cash returns.

The Board is pleased to recommend a final dividend of 1.76p per share (2022: 1.60p) representing an increase of 10% on the 2022 final dividend. Together with the interim dividend of 0.85p this will bring the total dividend to 2.61p (2022: 2.37p). This is in line with the Board's progressive dividend policy which seeks to reflect the Group's continued growth in earnings and strong cash generation, balanced with the need to retain the resources to fund growth opportunities, particularly M&A, in line with our strategy.

Payments will be made on 28 June 2024 to shareholders on the register on 24 May 2024 and the shares will go ex-dividend on 23 May 2024. The final dividend payment will represent a total cost of approximately €1.6m of cash resources. Link Market Services Trustees Limited (Link) operates a Dividend Reinvestment Plan (DRIP) for the Group's shareholders and instructions for shareholders on how to apply for the DRIP will be included in communications regarding the dividend, and any queries regarding the DRIP should be directed to Link.

Following the €15m of purchases for the Employee Benefit Trust in 2023, the Group intends to use its Employee Benefit Trust to undertake further market purchases of Company shares in H1 2024, amounting to an aggregate of up to €5m, in order to satisfy future exercises of LTIPs or stock options pursuant to relevant share plans, and may look to increase this amount during the year.

Guidance for 2024

We continue to trade robustly across the Group in continuing tough markets and 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.

Our organic growth expectations are unchanged, progressively improving from H2 23 levels as we move through the year and as the industry's appetite for new content returns, as well as allowing time for the output from Hollywood to increase post the 2023 strikes.

The adjusted Effective Tax rate for the full year is expected to be in line with 2023 at around 22%. We continue to anticipate capex to be between 4.5-5% of annual revenues, as we continue to invest in the business, but we still expect a full year Adjusted Cash Conversion rate of around 80%. Net finance charges will fluctuate, depending on scale and timing of acquisition activity, but based on the current debt profile, we would expect the charge to be approximately €10m for the year.

Rob Kingston
Chief Financial Officer

Revenue
€780m
(2022: €691m)

Adjusted EBITDA
€158m
(2022: €147m)

Adjusted operating profit
€122m
(2022: €115m)

Imagine More. Positive Impact.

At Keywords, we pride ourselves on conducting business with responsibility by maintaining the highest ethical standards and integrity at every turn. We take our broader corporate duty seriously, mindful of our role in society and impact on the environment. Our large global team across 26 countries makes us extremely proud in upholding our core principles, while engaging colleagues, customers and communities.

Our priorities include:

People
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Client
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Planet
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Governance
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Community
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Highlights

During 2023, we made good progress on our priority areas, with highlights including:

- Broadened our Ambassador Programme with Women in Games
- Increased our proportion of women in the workforce to 27%
- More than doubled charitable donations matched through Keywords Cares fund
- Increased number of studios using renewable tariffs by 50% and progressed Sustainable Studios initiative

Keywords Studios
Imagine More

People

Our talented, passionate, and dedicated employees are our most valuable asset.

As a diverse, multicultural, global organisation, we embrace uniqueness whilst collaborating across teams to deliver the best service for each project and client. In 2023, we focused on employee engagement, diversity, equity, inclusion and belonging (DEIB), health and safety, and training and development.

Our key priorities

- Employee engagement
- Diversity, equity, inclusion and belonging
- Health and safety
- Training and development

Link to UN SDGs

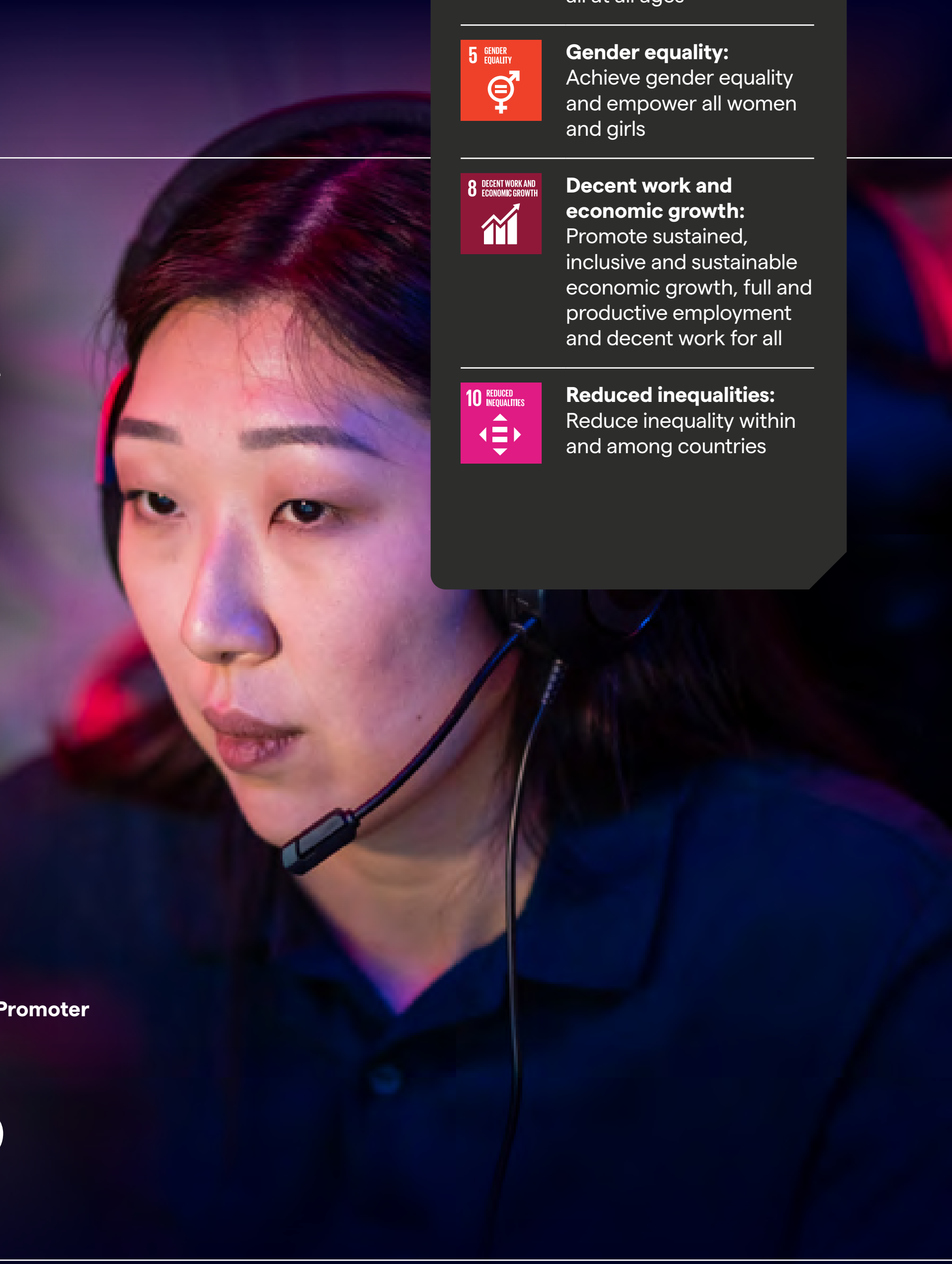
Good health and well-being: Ensure healthy lives and promote well-being for all at all ages

Gender equality: Achieve gender equality and empower all women and girls

Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Reduced inequalities: Reduce inequality within and among countries

An average of 12,340 full-time employees made up our global team in 2023, balanced across the Americas, Europe and the Middle East, and Asia-Pacific. We grew our average employee base by 11% during the year, by attracting talent organically and through acquisitions, ending 2023 at 13,017. We have continued to invest in HR systems and capabilities to support this expansion and extended our employee engagement initiatives to keep teams energised despite industry challenges. In 2023, we launched our Leadership Principles to the entire Group to reinforce our inclusive, entrepreneurial culture as we continue developing our industry-leading platform.



Growth in average full-time employees

11%

(2022: 20%)

Employee Net Promoter Score (eNPS)

28

(2022: 30)

Responsible business review

CONTINUED

Our culture

Our talented, passionate and dedicated employees and collaborators drive our success through their skills and commitment. Our new Leadership Principles galvanise our humble, entrepreneurial culture by facilitating collaboration. We've already seen studios working together more on client projects, tangible proof of our One Keywords initiative bearing fruit.

We ran a broad campaign through the year to promote and embed the Leadership Principles, and saw excellent engagement across the Group. Bringing stories of where studios or employees had embodied a Principle brought the practical implementation to life.

Health and safety

We care deeply about our people's health and well-being and provide safe work environments for all. Our leaders hold responsibility for health and safety in the workplace, and all employees help instil a positive safety culture to minimise accidents. No task is so urgent that compromising safety is permissible. We operate a range of in-office, hybrid, and remote work environments, with a flexible studio-led approach to provide the best balance of ensuring both employees' and clients' needs are met. We take a progressive, proactive approach to mental health and wellness so our people can thrive. Employees are encouraged to report threatening situations so we can protect well-being proactively. Expanding our employee assistance programme and building a Well-being Champions Network in the coming year will lay the foundation for future health initiatives.

Employee engagement

A key area of focus for the Group is to maintain consistent and high levels of employee engagement. We run a regular programme of well attended and interactive global townhalls led by senior management, and have created a Key Communicator network, consisting of around 200 managers, leaders and other key roles across the organisation. Our goal is to empower our Key Communicators by sharing knowledge about Group activities and use them as a conduit to enhance information flow among our teams.

On a more specific basis, in 2023 we conducted our first game breaks, where a pocket of employees spend time in an informal manner with the CEO, as part of his extensive engagement schedule with employees and studios across the world. The game breaks bring both new and experienced employees together with the CEO to discuss pertinent topics.

We adapted our annual employee survey to solely include employees rather than our freelance network. This meant that we had a reduced number of respondents, and a dip in participation to 61% (2022: 79%).

In our engagement survey we measure staff satisfaction with areas such as total rewards, team dynamics, development opportunities and well-being. In respect of eNPS, our score marginally dipped to 28 from 30, although this is still considered to be at the top end of "Good". The lower result was primarily due to our Globalize division, which has experienced difficult trading conditions this year and has been subject to increased speculation around the impact of AI on the business, which naturally impacts on employee perspectives.

Key topics raised in the survey related to opportunities for professional growth and development as well as a desire for increased recognition and acknowledgment. To address these needs, we are launching educational and engagement campaigns to provide employees with the necessary knowledge and support.

We have also used shorter and more efficient pulse surveys throughout the year to make sure the data on eNPS and other important questions is fresh and relevant and have enhanced our use of our Microsoft Viva channel to target areas of focus.

Training and development

We provide tailored training and development programmes across the Group to nurture our talented people. Most initiatives are embedded within specific studios and services to suit each discipline, and we partner with universities where relevant to support our leadership and skills programmes. We have also undertaken Group-wide training on DEIB as we seek to make sure that our language and behaviours build inclusion.

We expanded Art Academies in India to include game development and ran transitional skills bootcamps globally to open more industry career paths. Our testing business's "Level Up" programme enables ambitious testers to take on more responsibility and progress. Partnerships with institutes and professional bodies facilitate broader online and in-person management and skills training.

As part of our drive to ensure that our teams continue to remain at the forefront of the latest technological advancements, we have a number of training projects underway in different parts of the business. Within Create, as a research project, we are developing a game solely utilising AI tools to understand and then educate our teams on

where the opportunities and limitations of technology lie. We are also in the process of establishing collaborations with technology partners to be able to provide our teams with early access to new products and to become subject matter experts, in much the same way as they currently master existing tools.

In 2024, we are launching exciting Leadership Capability and Inclusive Leadership programmes to support managers in exemplifying our Leadership Principles launched in 2023.

Great Place to Work

We continue to work hard to make Keywords a great place to work, with our initiatives increasingly recognised. As an example of this, we are delighted that our d3t, Coconut Lizard, Electric Square, Indigo Pearl and Lively studios were included in GamesIndustry.biz's 2023 Best Places to Work Awards in the UK. Our hub in Poland was named as a "Friendly Workplace" by Manpower and our studio in Mexico has been awarded the Socially Responsible Company (SRC) badge. Keywords Studios Manila has recently been recertified as a Great Place to Work in the Philippines. We have also been recognised as a great partner, winning QA/Localisation Partner of the Year at the MCV Awards, Fire Without Smoke and The Trailer Farm won three out of five categories at the World Trailer of the Year awards between them, and SoundLab followed up last year's Emmy award by winning an Oscar for Sound Design for their work on Pinocchio.

% women in the organisation

27%

(2022: 26%)

% women in leadership roles

34%

(Exco + Direct Reports - 2022: 33%)

% women on the Board

25%

(2022: 29%)

Diversity, Equity, Inclusion and Belonging (DEIB)

During 2023 we continued our DEIB journey as we work towards diversity and inclusion by design. We aim to create a Keywords where colleagues can feel proud to belong, and DEIB principles are embedded in our everyday business.

Our 2023 objectives were to build our infrastructure, expand our activities, and establish our three-year strategy, and we saw good progress across each of our core areas of focus including communities, learning and development, and data. During the year, we developed a DEIB data dashboard to allow real time tracking of indicators, which has allowed management and our teams to identify gaps and areas for improvement.

We place significant emphasis on increasing gender diversity and, importantly, Keywords has continued its improving trend in the proportion of women across the Group from 25% in 2021, to 26% in 2022, and 27% in 2023. Currently, 1% of colleagues are non-binary and 72% are men. Across our Group, Create has the lowest proportion of women, and Media and Entertainment the highest. At the more senior level, we were pleased to see a small increase in the percentage of women in senior management, rising from 33% to 34%. At the Board level, the percentage of women fell from 29% to 25% due to the appointment of Rob Kingston to the Board as CFO. Please see the Nominations Committee report on page 70 for further details.

As part of our efforts to improve our diversity, we expanded our gender equity focused events to strong positive feedback, delivered a successful Keywords Women's Summit, and continue to build our Women at Keywords Affinity group. A key project in this area is our partnership with Women in Games (WiG), where Keywords sponsors the Individual Ambassador programme. WiG events have had 13,000 registrations since 2020, and in 2023 we hosted booths at three WiG Careers Development and Networking Expos. These events and our Ambassador experiences are illustrative of the impact that the programme is having for women in the industry and in Keywords, with the global community of Ambassadors expanding by 31% to over 1,700 across 77 countries through 2023.

In addition to our Keywords WiG Ambassadors group growing each quarter, we have continued to strengthen our Keywords DEIB communities in 2023. Our Women at Keywords Affinity group has become global and the Keywords Collaborators team in Europe has seen a successful year, with representatives from each studio in Europe exchanging good practices and cross-studio support on DEIB, Corporate Social Responsibility, and Communications projects.

It is well understood that the gaming industry attracts a larger proportion of neurodivergent people than other industries and so supporting neurodiversity inclusion is an important focus area for us. In 2023 we hosted several neurodiversity learning events and we have built a thriving neurodiversity affinity group – Brain Space - which is providing the opportunity for connection, support and exchange.

We are still building awareness and understanding of DEIB across the Group, so that colleagues are equipped to practice inclusivity. In 2023 we expanded our DEIB learning programme, with courses on inclusive communication, psychological safety and accessibility. Trainings and inclusion calendar learning events have received strong positive feedback and for the first time in 2023 we have included dedicated DEIB sessions and inclusive leadership workshops within our management development training programmes, such as Compass in the Americas and the Game Changers Academy in Poland.

We have now formalised our three-year DEIB strategy, outlining our vision for a more inclusive Keywords and our plan to achieve this. Our strategic priorities for 2024 are based on input from communities and teams across the business, and what is required to progress our DEIB work. These include increasing visibility to drive engagement on, and participation in, DEIB activities and practices at all levels. We will also continue to educate, to achieve a common level of awareness and shared understanding of the value of diversity and the purpose of inclusion across Keywords, and lastly, we will augment guidance and support in DEIB for studios and service lines across the Group.

Link to UN SDGs

5 GENDER EQUALITY

Gender equality:
Achieve gender equality and empower all women and girls

Planet

Whilst we are not a large emitter of greenhouse gases (GHG), we recognise our responsibility to minimise our impact on the planet as well as to respond to our stakeholder needs.

In our efforts to minimise our impact on the planet, we are continuing to progress towards achieving our emission reduction targets.

Our key priorities

- Minimising environmental footprint
- Sustainable Studios programme
- Sourcing of renewable energy

Link to UN SDGs

Climate Action:
Take urgent action to combat climate change and its impacts

Sustainable Studios

In line with our established short-term plans, we continued to focus on the use of renewable energy and lowering energy consumption across the Group for emission reductions. This work is guided through our Sustainable Studios programme, which supports our studios in their efforts to minimise greenhouse gas emissions and reduce environmental impact.

This has seen the overall number of studios that are on renewable energy tariffs globally grow by 50% to 24, from 16 in the previous year, and has brought a significant increase in avoided carbon emissions.

Despite the increased number of studios on renewable tariffs, during the year, we saw a 21% increase in our Scope 1 & 2 emissions (market-based), due to both the growth of the business and number of locations, and changes in working patterns in certain locations as more employees worked from offices in locations with high emission factors, such as Poland. Our total energy consumption grew by 11%, lower than both our revenue and our headcount growth in the equivalent period, demonstrating the efficiencies we are beginning to see in the Group.

Whilst we are disappointed that our revenue intensity ratio has marginally increased during the year, we remain well set to achieve our longer-term target of reducing by 50% our direct carbon emission intensity ratio ahead of 2030 (tonnes of CO_2e per revenue €m).

More detailed information regarding our GHG emissions can be found on pages 50 to 51.

We recognise that much more will be needed in the longer term to achieve net zero emissions ahead of 2050, and we continue to enhance our systems and processes to allow better control of our overall carbon footprint.

Measuring and reporting

Another key area of focus has been our ability to measure and effectively impact our indirect, value chain emissions (Scope 3). To this end, we continue the reporting of our Purchased Goods and Services emission calculations, having refined the methodology further, and have worked on trialling estimations for Business Travel and Employee Commuting/Work from Home covering the past two years. These categories will be added to the public disclosures once system-driven data collection is in place and will cater for sufficiently granular detailed information.

During the year, we have implemented and are currently in the process of deploying a new carbon accounting system, integrated in our global finance system. Starting from the 2024 reporting period, all data will be collected, analysed and reported through the new system module, greatly enhancing the quality and quantity of information at our disposal.

This enhanced granularity of data is an important element of the business' ambition to apply for Science Based Targets accreditation by the end of 2025. For the second year now we have chosen to disclose our environmental impact via CDP and continued to obtain a score which is on par with the peer and sector average.

In 2023, the Group fully offset its 2022 Scope 1 & 2 emissions across two projects. The Luangwa Community Forests project in Zambia conserves over one million hectares of forest in the Luangwa River's undammed catchment area, providing a near continuous wildlife corridor between five national parks and working in unison with Community Resources Boards and Village Action Groups. We have also acquired and retired offsets relating to the Katingan Restoration and Conservation Project, Indonesia which protects and restores 149,800 hectares of high conservation value ecosystems that would have otherwise been converted to fast-growing industrial timber plantations.

Number of studios powered by renewable energy

24

(2022: 16)

Community

At Keywords Studios, we encourage support of causes that are meaningful to our employees and business partners.

We support them to do this by donating time, services and financial resources.

Our key priorities

- Encouraging and enabling support for good causes
- Aligning initiatives across core areas
- Broadening involvement across the Group

Link to UN SDGs

Good health and well-being: Ensure healthy lives and promote well-being for all at all ages

Gender equality: Achieve gender equality and empower all women and girls

Reduced inequalities: Reduce inequality within and among countries

Together with our 70+ studios across 26 countries, in 2023, we set out the objective to align our core community efforts with three overarching causes on a corporate level, as sought by employees: Environment, Health, and Advocacy.

To ensure such social initiatives are impactful, Keywords offers a financial assistance scheme through the Keywords Cares donation matching programme where Keywords employees can choose a registered charity that is personally meaningful to them. In 2023, through the combined efforts of individual and team charitable efforts, and matches through Keywords Cares, we donated €88,600 to registered charities around the world, a material increase on the previous year.

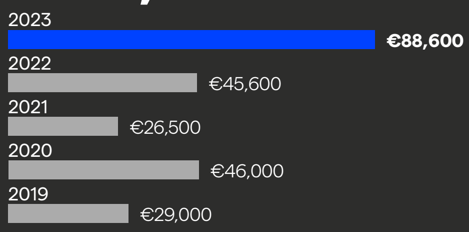
Our key environmental initiative was a global initiative linked to our historic roots. It has been 25 years since the business was founded, and to celebrate this anniversary, Keywords partnered with One Tree Planted to plant 25,000 trees in 2023. These trees were planted across seven chosen locations near to where Keywords has studios in Ireland, Canada, Brazil, India, the Philippines, Romania, and Australia. The planted trees will contribute toward forest fire recovery, resistance against climate change, and supply food and socioeconomic sustenance.

In terms of health, the Group supported a range of initiatives, including focused efforts on a global campaign in support of Movember. Teams from eight different countries, as well as individual participants, spent a month fundraising, growing moustaches, and taking part in fitness challenges to benefit men's mental and physical health programmes. Many employees walked 60 kilometres in tribute to the 60 men lost every hour to suicide to promote awareness of this important topic. In total, Keywords Movember participants walked and ran 2,670 kilometres worldwide and participants more than doubled our 2022 fundraising efforts with over €18,000 donated to the cause.

Our advocacy initiatives were broad-ranging during the year, with the majority of efforts focused on inclusion, accessibility and supporting underrepresented communities. In collaboration with the International Game Developers Association Foundation, studios participated in its Virtual Exchange, a development programme for grantees from underrepresented communities worldwide. Thirty-three Keywords Mentors across 20 studios and 10 different countries offered six weeks of mentorship in the 2023 Virtual Exchange. Subject Matter Experts from Director level to junior leadership were paired with grantees for the programme, to uplift, educate and empower the next generation of video game leaders.

Contributed to charity

€88,600



Client

Our clients and their projects are at the heart of everything we do at Keywords.

We are focused on continually deepening our engagement and enhancing the experience of our clients. We always seek to better understand their needs so that we can fully meet expectations for each and every project.

We have a broad client list of over 1,000 companies and due to the strength and breadth of our offering we are a trusted partner to almost all of the top global games publishers and developers. These companies rightfully demand the highest levels of service and confidentiality from us and we are set up to deliver that.

During 2023, we continued to enhance our client solutions teams across our divisions, introducing new roles to enable our clients to navigate and access the Keywords offerings as seamlessly as possible. We have introduced a range of new services, including Accessibility testing and Trust and Safety, and are creating a post-production technology platform covering testing, localization and customer engagement that we believe with provide a competitive advantage and real value for clients.

During the year, we saw an increase in concentration of revenues from our top customers due to recent M&A activity in the sector, with our Top 5 clients accounting for 30.8% (2022: 30.1%) of the Group's revenues. Importantly, revenues from our Top 25 clients increased at a faster rate than the rest of the Group, demonstrating early signs of the benefits of our strategic partnering approach.

During the year, we continued to look to move our relationships with customers from a tactical to a strategic one, and are increasingly getting better access to the CXO suites at our clients. Whilst no longer the key measure of success, we have 150 customers using three or more services, in line with 2022.

Our Top 25 clients take an average of six of our services and over 75% take five or more and we are focused on both broadening our penetration and increasing our share of wallet in the services we provide.

We also undertook our third voice of customer survey. This survey delivered a reduced overall customer NPS of 29, which is at the upper end of good. We believe the reduction is due to the pressures being experienced within the industry, and more specifically within the Globalize segment of the market, where the largest proportion of clients participate. Pleasingly, clients continued to highlight that quality was the leading reason for choosing Keywords.

Information security

Keywords' Information Security and Privacy department has effectively managed twice the number of security events compared to the previous year. This improvement is a direct result of our focused investments in information security infrastructure. Continual improvements have been made to our security controls, aiming to align with, and in many instances surpass, client expectations in terms of data security and privacy.

Central to our information security strategy is the protection of our clients' Intellectual Property and Personal Information. Our Privacy & Security programme is rigorously tailored to uphold these priorities. Aligning with this commitment to data protection, we have significantly invested in our privacy programme. This initiative is aimed at ensuring the long-term safeguarding of Personal Information for both clients and employees.

Our key priorities

- Pursuing strategic partnerships
- Innovative client solutions
- Information and cybersecurity

Link to UN SDGs

Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Alongside our commitment to security, we have sustained our efforts in maintaining and pursuing certifications such as ISO 27001, Trusted Partner Network (TPN), Supplier Security and Privacy Assurance (SSPA), Payment Card Industry Data Security Standard (PCI-DSS), System and Organization Controls 2 (SOC-2), and Netflix Post Partner Program (NP3).

The progress and updates in our information security practices are regularly presented to the Audit Committee, ensuring continuous oversight and strategic guidance. Our approach to information security and privacy is not only about safeguarding our studios but also about maintaining a resilient and trustworthy framework for our clients and stakeholders.

Net Promoter Score (NPS)

29

(2022: 37)

Governance

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

Our Code of Business Conduct (the Code) provides the backbone for the way we conduct business, underpinned by our Leadership Principles and aligned with the expectations of our key stakeholders.

Our key priorities

- Corporate governance and compliance
- Modern slavery
- Tax compliance
- Human rights

Link to UN SDGs

Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Business ethics

The Code was refreshed in 2023 following the rollout of our Leadership Principles and sets the highest standards of behaviour when interacting with internal and external stakeholders.

Corporate governance

We recognise the value of good corporate governance in every part of the business and, whilst we have adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code), which is appropriate for the size and maturity of our business, we meet the provisions of the UK Corporate Governance Code where possible and appropriate. Following an update to the QCA Code during the year, the Board reviewed its compliance and is satisfied that it continues to comply in full with all the provisions of the QCA Code. A summary of the ways in which the Company complies with the QCA Code is provided on page 67.

The Board takes seriously its responsibility to engage with key stakeholder groups and take account of their interests when making key decisions. Further detail of our key stakeholder groups and the Board's engagement with them is provided on pages 52 and 53.

Whistleblowing

The Group is committed to the highest levels of integrity and accountability and fosters an environment where employees feel confident and supported by the Group in speaking up and shining a light on unethical behaviour. Our whistleblowing portal allows colleagues and third parties to raise concerns about possible financial or other irregularities, anonymously should they wish to. Further details are provided on page 74.

Human rights

At Keywords, we do not tolerate any form of modern slavery or human trafficking in any part of our business. Our annual Modern Slavery Statement is published on the Group's website. We operate to international standards and principles, including the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles.

The Group continues to make all reasonable endeavours to ensure all employees and suppliers are not subject to any form of forced, compulsory/bonded labour or human trafficking through our Supplier Code of Conduct, which is also available to view on the Group's website.

Data privacy

Keywords is committed to processing data in accordance with its responsibilities under applicable data protection legislation, and has created the Keywords Privacy Framework, based on the General Data Protection Regulation (GDPR). This framework is constantly updated to take into account other applicable privacy regulations. We regard the lawful and correct processing of personal information by the Group as very important to our successful operations and for maintaining confidence between our clients and ourselves.

M&A

We are an acquisitive business and apply strict financial and non-financial criteria to investment decisions, and the Board receives a detailed acquisition report to support balanced and well-informed decision-making. As part of a thorough pre-acquisition due diligence process, we conduct a review of the diversity, equity, inclusion and belonging, environmental and culture characteristics and initiatives of acquisition targets. We operate a comprehensive integration process post-acquisition, formalised by an agreed integration plan tailored to the relevant business designed to ensure seamless integration.

Tax governance

The Group takes a balanced approach to the management of its tax affairs and has a tax policy which is approved by the Board. Our overall strategy is to meet our tax obligations and ensure that long-term shareholder returns are responsibly optimised by structuring our business and transactions in a tax efficient manner, whilst taking into account reputational factors. Tax risks are regularly reviewed by the Board and the Audit Committee.

Task Force on Climate-related Financial Disclosures report (TCFD)

This report sets out Keywords' climate-related financial disclosures, current approach and future commitments. The Group confirms its compliance with the requirement of The Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 and the Task Force on Climate-related Financial Disclosures (TCFD).

We have carried out a considerable work programme during 2023 to better understand the climate-related risks and opportunities that could impact our business, as well as the resilience of our strategy under different climate scenarios. This has been overseen by the ESG Management Committee with regular updates provided to the Board's ESG Committee. At the same time, we have worked towards further integrating climate change into our overall risk management processes.

Following this work, as disclosed in more detail in the following sections, we have provided disclosures consistent with all 11 of TCFD's recommended disclosures. We will continue to improve our disclosures over time and recognise that we have further work to do to meet best practice. In 2024 we intend to broaden the proportion of the Group covered by scenario analysis and extend our Scope 3 disclosures to other categories. In future years, we intend to create a detailed net zero transition plan to support our ambitions, and intend to submit this plan to the Science Based Target initiative.

Governance

Keywords has continued to evolve and formalise its approach to its ESG governance and oversight, including climate change. The Board oversees our Group-wide ESG strategy, with support from the ESG Committee, formed in 2021 and chaired by Georges Fornay. Further details of the ESG Committee can be found on pages 90 to 91.

TCFD recommended disclosures	Cross reference
Governance Disclose the organisation's governance around climate-related issues and opportunities.	
(a) Describe the Board's oversight of climate-related risks and opportunities.	Pages 46-47
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 47
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Pages 47-48
(b) Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning.	Pages 47-48
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a two degrees or lower scenario.	Pages 47-48
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	
(a) Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 48-49
(b) Describe the organisation's process for managing climate-related risks.	Pages 48-49
(c) Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management.	Page 49
Metrics and Targets Disclose the metrics used to assess and manage relevant climate-related risks and opportunities where such information is material.	
(a) Disclose the metrics used to assess and manage relevant climate-related risks and opportunities in line with its strategy and risk management process.	Pages 49-51
(b) Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 50
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Page 51

During the year, the Committee received regular updates on progress across a range of ESG KPIs, including climate, and a deep dive on environmental progress. In addition to this, the Audit Committee is responsible for reviewing and monitoring the Group's overall risk profile and management of risk, including climate-related risks, and the effectiveness of internal controls.

The Audit Committee receives regular updates on the risk register, with a deep dive conducted annually. In the past year, environmental risk, which was previously monitored as an emerging risk, was effectively embedded across our principal risks, reflecting the potentially broad impact of climate change on human, operational, regulatory and reputational matters. Mitigating actions were set to address those risks and will be monitored by the Audit Committee going forward.

The Group formed an ESG Management Committee in 2021, led by the Chief Operating Officer, which meets regularly to drive progress across our ESG initiatives. The Committee is composed of the relevant functional leads for each of the pillars of the ESG strategy, including finance, who provide regular progress reports and delivery against internal ESG targets and initiatives. The outcomes from the ESG Management Committee meetings are fed back to the Board's ESG Committee.

Across Keywords, responsibility for the oversight of climate-related risk management and the implementation of the Group's Environmental Policy is shared between the finance and shared service functions. The Risk and Compliance Committee (RCC), which reports into the Audit Committee, is responsible for approving the Environmental Policy with local studios empowered to manage their climate-related risks relevant to their location. The RCC is supported in its work by the Internal Audit function, which assesses Group significant risk, the effectiveness of risk management and internal controls, and reports on principal and emerging risks to the Audit Committee. The Internal Audit function has a direct reporting line to the Audit Committee Chair.

For further details of our approach to risk management, refer to pages 54 to 60. Our key climate-related organisational governance structures and their roles are summarised below:

The Board

Oversees Group-wide business and ESG strategy

Board Committees

The **ESG Committee** assists the Board with oversight and tracking of the Group's ESG plans and strategy, including climate.
The **Audit Committee** is responsible for reviewing and monitoring the overall Group risk profile.

ESG Management Committee

Led by the COO, the Committee reviews and guides the Group's progress against ESG strategy and KPIs, including emissions tracking and reduction plans.

Risk and Compliance Committee

Responsible for reviewing and approving Group-wide policies, including the Environmental Policy, and assessing risks.

Internal Audit

Reporting to the CFO and Audit Chair and supporting the Audit Committee on principal and emerging risks. Assesses the effectiveness of risk management and internal controls.

Operations

Finance and Shared Services oversee the implementation of initiatives across the Group's operations to minimise emissions, and manage reporting against client GHG obligations.

Strategy

Our strategy is to grow organically as well as by expanding our footprint and services through acquisition in order to do more with our clients. As a service provider, we have a relatively small carbon footprint compared to other "harder to abate" sectors but Keywords is playing its part in minimising its impact on the environment, and we have made good progress on reducing our emissions intensity over the past few years. The Board, supported by the CEO, COO and CFO, and other senior leaders, ensures that sustainability is an important part of our strategy and through the Board's ESG Committee has received regular updates on our sustainability initiatives and our TCFD reporting.

Climate-related risks considered to be significant are reviewed by the Board's Audit Committee, with regular updates provided to the full Board. All material risks are considered as part of our business strategy development and financial planning. Currently, we do not believe that climate-related issues have had an impact on our financial performance or position, nor do we expect them to in the foreseeable future.

As part of our ongoing process to expand our understanding of potential climate-related risks and their impacts, this year, Keywords conducted its first climate-related scenario assessment to both identify risks that could impact the Group's operations and future strategy, as well as to understand how each of these could develop under different climate projections.

Task Force on Climate-related Financial Disclosures report (TCFD)

CONTINUED

To conduct this review, we engaged an external specialist to develop climate-risk profiles for a number of our key operating locations. These locations were selected based on their significant current and expected future contribution to Group revenue and their geography, in addition to representing a number of different Divisions. We further intend to utilise the results of this assessment as a set of indicators for other similar locations. The assessment focused on reviewing potential physical and transitional risks occurring under the current global warming trajectory, and identifying which of these were likely to impact Keywords' operations. Risks were identified using a number of projections, including: the International Energy Agency's (IEAs) Stated Policies Scenario (STEPs); the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC); and the SSP projections from the World Bank, in addition to a variety of local climate models. These projections were chosen as they are recognised as global benchmarks. These risks were then further considered under both a lower-carbon scenario in line with the Net Zero Emissions by 2050 (NZE) target, and a higher-carbon scenario assuming a business-as-usual future.

Summary of our key climate-related risks and opportunities

	Risk description	Risk type	Time period	Potential impact	Mitigating actions
Transitional Risks	**Lack of compliance with increasing regulatory standards and client requirements**	Policy & Legal/ Reputational	Short term, Medium term, Long term	Increased costs due to additional reporting requirements, or mandatory reductions in carbon emissions. Failure to comply with this risk, which is relatively low, could result in possible regulatory fines, loss of business and damage to our reputation.	Good governance structures in place to manage sustainability, including the effects of climate change on our business. We continually monitor the regulatory and legal environment and take external advice as required. Regular dialogue with key clients around their climate requirements.
	Concerned or negative perceptions from stakeholders that we have not responded appropriately to climate change	Reputational	Short term, Medium term, Long term	Increased turnover of staff and challenges in attracting new talent or new business from clients could lead to increased operating costs and lower revenues.	Group has launched its Sustainable Studios plan to reduce emissions, increased GHG reporting and offsets Scope 1 & 2 emissions. Intend to set Science Based Targets in coming years.
	Cost of securing reliable energy supply to studios and/or carbon pricing/taxes	Market/Policy & Legal	Long term	Risk of energy shortages or rising prices in different jurisdictions, with potential for carbon taxes to be implemented or increased which will lead to higher operating costs.	Energy costs are a small proportion of overall costs, but the Group is moving to energy-efficient premises and its reducing footprint where possible.
Physical Risks	**Sudden business interruptions from environmental disasters**	Acute/chronic	Short term, Medium term, Long term	Inability to operate from certain business premises, or employees unable to perform their roles due to climatic conditions.	Business is set up to operate remotely and given the scale can re-allocate work across the Group if required.
Transition Opportunity	**Keeping up with social change**	Market	Short term, Medium term	Companies with a leading response to climate change could attract new customers, investors and employees.	We are raising the profile of our Sustainable Studios programme internally, and are increasingly proactive with clients about our sustainability initiatives. We are also aiming to improve our ESG rating agency profile, as well as our CDP score.

Short term (0-2 years) Medium term (3-7 years) Long term (8-25 years)

Physical risk analysis

The assessment reviewed a number of physical risks, including heat stress, flooding and wildfires. The risk profiles varied significantly for each of the three regions assessed. However, in all three locations, it was noted that the majority of the physical risks would likely have a greater impact on our employees and communities than on our own facilities and operations.

The key risk identified for employees stemmed from greater heat stress across all three regions, presenting a growing threat to health. In addition, higher temperatures are likely to drive more frequent temperature inversions that can trap pollutants such as ozone and fine particulate pollution close to the ground, where they can reach dangerous levels. This is of particular concern given the majority of our largest studio locations are within dense urban areas.

Whilst less at direct risk from heat stress, several studio locations were identified as being at risk from flooding, particularly as tidelines rise in the longer term. This presents the danger of loss of access to our facilities, as well as damage to the hardware and servers within them. This could disrupt our ability to continue operations even on a remote-working basis if employees lost server-based files and systems.

The finalised risk profiles were then presented to a cross-function working group, consisting of representatives from finance, shared services and operations. This group further assessed the potential impacts identified, their materiality to the wider organisation, and the potential response to be undertaken should these risks eventuate. It was determined that none of the physical impacts identified present a material risk, based on the Group's existing materiality threshold, under any of the scenarios assessed.

This determination was primarily based on our ability to rapidly switch operations both to remote working and between studios, should a region be impacted. Relocating operations is already factored into our business continuity plans, which are reviewed regularly, and would be implemented in the event of an adverse climate-related event. Whilst there is the potential for some loss of on-site hardware, this would incur little disruption to day-to-day operations. To ensure any disruption is minimised, we are also reviewing the use of cloud-based servers to reduce the potential impact stemming from damage to any physical studio location.

Transitional risk analysis

The transitional risk review placed particular focus on energy markets due to the integral role that access to renewables will play in our transition to net zero. Additional transitional risks relating to regulatory and supply chain impacts were also considered. None of these potential risks were considered to be material following review by the cross-function working group.

The area presenting the greatest risk to the Group continues to be client requirements, as has been identified in previous years. The increasing market concentration within the video games industry means that failure to meet specific client requirements could lead to significant impacts on our revenue if contracts were to be suspended. We are continuing to cooperate with our clients in support of their climate ambitions to ensure this risk is minimised and as part of this response, we are developing our own transition strategy. This will be a Group-wide plan to coordinate our existing Sustainable Studios initiative with set milestones to our net zero target. Demonstrating our climate progress may also present an opportunity with larger clients, as competitors may not be able to demonstrate similar advancement, and this could support us being embedded as a key supplier. Client requirements were not projected to change dramatically under the different climate scenarios.

Keywords recognises the limitations of any scenario assessment and will continue to review its findings as part of our ongoing risk management process. Potential risks will be analysed regularly to assess that our materiality position remains correct. For those risks not identified as material, we will still endeavour to develop and implement mitigations to minimise their impacts both on our own operations and on our employees. We will also be looking to roll out this process across the wider Group in the coming years as part of our continual risk identification procedures.

Risk management

As the risks from climate change emerge and develop, they are subject to the Group's standard risk management framework and shall continue to be monitored closely. Following on from our scenario assessment, we will continue to identify and analyse emerging climate-related risks and opportunities in conjunction with our risk management functions, such as Internal Audit and the Risk and Compliance Committee. Identified risks and their potential impacts are assessed for their materiality in line with our standard risk management framework. Material risks are prioritised based on their likelihood of occurrence and the severity of their potential impacts. Please refer to the Principal Risks and Uncertainties section on pages 54 to 60 for more information.

We will also continue to engage with external specialists to support our internal functions through scenario assessments and the development of risk responses. This includes the building of our net zero transition strategy, and our alignment with emerging reporting standards and regulations.

All material risks are subject to our standard risk management processes, which has evolved to a three lines of defence model, and our Internal Audit Policy. These outline our risk prevention and mitigation procedures and guidelines. Mitigations for climate-related risks are often developed at the local level, with support from Group functions, in recognition of the unique challenges that each region will face. Oversight of the climate-related risk management process remains with the risk functions, including the Management Risk and Compliance Committee and the Board's Audit Committee.

Metrics and targets

In line with the Streamlined Energy and Carbon Reporting (SECR) disclosure, Keywords undertook its fourth formal review of the Group's global energy usage, resulting in the identification, assessment and measurement of our energy and GHG emissions.

In keeping with previous years, we have used the GHG Protocol Corporate Accounting and Reporting standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 and International Energy Agency (IEA) conversion factors for non-UK electricity to calculate our disclosures. As well as absolute emissions figures, the information is presented as an intensity ratio against Scope 1 and Scope 2 emissions once market-based deductions have been accounted for, against both employee numbers and our revenue in €m. These figures were calculated from data available from regional offices across the Group. Where direct consumption data was not available, data has been extrapolated in line with GHG Protocol allowances. In order to ensure the robustness of our data and streamline our reporting procedures, in 2023 we began the implementation of a tailored sustainability reporting platform.

We continue to report on Scope 3 – Category 3: Well-to-Tank emissions (WTT) related to the combustion of fuels and operation of facilities related to our Scope 1 and Transmission & Distribution emissions (T&D) in relation to the purchase of electricity related to Scope 2. In addition, we have continued to collect data around our Scope 3 – Category 1: Purchased goods and services, and this year have included Category 2: Capital goods.

Task Force on Climate-related Financial Disclosures report (TCFD)

CONTINUED

GHG emissions data

Tonnes of CO_2e	2023*		2022*		2021*		2020*	
	UK and offshore	Global	UK and offshore	Global	UK and offshore	Global	UK and offshore	Global
Scope 1 – Combustion of fuels and operation of facilities	**6**	**218**	8	*277*	4	201	*0*	*244*
Scope 2 – Emissions from purchase of electricity, heat, steam, and cooling purchased for own use	**294**	**5,181**	239	*4,021*	188	*3,401*	171	*3,729*
Total Scope 1 and Scope 2 emissions (Location-based)	**300**	**5,399**	247	*4,298*	192	*3,602*	171	*3,973*
Scope 2 Market-based emissions reduction	**(201)**	**(513)**	(76)	*(272)*	(11)	*(70)*	–	*(23)*
Total Scope 1 and Scope 2 emissions (Market-based)	**99**	**4,886**	171	*4,026*	181	*3,532*	171	*3,950*
Scope 3 – Category 3: Well-to-Tank (WTT) related to Scope 1 and Transmission & Distribution (T&D) related to Scope 2	**26**	**471**	*23*	*379*	17	*290*	15	*317*
Scope 3 – Category 3 Market-based emissions reductions	**(17)**	**(34)**	(7)	(18)	(1)	(5)	(0)	(2)
Total – Scope 3: Category 3 (Market-based)	**9**	**437**	16	361	16	285	15	315
Total – Scope 1, 2 and Scope 3: Category 3 (Market-based)	**108**	**5,323**	*187*	*4,387*	197	*3,817*	186	*4,265*

*Reporting year end is 30 September. Data in italics has been restated from previous years' reporting due to more accurate information being available and changes in the updated IEA factors.

Scope 1 – Includes emissions from the combustion of fuels and the operation of our facilities.

Scope 2 – Our Scope 2 emissions are derived from the purchase of electricity. This has been split between Location- and Market-based to account for those operations switching to green and renewable tariffs.

Scope 3 – Our Scope 3 reporting includes emissions in relation to our operations, Transmission & Distribution, and Well-to-Tank. Changes to previous years' reporting are as a result of changes in the updated IEA factors.

In 2023, our global Scope 1 and 2 emissions (Location-based) were 5,399 tonnes CO_2e, representing an increase of 26% on the prior year. UK emissions accounted for 300 tonnes of CO_2e, 21% higher than the previous year, and representing 6% of global emissions.

Following on from our initial reporting in 2022, we are continuing to use a spend-based method to calculate our Scope 3 – Category 1: Purchased goods and services emissions in line with the US Supply Chain GHG Emission Factors for US Commodities and Industries, and in 2023 have expanded this to cover Scope 3 – Category 2: Capital goods. This area of reporting requires assumptions and estimations to be taken where financial data did not accurately align with the factors available, but we continue to work on improving its accuracy.

Our Global Scope 3 – Category 1: Purchased goods and services and Global Scope 3 - Category 2: Capital goods emissions are set out below:

Tonnes of CO_2e	2023*	2022*
Scope 3 – Category 1: Purchased goods and services	**7,375**	5,857
Scope 3 – Category 2: Capital goods	**1,397**	717

*Reporting year end is 30 September.

Scope 3 – Category 1 emissions for 2022 have been restated following updates to the US Supply Chain GHG Emissions Factors, in addition to the removal of capital expenditure that had been included in this category previously.

Energy consumption (MWh)

Energy consumption (MWh)	2023* UK and offshore	2023* Global	2022* UK and offshore	2022* Global	2021* UK and offshore	2021* Global	2020* UK and offshore	2020* Global
Scope 1 – Energy consumption from the combustion of fuels and operation of facilities	34	1,162	43	*1,471*	21	*1,061*	2	*1,307*
Scope 2 – Energy consumption from purchase of electricity, heat, steam, and cooling purchased for own use	1,418	13,384	*1,234*	*11,614*	*884*	*9,812*	*735*	10,289
Total Energy consumption	**1,452**	**14,546**	*1,277*	*13,085*	*905*	*10,873*	*737*	*11,596*

*Reporting year end is 30 September. Data in italics has been restated from previous years' reporting due to more accurate information being available

Total energy consumption includes all activities for which the Group is responsible, as Scope 1 and 2.

The energy consumption is calculated using electricity purchased (kWh) and fuel volumes converted to kWh using the UK Government GHG Conversion Factors for Company Reporting, presented in MWh.

In 2023, our global energy consumption was 14,546 MWh, with the UK representing 10% of our global energy consumption. In 2022, the UK also represented 10% of our global energy consumption of 13,085 MWh.

Intensity ratio (tonnes of CO_2e per unit)

	2023*	2022*	2021*	2020*
Ratio of Scope 1 & 2 emissions to employees	**0.40**	0.38	0.39	0.48
Ratio of Scope 1 & 2 emissions to revenue (€m)	**6.38**	6.26	*7.47*	10.88
Index of Scope 1 & 2 emissions to revenue (€m) relative to baseline year	58.60	*57.55*	*68.64*	100

*Reporting year end is 30 September. Data in italics has been restated from previous years' reporting due to more accurate information being available.

The intensity metric is calculated using Market-based emissions.

The baseline used for the intensity reduction target is 2020. The Group may choose to restate the baseline in future depending on acquisitions and if more accurate information becomes available.

Revenue and employee numbers adjusted to align to the emissions reporting period from 1 October through to the 30 September of each year.

In 2023 our revenue intensity regressed slightly, although still remains 41% down on our 2020 baseline. As such we remain well on track to achieve our objective of a 50% reduction in our emissions to revenue (€m) index ahead of 2030. It should be noted that despite the slight increase in revenue intensity, due to a 21% increase in Scope 1 & 2 emissions (market-based), the underlying increase in total energy consumption for the period has been kept at 11%, below the corresponding revenue growth for the year. The primary difference between the rate of consumption and emissions is due to growth in Poland, where we now have a large number of employees, who primarily work from the office, and there are high emission factors, due to the grid composition. During the year, we also transitioned our Sperasoft operations out of Russia, running dual offices in multiple locations for much of the year, leading to higher consumption. Whilst the new locations are in highly energy efficient premises, the countries generally have much higher emission factors compared to Russia due to the energy source mix. In general, the 2023 IEA emission factors have slightly worsened on average across the Group's footprint compared to 2022.

Developments in our Sustainable Studios initiative remain focused on driving our environmental commitment forwards and have helped to improve the levels of energy efficiency previously established. In 2023, eight more studios have been able to transition to renewable energy sources and green tariffs, and we were pleased to see the amount of emissions offset through renewable energy consumption grow by 89%, with a 164% increase in the UK market. We aim to continue to develop our practices by identifying practical changes that we can implement and measure, supporting transformation at the local studio level and thus helping us deliver our long-term ambition to reach net zero carbon emissions well ahead of the UK Government's target of 2050.

In addition to our intensity targets and development of our transition plan, the Group will review whether further KPIs are required to effectively respond to our identified climate risks.

Section 172 (1) statement

We have set out below a summary of our key stakeholder groups, how the Board engages with them, and how their interests relate to our strategic priorities and how we deliver value for them. We also provide examples of three key strategic decisions made by the Board and how stakeholder interests were considered as part of decision-making.

Key stakeholders

Investors

Equity investors and lenders

Link to strategic priorities:

Direct engagement:

- Roadshows for direct interaction with existing and new investors
- AGM to connect with all shareholders
- Ad hoc meetings with top investors on specific topics of interest
- Fireside chat on AI to address key investor queries
- Semi-annual meetings between key lenders and senior managers
- Shareholder consultations on remuneration matters

Information flowing to the Board:

- Performance information provided to Directors
- Investor relations market updates and feedback reports
- Proxy ratings and reports, including feedback from engagements
- Detailed summaries from Remuneration Policy meetings

Clients

Top 25 and other publishers and developers

Link to strategic priorities:

Direct engagement:

- Annual net promoter score survey for our clients' view of our business
- Strategic partnership meetings to build long-term relationships
- Attendance at industry events to connect with existing and new clients and partners
- Informal meetings between executives to discuss industry trends and strategic opportunities

Information flowing to the Board:

- Net Promoter Scores obtained from client base
- Deep dives on top clients at each Board meeting
- Feedback reports from client meetings
- Reports on information and cybersecurity and service delivery

Principal decisions

Managing dilution

In March 2023, we announced the commencement of a market purchase programme of Keywords' shares amounting to an aggregate of up to €5m, which was extended in June 2023 up to an aggregate value of €15m. These purchases were made on behalf of the Keywords Studios Employee Benefit Trust (EBT), by the trustees of the EBT, and all of the purchased shares will be used to satisfy future exercises of LTIPs, RSUs or stock options pursuant to the relevant Keywords' share plan.

The Board was mindful of the interests expressed by some shareholders during direct engagement sessions with Executive Directors, specifically the desire for the effective management of the dilutive impact of operating the share plans. The Board also conducted a review of its capital allocation strategy to ensure the Group was appropriately leveraged and had sufficient capability to execute its M&A strategy. Given the strength of the balance sheet and expected free cash generation, the Board deemed it appropriate to conduct the EBT market purchase programme.

Efficient capital management

In July 2023, we announced the signing of a new unsecured multicurrency revolving credit facility agreement (RCF) of $400 million. This new facility, supported by a group of seven global lenders, replaced the Group's previous €150 million unsecured multi-currency RCF.

The expanded RCF is more suitably scaled for the Group and, given our continued strong pipeline of acquisitions, it provides long-term liquidity and flexibility to pursue our growth strategy whilst maintaining a well-balanced mix of equity and debt funding.

The Board was mindful of the importance of the Group's growth ambitions for shareholders. Strengthening relations with our lenders, Keywords was able to demonstrate the strength of its credit profile and, to provide deeper insight into the business as part of this process, our lenders were invited to a presentation with members of the Board and management team.

Link to strategy

Strategic partnerships · Technology · One Keywords · Talent and Capabilities · Adjacent markets

Workforce

Permanent, temporary and freelance

Link to strategic priorities:

Direct engagement:

- Senior managers present on key strategic matters to the Board
- Global townhall events
- CEO Game Break for employees across the Group to talk informally about key topics of interest
- Group-wide communications through our internal channels
- Key Communicator sessions to engage with Executives
- Executive Director-led and wider Board studio visits

Information flowing to the Board:

- Group Employee Net Promoter score and pulse surveys
- KPIs for recruitment and retention
- Diversity, Equity, Inclusion and Belonging initiatives
- Workforce pay conditions
- Regular whistleblowing updates

Communities

Global entertainment community and our studio locations

Link to strategic priorities:

Direct engagement:

- Keywords Cares programme showing support for charitable causes that our colleagues care most about
- Board visits to studios worldwide to understand the local culture and gaming industry dynamics
- Attendance at industry events to learn about key industry trends

Information flowing to the Board:

- ESG programmes and metrics
- Data on gender, ethnic and cognitive diversity
- Updates on Corporate Social Responsibility programmes

Value-add acquisitions

In March 2023, we announced the acquisition of Digital Media Management (DMM) for up to $100m. DMM is a social media marketing company founded in 2010 and headquartered in Los Angeles, USA. DMM is an award-winning agency providing integrated social media strategy, management as well as creative and influencer solutions, for the entertainment and video games sectors. The acquisition of DMM enhanced our Engage division and enabled the Group to further its media and entertainment offering with DMM bringing in expertise in social and concise video content, community management and fostering partnerships with content creators; all of which complement Keywords' proficiency in longer trailer-format content.

In December 2023, we announced the acquisition of The Multiplayer Group Limited (MPG), a multiplayer-focused game development studio headquartered in Nottingham, UK, for £76.5 million. MPG is one of the largest and most respected developers of AAA multiplayer games and technology for some of the world's best-known studios and publishers. MPG provides a range of services, including both co-development and full game development, to a global client base, and it also has functions working on data science, new technology and AI.

A comprehensive due diligence process was undertaken, and updates were provided to the Board on key matters throughout the process, before making the final decision for both of these significant acquisitions. The Board considered the interests of shareholders, being satisfied that a fair price was being paid by the Company for very high-quality businesses, as well as clients, who would benefit from the additional strength of development capability, particularly in multiplayer games, and our marketing offering. The pre-acquisition due diligence process included a review of the cultural fit between each acquisition and Keywords, and in this case the Board was assured that they both had strong and capable teams who would fit well within the Group.

Principal risks and uncertainties

Our Board, management team, studios and shared services functions all play a role in the identification, assessment and mitigation of risks to our business. We recognise that setting an appropriate risk appetite and fostering a strong risk culture is crucial for the successful delivery of our strategy.

Risk management

The Board, supported by the Audit Committee, is responsible for oversight of the Group's risks. The Executive Committee is responsible for the day-to-day management of risks, and the executive Risk and Compliance Committee is primarily responsible for regular reviews of principal and emerging risks and onward reporting to the Audit Committee.

We conduct a comprehensive top-down and bottom-up review of our risks. The top-down element related to the Board's setting and oversight of our strategic objectives, risk appetite and risk culture, as well as identification of strategic, reputational, financial and operational risks. The Audit Committee conducts a dedicated deep dive into the risk register once a year and receives presentations on one or more principal or emerging risks at every meeting. The bottom-up element relates to risk management being embedded throughout our operations, with the identification and assessment of current and emerging risks forming part of our strategy and budget process.

Our risk management framework has evolved to a three lines of defence model, which more clearly sets expectations around risk appetite and culture and accountability for key roles. The first line comprises our studios, where managers implement controls and respond to day-to-day events, identifying and reporting risks through the risk governance structure. The second line comprises our Group functions who maintain oversight and provide guidance to studios. The third line comprises the Internal Audit function, which provides independent challenge, advice and assurance around risk management and internal controls.

Further information on the activities of the Audit Committee during the year can be read on pages 72 to 74.

Overview of principal risks

Our principal risks are those risks which are identified as key factors that may prevent the delivery of our strategic priorities or as having a potentially material impact on the Group. They can relate to one or more strategic, financial or operational matter. The inherent and residual nature of each risk is evaluated on a regular basis, with consideration given to the changing nature of the risk, whether the source of the risk is internal or external, interdependencies between risks and the target residual risk based on our risk appetite. Operating controls and appropriate mitigations are set and monitored for each principal risk.

Emerging risks are also identified and reviewed on a regular basis to allow the Group to identify and effectively respond to new and evolving risks in the operating environment. These risks and how they evolve over time are discussed at the Audit Committee and continue to be monitored closely by senior management and addressed throughout the year. Following a period of review, emerging risks may be included as a new principal risk, added to an existing principal risk, or deemed to be mitigated and removed. The climate change emerging risk has now been integrated across several principal risks. At the time of publication of this report, our emerging risks related to intellectual property rights, talent and succession planning, and third-party management.

A risk scoring matrix is used to ensure the likelihood and potential impact of risks are assessed on a consistent quantitative and comparative basis, and key insights influence strategic and operational decision-making.

Key year-on-year changes in risk profile*

Risk 10	Failure to deliver services	↑
Risk 13	Client concentration risk	↑
Risk 8	Negative impact of currency risk	↓

Please see the relevant risk discussion for the explanation of the change in the specific risk profile during 2023.

*2023 v 2022 trend change

Link to strategy

Strategic partnerships
Technology
One Keywords
Talent and Capabilities
Adjacent markets

Risk trend

Increase
Stable
Decrease

Risk 1 - Sudden business interruption

Link to strategy

Risk trend

Description

Keywords is a global business and needs to minimise business interruptions and be able to continue servicing customers.

This threat could be internal, such as a major failure in its IT systems, physical restrictions on staff, studios, production equipment but also external, such as natural disaster or the global pandemic, when the Group was able to quickly move to a work from home model, and services remained robust throughout.

Without access to key systems, data or dedicated work locations, services to clients and/or the ability to report to investors on a timely basis could be adversely affected.

Mitigation

The Group's multiple, full-service delivery hubs provide for a good level of contingency and, supported by business continuity and disaster recovery plans, the effects of such disasters can be managed.

Keywords also operates a highly distributed model, with operations in 26 countries. This, in addition to the business successfully operating as a hybrid working model, provides the Group with the ability to service clients from different locations, as required, along with experienced IT teams to carry out recovery when needed.

The Group carries out scenario planning to identify potential environmental changes at key studio locations enabling the Group to plan mitigating actions.

Risk 2 - Breaches to information and cybersecurity

Link to strategy

Risk trend

Description

The industry requires the highest standards of security and privacy from a company offering services such as Keywords.

Exploitation of under-protected software, hardware, information assets or resources and inability to react and resolve may lead to piracy, disruption of customers' marketing plans, loss of competitive edge and could result in compensation claims.

An increase in volume of client IP naturally results in an increased threat of leaks of unpublished IP, confidential business or personal private data which could potentially cause disruption.

Mitigation

The Group uses various third-party and proprietary tools and technologies for process control and productivity purposes. Continued investment in these tools is important to ensure the Group's effectiveness and is a part of the Group's business continuity planning.

Keywords maintains physical and data security and privacy policies and procedures which are regularly audited by its larger customers and seeks to maintain appropriate insurance coverage to support the management of potential threats and attacks. Due to the increasing sophistication of cyber adversaries and the techniques that they use, our internal teams regularly test our systems to prepare against potential malicious actors.

A dedicated Information Security team and Global Head of Privacy sets policies, conducts regular penetration testing, monitors activity and rapidly responds to any incidents that arise. More details are contained in the Responsible business review on page 38 and in the Audit Committee report on page 72.

The Group regularly provides comprehensive security and privacy training to all employees to ensure they understand their roles and responsibilities in protecting sensitive information.

Principal risks and uncertainties

CONTINUED

Risk 3 - Failure to manage human resources/talent effectively

Link to strategy | **Risk trend**

Description

Establishing Keywords as a leading destination for talent is one of the Group's key strategic focus areas and is detailed in the strategy section on page 20.

Keywords employed around 13,000 people in 26 countries across the Group at the end of 2023, and people management is key to performance and service delivery.

Failure to attract, retain or develop high quality entrepreneurial talent across the business could impact on the attainment of strategic objectives.

Mitigation

Keywords' culture has been fundamental to the Group's success as it binds teams together, whilst preserving the individual cultures of the studios. The Group has also introduced a new People & Culture leadership team, which is focused on talent development, talent management and enhancing employee engagement.

The Group works to develop and incentivise its people and to support their passion to provide the best service for clients. Special emphasis is placed on the prevention of any form of discrimination, harassment or malpractice in the workplace. This is supported by the review and consistent communication of employee handbooks, global policies and Code of Business Conduct.

In order to provide consistent long-term access to talent, the Group is building local talent development, and has dedicated talent acquisition initiatives.

The Group's Diversity, Equity, Inclusion and Belonging agenda for 2023-2025 includes targeted initiatives for talent acquisition and development to increase women's participation in its workforce and at senior levels in the business. More details of the employee survey and DEIB agenda can be found in the Responsible business review on pages 38 to 45.

Risk 4 - Failure to meet financial market expectations

Link to strategy | **Risk trend**

Description

Keywords floated on AIM in 2013 with an expressed set of objectives of growing the business organically and by acquisition.

Unclear communication or under-delivery against forecasts to the market can lead to unrealistic market expectations and missed targets.

Mitigation

The Group makes every effort to communicate regularly with investors and analysts via announcements, face-to-face contact and virtual meetings. This effective communication of the continued opportunities for growth in the sector, how the Group continues to execute on its stated strategy and successfully integrate the businesses it acquires, should continue to maintain the confidence of its investors.

The Group maintains a conservative balance sheet and through its Revolving Credit Facility has access to substantial debt funding which gives it the flexibility and headroom to invest in the business. More details can be found in the Financial and operating overview on pages 34 to 37.

Senior management and the Executive team have monthly business reviews which include updated forecasts for the full year as well as the ongoing monitoring of the forecasts against the market consensus.

Risk 5 - Unsuitable large acquisition and/or failure of integration process

Link to strategy **Risk trend**

Description

Keywords has an active acquisition agenda which complements its strategic ambitions. Selecting the right acquisitions, managing them successfully and embedding the Keywords culture is a crucial ingredient of success.

Failure to do so could result in the business not achieving the expected financial and operational benefits and adversely impact growth, profitability and cash flow.

Mitigation

The Group has a focused M&A strategy targeting attractive industry segments where it has built detailed knowledge. The key areas of focus are Game Development, Marketing, Technology, and certain adjacent elements of the Media and Entertainment industry.

For each acquisition, the Group has an established process led by a dedicated corporate development team, which involves the relevant senior management in the acquisition process to lead the detailed due diligence.

The shared services team support the Divisions with the integration process and have issued an updated integration manual to support both Keywords and the acquired business in the process.

Management regularly presents the acquisition pipeline to the Board and provide a detailed diligence report ahead of formal approvals, which incorporates the integration plan for the business.

The Group also uses earn-out structures linked to future performance as part of its acquisition consideration, including equity, in order to incentivise good performance as well as promote retention of key staff.

Risk 6 - Non-compliance with legal, regulatory, and social standards

Link to strategy **Risk trend**

Description

Reporting standards and disclosure requirements regularly evolve, including in areas such as climate change, sustainability, whistleblowing and sanctions.

A material failure to comply, anticipate and respond in a timely manner to applicable legal and social standards could result in penalties, costs, reputational harm and damage to relationships with suppliers and customers.

Mitigation

The Group's Code of Business Conduct guidelines were rolled out to all studios during 2021, are reviewed every year, and are supported by more detailed policies and procedures, a number of which are published on the Group's website.

The whistleblowing process is enhanced by our Keywords Integrity line, a 24-7 online portal for whistleblowing reporting and confidential communications in line with recent EU and other local requirements.

The Group has an increased focus on environmental impact, with measures to reduce energy consumption/carbon footprint and is expanding its reporting of GHG emissions. It is in the process of implementing an automated tool to help calculate emissions, which will support long-term ambitions to meet net zero targets.

The Group works on monitoring and horizon scanning of new legislation and standards and any changes are discussed at Board and Audit Committee meetings.

More details are contained in the Responsible business review on page 38 and the Audit Committee report on pages 72 to 74.

Risk 7 - Financial loss and reputational damage due to fraud

Link to strategy **Risk trend**

Description

The strong reputation of Keywords makes it attractive to clients and potential employees. Fraud and cybercrime in particular are becoming more sophisticated which, if not managed appropriately, could lead to substantial impact on the Group.

Mitigation

The Group has invested in and continues to invest in its financial reporting function, treasury function and their systems to facilitate strong reporting and management controls as it grows, with a new consolidation and forecasting tool implemented in 2022.

The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Management provides a fraud assurance letter to the Board as part of the year-end reporting process each year, and ad hoc updates are provided on areas of concern by the Auditor and Internal Audit.

The whistleblowing hotline provides an opportunity for suspected incidents to be reported and investigated as soon as possible.

Principal risks and uncertainties

CONTINUED

Risk 8 - Negative impact of currency risk

Link to strategy

Risk trend

Description

The Group transacts in multiple currencies and Keywords is exposed to both short-term currency risks, in addition to longer-term risk that could develop between its functional currency and its multiple billing currencies.

Mitigation

The Group serves a global customer base, with production facilities spread across multiple geographies and currencies.

The Group has a Treasury policy, and, where possible, manages foreign exchange risk at a local level by matching the currency in which revenue is generated with the expenses incurred and by settling liabilities denominated in their functional currency with cash generated from their own operations in that currency.

Where entities invoice in a foreign currency, studios have the ability to offset adverse foreign exchange currency movements through increasing prices. Hence the Group does not hedge its currency risk.

In addition to revenues and expenses being impacted by movements in exchange rates, the Group is also exposed to gains or losses related to the effect of translating net current assets held in foreign currencies.

Risk 9 - Cross-contamination risk

Link to strategy

Risk trend

Description

One of the Group's strategic focus areas is to create strategic partnerships with key industry players to enable closer long-term collaboration and enhance the ability of the Group to cross-sell services to each of its key clients. Keywords also intends to sign "Lighthouse deals" with key clients that will involve complex service delivery across multiple services.

The risk of failure in one Division contaminating the relationship with the same customer across the other Divisions increases.

Mitigation

Adhering to Keywords' strong standards of delivery and efficient communication across service lines is key to managing this risk.

As the Group forms strategic partnerships with major customers, it is conducting regular reviews with them to ensure Keywords continues to deliver against expectations and identify any potential emerging issues so that they can be addressed. The Group's central sales systems for clients and contracts provides a high-level oversight of client numbers, large clients and services performed within the sales and customer teams. Also, revenue generated from single customers across multiple services is increasing.

Keywords has also introduced new roles within the organisation that are designed to develop the appropriate solutions for clients at the outset of a project, as well as new roles that support the service delivery to key clients.

Risk 10 - Failure to deliver services

Link to strategy

Risk trend

Description

Most of Keywords' services are of a time-sensitive nature. Delays or service delivery failures could potentially impact the development or launch plans for games or result in lost contracts and/or idle capacity.

A rise in milestone-based projects, which carry a higher risk than time and materials projects, as well as increased requirements from clients around carbon and sustainability reporting could potentially impact the reputation of the Group.

Mitigation

Delivering on agreed deadlines is an integral part of the Group's modus operandi, and we prioritise timely delivery and flexible resourcing to meet these deadlines, with Divisional oversight of key projects applied across the Group. The Group also utilises technology to support the scheduling of its resources on a studio-by-studio basis.

Post-pandemic, the business has adapted its contracts and processes to ensure that it is able to complete contracts in a hybrid manner to provide more flexibility and support its ability to deliver against contracts.

The Group's legal team is typically involved from the onset of contract/project negotiations with a view to ensuring that appropriate provisions are included in our agreements with clients.

The Group's management team also monitors and reviews client requirements to ensure relevant ESG expectations are met.

Risk 11 - Tax credits withdrawal risk

Link to strategy

Risk trend

Description

The Group receives multimedia tax credits (MMTC) in Canada, video games tax relief (VGTR) in the UK and similar incentives in other jurisdictions. These tax credit regimes are designed to promote growth and investment in the relevant regions.

Any reduction or cancellation of these tax credits would increase the cost base of the business and make the business less competitive. The Group will need to have the ability to pivot to a lower cost base if incentives are changed or eliminated.

Mitigation

The Group works closely with regulators, gaming associations and governments in relation to relevant country tax credits and has been given no indication that these tax credits will be removed in the medium term.

Due to the Group's geographically diversified operating platform it retains an element of flexibility in being able to move work to other operating centres if material changes were made.

Risk 12 - Global political risk and uncertainty

Link to strategy

Risk trend

Description

As a result of its geographic spread, the Group is exposed to a wide range of political, economic, regulatory, social and tax environments. Policies or laws, as well as armed conflict involving the countries in which Keywords operates, may change in a manner that may be adverse for the Group, even those with stable political environments.

Mitigation

Keywords is monitoring geopolitical trends around the Group with management conducting horizon scanning for political changes across the Group. A business continuity planning programme is being embedded into the organisation with the diversification and spread of activities geographically to mitigate the risk of disruption in any one location.

Risk 13 - Client concentration risk

Link to strategy

Risk trend

Description

The majority of the Group's revenues come from global gaming companies whose revenues tend to greatly exceed those of Keywords. These companies have exacting standards and demand a high quality of service.

Keywords' top five customers in 2023 accounted for 30.8% of Group revenue (2022: 30.1%), and whilst large publishers may have the same parent company, they are unlikely to become insolvent at once, dependence on individual clients can lead to revenue or margin pressures.

Mitigation

The potential impact is partially mitigated through the Group's highly flexible resource base. The Group continues to expand its footprint and is seeking to make relationships more strategic with key clients. Despite their size, clients tend to be composed of several individual entities which have certain levels of autonomy over purchasing decisions. Keywords is also focused on maintaining and enhancing both bottom up and top down relationships.

Our leadership team and studios are proactive in reviewing client accounts, including the breadth of services and debt recovery. We continue to seek out and build relationships with new clients and support the growth ambitions of smaller clients.

Principal risks and uncertainties

CONTINUED

Risk 14 - Negative impact of regulation on video games

Link to strategy

Risk trend

Description

Failure to anticipate and respond to regulatory changes in respect of regulation on video games, such as those seen in the Chinese market which imposed curfews on minors, and requirements to address responsible gaming in the industry introduces complexity for clients.

Changes and new requirements could result in the delay or cancellation of video games by customers.

Mitigation

In relation to the Chinese market, Keywords has limited revenue exposure to games destined solely for the Chinese market. In addition, any potential impact is partially mitigated through the Group's diverse geographic revenue base.

Responsible gaming issues arising during game play can be identified by engaging with industry trade associations as well as by the Player Engagement teams, who have a dedicated Trust and Safety team trained to handle and report safety incidents as well as support the team members exposed to such incidents.

Risk 15 - Threat from technology innovation and industry disruption

Link to strategy

Risk trend

Description

Innovations in the gaming industry continue to evolve.

New technologies for automated testing, machine translation and other services, together with a failure to maintain or update Keywords technology, systems and applications to reflect what is in the wider gaming community, could pose a threat to the Group in the long term.

Mitigation

As a key strategic focus area, the Group is focused on effectively utilising technology for the benefit of the Group and its clients. More details can be found in the Chief Executive's review on page 8 and the Our strategy section on page 20.

The Group is constantly innovating to create and adopt technology tools to deliver its services more effectively, and participates directly with customers in various pilot programmes for new technologies to keep abreast of technological developments.

The Group is also investing in existing tools and conducting regular assessments of technology debt and vulnerabilities whilst developing a focused, balanced strategy for technology acquisitions.

Keywords continues to strengthen the senior management team in this area, led by our Chief Digital Information Officer, as well as having a standalone innovation team, led by a dedicated Executive Committee member, to drive its innovation agenda forward.

Non-financial and sustainability information statement

Our non-financial information statement is set out below on environmental matters, social and employee matters, respect for human rights, and anti-bribery and corruption. Details of our business model can be found on pages 18 and 19, and our principal risks are on pages 54 to 60. Our Modern Slavery Policy and Code of Business Conduct can be found on our website.

Reporting requirement	Policies and standards which govern our approach	Page reference
Environmental matters	Environmental Policy	Page 47 Taskforce on Climate-related Financial Disclosures report
Climate-related financial disclosures		Pages 46 to 51 Taskforce on Climate-related Financial Disclosures report
Social and employee matters	Code of Business Conduct Recruitment Policy Employee handbook Diversity and equal opportunity Grievance Policy Employee assistance programme Health & Safety Policy Data protection	Pages 20 and 23 Our strategy Pages 38 to 45 Responsible business review
Respect for human rights	Supplier Code of Conduct Modern Slavery Policy	Page 45 Responsible business review
Anti-bribery and corruption	Anti-bribery and corruption Policy Whistleblowing Fraud Policy Sanctions Policy	Page 45 Responsible business review Pages 72 to 74 Audit Committee report
Business model		Pages 18 and 19 Business model
Description of principal risks and impact of business activity		Pages 54 to 60 Principal risks and uncertainties
Non-financial key performance indicators		Pages 20 to 23 Our strategy Pages 38 to 45 Responsible business review

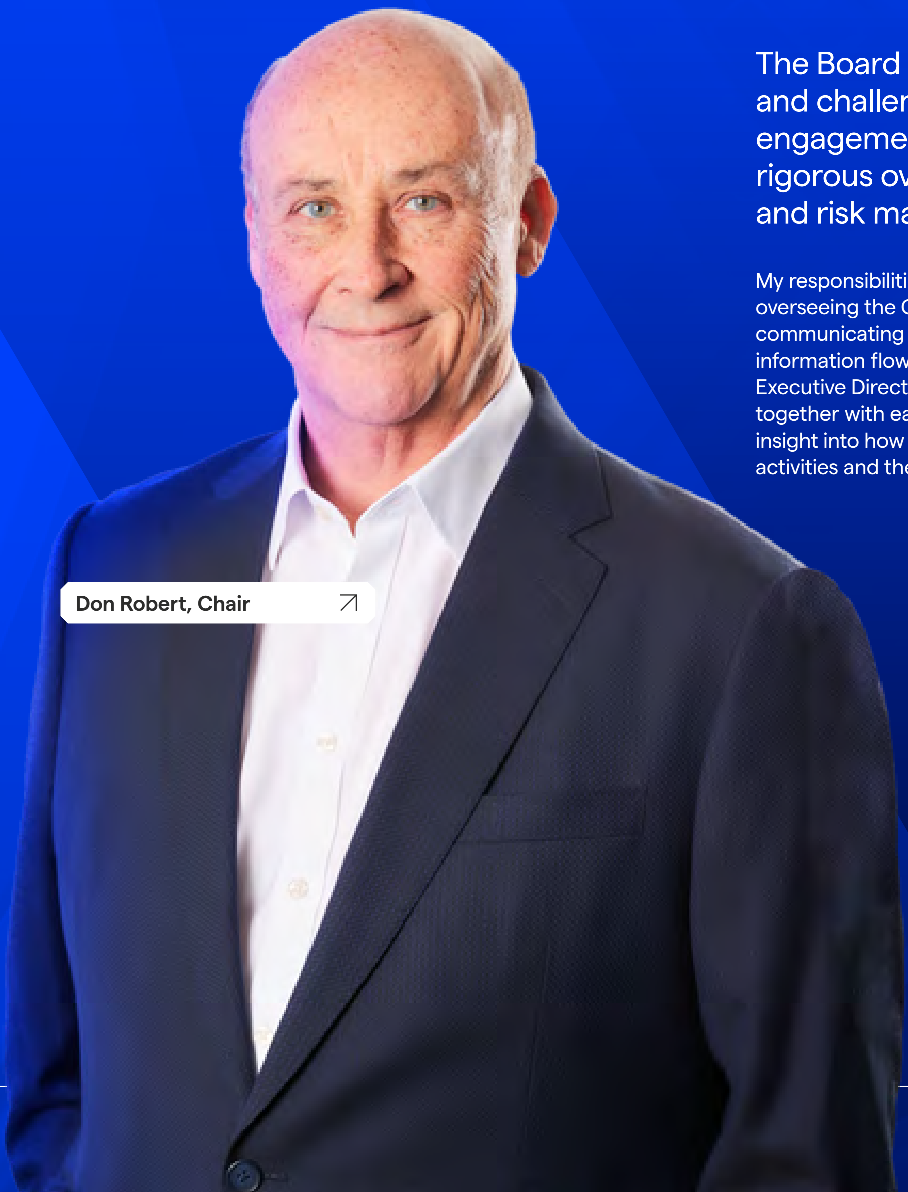
The Strategic report was approved by the Board and signed on its behalf by:

Bertrand Bodson
Chief Executive Officer

13 March 2024

Chair's introduction

I'm pleased to introduce our Corporate Governance Report for the first time since my appointment as Chair.



Dear Shareholders,

The Board is committed to robust oversight and challenge of management, effective engagement with our key stakeholders and rigorous oversight of strategic, financial and risk matters.

My responsibilities include leading the Board effectively, overseeing the Group's corporate governance model, communicating with shareholders and ensuring that good information flows freely between management and Non-Executive Directors in a timely manner. This report, when taken together with each of the Board's committees' reports, provides insight into how the Board operated during the year, its principal activities and the key issues deliberated on.

> Good corporate governance is key to promoting the long-term success of the Company and generating long-term value for our shareholders and wider stakeholders.

Don Robert
Chair of the Board

Corporate governance

The Board recognises the value of good corporate governance in promoting the long-term success of the Company. The Company adheres to the "Quoted Companies Alliance Corporate Governance Code" (QCA Code), which we believe is the most appropriate for Keywords; however, it also seeks to comply with the principles of the UK Corporate Governance Code where possible and appropriate. Following an update to the QCA Code in November 2023, we have reviewed our compliance against the updated principles and I'm pleased to confirm that we remain in full compliance with the QCA Code.

A summary of how Keywords complied with the QCA Code during the year is provided on page 67.

Board composition

Annual reviews of the Board's effectiveness and composition help ensure the Board's continued high performance, being mindful of the desired mix of skills and diversity and the need to ensure Directors remain independent and commit sufficient time to discharge their duties. I joined the Board as a Non-Executive Director and Chair Designate on 1 February 2023 and, following the unfortunate passing of Ross Graham, I became Chair on 15 May 2023. Following a rigorous search process, we were delighted to appoint Rob Kingston as CFO on 1 July 2023, at which time Jon Hauck became COO.

I would like to thank all members of the Board for the considerable time dedicated and valuable contributions to Keywords over the past year.

Key stakeholders

The Board is mindful of its responsibility to all stakeholders, in particular the creation of shareholder value and nurturing our most important asset, our people. The Board is provided with regular opportunities to engage with key stakeholder groups throughout the year. This provides Directors with direct insight into the Company's culture and the interests of stakeholders, and adequate information to ensure that relevant social and environmental issues are integrated into the Company's strategy, risk management and business model. Further details of stakeholder engagement are provided on pages 52 to 53.

Conclusion

I encourage all shareholders to vote their shares in favour of all resolutions to be considered at our AGM in May 2024.

↘ Corporate governance report

Strategy and business model

A description of the Company's strategy, business model and supporting strategic pillars, along with key attributes of our positioning within vibrant and growing industries, can be found in the Strategic Report on pages 18 to 25.

Shareholder needs and expectations

The Board is committed to maintaining good communication and constructive interaction with all shareholders throughout its annual reporting cycle. It holds regular analyst and investor presentations, roadshows and engagements, and published Regulatory News Service announcements and other relevant information on its website. The Executive Directors meet shareholders and other investors at regular intervals during the year and host meetings from time to time. The Chair is also available to meet with the largest shareholders during the year without management present.

We regard the Annual General Meeting, as an opportunity for the Board to meet, listen and present to our shareholders, and all shareholders are encouraged to attend and ask questions. Shareholders who were unable to attend were also given the opportunity to submit questions to the Board in advance via email.

Through effective communication and close ongoing relationships with its shareholders the Board welcome constructive dialogue. The Company aspires to have close ongoing relationships with its private shareholders, institutional shareholders and analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company receives reports from proxy voting agencies, reviews their findings and meets to discuss shareholder matters. The Board maintains that, if there is a resolution passed at a general meeting with 20% votes cast against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. At the 2023 AGM, all resolutions were passed comfortably. The votes on all resolutions were taken on a poll to ensure that full shareholder representation was reflected. All corporate documents, including historical annual reports, notices of general meetings and details of the 2023 AGM results, can be found online at www.keywordsstudios.com.

Investors have access to current information about the Company through the Company's website, www.keywordsstudios.com. The Company promotes electronic communications with shareholders to be more efficient and reduce our environmental impact.

Wider stakeholder and social responsibilities

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders whilst being cognisant of the interests of other stakeholders. The Board recognises that the long-term success of the Company relies upon good relations with other key stakeholders, identified as our workforce, clients, suppliers and communities. The Board has put in place a range of processes to ensure it maintains close contact with these key stakeholders.

The ESG Committee is responsible for oversight of Group initiatives designed to promote the long-term success of the Company as a sustainable, well-governed and responsible employer, partner, supplier and customer. A summary of its activities is presented on pages 90 to 91.

The Company has developed close relationships with many of its key stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. Examples include customer feedback surveys, strategy discussions with key clients, employee surveys and a variety of internal communication sessions to cater for various employee groups. Full details of the Company's and the Board's engagement with its stakeholders is presented on pages 52 to 53.

Culture

The Board recognises that its decisions regarding strategy and risk may impact the corporate culture of the Group and that this may impact the performance of the Company. The Board is also aware that the tone and culture set by the Board can have an important influence on employee behaviour.

Keywords has established a set of five core leadership principles under the rubric "Imagine More". These principles guide employees in our mission to deliver an ever-more compelling proposition globally for our partners in the video games industry and adjacent content markets, and underpin our corporate culture and promote entrepreneurial and open ways of working, so we can build close, trusting relationships with colleagues, suppliers, partners and clients. In 2023, our Leadership Principles were celebrated across the Group with employees sharing their stories of challenges and successes and discussing key topics with executives at global town hall sessions.

A whistleblowing process operates across the Group to encourage employees and other stakeholders to report suspected misconduct, illegal acts or failures to act. The aim of this is to create a safe environment for employees and others who have serious bona fide concerns about any aspect of the Group's work to come forward and voice those concerns without personal risk of retribution or reprisal. The Board reviewed the operation of the whistleblowing portal and received regular reports of incidents and investigations, and is confident that a robust process remains in place.

The Board seeks to better understand the interests of employees through an annual employee survey, pulse surveys throughout the year and regular town hall meetings which provide a forum for management to present important matters and respond directly to feedback from employees. Further details can be read on page 53.

Internal controls and risk management

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the Group's risk management and internal control mechanisms. The status of our principal risks, as well as any emerging risks, is recorded in a comprehensive risk register for discussion at the Audit Committee. The Company's principal risks, along with key challenges in the execution of the Company's strategy, and along with the controls implemented to mitigate them, can be found on pages 54 to 60.

The Audit Committee is responsible for the oversight of the Company's risk management and internal controls and procedures, as well as determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts regular reviews of their effectiveness. This process enables the Board to determine whether the risk exposure has changed during the year. When setting and implementing strategy, the Board takes into account the principal risks and seeks to limit the extent of the Company's exposure to them, having regard to both its risk tolerance and risk appetite, through appropriate mitigations.

The Group has internal control systems in place appropriate to the size and nature of its business. The key elements are:

- Board meetings are held at least six times per year, receiving reports on, and holding discussions with management on performance and key risk areas in the business.
- Monthly financial reporting, for the Group and for each service line, of actual performance compared to budget and the prior year and a dashboard of Key Performance Indicators.
- Visits to key studio locations.
- Annual budget setting.
- Robust cash management.
- Annual strategy conference with the Executive Committee and senior leaders.
- A defined organisational structure with appropriate delegations of authority.
- Annual Board Strategy day.

The Board

The Board, as a whole, is responsible for the overall management of the Group and for its strategic direction, including approval of the Group's strategy (including corporate and business development), its corporate culture, its annual business plans and budgets, the interim and full year financial statements and reports, any dividend proposals, the accounting policies, major capital projects, treasury management policies, any investments or disposals, its succession plans and the monitoring of financial performance against budget and the formulation of the Group's risk appetite, including the identification, assessment and monitoring of Keywords' principal risks.

The Board comprises three Executive Directors, Bertrand Bodson (CEO), Rob Kingston (CFO) and Jon Hauck (COO), and five Non-Executive Directors, Don Robert (Chair), Charlotta Ginman (Senior Independent Director), Georges Fornay, Marion Sears and Neil Thompson. Director biographies and Committee memberships are detailed on pages 68 to 69. Following a number of Board changes in the year, our Board diversity is currently 25% female Directors. The Company annually reviews its Board Diversity Policy, which aims to improve skills, thought, gender and ethnic diversity on the Board. Details of directorship changes in the year can be read in the Nominations Committee report on pages 70 to 71.

Letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. The Executive Directors work full-time for the Company. All Non-Executive Directors are expected to dedicate at least 30 days per annum to the Company, rising to 40 days if they also chair a committee, and the Chair is expected to dedicate 60 days per annum. The Company has adopted a policy whereby all members of the Board are subject to re-election at each AGM. In practice, all the Non-Executive Directors spend more than the minimum number of days on Company business.

Charlotta Ginman currently holds six non-executive directorships. Of those, three roles are at investment companies that generally only have four to five meetings a year, and three are at AIM quoted entities, with less regulatory burden than premium listed companies, and the Nominations Committee is therefore confident that Charlotta Ginman has sufficient time to devote to her Keywords role.

The Board is satisfied that it has a suitable balance between independence and knowledge of the Company, and that no individual or group may dominate the Board's decisions. The Non-Executive Directors have both the breadth and depth of skills, and experience, to effectively discharge their responsibilities. During the second half of the year the Board conducted a comprehensive review of its skills, knowledge, experience and diversity, and concluded that the current balance of skills on the Board, as a whole, reflects a broad range of personal, commercial and professional experience, including a variety of financial and managerial skills. The Chair fosters healthy debate in the boardroom by encouraging all Directors to use their independent judgement and to robustly challenge management on strategic and operational matters.

The Board meets a minimum of six times a year and a forward schedule of meetings and matters is fixed to ensure the Board considers a broad range of appropriate matters. Given the global nature of our business, the Directors meet in person and remotely, as required, with senior managers across the business and visit at least one studio each year. Meetings are open and constructive, with every Director participating fully. Senior managers are invited to present deep dives on particular areas of interest to the Board, providing the Board the opportunity to engage directly with senior managers and maintain a comprehensive view of the business. The Non-Executive Directors meet regularly without the presence of the Executive Directors and maintain ongoing communications with Executive Directors between formal Board meetings. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary.

In line with good corporate governance practice, the responsibilities of the Chair and CEO are separate and well defined. A copy of the Chair/CEO Split of Responsibilities is available on the Company's website www.keywordsstudios.com.

Charlotta Ginman is the Senior Independent Director (SID) and is also available to shareholders and other Non-Executive Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication.

The Board has the mix of skills, experience and capabilities required to fulfil its responsibilities. The Company believes that the current balance of skills in the Board as a whole reflects a broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. Details of the Directors' experience and areas of expertise are outlined on pages 68 and 69. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise.

The Chair is supported by the Group General Counsel and Company Secretary in maintaining excellent standards of corporate governance and providing necessary updates to the Board on corporate governance developments and AIM regulations.

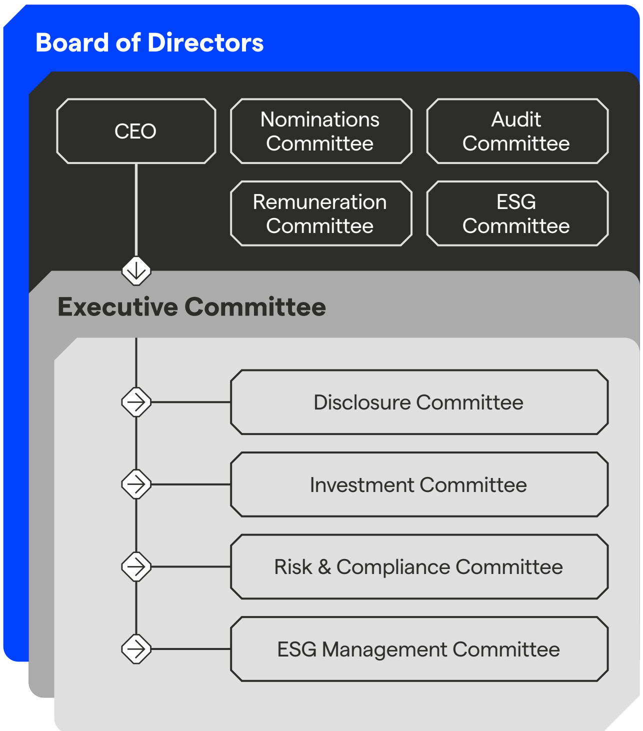
The Directors have access to the Company's nominated adviser, corporate brokers, company secretary, lawyers and auditors and are able to obtain external advice, as required. The Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board reviews annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

Corporate governance report

CONTINUED

Governance structure



Nominations Committee

The Nominations Committee is chaired by Don Robert and its other members are Charlotta Ginman, Georges Fornay, Marion Sears and Neil Thompson. The Nominations Committee is responsible for keeping under review the structure, size and composition of the Board, its Committees, and the Executive Committee. Further information on the Nominations Committee, including its role and responsibilities, can be found in the Nominations Committee Report on pages 68 and 69.

Audit Committee

The Audit Committee is chaired by Charlotta Ginman, and its other members are Don Robert, Georges Fornay, Marion Sears and Neil Thompson. The Audit Committee is responsible for overseeing financial reporting, risk management and internal control procedures, as well as the appointment, removal and scope of work of the external auditor (including non-audit services, independence and objectivity). Further information on the Audit Committee can be found in the Audit Committee Report on pages 72 to 74.

Remuneration Committee

The Remuneration Committee is chaired by Marion Sears, and its other members are Don Robert, Charlotta Ginman, Georges Fornay and Neil Thompson. The Remuneration Committee is responsible for determining the remuneration of the Chair (with the Chair absenting himself), Executive Directors and senior executives of Keywords. The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. Non-Executive Directors' remuneration is determined by the Executive Directors. Further information on the Remuneration Committee can be found in the Directors' Remuneration Report on pages 75 to 89.

ESG Committee

The ESG Committee is chaired by Georges Fornay and its other members are Neil Thompson, Marion Sears, Bertrand Bodson, Don Robert, Charlotta Ginman, Robert Kingston and Jon Hauck. The remit of the ESG Committee is to oversee the following areas which have been identified as environmental, social and governance priorities: (i) people; (ii) client; (iii) community; and (iv) planet; and all underpinned by (v) corporate governance. Further information on the ESG Committee, including its role and responsibilities, can be found in the ESG Committee report on pages 90 and 91.

Governance documents

The Matters Reserved for the Board and terms of reference for all the Committees are available on the Company's website www.keywordsstudios.com.

Board evaluation

In 2023, an internal evaluation of the effectiveness of the Board and its Committees was conducted with the support of the Company Secretary, which concluded that the Board and its Committees continue to operate effectively. An externally facilitated evaluation was last conducted in 2021, by One Advisory Limited, and the Board is committed to a periodic external evaluation.

The 2023 evaluation exercise comprised two stages. The first stage was a detailed questionnaire to gather feedback from each Director on the overall performance of the Board and the Board's Committees. The second stage was a series of individual discussions held between the Chair with each Director. The Senior Independent Director held discussions with each Director to review the performance of the Chair. The areas addressed by the evaluation were: composition and skills, culture and integrity, operating effectiveness and efficiency, stakeholder engagement, quality of information and ongoing development, the overall contribution of each Director and the effectiveness of the Chair.

Progress made during the year

Four areas were identified for improvement in 2023, and comments on progress made are included below.

— **To review opportunities for enhancing engagement with key stakeholders.**
Progress made in the year: Opportunities to engage with shareholders, the workforce, banking partners and clients have been made available to the Board during the year.

— **To offer Directors opportunities for development.**
Progress made in the year: A dedicated session was held on artificial intelligence, exploring a broad range of commercial, operational and legal considerations. The Directors were able to discuss training needs with the Chair and Company Secretariat.

— **More time dedicated to reviewing (i) acquisition success and integration activity, and (ii) competitors.**
Progress made in the year: An integration update was added to regular Board reports, and insights into the position and experiences of competitors and the broader market were included in deep dives and other updates, as appropriate.

— **Succession planning for members of the Executive Committee.**
Progress made in the year: 2023 saw a re-organisation of the leadership team, which incorporated a review of the talent pipeline as part of a Group diversity programme.

Following a review of the findings of the 2023 evaluation, the Board has highlighted the following areas for attention in 2024:

- To continue to offer Directors a range of opportunities for training and development.
- To enhance Board papers and presentations with a strong focus on strategic priorities, including key financial and non-financial metrics.
- To enhance the Board's oversight of company culture and the risks inherent in the business and the Group's internal controls framework.
- To continue to focus on succession planning for Board roles.

Advisers

The Board has regular contact with its advisers to ensure that it is aware of changes in corporate governance procedures and requirements and that the Group is, at all times, compliant with applicable rules and regulations. The Company had Director and Officers' liability insurance cover in place throughout the year and it is intended for the policy to continue for the year ending 31 December 2024 and subsequent years. Additionally, the Company provides an indemnity in respect of all the Company's Directors or other officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties.

The Company's nominated adviser, Deutsche Numis, provides guidance on regulatory and corporate governance matters to the Board, as required.

In January 2024 the Company announced the appointment of Barclays Bank plc as joint Corporate Broker, alongside existing Corporate Broker, Deutsche Numis.

The Company has retained Deloitte LLP, who provide advice in relation to remuneration matters. Additional information can be found in the Directors' Remuneration Report on pages 75 to 89.

All Directors may receive independent professional advice at Keywords' expense, if necessary, for the performance of their duties.

Meetings and attendance

The following table shows the attendance of Directors at scheduled meetings of the Board and its Committees during the calendar year ended 31 December 2023. The number of attendances is shown next to the maximum number of meetings the Director was entitled to attend.

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee	ESG Committee
Bertrand Bodson	8/8	–	–	–	3/3
Jon Hauck	8/8	–	–	–	3/3
Rob Kingston[4]	4/4	–	–	–	2/2
Don Robert[1]	7/7	4/4	3/3	2/2	3/3
Charlotta Ginman[3]	8/8	5/5	4/4	3/3	3/3
Georges Fornay[3]	8/8	5/5	4/4	2/2	3/3
Marion Sears[5]	7/8	5/5	6/6	2/3	2/3
Neil Thompson[6]	8/8	4/5	6/6	3/3	3/3
Ross Graham[2]	2/2	2/2	2/2	1/1	–

1 Don Robert joined the Board on 1 February 2023.
2 Ross Graham sadly passed away on 13 May 2023.
3 On 26 May 2023, Charlotta Ginman was appointed a member of the ESG Committee and Georges Fornay was appointed a member of the Nominations Committee and Remuneration Committee.
4 Rob Kingston joined the Board on 1 July 2023.
5 Marion Sears was unable to attend one Board meeting, one Nominations Committee meeting and one ESG Committee meeting due to a family emergency.
6 Neil Thompson was unable to attend one meeting of the Audit Committee due to a prior commitment.

QCA Corporate Governance Code

Principle		Disclosure within this report
1	Establish a strategy and business model which promotes long-term value	Pages 14-27
2	Promote a corporate culture that is based on ethical values and behaviours	Pages 38-51
3	Seek to understand and meet shareholder needs and expectations	Pages 52-53
4	Take into account wider stakeholder interests and their implications for long-term success	Pages 38-53
5	Embed effective risk management, internal controls and assurance activities	Pages 54-60
6	Establish and maintain the board as a well-functioning, balanced team led by the chair	Pages 62-71
7	Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities	Pages 62-71
8	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Pages 66-67
9	Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	Pages 77-82
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Pages 52-53, 62–67

Our Board of Directors

Strong leadership

Don Robert
→ Chair

Don brings a strong track record of building and leading international businesses, including through acquisitions, and a deep understanding of technology, data and analytics. He was CEO of Experian plc, the global information and analytics group, for nine years, during which time he more than doubled operating profits and scaled the business into a global market leader. He subsequently became Chair of Experian between 2014-2019. He has also served as a non-executive Director of Court for the Bank of England and Senior Independent Director of Compass Group. Prior to joining Experian, Don held executive positions with First American Financial Corp. and U.S. Bank.

Don currently serves as Chair of the London Stock Exchange Group (LSEG), where he has overseen the transformation of LSEG into a leading global financial markets infrastructure business. He is also involved in several private technology focused businesses and holds a variety of private equity roles.

Bertrand Bodson
→ Chief Executive Officer

Bertrand Bodson brings deep experience of driving and executing growth strategies for international businesses. He has a 23-year career in establishing new business models and innovative platforms, developing strategic partnerships, international expansion and digital transformation. He was Chief Digital Officer and a member of the executive committee for global healthcare leader Novartis between 2018-2021, where he led the digital transformation of the business, leading large-scale teams, securing a number of strategic partnerships and playing a key role in the development of its corporate culture. Bertrand previously spent four years as Chief Digital and Chief Marketing Officer at Sainsbury's Argos where he led the transformation from a traditional catalogue business to the third-largest online retailer in the UK. He subsequently led the integration of Argos into the Sainsbury's store network. Early experience includes senior roles involved with content-creation and entertainment at EMI Group, Bragster (which he co-founded) and Amazon. Bertrand is a graduate of Harvard Business School and McGill University. He is currently a non-executive director of Tesco plc.

Rob Kingston
→ Chief Financial Officer

Rob comes with a strong track record of delivery across international and acquisitive technology and media companies. Prior to Keywords, he was CFO for the UK&I Division of Flutter Entertainment plc. Previously, having joined as a graduate, he worked at Sky plc for 25 years in a variety of progressively senior finance and operational roles across the business, including Finance Director for the Content Division, Group Director of IR, and Executive Director to the Group CEO. He has held positions on a variety of Boards as well as being a member of the Finance & General Purposes Committee of the National Film and Television School. Rob holds a BA (Hons) in Business Studies and is a Fellow of the Chartered Institute of Management Accountants.

Jon Hauck
→ Chief Operating Officer

Jon joined Keywords in 2019 as CFO and in 2023, moved to his current role of COO. He has a wealth of finance, change management and M&A experience, having held the role of Group Financial Controller and Treasurer at Rentokil Initial plc between 2015-2019. He joined Rentokil Initial in 2008 and, held several roles, including Programme Director in North America where he was responsible for leading a substantial integration programme. He subsequently became Chief Financial Officer of the North America operations. Prior to Rentokil Initial, he worked in PriceWaterhouseCoopers' Assurance practice. Jon is a Fellow of the Institute of Chartered Accountants of England and Wales.

A N R E

Georges Fornay

→ Independent Non-Executive Director

Georges has over 30 years' experience in the technology and video games sectors and is currently Deputy CEO of Qobuz, the French high-quality music streaming service. Georges worked in senior management at Sony Computer Entertainment from 1995 to 2011, including as CEO of the French and Swiss divisions and culminating as the Senior Vice President from 2004 to 2011. During this time he oversaw the launch of the PlayStation Portable and PlayStation 3. Prior to this, Georges spent nine years at Commodore, the last five years of which were as CEO of Commodore France PC Manufacturing and Distribution. Georges has also held significant industry-wide roles, including four years on the Board of France's second largest independent games publisher, Focus Home Interactive, which is listed on the Alternext. Four years as President of SELL, France's Union of Entertainment Software Publishers, where he was responsible for representing and advocating the industry's and its 31 members' interests to the French Government.

A N R E

Charlotta Ginman

→ Independent Non-Executive Director and Senior Independent Director

Charlotta qualified as a Chartered Accountant before spending a career in investment banking and commercial organisations, principally in technology-related businesses. Charlotta began her career at Ernst & Young in 1989, and was then appointed to a series of senior roles in investment banking with UBS, Deutsche Bank and JP Morgan, both in London and Singapore, where she gained considerable M&A transactional experience.

Charlotta has also held senior roles within Nokia Corporation, including acting as Chief Financial Officer of its luxury mobile phone division Vertu Corporation Limited. Charlotta is an experienced NED, currently sitting on the Boards of Gamma Communications plc, Pacific Assets Trust plc, Polar Capital Technology Trust plc, Unicorn AIM VCT plc and Boku Inc. As three of Charlotta's roles are with investment companies that require less time to be dedicated throughout the year, and the rest are AIM listed entities with less regulatory burden than a company listed on the main market, Charlotta has sufficient time to devote to each of her roles.

A N R E

Marion Sears

→ Independent Non-Executive Director

Marion had an extensive career in the City as an analyst and subsequently in investment banking and international M&A. Over the last 20 years she has served on a number of private and public company boards as a Non-Executive Director. She has acted as a Senior Independent Director and has chaired Remuneration, Nomination and Corporate Responsibility committees during this time, giving her long-standing PLC experience and stakeholder understanding. Marion is currently a Non-Executive Director at Dunelm Group plc, where she has designated responsibility for workforce engagement.

A N R E

Neil Thompson

→ Independent Non-Executive Director

Neil has over 25 years' experience in the technology sector, holding a number of senior positions within Microsoft Corporation. He was part of the management team that launched Xbox into Europe and for a number of years ran Microsoft's Consumer and Devices business across EMEA. He has extensive experience of scaling new businesses across international territories and building resilient organisations in constantly changing environments. He is a Non-Executive Director at E.P. Barrus Ltd. and acts as a board adviser to start-up SaaS businesses.

Committee membership

A Audit

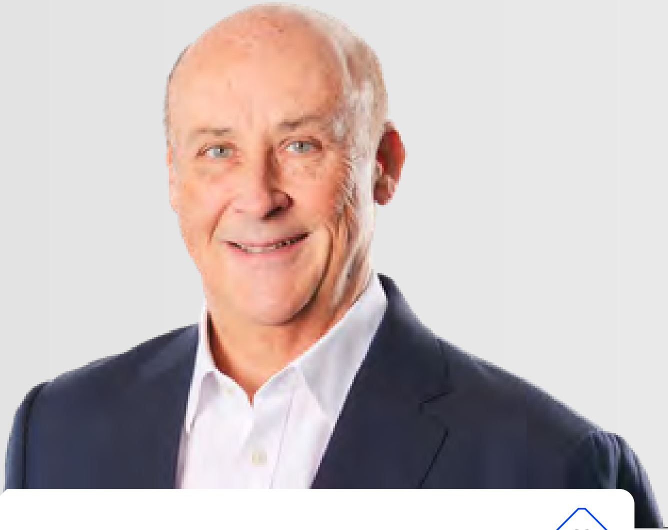
N Nomination

R Remuneration

E ESG

Committee Chair

Nominations Committee report



> The key area of focus during the year was succession planning for essential roles.
>
> **Don Robert**
> Chair of the Nominations Committee

Don Robert
→ **Chair of the Nominations Committee**

N

Role and responsibilities

The Committee has written terms of reference which are available to view on the Company's website www.keywordsstudios.com. The terms of reference clearly define the Committee's responsibilities and duties, and these were reviewed by the Committee and approved by the Board in December 2023.

Composition and changes to the Board and Committees

The Committee is comprised of Independent Non-Executive Directors and is chaired by the Chair of the Board. On 1 February 2023, I was appointed as a Non-Executive Director and Chair Designate. The former Chair, Ross Graham, sadly and unexpectedly passed away in May and I became Chair on 15 May 2023, slightly ahead of my planned succession at the AGM on 26 May 2023.

Following a review of the corporate governance arrangements of the Company, it was decided to enhance the functioning of the Board's committees by appointing all Non-Executive Directors to sit on all committees. This was welcomed by the Directors and, on 26 May 2023, Charlotta Ginman was appointed a member of the ESG Committee and Georges Fornay was appointed a member of both the Nominations Committee and Remuneration Committee.

Following a rigorous search process, we were delighted to appoint Rob Kingston as CFO on 1 July 2023, at which time Jon Hauck became COO.

Each year, we review the performance of the Board, reflecting on successes and challenges and the contribution of Directors, and agree actions to enhance the Board's performance. Details of the 2023 internal performance review of the Board and its committees are provided on page 66.

Succession

Succession planning is designed to consider the planned process of transition to new leadership over time and also the potential for unforeseen change over a shorter time frame. In respect of the longer-term Board composition, as Board members progress through their tenure, the Committee continues to consider their independence. In 2023, the Board was satisfied that all Non-Executive Directors continued to be independent.

The Board is committed to effectively managing leadership succession and proactively engages with executives to assess the wider senior manager talent pool. The Board and its committees regularly interact with executives and senior managers throughout the year. These interactions are valuable for the Board's decision-making and have helped the Non-Executive Directors to develop a clear understanding of the strength of the management team in delivering Keywords' strategic objectives.

Below the Board, 2023 has seen a strong focus on succession planning for executive roles, taking into account the strategic priorities of the Group and the skills required to deliver them. The Board are mindful of the need to continue to drive diversity and build a strong talent pipeline for internal successors to key leadership roles.

Skills and experience

During the year, the Committee reviewed the size, composition and skill set of the Board and concluded that there was an appropriate mix of experience, skills and knowledge to provide effective leadership of its business activities. It was acknowledged that Don Robert offers considerable corporate governance expertise, strong M&A and that financial expertise is provided by Charlotta Ginman, considerable M&A and remuneration experience is contributed by Marion Sears, and deep knowledge of the industry is provided by Georges Fornay and Neil Thompson.

Full biographical details of our Directors can be read on pages 68 to 69.

Diversity

The Board sees championing diversity, equity, inclusion and belonging as one of its key commitments, for the benefit of our workforce, industry and society. We recognise the diversity challenges of the industry and we remain focused on improving diversity across the entire Group from the boardroom to the studio.

Following changes to the Board, 25% of Directors were women as at 31 December 2023. Charlotta Ginman is our Senior Independent Director as well as Chair of the Audit Committee, providing extensive financial experience to the Board.

The Committee conducts an annual review of the Board Diversity Policy, which acknowledges that an effective Board will include and make good use of differences in the skills, geographic and industry experience, background, ethnicity, gender and other distinctions between Directors. It emphasises that, in identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria, with due regard for the benefits of diversity on the Board and the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Information about diversity at Keywords can be found on pages 39 to 41.

Time commitment

During the year, the Committee reviewed the time commitments of Board roles. External appointments held by Directors were considered and assessed as providing valuable experience and insights for Directors to apply to their role at Keywords, and do not impact a Director's ability to dedicate the required time to Keywords.

As three of Charlotta's roles are with investment companies that require less time to be dedicated throughout the year, and the rest are AIM listed entities with less regulatory burden than a company listed on the main market, Charlotta has sufficient time to devote to each of her roles.

Activities in the year

During the year, the Committee's key activities included:

- The search and selection process for the CFO role, and nomination of Rob Kingston.
- Conducting a Board effectiveness review.
- Assessing the skills, knowledge, experience and diversity on the Board.
- Assessing the independence and time commitment of each Director.
- Search for additional NED.

Induction and development

Rob Kingston was appointed to the Board on 1 July 2023 and followed a comprehensive induction programme, including meetings with management teams across the Group, key external stakeholders and visits to a number of key studio locations. These experiences served to provide Rob with a deep understanding of the business' operations and environment, internal controls and risk environment, investor relations activities and M&A.

Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. Further training and development needs are assessed on a periodic basis and as part of Board and Committee performance reviews.

Governance

The Committee meets at least twice a year and at such other times as the Chair or any member of the Committee may request.

Company Secretary

The Directors had direct access to the Group's General Counsel and Company Secretary, Andrew Kennedy, for advice on legal and corporate governance matters.

2024 plan

The Committee has two meetings scheduled for 2024 and its attention will be remain focused on Non-Executive Director recruitment.

Don Robert
Chair of the Nominations Committee

13 March 2024

Audit Committee report

Charlotta Ginman
→ Chair of the Audit Committee

A

Continuing to oversee the implementation of a fit for purpose Risk Assurance and Internal Control Framework for the Group.

Charlotta Ginman
Chair of the Audit Committee

Introduction from the Chair

I am pleased to present, once again as Chair of the Audit Committee, the report for the year ended 31 December 2023. This report details the work of the Committee over the past year, fulfilling our responsibilities to provide effective governance over the Group's financial activities.

Role and responsibilities

The Committee has written terms of reference which are available to view on the Company's website www.keywordsstudios.com. The terms of reference clearly define the Committee's responsibilities and duties, and these were reviewed by the Committee and approved by the Board in December 2023. In addition to the terms of reference, the Committee has developed an annual agenda which corresponds with the meeting schedule, to ensure all key responsibilities are completed and managed.

Membership

The Committee is comprised of Independent Non-Executive Directors and as a whole has competence relevant to the video games industry. I am a Chartered Accountant and I also chair the Audit Committees for other public companies. More information about the Committee members and their attendance during the year can be found on pages 67 to 69.

Key reporting issues

During the year, and as part of the year-end procedures, the Committee considered the following key financial matters in relation to the Group's financial statements and disclosures with input from both management and the external auditor:

— Business combinations – we reviewed, the key business combination accounting assumptions, including purchase price allocations for our newly acquired entities, used during the year.
— Valuation of goodwill and intangible assets – we received goodwill impairment review results, and challenged the underlying assumptions made.
— Revenue recognition – we reviewed areas of material judgement relating to revenue recognition in client contracts.
— Functional currency – we reviewed the functional currency of the Company and presentation currency of the financial statements in light of recent acquisitions.
— Taxation – we reviewed the Tax Policy Statement and Anti-Tax Evasion Policy.
— Climate reporting – now a mandatory requirement for Keywords, we reviewed the reporting regime, compliance statement and materiality assessment. Our TCFD and CFD disclosures can be read on pages 46 to 51.
— Accounting Policy changes and their impact on our accounts were discussed. For more, see page 107.

Furthermore, the Committee discussed as well as received comprehensive papers on explaining management's estimates and judgements in connection with material accounting issues including bad debt provisioning (IFRS 9), impairments of onerous contracts, deferred contingent liabilities, going concern and treasury activities. For further detail on these, see the Notes forming part of the consolidated financial statements on pages 105 to 142.

Annual Report and financial statements

The Board has asked the Committee to confirm that, in its opinion, this Annual Report as a whole can be taken as fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy. In doing so, the Committee has given consideration to:

— The way the Strategic Report (including the Chair's statement and reports of the CEO and CFO) presents the Group and its operations, financial and business model and the metrics management uses to measure performance.
— Whether suitable accounting policies have been adopted and have challenged the robustness of significant management judgements and estimates reflected in the financial results.
— The comprehensive control framework around the production of the Annual Report, including the verification processes in place to deal with the factual content.
— The extensive levels of review that are undertaken in the production process, by both management and advisers.
— The Group's internal control environment.

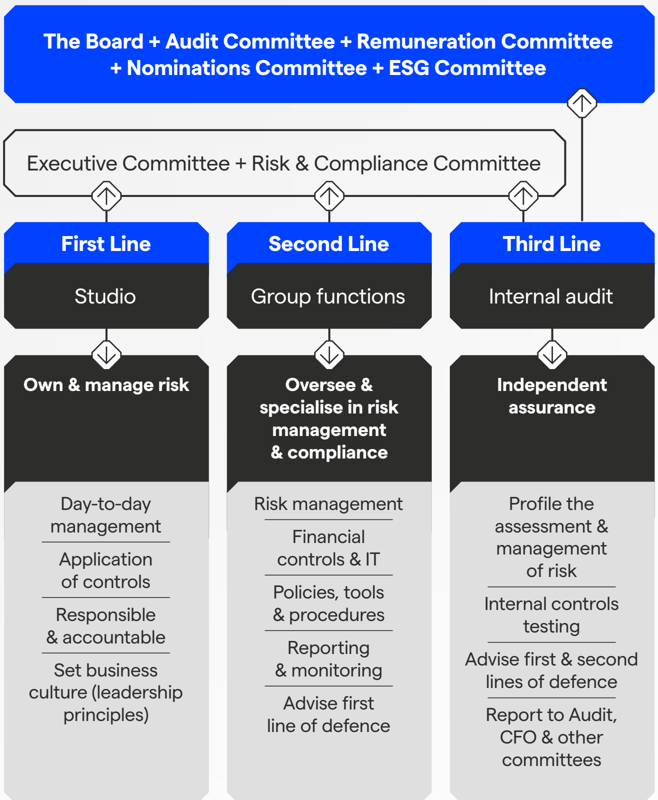
The Group uses certain alternative performance measures (APMs) to present its results alongside the statutory financial statements. These are non-GAAP measures used by management and the Board, designed to provide the users with a further understanding of the trading performance of the business. An explanation of the APMs and a reconciliation to the nearest statutory equivalent measure is provided on pages 154 to 161.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 December 2023, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and it has reported on these findings to the Board.

Internal control and risk assurance framework

The Committee has continued to oversee the build and enhancement of the Group's risk assurance and internal controls framework to ensure that following the Group's rapid expansion a strong framework is maintained. During the year, the Committee considered and approved the implementation of a well documented, three lines of defence model which will be appropriate to the size, scale and growth trajectory of the Group. The first line of defence is our studios, who are responsible for the day-to-day management of risk and application of controls; the second line is independent Group functions such as finance which oversees finance controls and monitors risk management; and, finally, the third line is internal audit, providing objective and independent assurance.

Our three lines of defence model:



We have made significant progress during the year in developing and rolling out risk and control matrices (RACMs) to systematically manage and evaluate risks and controls. Various workshops were held for key stakeholder groups to ensure RACMs were appropriate and training sessions were conducted to ensure those responsible were provided with the requisite skills and knowledge. RACMs will be monitored with a combination of self assessment, testing, management letters of assurance every year as well as periodic internal audits. We will continue to map the implementation and advancement, and I will be pleased to report progress in next year's report.

Twice a year, at the time of the interim results and full year results, the regional heads of operations, finance teams and Divisional directors confirm to the Committee compliance in such areas as key policy rollouts, risk reviews, internal controls and contract management.

The Committee regularly reviews the Company's principal risks on behalf of the Board, ensuring they remain relevant. Material changes are promptly notified to the Board, and mitigation plans are reviewed to ensure they are fit for purpose as appropriate. During 2023, the Committee reviewed the risk register of each principal risk at each meeting and received a deep dive analysis into a chosen principal risk, and in January a comprehensive review of principal and emerging risks was conducted, structured as a top-down Board risk overview and bottom-up leadership team review. In 2023, the Committee received deep dives, including, Financial Crime and Technology Obsolescence. A comprehensive overview of our principal and emerging risks can be read on pages 54 to 60.

The Committee is supported by a management-led Risk and Compliance Committee (RCC), formed in 2023, whose members include key risk owners and functional heads from across the Group. The RCC is chaired by Rob Kingston, CFO, and drives enhancements to the internal controls and risk framework and reports on key matters are delivered to the Committee on a regular basis.

Internal Audit

The Internal Audit function plays a crucial role within the Group's governance, risk management, and internal control framework. The primary objective of this function is to assist the Board and executive management in safeguarding the organisation's assets, reputation, and sustainability, whilst effectively managing and mitigating risks. This involves evaluating whether significant risks are identified and appropriately communicated by management to the Board and executive team, and assessing the adequacy of their control measures.

The Committee is responsible for overseeing and evaluating the scope and effectiveness of the Group's Internal Audit function. During the year, Management obtained the support of external resources to supplement the Internal Audit function, which has been effective in ensuring continuity of delivery of the 2023 Internal Audit Plan. The activities of the Internal Audit function are governed by an Internal Audit Charter which was reviewed and approved by the Committee during the year.

The Committee received regular updates on internal audit activities, including:

- Integration of recently acquired businesses;
- Implementation and communication of Group policies;
- Reviews of whistleblowing procedures;
- RACMs work conducted, holding various workshops and training sessions;
- Business assurance processes; and
- IT and physical security.

Reports are presented at each Committee meeting, providing an update on activities, progress against the internal audit plan, results from audits and site visits.

↘ Audit Committee report

CONTINUED

Key policies

The Committee remains responsible for the review and approval of the following policies, which were reviewed and approved during the year:

- Non-Audit Services Policy.
- Employment of Former Employees of the External Auditor Policy.

Whistleblowing

Keywords operates an externally-facilitated whistleblowing portal and has a dedicated internal cross-functional team which has proven successful in co-ordinating responses to protected disclosures received. It continues to securely handle confidential or anonymous reports in line with data privacy rules and the latest whistleblowing legislation in relevant jurisdictions where we operate.

The whistleblowing portal gives employees and third parties the opportunity to raise any concerns they may have about possible financial or other irregularities confidentially, anonymously if they wish. During 2023, twelve reports were received, which were fully investigated and either substantiated and resolved or disproven (2022: eight). The greater number of reports received in the year gives the Committee confidence that employees are aware of the whistleblowing portal and are confident to use it without fear of retribution.

External audit

Audit services

The Auditor is appointed by the shareholders annually to provide an opinion on financial statements prepared by the Directors. BDO, the Company's current Auditor, was first appointed in 2013. Currently, Stephen McCallion acts as our lead partner.

The Auditor attends all Committee meetings. The scope of the current annual year-end audit was agreed in advance with the Committee with a focus on areas of audit risk and the appropriate level of audit materiality. The Committee also had discussions with the auditor on internal controls, accounting policies and areas of critical accounting estimates and judgements and fees.

Following the audit, BDO reported to the Committee on the results of the audit work and highlighted any issues identified, or that the Committee had previously identified as significant or material in the context of the financial statements.

There were no adverse matters brought to the Committee's attention in respect of the 2023 audit, which were material and which should be brought to the Company's shareholders' attention.

Effectiveness

The Committee monitored and evaluated the effectiveness of the Auditor under the current terms of appointment based on an assessment of the Auditor's performance, qualification, knowledge, expertise and resources. The Auditor's effectiveness was also considered along with other factors such as audit planning and interpretations of accounting standards and separate discussions with management (without the Auditor present) and with the Auditor (without management present). I also held discussions with the audit partner throughout the year outside of Committee meetings.

The Committee was satisfied that the audit was effective and that BDO continues to demonstrate the skills and experience needed to fulfil its duties effectively.

Independence and non-audit fees

The non-audit services policy was reviewed and updated in 2023. Any non-audit services are required to be pre-approved in advance by the Committee. During the year, BDO provided non-audit services to the Company of €10,500 (2022: €13,000), representing work done in association with the interim accounts.

In order to fulfil the Committee's responsibility regarding independence of the Auditor, the Committee reviewed the senior staffing of the audit, the Auditor's arrangements concerning any conflicts of interest, the extent of any non-audit services, the fact that no former external auditors have been employed in the business, and the Auditor's independence statement. The Committee is satisfied that the Auditor remains independent.

External audit tender

BDO has been the Group's auditor for over 10 years; however, Stephen McCallion has only acted as lead partner for four of the six years he has been involved with the Company's audit and we therefore consider that he remains independent and able to carry on as lead partner until 2024.

BDO will remain the Company's auditor for the year ending 31 December 2024; however, a comprehensive tender process will be undertaken during 2024, with the view of securing a new audit mandate for the year ending 2025.

The Committee has therefore, in accordance with the 2019 Ethical Standard, recommended to the Board that BDO continue to serve as Auditor for the 2024 financial year.

Audit Committee effectiveness

During the second half of the year, an internal evaluation of the effectiveness of the Board and its Committees was conducted. I am glad to say that the Audit Committee had a positive outcome, something I am hoping we will continue to enjoy going forward.

Focus for the coming year

The Committee has five meetings scheduled for 2024. Attention will be focused on the external audit tender process and the implementation of the three lines of defence model.

Charlotta Ginman FCA

Chair of the Audit Committee

13 March 2024

Directors' Remuneration report

Marion Sears
Chair of the Remuneration Committee

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> Focusing on fair pay for all employees, competitive rates for the workforce and a structure for the leadership that supports long-term value creation and aligns with shareholder experience.

Marion Sears
Chair of the Remuneration Committee

Introduction from the Chair

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023. The Company has chosen to adopt the corporate governance Code for Small and Mid-sized Quoted Companies published by the Quoted Companies Alliance; however, we recognise the importance of transparency and high standards of corporate governance so this report contains disclosures similar to those required by the UK Corporate Governance Code. You will also see that our new Remuneration Policy, set out in this report and under which 2024 awards will be made, broadly follows the Principles and Provisions of the UK Corporate Governance Code.

Business performance and Executive pay outcome for 2023

The Group delivered resilient growth in a difficult year for the industry that was impacted by a slow-down in player spend, industry-wide cutbacks and US entertainment strikes. Against this backdrop revenues were €780.4m, representing year-on-year growth of 13.0% including our five acquisitions, and adjusted operating profit increased 6.5% to €122.0m. We continued to grow our market share and industry leadership position and management made considerable progress against our strategic objectives. Cash generation remained healthy and conversion was over 80%.

We saw strong performance in our Create division, however our Globalize and Engage divisions experienced challenges due to US strikes, lower client activity and delayed project work, reflecting the current mixed market backdrop in the video gaming industry. This performance and backdrop, together with an equity market focus on the impact of AI on future performance, resulted in the share price falling during the year. Whilst we expect to deliver strong revenue and profit growth in 2024, the executive pay outcomes for 2023 reflect performance and shareholder experience in the year. The Committee awarded a bonus of 18% of salary which it believes reflects the strategic progress in the year and the strong cash generation. Bertrand Bodson and Rob Kingston did not receive any LTIP vesting as they joined the business in 2021 and 2023 respectively, but Jon Hauck received an LTIP vesting for performance over the three years to May 2023 based on relative TSR performance, together with the automatic vesting of tranches of salary shares. Accordingly, the Single Figure remuneration earned by the CEO was £777,700, that earned by the CFO was £231,300 and that earned by the COO was £1,177,500. The Single Figure published for our COO, Jon Hauck, includes the LTIP at a face value of £658,500 at the time of vesting in May 2023.

2023 Remuneration

Base salaries are reviewed each April and the salary for Bertrand Bodson increased by 3.5% to £621,000 in April 2023. Jon Hauck did not receive an increase in 2023 as CFO because he was promoted to COO-designate in October 2022 and received an increase at that time to £390,000. Rob Kingston joined on 1 July 2023 to succeed Jon as CFO on a base salary of £375,000.

The bonus opportunity in 2023 under our old Policy represented 30% of base salary and was measured against financial metrics (60%) and non-financial metrics (40%). Targets were set in line with our budget and strategic priorities and achievement against targets is described on page 85. This led to a payout of 18% of salary.

The LTIP represents 275% of salary for the Executive Directors and the performance period has historically been three years to May. From 2023, the LTIP performance period is aligned with the calendar and financial year, more in line with market norms. Up to and including awards made in 2023, the entire LTIP has been measured against TSR relative to the FTSE 250 index excluding investment trusts. Whilst in-flight LTIPs may not vest unless we deliver a share price recovery, the 2023 LTIP vesting covered the performance period May 2020-May 2023 and delivered 100% vesting to Jon Hauck. No discretion was applied and Jon retained these shares which count towards his required shareholding.

Workforce Remuneration

All employees received a regular salary increase on 1 April 2023. Our workforce is complex in structure, being in 26 countries with pay scales varying between hourly paid and flexible workers and highly paid engineers and artists. For 2023 we again took the decision to invest more in the pay of lower paid employees and the global workforce average increase was 6.2% compared with a standard increase for Board and Executive Committee (ExCo) of 3.5%.

Directors' Remuneration report

CONTINUED

Stakeholder considerations

The Committee has balanced the interests of shareholders and employees in reaching a determination that the remuneration outcomes described above are fair and reasonable and that no discretion needed to be exercised to adjust outturns or to address windfall gains. In coming to this conclusion, the Committee took into account the following factors:

- The Group has delivered resilient growth in the context of a difficult market backdrop.
- The Group continued to pay dividends to shareholders in line with the dividend policy.
- The LTIP shares vesting in the year to the COO were retained by him.
- The employee net promoter score (eNPS) remained at a good level overall despite difficult market conditions.
- Lower-paid employees received higher percentage increases in salary than management.

Remuneration policy review

During 2023, the Committee undertook a detailed review of the executive remuneration framework which included consultation with major shareholders, and we are grateful for the input provided and support shown for our proposals. We listened to feedback from shareholders and amended the final Policy structure as a consequence. The new Policy will bring the remuneration structure for our three Executive Directors into line with the increased size and complexity of Keywords and provide the structure we need to support our growth in the future. As part of this change we are increasing maximum bonus opportunities to more competitive levels. Awards will be subject to stretching performance targets, with 70% of the bonus based on financial measures, and the measures for LTIP awards updated to capture a broader assessment of performance, including a return on capital employed (ROCE) underpin. To strengthen the alignment with shareholder interests an element of bonus deferral has been introduced for the CEO, and a holding period will be introduced for LTIP awards. Details are set out on page 85 and shareholders can be assured that our overall philosophy is unchanged, being to maintain a focus on pay for performance and retain our weighting to long-term value creation and ensure alignment with shareholders.

2024 remuneration

In line with our Policy, executive salaries increase in line with, or below, any increase paid to the UK workforce. As such, on 1 April 2024 executive salaries will increase by 4%, whilst the salaries of our colleagues based in the UK and Ireland will increase by at least 4.5%. In 2024, implementation of the new Policy will mean we award higher bonus opportunities of 75% of salary to the CFO and COO and 125% of salary to the CEO, with an increased weighting (70%) on financial metrics to recognise the importance of sustainable annual financial performance. We will award the same LTIP quantum as before (275% of salary to all three Executive Directors) and 50% will be measured against TSR relative to the FTSE 250 index (excluding investment trusts), 35% will be measured against other financial measures and 15% will be measured against important ESG targets. We will explain bonus outcomes at the year end, and you can find details of the LTIP targets for the period 2024-2026 which will be used in forthcoming awards, on page 87.

Further engagement

We have engaged extensively with shareholders over the last few years as we have reshaped our Remuneration Policy to reflect the size and complexity of Keywords and to provide the framework we need to support our growth in the future, and we now expect this new Policy to remain in place for several years. You will see we have incorporated feedback and set stretching targets and I look forward to receiving your support at our 2024 AGM. In the meantime, if you would like to discuss any aspect of our approach to remuneration, please feel free to contact me via our Company Secretary.

Marion Sears

Chair of the Remuneration Committee

13 March 2024

Section 1: Directors' Remuneration Policy

Executive Directors' remuneration at a glance

The following is a summary of the key components of Executive Director remuneration, including changes and implementation in the forthcoming financial year.

Element	Remuneration in 2023	Remuneration in 2024
Base salary	**With effect from 1 January 2023** CEO: £600,000 CFO/COO Designate: £390,000 **With effect from 1 April 2023** CEO: £621,000 CFO/COO Designate: £390,000 **With effect from 1 July 2023** CEO: £621,000 COO: £390,000 CFO: £375,000	**With effect from 1 January 2024** CEO: £621,000 COO: £390,000 CFO: £375,000 **With effect from 1 April 2024** CEO: £645,800 COO: £405,600 CFO: £390,000
Pension	5% of base salary for all Executive Directors, in line with UK workforce	No change
Annual bonus	Maximum opportunity of 30% of base salary based on: — Financial targets, including turnover and profitability (weighted 60%) — Non-financial objectives (weighted 40%)	CEO: Target: 62.5% of salary Maximum: 125% of salary Partial bonus deferral applies – deferral of any bonus earned in excess of 50% of maximum for at least one year CFO and COO: Target: 37.5% of salary Maximum: 75% of salary Measurement: 70% financial targets (including adjusted operating profit 50%, total revenue 20%) 30% non-financial targets based on strategic measures
LTIP	275% of base salary for Executive Directors, subject to the Company's TSR performance versus the FTSE 250 Index (excl. investment trusts) over a three-year performance period Shareholding requirements apply	275% of base salary for Executive Directors, measured: — 50% relative TSR (vs the FTSE 250 Index excl. investment trusts) — 25% organic revenue growth — 10% adjusted cash conversion rate — 15% ESG targets LTIP vesting is subject to a return on capital employed underpin One-year holding period applies to 50% of 2024 awards vesting

Policy and principles

The Remuneration Committee determines the Company's policy on the remuneration structure for the Executive Directors and Executive Committee members plus the Company Secretary, and is responsible for oversight of the Remuneration Policy for the broader employee population.

The objectives of this policy are to:

- Reward executives in a manner that ensures they are properly incentivised and motivated to perform in the best interests of shareholders;
- Provide a level of remuneration required to attract, motivate and retain high-calibre individuals;
- Encourage value creation, through consistent and transparent alignment of incentive arrangements with the agreed Company strategy over the long-term; and
- Ensure the total remuneration packages, comprising both performance-related and non-performance-related remuneration, are designed to motivate the individual, align interests with shareholders and comply with good corporate governance practice.

The Remuneration Committee believes these objectives are best achieved by a remuneration structure whereby:

- Base salaries are targeted at up to median vs relevant comparator groups. In 2021 and 2022, the award of salary shares was used to compensate for base salaries at the lower quartile of relevant comparator groups and to ensure a more competitive position is achieved in a structure aligned with shareholders. From November 2022, we moved to a more typical market-competitive base salary structure and there is no intention to use salary shares going forward;
- Annual bonuses are targeted at up to median vs relevant comparator groups, with a maximum of 125% of base salary for the CEO and 75% of base salary for the COO and CFO;
- Long-term incentives are set at upper quartile, being the means by which executives can earn significant rewards if shareholders likewise have obtained a good return; and
- We consider the FTSE 250 overall to be a good comparator group and use this for relative TSR measurement. We also consider technology and AIM company peer groups when setting remuneration.

Section 1: Directors' Remuneration Policy CONTINUED

Executive Director remuneration components

Various remuneration components are combined to ensure an appropriate and balanced remuneration package which reflects the size and complexity of the Group, the executive's experience, responsibility and position, as well as wider market conditions. For this, the Remuneration Committee takes into account the performance of the individual, comparisons with peer companies and, where considered appropriate, reports from external independent consultants.

The remuneration package comprises the following elements:

- Fixed remuneration (base salary, benefits and pension)
- Performance-based remuneration (annual bonus and share awards)

These elements are detailed in the table below, which refers to the structure used for the Executive Directors; the structure is cascaded down to the ExCo and leadership team with variation in quantum according to level.

New policy

During 2023, the Remuneration Committee reviewed the pay structure for the Executive Directors with a particular focus on how the package incentivises management, appropriately reflects the strategic priorities of the Group (focused on continued strong growth), and the appropriateness of the financial and non-financial performance conditions applied. The Chair of the Remuneration Committee consulted with our largest shareholders to seek their views on the structure and proposed changes. As a result, the Committee amended the structure to bring it in line with the increased size and complexity of the Group and revised performance conditions to more effectively link the remuneration of Executive Directors with the long-term success of the Company and interests of shareholders.

Our new Policy is set out below. As we explained during consultation, the new Policy increases annual bonus opportunities to be more competitive with market practice in FTSE 250 companies, increases the weighting on financial metrics for the bonus to recognise the importance of sustainable annual financial performance and increases the number of LTIP metrics used whilst retaining our weighting to the long term to ensure alignment with shareholders and a focus on long-term value creation. In conjunction with increased quantum, and to ensure shareholder alignment, we have introduced a partial bonus deferral for the CEO, a ROCE underpin for LTIP vesting and a one-year holding period following LTIP vesting.

Accordingly, we have increased CEO variable quantum to 400% of salary and CFO/COO quantum to 350% of salary. We recognise that in conjunction with awarding a higher quantum, shareholders will expect us to set stretching targets and we envisage 50% of bonus will pay out for on-target performance. This compares with previous years when all of the 30% of salary bonus has typically paid out for on-target performance. Therefore, the on-target performance for the bonus for the CEO will increase from 30% to 62.5% of salary, and for the CFO and COO will increase from 30% to 37.5% of salary, with most of the increased opportunity linked to targets for delivering above-budget performance.

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To attract and retain talented executives to deliver the Group's strategy, by ensuring base salaries and the implied total package are competitive in relevant talent markets, whilst not overpaying.	Base salaries are reviewed by the Committee annually and benchmarked periodically against comparable roles at comparable companies of similar size and complexity. Paid in cash.	Salaries are set on a case-by-case basis to reflect the role, the experience and qualifications of the individual. Base salary increases for the executives take into account personal performance, Group performance, significant changes in responsibilities, the average increase awarded to the wider workforce, and competitive market practice. In the normal course, the expectation is that base salary will increase annually in line with, or below, any increase paid to the UK workforce.	n/a

Purpose and link to strategy	Operation	Opportunity	Performance measures
Pension and benefits			
To provide an appropriate structure and level of post-retirement benefit for executives in a cost-efficient manner that reflects local market norms in the relevant jurisdiction.	At the discretion of the Remuneration Committee, an executive may participate in a pension scheme facilitated by the Company. The Company also provides access to Group benefit schemes, where appropriate by region, which may include moderate contribution towards private health insurance, death in service cover and other Group-based benefits.	The Company provides access to pension schemes based on local legal requirements or where expected by local labour markets. Contributions meet the minimum requirements or are of a modest level. Basic additional benefits may also be provided where available and where considered the norm for managerial positions in similar businesses. An amount is paid equivalent to a percentage of base salary not exceeding the average paid in respect of the local workforce (currently 5% in the UK).	n/a
Annual bonus			
To provide an award where individual and Company performance have met or exceeded expected levels.	Executives are eligible to participate in an annual bonus scheme. The Remuneration Committee reviews the range and weightings of financial and non-financial performance measures each year.	Up to a maximum of 125% of base salary for the CEO and 75% of base salary for the COO and CFO. For the CEO, any cash bonus in excess of half of the maximum opportunity will be used to purchase Company shares which would then be held for at least one year. For the COO and CFO, the bonus is paid in cash.	The portion of bonus earned in any one year depends on the Remuneration Committee's assessment of the overall performance of the Company against predetermined targets for the year. Performance targets are 70% weighted on the Company's financial performance and 30% weighted on performance against strategic targets. The Remuneration Committee has discretion over outcomes.
LTIP			
To incentivise delivery against total shareholder return targets and align the interests of executives and shareholders in growing the value of the Group over the long term.	LTIP grants are made annually in the form of nominal value share options which vest subject to performance conditions measured over three years. Once vested, awards may be exercised up to 4 years from grant. Malus and clawback provisions apply. A holding period of one year applies to 50% of vested LTIP awards granted in 2024 and 100% for vested LTIP awards granted thereafter.	Maximum opportunity 275% of base salary. Dividends are accrued over the vesting period.	Vesting of LTIP awards is subject to continued employment during the performance period and the achievement of performance conditions. 50% of the LTIP is measured by relative-TSR, 35% by a combination of other financial targets, and 15% by ESG targets. LTIP vesting is subject to a ROCE underpin where the Committee considers whether the return generated is in line with the Board's expectations, and if not considers reducing the vesting level. The Committee has the discretion to adjust the outcome in exceptional circumstances to ensure it is a fair reflection of underlying performance. Further details, including the performance targets attached to the LTIP in respect of each year, will be disclosed in the relevant implementation report on remuneration (subject to these being considered not to be commercially sensitive). For Executive Directors, a one-year holding period applies to LTIP shares vesting (after tax and NI) and upon release at least 25% must be held to build towards the required shareholding of 250% of base salary. In the first year of the holding period introduction (2024), the holding period will only apply to 50% of shares vesting.

Section 1: Directors' Remuneration Policy CONTINUED

Executive Director shareholding guidelines

Executive Directors are encouraged to build and maintain over time a shareholding in the Company. To align the interests of Executive Directors with those of shareholders, and to promote long-term thinking, the Remuneration Committee imposes shareholding requirements which apply to all LTIP awards made to Executive Directors. The Committee has adopted shareholding requirements which apply both during employment and for a period following employment, although the Remuneration Committee retains the right to waive this requirement in exceptional circumstances such as death, ill health or severe financial hardship.

All Executive Directors are required to build a shareholding equivalent to 250% of base salary. This may be built over time, but with a requirement to hold 25% of any LTIP shares vesting (after tax and NI) until the required shareholding level is achieved. A one-year holding period applies to 50% of any vested LTIP awards granted in 2024, and 100% for vested LTIP awards granted thereafter. On departure, an Executive Director must continue to hold the required shareholding (or their actual shareholding if lower) for 12 months. These conditions preserve alignment of Executive Director remuneration and the experience of shareholders.

Details of the Executive Directors' current shareholdings are provided on page 88.

Recovery provisions (malus and clawback)

Recovery provisions may be applied to the annual bonus and LTIP awards in cases of fraud, dishonesty or deceit, gross misconduct or material financial misstatement in the audited financial results of the Group. The Remuneration Committee may determine that an award is cancelled in its entirety or be reduced to the extent they see fit.

Malus provisions apply which enable the Committee to determine before the payment of an annual bonus or the vesting of an LTIP award, that the bonus opportunity or LTIP award may be cancelled or reduced. Clawback provisions apply which enable the Committee to determine for up to two years following the payment of a cash bonus or the vesting of an LTIP award, that the amount of the bonus paid may be recovered and the LTIP or share award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

Use of discretion

The Remuneration Committee may apply its discretion when agreeing any remuneration outcomes, to help ensure that the implementation of our Remuneration Policy is consistent with underlying Company performance and is equitable to all parties.

Process for determining the Remuneration Policy

The Committee periodically reviews the Remuneration Policy to ensure it reflects, if appropriate, trends in remuneration design and governance developments, taking into account market practices, best practices, and revisions to the pay guidelines published by major investors and their representative bodies. In approving any changes to the policy, the Committee considers the impact on individual Executive Directors and as well as the consistency of pay structures and levels throughout the organisation. The Committee uses specific pay benchmarking studies, when relevant, to ensure Keywords' remuneration levels are positioned at the appropriate level. If major changes are considered for Executive Director remuneration, the Committee will undertake a consultation of major shareholders and relevant proxy agencies to ensure their feedback is taken into account before implementation.

Executive Director service contracts

In accordance with general market practice, each of the Executive Directors has a rolling service contract. The following table shows the date of the service contract for each Executive Director in post during 2023.

Executive Director	Position	Date of appointment	Date of service agreement	Notice period
Bertrand Bodson	CEO	1 Dec 2021	19 Sept 2021	6 months
Jon Hauck	COO	14 Oct 2019	30 Sept 2019	6 months
Rob Kingston	CFO	1 July 2023	20 June 2023	6 months

Remuneration for the wider workforce

In addition to determining the pay of the Executive Directors and ExCo members plus the Company Secretary, the Committee is responsible for overseeing the pay conditions of the wider workforce. The Committee seeks to understand the interests of the workforce by receiving reports from management on the global employee survey and town hall events, and benchmarking surveys provide a view of pay conditions in the context of the broader environment.

Keywords currently employs around 13,000 people in 26 countries on a variety of permanent and flexible contract types, and salary levels range across our service lines from minimum wage equivalent to highly paid technical experts. The complexity of this matrix means that remuneration is necessarily structured by country and division; however, consistent principles are applied in doing so, and the Committee provides support, advice and guidance to management in determining the appropriate structure across the Group. Annual salary reviews normally take place to account for high performance, local pay and market conditions.

Many permanent employees are eligible to participate in the annual bonus scheme. Performance metrics for the bonus are set to reflect an individual's specific objectives and are designed to reward over-performance and collaboration.

The remuneration principles applied for senior managers and senior roles are consistent with those applied to executive remuneration – to promote growth, achieve strategic objectives and contribute to the long-term success of the Group.

As such, objectives and performance conditions set for the bonus and share awards of Executive Directors are cascaded through the organisation to align the whole workforce strategically. In total, over 1,700 employees received share awards in 2023. Two types of share award are used: LTIPs and RSUs. LTIPs vest after a three-year performance period and are subject to continued employment and the same performance measures applied to executive awards. These are principally used for senior managers who have a role in executing Group strategic objectives and ensures alignment across the entire senior leadership team. RSUs are not subject to a performance measure but are subject to continued employment over two years. These are principally used as a retention mechanism for key roles across the Group.

Our all-employee savings scheme, the Employee Share Purchase Plan (ESPP), allows our employees to save up to £416 per month and at the end of a defined savings period purchase Keywords shares at a 15% discount. The ESPP is a benefit provided on equal terms to all employees in eligible countries and offers a savings opportunity and promotes share ownership by our employees. In 2023, over 400 employees participated in the ESPP.

The Board does not accept a pay differential between men and women in the same role and reviews annually an internal global gender pay gap report. At 31 December 2023, there were around 13,000 employees globally, of which 26.7% were women (by voluntary disclosure), and the Committee noted that gender balance varied by geography and division. In 2023, there was continued focus on the recruitment of women and our continued sponsorship of Women in Games demonstrates our commitment to improving the gender balance in the industry as a whole. The Group complies with equal pay directives across all its locations, conducting periodic assessments and analysis, and the Board is satisfied that there is equal gender pay given location and roles. Gender, diversity, inclusion, equity and belonging are an important focus for our ESG Committee, and the Remuneration Committee has included targets relating to this topic in the LTIP ESG metrics for 2024.

The CEO pay ratio presented on page 87 relates to our UK workforce of 883 employees as this is considered the most appropriate comparator group for the purpose of the ratio.

External appointments held by Executive Directors

The Board believes that external appointments can be useful in providing wider commercial context and providing a personal development opportunity for an Executive Director; however, any external time commitments must be carefully considered. Executive Directors may not accept any external appointment without the consent of the Board. Any associated fees are retained by the Executive Director.

Bertrand Bodson currently holds one non-executive position. Jon Hauck and Rob Kingston do not hold external appointments.

Consideration of shareholder views

AGM voting and other shareholder feedback is important in shaping the Company's implementation of its Remuneration Policy as well as any changes to the Policy. The Committee engaged with shareholders and representative agencies before and after the 2023 AGM, as well as later in 2023 to explain the intended changes to remuneration structure and measures, events during the year and priorities for the coming year. The Committee will continue to engage with shareholders in advance of the 2024 AGM.

Leaver treatment

Fair treatment will be extended to departing executives. The Group's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of termination.

Executives who resign or are dismissed for cause are, by default, not eligible for an annual bonus if they have left or are under notice at date of payment and forfeit all unvested LTIP shares, including salary shares.

Good leavers (normally including such circumstances as retirement, death, disability and redundancy) are permitted to exercise unvested LTIP awards, reduced pro rata to reflect the remaining vesting period (unless such reduction is waived by the Remuneration Committee) and to the extent that the performance criteria are met over the full performance period. At its discretion, the Remuneration Committee may allow the acceleration of vesting to the termination date, for which the achievement of the performance condition would be at the discretion of the Committee.

On a change of control, all unvested LTIP awards and salary shares may be exercised in full at the time of the event subject to discretion by the Remuneration Committee. It is intended that the Committee would only apply discretion to reduce vesting if the change of control took place due to poor underlying performance. A rollover of unvested awards into new awards may also be offered.

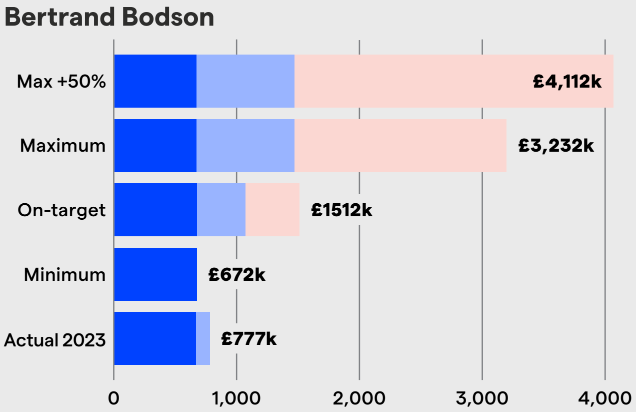
Pay for performance scenario analysis

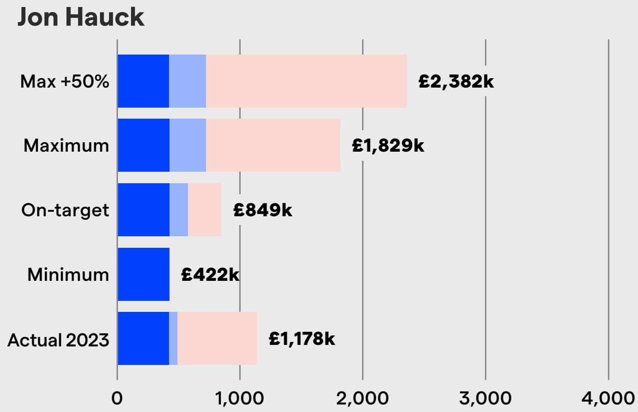
The charts below provide an estimate of the potential future reward opportunities for the CEO, CFO and COO and the potential split between the different elements of remuneration under four different performance scenarios: "Minimum", "On-target", "Maximum" and "Maximum +50% (share price appreciation)". These charts illustrate how performance-orientated and long term the Company's remuneration arrangements are, with the majority of the remuneration opportunity being delivered only under the "Maximum" scenarios. We have also included a bar showing the value of the actual package paid for 2023. However, it should be noted that the value of LTIPs vesting has since reduced due to the share price decline.

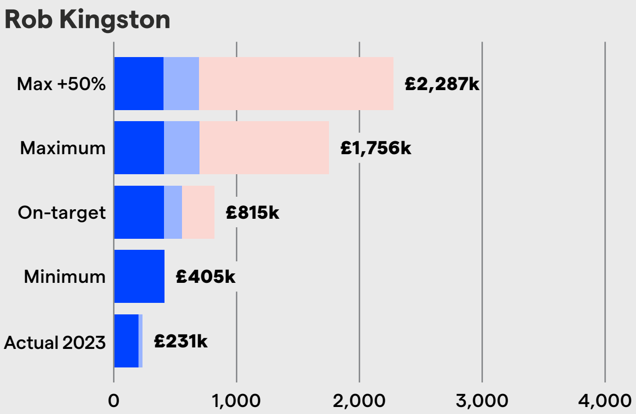
Potential reward opportunities are based on the Remuneration Policy, applied to current base salaries and incentive opportunities under this new Policy. Note that the LTIP awards granted in a year will not normally vest until the third anniversary of the date of grant, and the projected value excludes the impact of share price movement except in the "Maximum +50%" scenario.

Section 1: Directors’ Remuneration Policy CONTINUED

Pay for performance scenario analysis continued







Assumptions:

Actual 2023: Fixed remuneration (2023 base salary, benefits and pension), bonus paid for 2023 and LTIPs vesting in 2023.

Minimum: Fixed remuneration only (2024 base salary and pension).

On-target: Fixed remuneration as above, plus target bonus (50% of maximum) and threshold LTIP vesting (25% of maximum opportunity).

Maximum: Fixed remuneration, plus maximum bonus (125% of base salary for CEO and 75% salary for COO and CFO) and full vesting of LTIP awards.

Maximum+50%: As per Maximum scenario but with an assumption of share price growth of 50% over the three-year performance period for LTIP awards.

Fixed Short-term Long-term

Chair and Non-Executive Director fee policy

The Chair and Non-Executive Directors receive fees for preparation for and attendance at Board and Committee meetings. The Company does not operate any pension scheme for Non-Executive Directors, nor do they participate in any variable pay plan. Any reasonable business expenses (including tax thereon) may be reimbursed. Following a comprehensive review in 2023, Non-Executive Director fees will rise in line with Executive Director base salaries going forward.

Section 2: Implementation of the Remuneration Policy in 2023

The Remuneration Committee

The members of the Remuneration Committee in 2023 were Marion Sears (Committee Chair), Neil Thompson, Charlotta Ginman, Ross Graham (until 13 May 2023), Don Robert (following his appointment on 1 February 2023) and Georges Fornay (from 26 May 2023).

The members are all independent Non-Executive Directors. In the year ended 31 December 2023, the Remuneration Committee met on six scheduled occasions. Members attended all Committee meetings for which they were eligible to attend throughout the year. Full attendance details are provided on page 67. At the request of the Committee Chair, the CEO, CFO, COO, Chief People and Culture Officer, Head of Reward and the Group's external remuneration adviser may also attend meetings.

The Chair of the Remuneration Committee met with shareholders, key investors and relevant proxy agencies in 2023 to obtain input and feedback on proposed changes to the Remuneration Policy.

The remit of the Committee is to determine and agree with the Board the framework for the remuneration of the Chair, Executive Directors, the Executive Committee, the General Counsel and Company Secretary, and also oversee the share awards and Remuneration Policy for the wider workforce. No Director is involved in any discussion or decision about his or her own remuneration.

The Committee engaged Deloitte LLP to provide independent advice to the Committee during the year. Deloitte has been the independent advisor to the Committee since 2022 and were appointed by the Committee following a competitive tender process. Deloitte are signatories to the Remuneration Consultants' Code of Conduct, and the Committee is satisfied that the advice that it receives is objective and independent. Total fees for advice provided to the Committee were £55,100 in the period to 31 December 2023 on a time and materials basis. The Deloitte engagement partner and advisory team that provide remuneration advice to the Committee do not have any connections with the Group or individual Directors that may impair their independence.

Directors' emoluments

The remuneration for the Directors of the Company for the year ended 31 December 2023 is detailed in the table below:

	2023 Fixed pay £'000					2023 Variable pay £'000			2023 Total remuneration
Director	**Cash salary/fee**	**Salary Shares**	**Benefits**	**Pension**	**Total**	**Bonus**	**LTIP**	**Total**	**£'000**
Bertrand Bodson	615.8	–	19.3	30.8	665.9	111.8	–	111.8	776.7
Jon Hauck	390.0	–	1.9	25.1	417.0	70.2	658.5	728.7	1,177.5
Rob Kingston[1]	187.5	–	0.6	9.4	197.5	33.8	–	33.8	231.3
Ross Graham[2]	49.2	–	–	–	49.2	–	–	–	49.2
Don Robert[3]	255.4	–	–	–	255.4	–	–	–	255.4
Georges Fornay	73.0	–	–	–	73.0	–	–	–	73.0
Charlotta Ginman	81.8	–	–	–	81.8	–	–	–	81.8
Marion Sears	73.8	–	–	–	73.8	–	–	–	73.8
Neil Thompson	62.2	–	–	–	62.2	–	–	–	62.2
TOTAL	**1,788.7**	**–**	**21.8**	**65.3**	**1,875.8**	**215.8**	**658.5**	**874.3**	**2,780.9**

1. Rob Kingston was appointed a Director of the Company on 1 July 2023.
2. Ross Graham ceased to be a Director of the Company on 13 May 2023.
3. Don Robert was appointed a Director of the Company on 1 February 2023.

Section 2: Implementation of the Remuneration Policy in 2023 CONTINUED

The remuneration for the Directors of the Company for the year ended 31 December 2022 is detailed in the table below:

	2022 Fixed pay £'000					2022 Variable pay £'000			2022 Total remuneration
Director	**Cash salary/fee**	**Salary Shares**	**Benefits**	**Pension**	**Total**	**Bonus**	**LTIP**	**Total**	**£'000**
Bertrand Bodson	600.0	–	5.0	30.0	635.0	174.0	–	174.0	809.0
Jon Hauck	317.7	60.0	2.0	15.9	395.6	113.1	1,584.1	1,697.2	2,092.8
Sonia Sedler[1]	514.2	–	1.0	–	515.2	–	–	–	515.2
Ross Graham	95.7	–	–	–	95.7	–	–	–	95.7
David Reeves[2]	29.6	–	–	–	29.6	–	–	–	29.6
Giorgio Guastalla[3]	4.3	–	–	–	4.3	–	–	–	4.3
Georges Fornay	66.4	–	–	–	66.4	–	–	–	66.4
Charlotta Ginman	69.4	–	–	–	69.4	–	–	–	69.4
Marion Sears	65.6	–	–	–	65.6	–	–	–	65.6
Neil Thompson	59.7	–	–	–	59.7	–	–	–	59.7
TOTAL	**1,822.6**	**60.0**	**8.0**	**45.9**	**1,936.5**	**287.1**	**1,584.1**	**1,871.2**	**3,807.7**

1. Sonia Sedler left the Company on 18 March 2022 and her cash salary figure includes payments made on leaving.
2. David Reeves stepped down as a Director on 20 May 2022.
3. Giorgio Guastalla stepped down as a Director on 26 January 2022.

Salaries in 2023

The salaries for the Executive Directors in 2023 were as set out below, following an increase of 3.5% in April for Bertrand Bodson at the time of the annual review:

— Bertrand Bodson: £621,000

— Jon Hauck: £390,000

— Rob Kingston: £187,500 (appointed on 1 July 2023 on a annual salary of £375,000)

In May and September 2021, Jon Hauck was awarded salary shares to supplement his base salary, which were subject to phased vesting with one-third of the award vesting on the anniversary of the date of grant each year, subject to continued employment. Accordingly, 1,396 salary shares vested automatically in May 2023 and 410 salary shares vested automatically in September 2023. In total, 2,662 salary shares remain outstanding, with vesting dates in 2024 and 2025. The Committee does not intend to award further salary shares to Executives.

Pension

During 2023, the Executive Directors were paid pension contributions of 5% of salary, in line with the rest of the UK workforce.

Annual bonus outcome for 2023

During 2023, the Executive Directors participated in the annual bonus scheme, and were eligible to earn awards of up to 30% of base salary, subject to the attainment of specific targets. The portion of bonus earned in the year was dependent on Company performance with 60% weighted against financial targets for the year in line with our financial KPIs (see pages 26 and 27) and 40% weighted on the assessment against non-financial strategic targets.

The financial targets were based on revenue (weighted 20% of bonus), adjusted profit before tax (20%) and cash conversion (20%).

The non-financial objectives related to the strategic priorities for the business in 2023, including strategic partnerships, M&A, technology and cybersecurity and One Keywords (culture and talent). Performance against all the targets set for the year was assessed by the Committee, and the Committee determined that each Director earned a bonus equating to 18% of salary, as shown in the table below.

2023 Executive Bonus outcomes

Bonus element	Target	Achievement	% Salary outcome
60% Financial			
20%	Revenue	Below target threshold	0%
20%	Adjusted profit before tax	Below target threshold	0%
20%	Cash conversion	Exceeded maximum target of 80%	6%
40% Non-Financial			
10%	Strategic partnerships	Gained market share	3%
10%	M&A and adjacent markets	Accretive acquisitions, improved integration process and return on capital employed of 16.4%	3%
10%	Technology, including cybersecurity	New leadership, improved cyber rating, automation/AI increasingly used in client contracts	3%
10%	One Keywords and culture, talent and capability	Increased gender %, good eNPS, HRIS business case, Glassdoor score constant with lower frequency of negative comments	3%
Total			**18%**

Director	Formulaic outcome, % of base salary	Bonus for 2023 £'000
Bertrand Bodson	18%	111.8
Jon Hauck	18%	70.2
Rob Kingston*	18%	33.8

* appointed 1 July 2023 so received bonus for six months pro rata.

Long-term incentives vesting in 2023

On 1 May 2020, Jon Hauck was awarded 25,000 LTIP options. Vesting of the awards required Keywords TSR to outperform the FTSE Small Cap Index over a three-year period. Threshold vesting (10% of the award) required TSR performance in line with the Index and full vesting required exceeding the Index TSR by 20% over the performance period. The Company's TSR performance over this period substantially outperformed that of the Index, resulting in full vesting in May 2023 of 25,000 shares in total. No discretion was applied.

Section 2: Implementation of the Remuneration Policy in 2023 CONTINUED

Long-term incentives outstanding and granted during 2023

LTIP awards granted to the Executive Directors in May 2021 and May 2022 remained outstanding during 2023 and in May 2023 Bertrand Bodson and Jon Hauck were awarded LTIP shares equivalent to 275% salary. Vesting of all the awards require Keywords TSR to outperform the FTSE 250 Index (excluding investment trusts) over a three-year period. Threshold vesting (25% of the award) will be earned for TSR in line with the Index and full vesting will be earned for exceeding the Index TSR by 20% over the performance period. The performance period for awards made in 2021 and 2022 is for three years to May, and the performance period for awards made in 2023 is three years to December 2025.

Bertrand Bodson's LTIP award in 2021 was made on his appointment on 1 December 2021, and he was also awarded a one-off grant of restricted shares with a face value of 100% of salary in compensation for awards forfeited on joining Keywords. The conditional LTIP shares will vest based on performance over the period to May 2024, in line with other LTIP awards granted in 2021, and the restricted shares will vest in December 2024, subject to continued employment.

Rob Kingston was granted an LTIP award on 2 August 2023 following his appointment, which will vest based on performance over the period to 31 December 2025, in line with other LTIP awards granted in 2023, subject to continued employment.

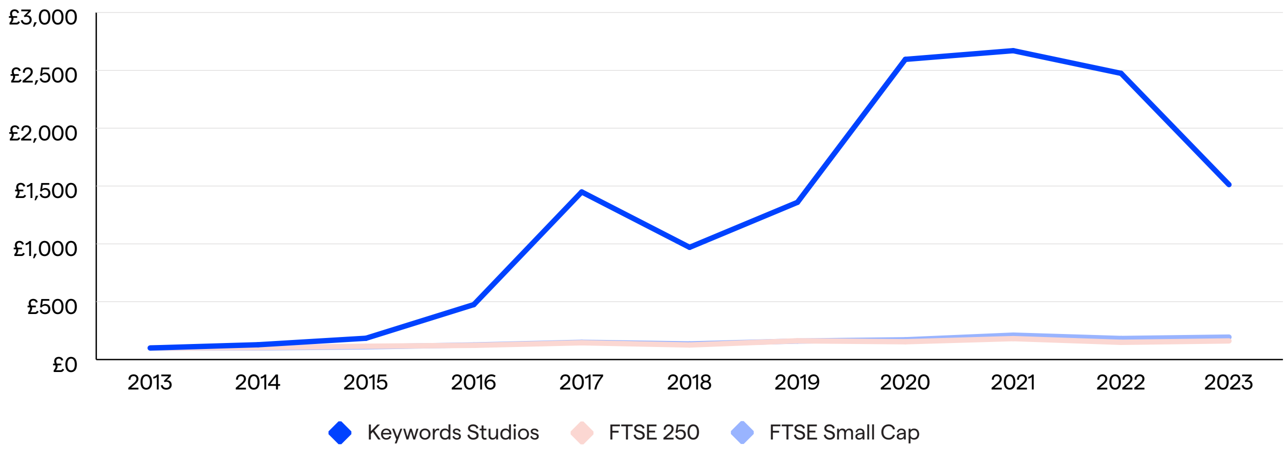
The number of performance-based LTIP shares granted to the Executive Directors in 2023 is summarised in the table below.

Director	Number of shares granted at nominal value of £0.01	Value as % of salary	Performance period	Vest date
Bertrand Bodson	71,996	275%	1 January 2023 – 31 December 2025	19 May 2026
Jon Hauck	45,215	275%	1 January 2023 – 31 December 2025	19 May 2026
Rob Kingston	29,545	275%	1 January 2023 – 31 December 2025	2 August 2026

TSR value over 10 years

The chart below shows shareholder value created each year, based on the change in share price plus dividends paid over each financial year multiplied by the number of shares outstanding at the start of each year.

Value of £100 invested in July 2013



Chief Executive Officer pay ratio

The table below provides disclosure of the ratio between the CEO's total remuneration and that of the lower quartile, median and upper quartile of our 883 (2022: 783) UK-based employees.

The lower, median and upper quartile employees were determined using calculation methodology Option A which involved calculating the actual full-time equivalent remuneration for all UK employees for the year ended 31 December 2023. From this analysis, three employees were then identified as representing the 25th, 50th and 75th percentile of the UK employee population. Keywords chose this method as it is the preferred approach of the UK Government and that of shareholders, and the Company had the systems in place to undertake this method.

As the drafting of this report was earlier than the final determination of bonuses for the wider population, the bonus outcomes have been based on the financial forecasts in December 2023.

The CEO pay ratio decreased slightly from 18 in 2022 to 17 in 2023. This low ratio was a result of Bertrand Bodson receiving a lower bonus outcome in 2023 and, having joined in December 2021, not received the benefit of share awards vesting during 2023. Bertrand is due to receive his first tranche of share awards vesting in 2024. However, a number of programmes have contributed to an overall improvement in pay conditions for employees within the comparator group, including the addition of high-quality game development talent to the Group, as well as talent within our enhanced support service functions, and a general focus over the past year on improving fair pay conditions for all employees in the Group with a global workforce average salary increase of 6.2%.

Year	Methodology used	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2023	Option A	23:1	17:1	12:1
2022	Option A	27:1	18:1	15:1
2021	Option A	51:1	38:1	27:1

Year		P25 (lower quartile)	P50 (median)	P75 (upper quartile)	CEO
2023	Base Salary (£'000)	32	43	60	616
	Total remuneration (£'000)	34	46	64	777
2022	Base Salary (£'000)	20	33	39	600
	Total remuneration (£'000)	22	33	49	809

The CEO pay ratio is based on comparing the CEO's pay to that of Keywords' UK-based workforce, a large proportion of whom are engineers, artists and support staff. The Committee expects that the ratios will be largely driven by the CEO's incentive pay outcomes, which will likely lead to greater variability in his pay than that observed at lower levels who, consistent with market practices, have a greater proportion of their pay linked to fixed components. The Committee considers these ratios when making decisions around the Executive Director pay packages, and Keywords takes seriously the need to ensure competitive pay packages across the organisation. The Company believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

Implementation of the Remuneration Policy in 2024

Base salary

All employees are eligible for a base salary review effective 1 April each year. On 1 April 2024, the Executive Directors will receive a 4% salary increase, whilst the other Executive Committee members and General Counsel and Company Secretary will also receive a standard increase of 4%, subject to certain individual adjustments, and our colleagues in the UK and Ireland will receive an average increase of 4.5%.

Pension

The Executive Directors' pensions will remain at 5% of base salary, in line with the UK workforce.

Annual bonus

The CEO will be eligible to earn an annual bonus of up to 125% of base salary, and the COO and CFO will be eligible to earn an annual bonus of up to 75% of base salary. The outcome will be determined with reference to targets set at the start of 2024 around financial performance (weighted 70%) and non-financial performance (weighted 30%). Performance measures will be consistent for the CEO, COO and CFO and will reflect our strategic priorities, and will be disclosed next year.

LTIP

The Committee intends to grant LTIP awards of 275% of base salary to the Executive Directors which will be subject to the following performance conditions, measured over three calendar years 2024-2026 and vesting on the third anniversary of the grant date.

A ROCE underpin applies to vesting of the LTIP whereby at vesting the Committee will consider whether the Return generated is in line with the Board's expectations, and, if not, the vesting level may be reduced. A one-year holding period applies to 50% of shares vesting in December 2024.

LTIP % award	Measurement	Minimum – 25% vesting	Maximum – 100% vesting
50%	TSR relative to the FTSE 250 index excluding investment trusts	In line with index	Exceeds index by 20%
25%	Organic revenue growth % pa	6%	13%
10%	Adjusted cash conversion % pa	70%	80%
15% ESG:			
• 5%	Carbon intensity reduction: (Ratio of Scope 1 and 2 emissions to €m revenue – tCO_2eq/revenue)	6.25	6
• 5%	Group employee net promoter score (eNPS)	29	35
• 5%	% female in leadership team	35%	39%
Total 100%			

Section 2: Implementation of the Remuneration Policy in 2023 CONTINUED

Chair and Non-Executive Directors' remuneration

Non-Executive Director fees were restructured during the year, reflecting the increased commitment of all Non-Executive Directors to serve on all of the Board's committees. All Non-Executive Directors (except the Chair) receive a basic fee, and additional fees are provided for additional responsibilities (see below). Going forward, Non-Executive Director fees will increase in line with the base salaries of Executive Directors. As such, on 1 April 2024 Non-Executive Director fees will increase by 4%.

On 19 January 2023, the Company announced the appointment of Don Robert as a Non-Executive Director and Chair Designate, and Don became Chair on 15 May 2023. The annual Chair fee for Don Robert, which applied from the 2023 Annual General Meeting was set at £400,000, inclusive of all Committee fees. The Chair fee was set at a level that reflects the technology focus, complexity, international scale and future growth ambition of the business and Don has elected to apply his full Chair fee to purchase shares in the Company, which is undertaken quarterly as part of an agreed investment programme. Whilst the new Chair fee is an increase to the annual fee paid to our previous Chair, we were conscious that the Chair fee had remained largely unchanged since 2013 and had fallen well below appropriate levels. Benchmarking conducted by our remuneration adviser supported our decision and we were pleased to attract an experienced Chair. As at 31 December 2023, Don Robert held 8,159 shares.

Role	2023 fee
Board Chair (from 26 May 2023)	£400,000
Non-Executive Director	£62,700
Chair of Audit, Remuneration or ESG Committee	£12,400
Senior Independent Director	£10,000

Directors' interest in shares

The interests of each person who was a Director of the Company (together with interests held by his or her connected persons) at the end of each financial year (or the time the Director departed the Board, if relevant) is set out below. In line with our Executive Director shareholding guidelines (detailed on page 80), Jon Hauck, following share awards which vested during the year but remain unexercised, has achieved a shareholding of approximately 208% salary as at 31 December 2023. Bertrand Bodson purchased shares and has achieved a shareholding of approximately 26% as at 31 December 2023, and will be required to build his shareholding from awards vesting from December 2024. Rob Kingston, having joined during the year, will be required to build his shareholding from awards vesting from August 2026. A notional share price of £16.62 per share as at 31 December 2023 has been used for the purpose of calculating executive shareholding guidelines.

Director	FY23	FY22
Don Robert[1]	8,159	n/a
Ross Graham[2]	64,376	64,376
Jon Hauck[3]	48,847	26,187
Rob Kingston[4]	nil	n/a
Bertrand Bodson	9,629	nil
Georges Fornay	6,521	6,521
Charlotta Ginman	1,733	1,733
Marion Sears	3,000	2,000
Neil Thompson	3,387	3,387
	109,950	**90,954**

1. Don Robert was appointed a Director of the Company on 1 February 2023.
2. Ross Graham ceased to be a Director of the Company on 13 May 2023.
3. Jon Hauck holds 50,000 LTIPs which are vested but unexercised. 26,500 shares are included for the purpose of calculating Jon's interest in shares as notional shares that could be held by Jon after satisfying applicable tax and National insurance liabilities.
4. Rob Kingston was appointed a Director of the Company on 1 July 2023.

The share awards held by each Executive Director of the Company are, as follows:

LTIP awards

Director	Number at 31 December 2022	Number granted during the year	Number vested during the year	Number lapsed/ forfeited during the year	Number exercised during the year	Number at 31 December 2023	Vesting date	Current vesting expectation[1]
Bertrand Bodson	61,156	–	–	–	–	61,156	5 May 2024	0%
	70,392	–	–	–	–	70,392	5 May 2025	0%
	–	71,996	–	–	–	71,996	19 May 2026	0%
Jon Hauck	25,000	–	–	–	–	25,000	5 May 2024	0%
	35,586	–	–	–	–	35,586	5 May 2025	0%
	–	45,215	–	–	–	45,215	19 May 2026	0%
Rob Kingston	–	29,545	–	–	–	29,545	19 May 2026	0%
Total	**192,134**	**146,756**	–	**–**	–	**338,890**		

1. Vesting expectation (% of award) is based on the achievement of the TSR performance condition up to 28 February 2024.

Salary shares and restricted shares

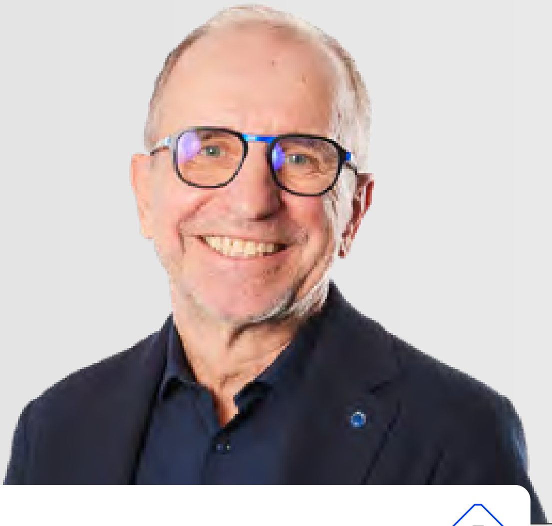
Director	Number at 31 December 2022	Number granted during the year	Number vested during the year	Number lapsed/ forfeited during the year	Number exercised during the year	Number at 31 December 2023	Next vesting date[1]	Current vesting expectation
Jon Hauck	1,087	–	543	–	543	544	5 May 2024	100%
	821	–	410	–	410	411	16 Sep 2024	100%
	2,560	–	853	–	853	1,707	5 May 2024	100%
Bertrand Bodson[2]	22,239	–	–	–	–	22,239	1 Nov 2024	100%
Total	**26,707**	–	**1,806**	–	**1,806**	**24,901**		

1. Salary shares granted to Jon Hauck vest in one-third annual tranches over three years.
2. Restricted awards granted to Bertrand Bodson were granted as compensation for forfeited awards from previous employment and vest in full after three years subject to continued employment.

Share Option Scheme

Executive Directors no longer receive awards under the Share Option Scheme. There are no awards outstanding under this scheme.

ESG Committee report



> Progressing our ESG programme and supporting initiatives across the Group.
>
> **Georges Fornay**
> Chair of the ESG Committee

Georges Fornay
→ **Chair of the ESG Committee**

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Introduction from the Chair

As Chair of the ESG Committee, I'm very pleased to present our ESG Committee Report for the year ended 31 December 2023.

The global focus on ESG matters is sharpening, and we acknowledge that our shareholders, employees, customers and suppliers are becoming increasingly interested in our ESG programme. We see this as a positive development because we're conscious of the social impact of our business, as well as the impact climate change may have on our operations. At Keywords, we recognise a collective responsibility and accountability to consider the concerns of our stakeholders and actively participate in our customers' and the broader industry's environmental and social initiatives.

Composition and attendance

The Committee consists of eight members, namely Marion Sears, Neil Thompson, Bertrand Bodson, Jon Hauck, Rob Kingston, Charlotta Ginman, Don Robert, and myself. Further details about the Committee members can be located on pages 68 and 69. Throughout the financial year, the Committee convened on three occasions, a comprehensive attendance report can be found on page 67. These meetings were primarily conducted in person, with select participants joining remotely through videoconferencing. This approach enhanced the Committee's efficiency and facilitated the involvement of senior managers, regardless of their geographical location.

Role and responsibilities

The Committee has written terms of reference which are available to view on the Company's website www.keywordsstudios.com. The terms of reference clearly define the Committee's responsibilities and duties and were approved and adopted by the Board in October 2023. In addition, with these terms of reference, the Committee has devised an annual agenda that aligns with its meeting schedule. This ensures that each ESG priority area receives the necessary dedicated attention throughout the year.

The role of the Committee is to implement and oversee initiatives across the Group which aim to improve the Group's impact on the areas which have been identified as ESG priorities for our business and key stakeholders. These pillars are Planet, People, Clients and Communities, which are all underpinned by our Governance practices.

Activities in 2023

Three meetings were held during the year. The Committee received presentations on each pillar, to understand initiatives currently underway and those planned for 2024, and oversaw the development of measures and multi-year targets for each pillar.

2023 ESG Committee activity
MAY
Committee meeting
• ESG metrics review
• Deep dive on Diversity, Equity, Inclusion and Belonging
JULY
Committee meeting
• ESG metrics review
• Environmental and climate reporting update
• Restructuring of the whistleblowing reporting framework
• Deep dive on People and Culture
OCTOBER
Committee meeting
• ESG metrics review
• Deep dive on Community
• Deep dive on Planet
• Terms of reference review
• Remuneration policy changes and ESG metrics

A dashboard has been produced to aid the Committee in monitoring ESG key performance indicators (KPIs) and targets. A number of these KPIs have been disclosed in the responsible business report on pages 38 to 45 but there are other targets that remain internal as they are business sensitive. The Committee is also supported by the ESG Management Committee who meet ahead of ESG meetings, to review and monitor programmes and report progress to the Committee.

A number of Group policies have been reviewed and updated to support ESG initiatives, including:

— Supplier Code of Conduct
— Sanctions
— Grievance
— Business Travel
— Health and Safety
— Charitable Giving

Responsibility for oversight of these policies has migrated from the Committee to the executive Risk & Compliance Committee (RCC). The RCC has enhanced oversight of the risk, compliance and internal controls environment, and reports to the Committee on items relating to ESG areas. The Committee still holds the authority for the approval of new Group policies and remains consulted on and informed of changes to these existing policies.

Climate-related Financial Disclosures reporting

The Committee was updated on climate-related reporting, which has now become mandatory for the Group, and have undertaken the required steps to enhance our reporting in line with both TCFD and the CFD requirements.

The Committee received progress updates from senior managers regarding the implementation of our ESG programme. Notable updates were given during deep dives into each ESG pillar and included:

Planet - The continuous progress in enhancing our reporting capability, with an additional Scope 3: Category 2 included in year-end reporting, and Category 6 being calculated for the first time. There has been good progress on the movement to renewables, although overall emissions have risen due to our footprint and certain location specific factors, however there are several great sustainability initiatives in our studios which have gained positive recognition by employees.

People - Progress on initiatives aimed at addressing diversity and key areas of interest identified by the 2022 employee survey. Introduction of agile pulse surveys four times a year, keeping the feedback loop between Group and employees open.

Client - The continuing importance of building deep trusting relationships with clients. Positive engagement on technology with a range of clients.

Community - New Global Corporate Social Responsibility (CSR) manager launched an expanded programme of activities. Twenty-five charities have been supported across the world.

Governance - Our enhanced whistleblowing investigations portal has operated smoothly.

ESG framework

The graphic below sets out the framework for our ESG programme, including our pillars and key initiatives.

Focus for the coming year

The Committee has three meetings scheduled for 2024. Attention will be focused on monitoring initiatives and measuring progress against targets. Deep dives into each pillar will be conducted throughout 2024 to further enhance the Committee's understanding of key opportunities and challenges.

Georges Fornay
Chair of the ESG Committee

13 March 2024

The Directors present the Annual Report together with both the audited consolidated financial statements and the parent company (Keywords Studios plc) financial statements for the year ended 31 December 2023.

Dividends

The results for the year are set out on pages 101 to 104. As described in the Financial and operating overview section, the Board is proposing a final dividend of 1.76 pence per share (2022: 1.60 pence per share), bringing the total dividend for 2023 to 2.61 pence per share (2022: 2.37 pence per share).

Directors and changes to the Board

The Directors of the Company during the year were Don Robert (appointed on 1 February 2023), Bertrand Bodson, Georges Fornay, Charlotta Ginman, Marion Sears, Neil Thompson, Jon Hauck, Rob Kingston (appointed 1 July 2023) and Ross Graham (passed away on 13 May 2023). Biographical details of the current Directors are set out on pages 68 to 69.

The business of the Company is managed by the Board, which may exercise all the powers of the Company subject to the Company's Articles of Association and the Companies Act 2006.

A list of Directors, their interests in the ordinary share capital of the Company, their interests in its long-term performance share plan and details of their options over the ordinary share capital of the Company are given in the Directors' remuneration report on pages 75 and 89. No Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

Corporate governance statement

Keywords continues to adopt the principles set out in the Quoted Companies Alliance Corporate Governance Code (QCA Code). Our Corporate Governance Statement, prepared in accordance with rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency rules, setting out how the Group has complied with the QCA Code can be read in full on the Company's website at www.keywordsstudios.com

Directors' indemnity provisions

As permitted by the Company's Articles of Association and the Companies Act 2006, the Directors had the benefit of an indemnity from the Company in respect of liability incurred as a result of their office throughout the financial period and at the date of approval of these financial statements. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Going concern

The Directors have performed an assessment, including a review of the Group's business activities, performance, position, principal risks and uncertainties (as set out in the Strategic report on pages 54 to 60, as well as the Group's budget for the 2024 financial year and its longer-term plans. After making enquiries, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the consolidated and Company financial statements. In doing so, the Directors have noted:

— The net debt position of the Group;
— The strong cash flow performance of the Group through the year;
— The historical resilience of the broader video games industry in times of economic downturn; and
— The ability of the Group to flex its cost base in response to a reduction in trading activity.

The Directors have also considered the Group's strong liquidity position, with net debt of €68m and the undrawn balance of the Revolving Credit Facility of $260m as at 31 December 2023.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate and meet their liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of these full-year financial statements and therefore the going concern basis of preparation continues to be appropriate.

Financial risk management

The Group's approach to capital management is shown in note 25 of the financial statements. The Group's exposure and approach to liquidity, credit, interest rate and foreign currency risk is shown in note 24 of the financial statements. Our approach to risk management generally and the principal risks facing the Group can be found in the Strategic report on pages 54 to 60.

Articles of Association

Our Articles of Association can be amended by special resolution and were last approved by shareholders in May 2023. They are available on the Company's website at www.keywordsstudios.com

Political donations

No political donations were made in the year.

Share capital structure

At 31 December 2023, the Company's issued share capital was 79,287,236 ordinary shares of one pence each. There are 408,485 ordinary shares in the Company's Employee Benefit Trust (EBT), and the EBT has waived its right to exercise its voting rights and to receive dividends in respect of these ordinary shares. Therefore, the number of ordinary shares with voting rights is 78,878,751. Further details of the Company's issued share capital are given in note 2 to the Consolidated Financial Statements on page 110. The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends and each share carries the right to one vote at general meetings of the Company.

Significant shareholdings

At 29 February 2024, the Company was aware of the following shareholdings of 3% or more of its issued share capital:

Name	Shares	%
Franklin Templeton	7,343,891	9.30
Capital Group	6,665,780	8.44
Liontrust Asset Management	4,289,548	5.43
Octopus Investments	4,123,809	5.22
T Rowe Price Global Investments	3,135,997	3.97
Global Alpha Capital Management	2,757,910	3.49
Swedbank Robur	2,682,054	3.40
Pictet Asset Management	2,489,700	3.15

Subsidiary undertakings

A list of the Group's subsidiary undertakings and non-UK branches is provided in the note 28 of the financial statements on pages 141 to 144.

Significant events and future developments

Important events and changes to the Group since the financial year end are described in note 29 of the financial statements, the CEO's review on pages 8 to 13, the Divisional review on pages 28 to 33 and the Financial and operating overview on pages 34 to 37. Future developments are described in the Strategy section of the Strategic report on pages 20 to 23.

Post balance sheet events

There have been no material events affecting the Group since 31 December 2023.

Change of control

Information on agreements between the Company and its Directors providing for compensation for loss of office of employment (including details of change of control provisions in share schemes) is set out on page 81. Otherwise, there are no agreements between the Company and its employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Non-financial information

Information providing an understanding of our development, performance and position on key non-financial matters are incorporated within the Strategic report by reference and can be read on page 61.

People and organisation

Keywords is, and always has been, dependent on the quality and commitment of its entire staff to provide and maintain the high levels of services expected by the Group's customers.

Keywords' average number of employees was 12,340 during 2023. We are committed to positively contributing to our Company culture and helping our Keywordians fulfil their complete potential. This permanent headcount is supplemented with staff on short-term contracts as activity changes throughout the year.

Employment policy

A key imperative of the Group is to attract, develop and retain high calibre individuals. Keywords has a range of employment policies covering such issues as diversity, equity, inclusion and belonging, well-being and equal opportunities. The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular skills and experience. Appropriate arrangements are made for the continued employment and training, career development and promotion of people living with disabilities employed by the Group, including making reasonable adjustments where required.

Employee involvement

The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. A summary of the methods we use to engage with our employees are provided in the Responsible business report on pages 38 to 45 and the Section 172 statement on pages 52 and 53. The Company operates a number of employee share plans to incentivise and retain employees (see page 80) We continue to review options to expand participation in employee share schemes to improve incentives and align them with the long-term success of the Group.

Employee share plans

Details of employee share plans are set out in note 23 to the Financial Statements on page 130.

Corporate responsibility

Keywords seeks to be a socially responsible Group which has a positive impact on the communities in which it operates. By the nature of the business, we employ a diverse workforce, with many nationalities working closely together at our studio locations globally. No discrimination is tolerated and we endeavour to give all employees the opportunity to develop their capabilities. We provide an inclusive working environment and appropriate training. Further details are provided in the Responsible business report on pages 38 to 45.

Disclosure of information to auditor

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's Auditor in connection with preparing their report) of which the Group's Auditor is unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Annual General Meeting

It is intended that the 2024 AGM will be held at 9:00 a.m. on 24 May 2024 at the offices of MHP Group Limited, 60 Great Portland Street. The Notice of AGM accompanies this Annual Report and is available online at www.keywordsstudios.com

By order of the Board

Rob Kingston
Chief Financial Officer

13 March 2024

Statement of Directors' responsibilities

Financial statements and accounting records

The Directors are responsible for preparing the Annual Report and financial statements in accordance with the applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the Annual Report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the Directors are required to:

— Select suitable accounting policies and then apply them consistently;
— Make judgements and estimates that are reasonable and prudent;
— State whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
— Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors as at the date of this report, whose names and functions are listed in the Board of Directors section on pages 68 to 69, confirm that:

— So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
— The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

We confirm that to the best of our knowledge:

— The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
— The Strategic report on pages 8 to 61 and the Directors' report on pages 62 to 94 include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
— The Annual Report and financial statements taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Rob Kingston
Chief Financial Officer

13 March 2024

Independent Auditor's report

to the members of Keywords Studios plc

Opinion

We have audited the financial statements of Keywords Studios plc (the "Parent Company") and its consolidated undertakings ("the Group") for the year ended 31 December 2023, which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity, and notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom adopted international accounting standards, and as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRCs Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and parent Company's ability to continue as a going concern included:

- We considered as part of our risk assessment the nature of the Company, its business model and related risks, the requirements of the applicable financial reporting framework and the system of internal control.
- We have reviewed the Directors' assessment of the Group and Company's ability to continue as a going concern, challenging the underlying data and key assumptions used to make the assessment, and stress tested the Directors' plans for future actions in relation to their going concern assessment.
- We have reviewed the historical accuracy of budgeting and forecasts made by the Group and Company as an indicator as to their reliability.
- We have reviewed the performance of the business in the year, including its cash flow performance, liquidity position, and financing facilities, up to and including the date of signing the audit opinion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

An overview of the scope of our audit

The Group has diverse international operations. Our audit was scoped by obtaining an understanding of the Group and its environment, including the Group wide controls, and assessing the risks of material misstatement identified at Group level. We also assessed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Independent Auditor's report CONTINUED

to the members of Keywords Studios plc

Significant components

Based on our assessment, we have completed full scope audit procedures in relation to the following entities; Keywords Studios plc, Keywords International Limited, Keywords Studios QC Games, Keywords Studios QC-Interactive Inc, Tantalus Media Pty Limited, High Voltage Software Inc, D3T Limited, Climax Studios Limited and Forgotten Empires LLC.

Specified audit procedures

In addition, specific audit procedures have been completed in relation to certain material balances and transaction streams in Keywords Canada Holdings Inc, Electric Square Limited, Studio Gobo, Keywords Manila, G-Net Media Inc, Lakshya Digital Private Limited, VMC Embedded Services, Digital Media Management Inc and Smoking Gun Interactive Inc.

Specified audit procedures were performed to address the risks of material misstatement arising from key balances in non-significant components, with testing performed on all material balances within these components.

The above full scope and specified audit procedure entities represent 72% of Group revenues.

Remaining components

All other components, not included in the above, were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Parent Company and consolidation

At the parent company level we have also tested the consolidation process and carried out additional procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to full scope or specific procedures.

Our involvement with component auditors

The Group auditor, BDO Dublin, has audited Keywords Studios plc, Keywords International Limited, Studio Gobo Limited, Electric Square Limited, Climax Studios, Keywords Studios QC-Games Inc, Keywords Studios QC-Interactive Inc, VMC Embedded Services, Keywords Canada Holdings Inc, G-Net Media Inc, High Voltage Software Inc, D3T Limited, Smoking Gun Interactive Inc, Digital Media Management Inc and Forgotten Empires LLC.

The following components have been audited by BDO Member firms, under the direction, and supervision of the Senior Statutory Auditor, Keywords Manila, Lakshya Digital Private Limited and Tantalus Media.

Their involvement in the work performed by other component auditors varies by location and involves, at a minimum, direction of the audit procedures to be completed, and review of the reports received in relation to the results of the audit work undertaken by component audit teams. The Senior Statutory Auditor has also completed detailed reviews of selected working papers performed on significant risk areas.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud), including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Acquisition accounting & purchase price allocation

Key Audit Matter

The Group has entered into a significant number of acquisitions and business combinations throughout the year, which have had a material and extensive impact on the group's financial performance and position.

Following the purchase price allocations (in which identifiable assets and liabilities assumed were recognised at fair value), €538m (2022: €397m) of goodwill has been recognised cumulatively to date. The fair value of certain identifiable assets acquired and liabilities assumed in a business combination is different from their carrying amounts in the acquired statements of financial position which can give rise to fair value adjustments as part of the purchase price allocations of these business combinations. Accordingly, the cumulative acquisitions are material and significant judgement is required in relation to the purchase price allocations including the resulting goodwill.

Management determined the fair value of the identifiable assets and liabilities and notably the value of the customer relationships and Intellectual property. The valuation of these assets was primarily based upon the expected future cash flows related to these acquisitions.

A number of these acquisitions have also included deferred consideration in the form of shares and cash payments at future dates, which add further complexity with regard to the acquisition-date fair value of such consideration as part of the consideration transferred in exchange for the acquisitions and business combinations.

Related Disclosures

Refer to note 2 of the accompanying consolidated financial statements for the accounting policy in relation to business combinations. In addition, detailed disclosures have been made in relation to the current year business combinations in note 27 to the financial statements.

Audit Response

We have reviewed the underlying contracts and share purchase agreements relating to each acquisition to assess whether the basis for treatment of the acquisitions is in accordance with the accounting policy and International Financial Reporting Standard 3 – Business Combinations.

We have assessed the carrying value of each material balance at the date of acquisition, and have reviewed management's assessments of the fair value of the assets and liabilities acquired, and in particular, the methodology applied in the valuation of intangible assets and goodwill.

Our procedures included;

- We reviewed the methodology applied to identify the categories of intangible assets;
- We evaluated whether the cash flow forecasts used in the valuation are consistent with information approved by the Board and have reviewed the historical accuracy of management's forecasts in order to assess the reliance which can be placed upon management's forecasting;
- We have challenged the key assumptions such as the growth factors and discount rates by comparing them to relevant market rates and historic acquisitions to evaluate whether management had been consistent in its approach to valuations, and
- We assessed the adequacy of the acquisition disclosures in the Group's financial statements.

In addition, we have examined the terms of all business combinations to assess whether the fair value of any deferred / contingent consideration is treated appropriately in accordance with the Group accounting policy and IFRS 3.

We also examined the key post combination employment contracts of former shareholders of the acquired entities, reviewing the substance of the transactions and considered whether they have been appropriately accounted for in line with the Group accounting policy and the requirements of IFRS 3.

2. Valuation of goodwill and intangible assets

Key Audit Matter

As a result of both the current year and prior year acquisitions, the Group has amassed significant intangible assets and goodwill balances. These balances are material to the financial statements, with goodwill carrying value of €538m (2022: €397m), and intangibles carrying value of €70m (2022: €73m). The valuation of goodwill and other intangible assets is significant to our audit due to the fact that the impairment test calculations are based on several key assumptions which are estimated by management, and are by nature judgemental. Key assumptions include the expected future cash flows for the forecasting period, the discount rates and perpetual growth rate.

The Directors have concluded that there are eight cash generating units ("CGU's") in the Group, for the purposes of impairment assessment.

Related Disclosures

Refer to note 2 of the accompanying consolidated financial statements for the accounting policy in relation to business combinations, intangible assets and goodwill. In addition, detailed disclosures have been made in relation to the current year business combinations in note 27 to the financial statements. Detailed disclosures are made in note 11 relating to goodwill and intangible assets.

Audit Response

We have reviewed the Director's assessment of the carrying value of goodwill and intangible assets. We have challenged the Directors assumptions in relation to CGU identification, cash flow forecasting, discount rates applied, and future growth rates.
Our procedures included;

- We have evaluated that the CGU's identified are the lowest level at which management monitors goodwill and intangible assets;
- We have reviewed the accuracy of the cash flow forecasts used, and ensured that these represent those which are reviewed by the Board:
- We have reviewed and assessed the accuracy of the historical forecasts prepared by the Group;
- We have assessed the key estimates and inputs into the discounted cash flow models, including the growth rates assumed, and tested these where possible to supporting evidence such as post year-end activities;
- We have completed sensitivity analyses in relation to the cash flow models and have stress tested all key assumptions used, and
- We have considered the appropriateness of the disclosures relating to the valuation of goodwill and intangible assets in the financial statements.

↘ Independent Auditor's report CONTINUED

to the members of Keywords Studios plc

3. Revenue Recognition – cut off

Key Audit Matter

We have assessed revenue recognition under all eight revenue streams individually including the cut off risk of revenue, trade receivables and deferred revenue.

Although the majority of the Group's revenue contracts are non-complex in nature, there is a material accrued revenue balance as at 31 December 2023 of €18.3m (2022: €13.2m). We focused on this area due to the risk of management manipulation of the timing of revenue recognition and the cut off relating to accrued revenue at the year end.

Related Disclosures

Refer to note 2 of the accompanying consolidated financial statements for the accounting policies of the Group in relation to Revenue Recognition.

Audit Response

We have performed audit procedures to understand the application of the revenue recognition accounting policies and to assess whether for each material revenue stream, that revenue has been recognised correctly in accordance with the Group Revenue Recognition policy. We have completed a substantive based audit approach across all full scope locations and completed specific audit procedures on a sample basis on less significant components of the Group.

Our audit work included, but was not restricted to, reviewing a sample of transactions both throughout the year and around the year end, to assess that the stage of completion and therefore accrued revenue is reflective of the underlying project status. We have tested these transactions to supporting documentation such as sales orders and contracts from customers, project status evidence, and subsequent billing. When examining samples of transactions around the year end we have assessed whether the revenue has been recognised in the correct period.

Our application of materiality

We define materiality as the magnitude of misstatement, including omissions, in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of a reasonably knowledgeable person taken on the basis of the financial statements. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and in particular the circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined materiality for the financial statements as a whole to be €3.8m, which represents 3.3% of adjusted profit before tax. This represents 6.2% of statutory profit before tax (excluding one time costs), and 11% of overall statutory profit before tax. We consider profit before income tax, and adjusted profit before tax, to be the most significant determinant of the group's financial performance used by shareholders and other users and therefore consider this as an appropriate basis for materiality. Our materiality is lower than the level we set for the year ended 31 December 2022 (€5.7m), due to the lower profits of the Group.

We assessed the parent company's materiality using a percentage of net assets as the most appropriate benchmark as the parent company is an investment holding Company. However we capped this same level as the Group materiality.

Whilst materiality for the financial statements as a whole was €3.8m, each component of the Group was audited to a lower level of materiality within a range from €2.66m to €2.28m. Audits of these components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

We agreed with the Audit Committee that we would report to the Committee all individual differences identified during the course of our audit in excess of €190,000 (2022: €285,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' report is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Companies Act 2006.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position in agreement with the accounting records.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 94, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and those responsible for legal and compliance procedures; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations to be the reporting framework (UK adopted international accounting standards, UK GAAP and the Companies Act 2006) and tax laws in key territories which the Group operates.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

The key laws and regulations we considered in this context included the UK Companies Act, Quoted Companies Alliance, AIM Listing Rules, UK adopted international accounting standards and tax laws in key territories which the Group operates. We have no matters to report in this regard.

Independent Auditor's report CONTINUED

to the members of Keywords Studios plc

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to: – Detecting and responding to the risks of fraud; and – Internal controls established to mitigate risks related to fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Our procedures in respect of fraud have included but are not limited to;

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Testing of revenue recognition, including the testing for existence, cut-off and the testing of journal entries specifically related to revenue (as a response to the fraud risk raised in respect of improper revenue recognition), for further details, please see the Key Audit Matter titled "Revenue Recognition - cut off" earlier in this report; and
- Detailed testing of other key areas of estimation uncertainty or judgement, for example; acquisition accounting, valuation of goodwill and intangible assets, as set out in our Key Audit Matters Section.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard. Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditors/audit- assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen McCallion.

Stephen McCallion (Senior Statutory Auditor)
For and on behalf of BDO, Statutory Auditor
Dublin 2, Ireland

13 March 2024

Consolidated statement of comprehensive income

	Note	Years ended 31 December 2023 €'000	2022 €'000
Revenue from contracts with customers	4	**780,445**	690,718
Cost of sales	5	**(481,340)**	(423,452)
Gross profit		**299,105**	267,266
Other income	5	**–**	1,098
Share-based payments expense	23	**(21,964)**	(18,678)
Costs of acquisition and integration	5	**(27,140)**	(8,413)
Amortisation of intangible assets	11	**(26,060)**	(16,810)
Total of items excluded from adjusted profit measures		**(75,164)**	(43,901)
Other administration expenses		**(177,111)**	(152,653)
Administrative expenses		**(252,275)**	(196,554)
Operating profit		**46,830**	71,810
Financing income	6	**614**	1,986
Financing cost	6	**(12,450)**	(5,814)
Profit before taxation		**34,994**	67,982
Taxation	7	**(15,042)**	(20,612)
Profit after taxation		**19,952**	47,370
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain / (loss) on defined benefit plans		**12**	286
Items that may be reclassified subsequently to profit or loss			
Exchange gain / (loss) in net investment in foreign operations		**(8,317)**	(7,947)
Exchange gain / (loss) on translation of foreign operations		**(2,518)**	6,144
Non-controlling interest; recycled on disposal of subsidiary		**–**	162
Tax related to items taken to other comprehensive income	7	**1,238**	–
Total comprehensive income / (expense)		**10,367**	46,015
Profit / (loss) for the period attributable to:			
Owners of the parent		**19,952**	47,415
Non-controlling interest		**–**	(45)
		19,952	47,370
Total comprehensive income / (expense) attributable to:			
Owners of the parent		**10,367**	46,015
		10,367	46,015
Earnings per share		**€ cent**	€ cent
Basic earnings per ordinary share	8	**25.28**	61.54
Diluted earnings per ordinary share	8	**24.94**	58.86

The notes 1 to 29 form an integral part of these consolidated financial statements.

On behalf of the Board

Bertrand Bodson
Director

Rob Kingston
Director

13 March 2024

Consolidated statement of financial position

	Note	At 31 December 2023 €'000	2022 Restated (note 21) €'000
Non-current assets			
Intangible assets	11	**632,176**	469,953
Right of use assets	12	**41,950**	37,672
Property, plant and equipment	13	**50,237**	44,784
Deferred tax assets	21	**32,751**	31,157
Investments	14	**175**	175
		757,289	583,741
Current assets			
Cash and cash equivalents		**59,862**	81,886
Trade receivables	15	**89,940**	81,563
Other receivables	16	**83,993**	61,415
Corporation tax recoverable		**5,991**	6,503
		239,786	231,367
Current liabilities			
Trade payables		**14,294**	15,878
Other payables	17	**155,970**	139,355
Loans and borrowings	18	**–**	45
Corporation tax liabilities		**27,081**	22,028
Lease liabilities	19	**13,865**	12,414
		211,210	189,720
Net current assets / (liabilities)		**28,576**	41,647
Non-current liabilities			
Other payables	17	**12,002**	18,308
Employee defined benefit plans	20	**4,030**	2,861
Loans and borrowings	18	**127,380**	6
Deferred tax liabilities	21	**10,307**	17,017
Lease liabilities	19	**33,107**	30,105
		186,826	68,297
Net assets		**599,039**	557,091
Equity			
Share capital	22	**939**	924
Share capital – to be issued	22	**321**	2,467
Share premium	22	**54,518**	47,021
Merger reserve	22	**306,837**	286,655
Foreign exchange reserve		**183**	11,018
Shares held in Employee Benefit Trust (EBT)	22	**(6,774)**	–
Share-based payments reserve		**80,416**	65,379
Retained earnings		**162,599**	143,627
Total equity		**599,039**	557,091

The notes 1 to 29 form an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board on 13 March 2024.

On behalf of the Board

Bertrand Bodson
Director
13 March 2024

Rob Kingston
Director

Consolidated statement of changes in equity

	Share capital €'000	Share capital – to be issued €'000	Share premium €'000	Merger reserve €'000	Foreign exchange reserve €'000	Shares held in EBT €'000	Share-based payments reserve €'000	Retained earnings €'000	Total attributable to owners of parent €'000	Non-controlling interest €'000	Total equity €'000
At 01 January 2022	904	2,185	38,549	273,677	12,821	(1,997)	48,193	97,905	472,237	(117)	472,120
Profit / (loss) for the period	–	–	–	–	–	–	–	47,415	47,415	(45)	47,370
Recycled on disposal of subsidiary	–	–	–	–	–	–	–	–	–	162	162
Other comprehensive income	–	–	–	–	(1,803)	–	–	286	(1,517)	–	(1,517)
Total comprehensive income for the period	–	–	–	–	(1,803)	–	–	47,701	45,898	117	46,015
Contributions by and contributions to the owners:											
Share-based payments expense	–	–	–	–	–	–	18,577	–	18,577	–	18,577
Share options exercised	14	–	5,862	–	–	1,997	(1,492)	–	6,381	–	6,381
Employee Share Purchase Plan	–	–	909	–	–	–	101	–	1,010	–	1,010
Dividends	–	–	–	–	–	–	–	(1,979)	(1,979)	–	(1,979)
Acquisition-related issuance of shares	6	282	1,701	12,978	–	–	–	–	14,967	–	14,967
Contributions by and contributions to the owners	20	282	8,472	12,978	–	1,997	17,186	(1,979)	38,956	–	38,956
At 31 December 2022	924	2,467	47,021	286,655	11,018	–	65,379	143,627	557,091	–	557,091
Profit / (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,952**	**19,952**	**–**	**19,952**
Other comprehensive income	**–**	**–**	**–**	**–**	**(10,835)**	**–**	**–**	**1,250**	**(9,585)**	**–**	**(9,585)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(10,835)**	**–**	**–**	**21,202**	**10,367**	**–**	**10,367**
Contributions by and contributions to the owners:											
Share-based payments expense	**–**	**–**	**–**	**–**	**–**	**–**	**21,964**	**–**	**21,964**	**–**	**21,964**
Cash proceeds arising from share-based payments	**5**	**–**	**1,462**	**–**	**–**	**–**	**1,145**	**–**	**2,612**	**–**	**2,612**
Company funded acquisition of shares (note 22)	**–**	**–**	**–**	**–**	**–**	**(6,774)**	**(8,072)**	**–**	**(14,846)**	**–**	**(14,846)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,230)**	**(2,230)**	**–**	**(2,230)**
Acquisition-related issuance of shares	**10**	**(2,146)**	**6,035**	**20,182**	**–**	**–**	**–**	**–**	**24,081**	**–**	**24,081**
Contributions by and contributions to the owners	**15**	**(2,146)**	**7,497**	**20,182**	**–**	**(6,774)**	**15,037**	**(2,230)**	**31,581**	**–**	**31,581**
At 31 December 2023	**939**	**321**	**54,518**	**306,837**	**183**	**(6,774)**	**80,416**	**162,599**	**599,039**	**–**	**599,039**

↘ Consolidated statement of cash flows

	Note	Years ended 31 December 2023 €'000	2022 €'000
Cash flows from operating activities			
Profit after taxation		**19,952**	47,370
Income and expenses not affecting operating cash flows			
Depreciation and impairment – property, plant and equipment	13	**28,903**	18,365
Depreciation and impairment – right of use assets	12	**15,948**	14,585
Amortisation and impairment of intangible assets	11	**26,060**	16,810
Taxation	7	**15,042**	20,612
Share-based payments expense	23	**21,964**	18,678
Fair value movements in deferred and contingent consideration	5	**9,177**	2,282
Non-cash movements included in costs of acquisition and integration	5	**2,677**	–
Unwinding of discounted liabilities – deferred consideration	6	**3,279**	2,922
Unwinding of discounted liabilities – lease liabilities	6	**1,447**	969
Interest receivable	6	**(614)**	(309)
Fair value adjustments to employee defined benefit plans		**1,025**	514
Interest expense	6	**5,768**	1,261
Unrealised foreign exchange (gain) / loss		**(4,559)**	766
		126,117	97,455
Changes in operating assets and liabilities			
Decrease / (increase) in trade receivables		**(284)**	(11,771)
Decrease / (increase) in MMTC and VGTR receivable		**(11,260)**	(3,591)
Decrease / (increase) in other receivables		**(6,785)**	(6,457)
(Decrease) / increase in accruals, trade and other payables		**7,470**	18,785
		(10,859)	(3,034)
Taxation paid		**(20,853)**	(17,505)
Settlement of deferred and contingent consideration related to continuous employment	17	**(3,900)**	–
Net cash generated by / (used in) operating activities		**110,457**	124,286
Cash flows from investing activities			
Current year acquisition of subsidiaries net of cash acquired	27	**(160,380)**	(87,494)
Settlement of deferred liabilities on acquisitions	17	**(30,428)**	(25,800)
Acquisition of property, plant and equipment	13	**(30,689)**	(27,007)
Investment in intangible assets	11	**(3,052)**	(501)
Interest received		**614**	309
Net cash generated by / (used in) investing activities		**(223,935)**	(140,493)
Cash flows from financing activities			
Cash proceeds, where EBT shares were utilised for the exercise of share-based payments		**1,145**	505
Repayment of loans	18	**(97,379)**	(79)
Drawdown of loans	18	**227,322**	–
Payments of principal on lease liabilities	19	**(15,038)**	(11,361)
Interest paid on principal of lease liabilities	19	**(1,447)**	(969)
Dividends paid	9	**(2,230)**	(1,979)
Company funded acquisition of shares by EBT		**(14,846)**	–
Shares issued for cash	22	**1,467**	6,785
Interest paid		**(6,282)**	(828)
Net cash generated by / (used in) financing activities		**92,712**	(7,926)
Increase / (decrease) in cash and cash equivalents		**(20,766)**	(24,133)
Exchange gain / (loss) on cash and cash equivalents		**(1,258)**	309
Cash and cash equivalents at beginning of the period		**81,886**	105,710
Cash and cash equivalents at end of the period		**59,862**	81,886

Notes forming part of the consolidated financial statements

1 Basis of Preparation

Keywords Studios plc (the "Company") is a company incorporated in the United Kingdom. The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to 31 December 2023.

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, and in conformity with the requirements of the Companies Act 2006. Unless otherwise stated, the financial statements have been prepared in thousands ('000) and the financial statements are presented in euro (€) which is the functional currency of the Company.

Going Concern Basis of Accounting

After making enquiries, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Consolidated and Company financial statements. In doing so the Directors have considered the following:

— The cash position of the Group;
— The strong cash flow performance of the Group through the year;
— The continued demand for the Group's services;
— The ability to operate most of its services in a work from home model where studios are temporarily closed;
— The historical resilience of the broader video games industry in times of economic downturn; and
— The ability of the Group to flex its cost base in response to a reduction in trading activity.

The Directors have also considered the Group's strong liquidity position with cash and cash equivalents of €60m as at 31 December 2023, and committed undrawn facilities of €237m under the Revolving Credit Facility ("RCF").

The Directors have applied downside sensitivities to the Group's cash flow projections to assess the Group's resilience to adverse outcomes. This assessment included a reasonable worst-case scenario in which the Group's principal risks manifest to a severe but plausible level. Even under the most severe case, the Group would have sufficient liquidity and remain within its banking covenants. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate and meet liabilities as they fall due for the foreseeable future, a period considered to be at least twelve months from the date of these financial statements and therefore the going concern basis of preparation continues to be appropriate.

New Standards, Interpretations and Amendments effective 01 January 2023

The following amendments effective for the period beginning 01 January 2023 are expected to be impactful on the Group moving forward:

— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): The Group has implemented amendments to IAS 1 related to the application of materiality in relation to the disclosure of accounting policies, requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. Whereas all Significant Accounting Policies were disclosed in the past, the Group now discloses only material accounting policies in note 2.
— Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12): Amendments effective 01 January 2023 narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences e.g. Right of use assets and Lease liabilities. As a result in 2023, deferred tax assets and liabilities associated with leases are now recognised gross from the beginning of the earliest comparative period presented, As outlined in note 21, the comparative periods presented have been re-stated to reflect the impact of adoption on the carrying value of Right of Use Assets and Lease Liabilities, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments effective for the period beginning 01 January 2024:

— Lease Liability in a Sale and Leaseback (Amendment to IFRS 16); and
— IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current, with Covenants).

The Group does not expect these other amendments, or any other standards issued by the IASB but not yet effective, to have a material impact on the Group.

Notes forming part of the consolidated financial statements

CONTINUED

2 Material Accounting Policies

Basis of Consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de facto control exists, the Company considers all relevant facts and circumstances, including:

— The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
— Substantive potential voting rights held by the Company and by other parties;
— Other contractual arrangements; and
— Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

Business Combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the consolidated financial statements from the date on which control is obtained. They are consolidated until the date on which control ceases. In the Consolidated statement of financial position, the acquired identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date, and any adjustments to the provisional values allocated to the consideration, identifiable assets or liabilities (and contingent liabilities, if relevant) are made within the measurement period, a period of no more than one year from the acquisition date.

Any contingent consideration payable is recognised at fair value at the acquisition date and is split between current liabilities and long-term liabilities depending on when it is due. In general, in order for contingent consideration to become payable, pre-defined profit and/or revenue targets must be exceeded. The fair value of contingent consideration at acquisition date is arrived at through discounting the expected payment (based on scenario modelling) to present value. Where contingent consideration is dependent on the recipient remaining in employment, the payment is accounted for as post-acquisition remuneration accrued over the retention period, as required under IFRS 3. At each balance sheet date, the fair value of the contingent consideration liabilities are revalued, with the expected pay-out determined separately in respect of each individual acquisition and any change recognised in the statement of comprehensive income. For deferred consideration which is to be provided for by the issue of a fixed number of shares at a future defined date, where there is no obligation on Keywords to offer a variable number of shares, the deferred consideration is classified as an equity arrangement and the value of the shares is fixed at the date of the acquisition.

Acquisition-related costs are recognised immediately as an expense in the periods in which the costs are incurred and the services are received.

Intangible Assets

The Group's Intangible Assets comprise Goodwill, Customer Relationships and Other Intangible Assets.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. The cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included at fair value on the acquisition date and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through the profit and loss. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated statement of comprehensive income.

Customer Relationships

Intangible assets, separately identified from goodwill acquired as part of a business combination (mainly Customer Relationships), are initially stated at fair value. The fair value attributed is determined by discounting the expected future cash flows generated from the net margin of the business from the main customers taken on at acquisition. The assets are amortised on a straight-line basis (to administration expenses) over their useful economic lives (typically five years is deemed appropriate, however, this is re-examined for each acquisition).

Other Intangible Assets

Other intangible assets include Intellectual Property and Music Licences, both acquired and internally developed. Other intangible assets are recognised once they meet the criteria under IAS 38, and are amortised on a straight-line basis over the period of its expected benefit, starting from the date of full commercial use of the product. Residual amounts, useful lives and the amortisation methods are reviewed at the end of every accounting period.

Following initial recognition of development expenditure as an intangible asset, the cost model is applied requiring the intangible asset to be carried at cost, less any accumulated amortisation and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. If specific events indicate that impairment of an item of intangible asset may have taken place, the item's recoverability is assessed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of the fair value net of disposal costs and the value in use.

Impairment

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits held on call with banks and other short-term highly liquid investments. Where cash is on deposit with maturity dates greater than three months, it is disclosed as short-term investments.

Foreign Currency

The consolidated financial statements are presented in euro, which is the presentation currency of the Group and the functional currency of the Parent Company.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into euro at rates approximating when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term items forming part of the Group's net investment in the overseas operation concerned are classified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

Revenue from Contracts with Customers

Contracts are typically for services, performing agreed-upon tasks for a customer and can be time-and-materials or milestone-based. Most contracts are short term in duration (generally less than one month); however, milestone-based contracts can be longer term and extend to several months (or in some cases over a year). Where there are multiple performance obligations outlined in a contract, each performance obligation is separately assessed, the transaction price is allocated to each obligation, and related revenues are recognised as services or assets are transferred to the customer. Performance obligations are typically satisfied over time, as the majority of contracts meet the criteria outlined in IFRS 15 paragraph 35 (a) and (c).

Due to the nature of the services provided and the competitive nature of the market, contracts generally allocate specific transaction prices to separate performance obligations. Individual services or individual milestones generally involve extensive commercial negotiation to arrive at the specific agreed-upon tasks, and the related pricing outlined in the contract. Such negotiations extend further for milestone-based contracts to also include the criteria involved in the periodic and regular process of milestone acceptance by the customer. Such criteria may involve qualitative, as well as quantitative, measures and judgements.

In measuring progress towards complete satisfaction of performance obligations, the input method is considered to be the most appropriate method to depict the underlying nature of the contracts with customers, the interactive way the service is delivered, and projects are managed with the customer. For time-and-materials contracts, other than tracking and valuing time expended, significant judgement is not normally involved. For milestone-based contracts, progress is generally measured based on the proportion of contract costs incurred at the balance sheet date (e.g. worked days), relative to the total estimated costs of the contract, involving estimates of the cost to completion etc. Added to this, significant judgement can be involved in measuring progress towards customer acceptance of the milestone. Significant judgement may also be involved where circumstances arise that may change the original estimates of revenues, costs or extent of progress towards complete satisfaction of the performance obligations. In such circumstances estimates are revised. These revisions may result in increases or decreases in revenue or costs and are reflected in income in the period in which the circumstances that give rise to the revision became known. When the outcome of a contract cannot be measured reliably, contract revenue is recognised only to the extent that milestones have been accepted by the customer. Contract costs are recognised as incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

Notes forming part of the consolidated financial statements

CONTINUED

2 Material Accounting Policies continued

Revenue from Contracts with Customers continued

Revenue recognised represents the consideration received or receivable, net of sales taxes, rebates discounts and after eliminating intercompany sales. Revenue is recognised only where it is probable that consideration will be received. Where consideration is received and the related revenue has not been recognised, the consideration received is recognised as a contract liability (Deferred Revenue), until either revenue is recognised or the consideration is refunded. Revenue is derived from eight main service lines:

- Art Services – Art Services relate to the production of graphical art assets for inclusion in the video game, including concept art creation along with 2D and 3D art asset production and animation. Contracts can be either time-and-materials based or milestone-based, with performance obligations satisfied over time. Contracts are generally short term in duration; however, for longer contracts the input method is used to measure progress (e.g. worked days relative to the total expected inputs). Time-and-materials based contract revenue is recognised as the related services are rendered. For milestone-based contracts where progress can be measured reliably towards complete satisfaction of the performance obligation, revenue is recognised using the input method to measure progress. Where progress cannot be measured reliably, revenue is recognised on milestone acceptance.
- Game Development – Game Development relates to software engineering services which are integrated with client processes to develop video games. Contracts can be either time-and-materials based or milestone-based, with performance obligations satisfied over time. Contracts are generally longer term in duration. Time-and-materials based contract revenue is recognised as the related services are rendered. For milestone-based contracts where progress can be measured reliably towards complete satisfaction of the performance obligation, revenue is recognised using the input method to measure progress. Where progress cannot be measured reliably, revenue is recognised on milestone acceptance.
- Audio – Audio services relate to the audio production process for computer games and includes script translation, actor selection and talent management through pre-production, audio direction, recording, and post-production, including native language quality assurance of the recordings. Audio contracts may also involve music licensing or selling music soundtracks. Audio service contracts are typically milestone-based, with performance obligations satisfied over time. Audio services contracts are generally short term in duration; however, for longer contracts where progress towards complete satisfaction of the performance obligation can be measured reliably, revenue is recognised using the input method to measure progress. Where progress cannot be measured reliably, audio services revenue is recognised on milestone acceptance. Music licensing and music soundtracks performance obligations are assessed separately, and related revenue is recognised on licence inception and on delivery of the soundtracks, respectively.
- Functional Testing – Functional Testing relates to quality assurance services provided to game producers to ensure games function as required. Contracts are typically time-and-materials based and performance obligations are satisfied over time. Contracts are generally short term in duration. Revenue is recognised as the related services are rendered.
- Localization – Localization services relate to translation and cultural adaptation of in-game text and audio scripts across multiple game platforms and genres. Contracts are typically time-and-materials based and performance obligations are satisfied over time. Contracts are generally short term in duration; however, for longer contracts the input method is used to measure progress. Localization contracts may also involve licensing translation software as a service. Such revenue is assessed separately. Revenue is recognised as the related services are rendered.
- Localization Testing – Localization Testing involves testing the linguistic correctness and cultural acceptability of computer games. Contracts are typically time-and-materials based and performance obligations are satisfied over time. Contracts are generally short term in duration. Revenue is recognised as the related services are rendered.
- Marketing – Marketing services include game trailers, marketing art and materials, PR and full brand campaign strategies. Contracts can be either time-and-materials based or milestone-based, with performance obligations satisfied over time. Contracts are generally short term in duration; however, for longer contracts the input method is used to measure progress. Time-and-materials based contract revenue is recognised as the related services are rendered. For milestone-based contracts where progress can be measured reliably towards complete satisfaction of the performance obligation, revenue is recognised using the input method to measure progress. Where progress cannot be measured reliably, revenue is recognised on milestone acceptance.
- Player Engagement – Player Engagement relates to the live operations support services such as community management, player engagement and associated services provided to producers of games to ensure that consumers have a positive user experience. Contracts are typically time-and-materials based and performance obligations are satisfied over time. Contracts are generally long term in duration. Player Engagement contracts may also involve digital support platform software as a service. Revenue is recognised as the related services are rendered.

Multimedia Tax Credits / Video Games Tax Relief and other tax credits related to staff costs

The multimedia tax credits ("MMTC") received in Canada, and video games tax relief in the UK together with similar reliefs in other jurisdictions ("VGTR"), are tax credits related to staff costs. Tax credits are recognised as income over the periods necessary to match the credit on a systematic basis with the costs that it is intended to compensate. Thus, credits are taken as a deduction against direct costs each period, but typically paid in the following financial year once the claims have been submitted and agreed. The nature of the grants is such that they are not dependent on taxable profits, and are recognised (under IAS 20), at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Share-based Payments

The Company issues equity-settled share-based payments to certain employees and Directors under a Share Option Scheme and a Long-Term Incentive Plan ("LTIP"). Conditional awards under the rules of the LTIP Plan ("Salary Shares") are also issued to certain employees and Directors.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. Other than continuous service, grants do not have non-market-based vesting conditions. At each reporting date the Company adjusts for unvested forfeitures and the impact is recognised in profit or loss, with a corresponding adjustment to equity reserves. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Additional employer costs, including social security taxes, in respect of options and awards are expensed over the vesting period with a corresponding liability recognised. The liability recognised depends on the number of options that are expected to be exercised, and the liability is adjusted by reference to the fair value of the options at the end of each reporting period.

Where share-based payments are issued to employees of subsidiary companies, the annual cost of the options are recharged to the subsidiary company through an inter-company recharge.

Share Option Plan

These are measured at fair value on the grant date using a Black-Scholes option pricing model which calculates the fair value of an option by using the vesting period, the expected volatility of the share price, the current share price, the exercise price and the risk-free interest rate. The fair value of the option is amortised over the vesting period, with one-third of the options vesting after two years, one-third after three years, and the balance vesting after four years. The only vesting condition is continuous service. There is no requirement to revalue the option at any subsequent date.

LTIP

The exercise of LTIP awards is subject to certain vesting conditions. For the awards granted up to 2015, one-third of the share options vested if the Company exceeded the Total Shareholder Returns ("TSR") of the Numis Small Cap Index (excluding Investment Trusts) by 10%, two-thirds if the TSR exceeded the Index by 20% and full vesting if the TSR exceeded the Index by 30%. This was amended for the 2016 and 2017 awards to 100% vesting if the shareholder return exceeds the Index by 45%, and a prorated return between 10% if the TSR matches the Index, to 100% if the TSR exceeds the Index by 45%. The scheme was further amended in 2018 to 100% vesting if the TSR exceeds the Index by 20%, and a prorated return between 10% and 100% if the TSR exceeds the Index by between 0% and 20%. In 2019, the benchmark Index was amended for future grants to be the FTSE Small Cap Index, with the same performance conditions as 2018. In 2021, the benchmark Index was amended to be the FTSE 250 Index (excluding investment trusts), and threshold vesting (25% of the award) will be earned for TSR in line with the Index and full vesting will be earned for exceeding the Index TSR by 20% over the performance period. A prorated return will be earned between 25% and 100% if the TSR exceeds the Index by between 0% and 20%.

These are measured at fair value, taking into account market vesting conditions but not non-market vesting conditions, at the date of grant, measured by using the Monte Carlo binomial model.

Salary Shares

Salary shares are measured at fair value on the grant date. As the only vesting condition is continuous service, the fair value of the shares is amortised over the vesting period.

Income Taxes and Deferred Taxation

Provision for income taxes is calculated in accordance with the tax legislations and applicable tax rates in force at the reporting date in the countries in which the Group companies have been incorporated.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities / (assets) are settled / (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities associated with leases and decommissioning liabilities are recognised on a gross basis, in accordance with IAS 12.

Property, Plant and Equipment

Property, plant and equipment comprise computers, leasehold improvements, and office furniture and equipment, and are stated at cost less accumulated depreciation. Carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Property, plant and equipment acquired through business combinations are valued at fair value on the date of acquisition.

↘ Notes forming part of the consolidated financial statements

CONTINUED

2 Material Accounting Policies continued

Property, Plant and Equipment continued

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Computers and software	3 – 5 years
Office furniture and equipment	10 years
Leasehold improvements	over the length of the lease

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Consolidated statement of comprehensive income.

Financial Assets

The Group's most significant financial assets comprise trade and other receivables and cash and cash equivalents in the Consolidated statement of financial position, whereas the Company's most significant financial assets comprise inter-group receivables.

Trade Receivables

Trade receivables, which principally represent amounts due from customers, are recognised at amortised cost as they meet the IFRS 9 classification test of being held to collect, and the cash flow characteristics represent solely payments of principal and interest. The Group's impairment methodology is in line with the requirements of IFRS 9. The simplified approach to providing for expected credit losses has been applied to trade receivables, which requires the use of a lifetime expected loss provision.

Accrued Income from Contracts with Customers

Other receivables include Accrued income from contracts with customers. The Group also applies the simplified approach to assessing expected credit losses in relation to such assets, as their maturities are less than twelve months.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Financial Liabilities

Trade payables, bank borrowings and other monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Leased Assets

A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

At lease commencement date, the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from purchase and extension options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group has applied judgement to determine the lease term for contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the lease liabilities and right of use assets recognised.

Employee Benefit Trust

Ordinary shares purchased by the Employee Benefit Trust on behalf of the parent company under the Terms of the Share Option Plan are deducted from equity on the face of the Consolidated statement of financial position. No gain or loss is recognised in relation to the purchase, sale, issue or cancellation of the parent company's ordinary shares. Where such shares are utilised for employee share schemes, the cost of the shares is transferred to the Share-based payment reserve, with any cash proceeds credited directly to the Share-based payment reserve.

3 Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgements

The judgements, apart from those involving estimations, that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements, are outlined below.

— **Group**

- **Functional and Presentation Currency:** The Directors have considered the requirements of IAS 21 in determining the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions to determine the functional currency of the Company. Detailed consideration has been given to both the Primary and Secondary Indicators in forming this conclusion. The Primary Indicators relate to revenues, regulation, competitive forces and costs, while the Secondary Indicators are mainly concerned with financing the business and the currency in which receipts from operating activities are usually retained. With a mix of currencies dominating the indicators, there is no clear single currency that influences the Group when all factors are considered. The Directors have determined the euro as the most appropriate presentation currency of the consolidated financial statements.
- **Business Combinations (Customer relationships):** When acquiring a business, the Group is required to identify and recognise intangible assets, the determination of which requires a significant degree of judgement. Acquisitions may also result in intangible benefits being brought into the Group, some of which qualify for recognition as intangible assets while other such benefits do not meet the recognition requirements of IFRS and therefore form part of goodwill. Customer relationships are recognised as separate assets where revenues are recurring in nature and material revenues have been generated with the customer for a continuous period of three years. For the Game Development service line, the key asset acquired is typically "know-how", an asset that is not readily measurable and thus intrinsically linked to goodwill. Relationships are typically fixed term contract based rather than relationship based. Therefore, neither customer contracts nor customer relationships are typically recognised on the acquisition of a Game Development business.
- **IFRS 16 Leases:** The Group has determined that the Group's incremental borrowing rate is the appropriate rate to use to discount lease liabilities. The Group has applied judgement to determine the lease term for contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the lease liabilities and right of use assets recognised.
- **Business Combinations (put and call options over Non-controlling interest):** The Group acquired an 85% interest in Tantalus in March 2021, with the sellers retaining a minority shareholding. The shareholder agreement (signed with the purchase agreement) includes put and call options ("the Forward") that require the sellers to sell, or require the Group to buy, the remaining 15% shareholding after three years using a pre-determined valuation methodology linked to post-acquisition performance. IFRS 3 does not provide specific guidance on how such contracts should be accounted for in a business combination. The Board determined, taking into consideration all the contracts' terms and conditions, that the impact of the Forward put the Group in a similar position as if the Group had acquired a 100% interest in the subsidiary on the acquisition date, with deferred contingent consideration payable at a future date. In doing so, the Board considered whether the risks and rewards of ownership reside with the Non-controlling interest or had effectively transferred to the Group, and concluded that the Non-controlling interest arising on the acquisition had been extinguished by a combination of the Forward and other conditions in the agreements. Therefore, the Group has accounted for the acquisition as if a 100% interest was acquired on acquisition, accounting for the initial investment and the Forward as a single linked transaction in which 100% control is gained, with the Forward recognised at fair value, as a financial liability within Deferred and contingent consideration (note 17), and no Non-controlling interest recognised on the acquisition. Any subsequent remeasurement required due to changes in the fair value of the liability are recognised in the Consolidated statement of comprehensive income.
- **Goodwill:** Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine recoverable amounts. In calculating the value in use, significant judgement and estimation is required in forecasting cash flows of CGUs, in determining terminal growth values and in selecting an appropriate discount rate.

Estimates and Assumptions

A number of areas requiring the use of estimates and critical judgements impact the Group's earnings and financial position. These include revenue recognition, the computation of income taxes, the value of goodwill and intangible assets arising on acquisitions, the valuation of multimedia tax credits / video games tax relief, leasing and the valuation of defined retirement benefits. The Directors consider that no reasonably possible changes to any of the assumptions used in the estimates would in the view of the Directors give rise to significant risk of a material adjustment to the carrying value of the associated balances in the subsequent financial year.

Notes forming part of the consolidated financial statements

CONTINUED

4 Segmental Analysis and Revenue from Contracts with Customers

Segmental Analysis

	2023 €'000	2022 €'000
Revenue from external customers		
Create	**336,069**	275,570
Globalize	**279,490**	300,875
Engage	**164,886**	114,273
	780,445	690,718
Segment operating profit		
Create	**94,118**	69,748
Globalize	**48,477**	61,577
Engage	**15,710**	15,576
	158,305	146,901
Reconciliation of Segment operating profit		
Adjusted EBITDA^	**158,305**	146,901
Share-based payments expense	**(21,964)**	(18,678)
Costs of acquisition and integration	**(27,140)**	(8,413)
Amortisation of intangible assets	**(26,060)**	(16,810)
Depreciation – property, plant and equipment	**(23,128)**	(18,365)
Depreciation – right of use assets	**(13,907)**	(14,585)
Bank charges	**724**	662
Other income	**–**	1,098
Operating profit	**46,830**	71,810
Financing income	**614**	1,986
Financing cost	**(12,450)**	(5,814)
Profit before taxation	**34,994**	67,982

^ The Group reports a number of alternative performance measures ("APMs"), including Adjusted EBITDA, to present the financial performance of the business, that are not GAAP measures as defined under IFRS. Segmental results are reported in a manner consistent with these measures, with Segment operating profit equating to Adjusted EBITDA. A reconciliation of Adjusted EBITDA to the relevant GAAP measure is presented in the APMs section.

The Group is organised into three operating segments (as identified under IFRS 8 Operating Segments), and generates revenue across eight service lines under three divisions:

— Create – Game Development and Art Services;

— Globalize – Functional Testing, Localization Testing, Audio and Localization; and

— Engage – Marketing and Player Engagement.

Operating segments are reported in a manner consistent with the internal organisational and management structure, and the internal reporting information provided to the Chief Operating Decision Maker ("CODM") who is responsible for allocating resources and assessing performance of the operating segments. The CODM has been identified as the executive management team made up of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

Intersegment revenue is not material and thus not subject to separate disclosure.

Geographical analysis of non-current assets from continuing businesses*

	2023 €'000	2022 €'000
United States	**351,240**	264,117
United Kingdom	**216,416**	121,556
Canada	**49,997**	57,652
Australia	**49,179**	51,869
Italy	**15,308**	16,471
Poland	**12,859**	12,561
Switzerland	**9,786**	10,025
China	**9,573**	9,296
India	**7,495**	4,974
France	**7,044**	7,150
Other	**28,392**	28,070
	757,289	583,741

* The prior year comparatives have been reclassified to align to the current year ranking.

Revenue from Contracts with Customers

Revenue recognised in the reporting period arises from contracts with customers, and is predominantly recognised over time. There were no significant amounts of revenue recognised in the reporting period that were included in a contract liability balance at the beginning of the reporting period, or from performance obligations satisfied in the previous reporting period.

Geographical analysis of revenues, by production location*

	2023 €'000	2022 €'000
United States	**174,550**	120,722
Canada	**158,199**	155,509
United Kingdom	**130,016**	115,017
Poland	**40,988**	42,731
Australia	**34,425**	22,211
Italy	**34,114**	39,195
China	**29,061**	26,759
India	**27,872**	25,290
Japan	**21,237**	22,716
Philippines	**20,591**	20,074
Other	**109,392**	100,494
	780,445	690,718

* The prior year comparatives have been reclassified to align to the current year ranking by production location.

For many contracts, operations are completed across multiple sites. Analysis of revenues by geographical regions is presented by production location, which may not reflect the jurisdiction from which the final invoice to the client is raised, or the region of the Group's customers, whose locations are worldwide.

One customer was above 10% of revenues in 2023, accounting for 19.1% of total revenue (2022: 13.4%), with revenues spread across all divisions and service lines. The increase in concentration has been primarily due to the customer's acquisition activity over the past year.

Notes forming part of the consolidated financial statements

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4 Segmental Analysis and Revenue from Contracts with Customers continued

Revenue Expected to be Recognised

For Game Development, games are developed to an agreed specification and time schedule, and often have delivery schedules and/or milestones that extend well into the future. The following are Game Development revenues expected to be recognised for contracts with a schedule of work that extends beyond one year, representing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

Revenue expected to be recognised	Total undelivered €'000	Scheduled completion within 1 year €'000	Scheduled completion 1-2 years €'000	Scheduled completion 2-5 years €'000
At 31 December 2023	**69,113**	**57,712**	**10,947**	**454**
At 31 December 2022	82,060	77,448	4,612	–

For all service lines excluding Game Development, contracts do not extend to more than one year, therefore information concerning unsatisfied performance obligations are not disclosed, as allowed under the practical expedient exemption under IFRS 15. This practical expedient is also availed of for Game Development contracts of less than one year in duration.

5 Cost of Sales and Operating Profit

Cost of sales	2023 €'000	2022 €'000
Operating expenses	**499,186**	430,475
Multimedia tax credits / video games tax relief	**(38,215)**	(21,540)
Other direct costs	**20,369**	14,517
	481,340	423,452

Operating profit is stated after charging / (crediting):	2023 €'000	2022 €'000
Depreciation – property, plant and equipment	**23,128**	18,365
Depreciation – right of use assets	**13,907**	14,585
Amortisation of intangible assets	**26,060**	16,810
Costs of acquisition and integration	**27,140**	8,413
Auditor's remuneration	**870**	689
Short-term leases	**2,550**	2,140
Other income	**–**	(1,098)

Costs of acquisition and integration	2023 €'000	2022 €'000
Acquisition and integrations costs re: current year acquisitions (note 27)	**2,345**	1,177
Acquisition and integrations costs re: prior acquisitions	**390**	631
Fair value adjustments to contingent consideration (note 17)	**300**	2,282
Deferred consideration related to continuing employment	**8,877**	3,266
Costs associated with ceasing operations in Russia (note 29)	**3,893**	–
Acquisition team and related costs	**593**	671
Globalize restructuring – Right of use assets impairment	**2,041**	–
Globalize restructuring – Property, plant and equipment impairment	**5,755**	–
Globalize restructuring – Other provisions	**2,677**	–
Other reorganisation and restructuring costs	**269**	386
	27,140	8,413

In December 2023, the Board approved an initiative to enhance the Globalize operating model, by managing its cost base, more deeply integrating technology and enhancing collaboration across our locations to provide best in class service delivery for clients. Against this backdrop there was a charge of €10.5m relating to restructuring of the Globalize service line arising from €2.0m in Right of use assets, €5.8m relating to property, plant and equipment and €2.7m of other related contracts that were identified as onerous or impaired.

Auditor's remuneration	**2023 €'000**	2022 €'000
Audit services:		
Parent company and Group audit	**387**	318
Subsidiary companies' audit	**499**	358
Non-audit services:		
Audit-related assurance services	**11**	13
	897	689

Other income	**2023 €'000**	2022 €'000
Gain on disposal of investment	**–**	(1,098)
	–	(1,098)

Other income represents the gain on disposal of the Group's investment in AppSecTest in April 2022 (including related Non-controlling interest recycled on disposal).

6 Financing Income and Cost

	2023 €'000	2022 €'000
Financing income		
Interest received	**614**	309
Foreign exchange gain	**–**	1,677
	614	1,986
Financing cost		
Bank charges	**(724)**	(662)
Interest expense	**(5,768)**	(1,261)
Unwinding of discounted liabilities – lease liabilities	**(1,447)**	(969)
Unwinding of discounted liabilities – deferred consideration	**(3,279)**	(2,922)
Foreign exchange loss	**(1,232)**	–
	(12,450)	(5,814)
Net financing income / (cost)	**(11,836)**	(3,828)

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7 Taxation

	2023 €'000	2022 €'000
Current income tax		
Income tax on profits	**26,469**	25,844
Deferred tax (note 21)	**(11,427)**	(5,232)
	15,042	20,612

The tax charge for the year can be reconciled to accounting profit as follows:

	2023 €'000	2022 €'000
Profit before tax	**34,994**	67,982
Tax charge based on the Effective tax rate*	**6,582**	12,156
Income tax prior year (over) / under provision	**1,524**	(653)
Deferred tax prior year (over) / under provision and impact of change in tax rates	**(602)**	(204)
Items disallowed for tax purposes	**11,826**	7,468
Exempt and non-taxable income	**26**	(72)
Tax incentives	**(4,220)**	(924)
Current year tax losses utilised	**(17)**	(250)
Current year tax losses where deferred tax has not been provided	**54**	346
State and other direct taxes	**869**	932
Other differences – net	**(1,000)**	1,813
Total tax charge	**15,042**	20,612
* Effective tax rate – being the statutory tax rate relative to the profit before tax in each jurisdiction	**18.8%**	17.9%

The Group's subsidiaries are located in different jurisdictions and are taxed on their residual profit in those jurisdictions. The effective tax rate will vary year-on-year due to the effect of changes in tax rates and changes in the proportion of profits in each jurisdiction.

Tax effects relating to each component of other comprehensive income	2023 €'000	2022 €'000
Exchange gain / (loss) in net investment in foreign operations	**(8,317)**	(7,947)
Tax (expense) / benefit	**1,238**	993
Net of tax amount	**(7,079)**	(6,954)
Actuarial gain / (loss) on defined benefit plans	**12**	286
Tax (expense) / benefit	**–**	–
Net of tax amount	**12**	286
Exchange gain / (loss) on translation of foreign operations	**(2,518)**	6,144
Tax (expense) / benefit	**–**	–
Net of tax amount	**(2,518)**	6,144

8 Earnings per Share

	2023 € cent	2022 € cent
Basic	**25.28**	61.54
Diluted	**24.94**	58.86

Earnings	**€'000**	€'000
Profit for the period from continuing operations	**19,952**	47,370

Weighted average number of equity shares	**Number**	Number
Basic (i)	**78,910,471**	76,979,596
Diluting impact of share options (ii)	**1,084,796**	3,502,301
Diluted (i)	**79,995,267**	80,481,897

(i) Includes (weighted average) shares to be issued:

	Number	Number
	67,827	67,802

(ii) Contingently issuable ordinary shares have been excluded where the conditions governing exercisability have not been satisfied:

	Number	Number
LTIPs	**3,334,569**	409,728
Share options	**450,994**	511,411
	3,785,563	921,139

Details of the number of share options outstanding at the year end are set out in note 23.

9 Dividends

Dividends paid	**In respect of**	**Approval date**	**€ cent per share**	**Pence STG per share**	**Total dividend €'000**	**Payment date**
Final	2021	Mar-22	1.70	1.45	1,305	Jun-22
Interim	2022	Sep-22	0.90	0.77	674	Oct-22
Dividends paid to shareholders 2022			2.60	2.22	1,979	
Final	**2022**	**Mar-23**	**1.85**	**1.60**	**1,461**	**Jun-23**
Interim	**2023**	**Sep-23**	**0.97**	**0.85**	**769**	**Oct-23**
Dividends paid to shareholders 2023			**2.82**	**2.45**	**2,230**	

Recommended	**In respect of**	**Approval date**	**Expected € cent per share**	**Pence STG per share**	**Expected total dividend €'000**	**Expected payment date**
Final	**2023**	**Mar-24**	**2.03**	**1.76**	**1,609**	**Jun-24**

At 31 December 2023, Retained earnings available for distribution (being Retained earnings plus Share-based payments reserve) in the Company were €94.5m (2022: €77.6m). In addition, certain amounts within Merger reserve are considered distributable (see note 22).

The Directors do not foresee any impediment in continuing to implement the dividend policy of the Group moving forward.

The Group does not recognise deferred tax on unremitted retained earnings, as, in general, retained earnings (as dividends) are only remitted where there are minimal or no tax consequences.

Notes forming part of the consolidated financial statements

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10 Staff Costs

Total staff costs (including Directors)	2023 €'000	2022 €'000
Salaries and related costs	**414,818**	345,857
Social welfare costs	**37,926**	27,788
Pension costs	**8,167**	7,222
Share-based payments expense	**21,964**	18,678
	482,875	399,545

Average number of employees	2023	2022
Operations	**11,307**	10,272
General and administration	**1,033**	869
	12,340	11,141

Key management compensation	2023 €'000	2022 €'000
Salaries and related costs	**2,452**	2,258
Social welfare costs	**323**	431
Pension costs	**75**	54
Share-based payments expense	**2,025**	1,142
	4,875	3,885

The key management compensation comprises compensation to nine Directors of Keywords Studios plc during the year (2022: ten).

11 Intangible Assets

	Goodwill €'000	Customer relationships €'000	Intellectual property / Development costs €'000	Total €'000
Cost				
At 01 January 2022	325,037	68,325	4,114	397,476
Recognition on acquisition of subsidiaries	70,482	34,695	25,914	131,091
Additions	–	–	501	501
Disposals	(159)	–	–	(159)
Exchange rate movement	1,373	1,317	(134)	2,556
At 31 December 2022	**396,733**	**104,337**	**30,395**	**531,465**
Recognition on acquisition of subsidiaries	**152,001**	**45,859**	**–**	**197,860**
Additions	**–**	**–**	**3,052**	**3,052**
Adjustment to the carrying value of prior year business combinations	**(2,967)**	**–**	**–**	**(2,967)**
Exchange rate movement	**(7,352)**	**(3,353)**	**(899)**	**(11,604)**
At 31 December 2023	**538,415**	**146,843**	**32,548**	**717,806**
Accumulated amortisation				
At 01 January 2022	147	40,708	2,678	43,533
Amortisation charge	–	16,285	525	16,810
Disposals	(147)	–	–	(147)
Exchange rate movement	–	1,308	8	1,316
At 31 December 2022	**–**	**58,301**	**3,211**	**61,512**
Amortisation charge	**–**	**20,142**	**5,918**	**26,060**
Exchange rate movement	**–**	**(1,826)**	**(116)**	**(1,942)**
At 31 December 2023	**–**	**76,617**	**9,013**	**85,630**
Net book value				
At 01 January 2023	396,733	46,036	27,184	469,953
At 31 December 2023	**538,415**	**70,226**	**23,535**	**632,176**

Customer relationships and intellectual property / development costs are amortised on a straight-line basis over five years. Customer relationships amortisation commences on acquisition, whereas intellectual property / development costs amortisation commences when the product is launched.

Adjustment to the carrying value of prior year business combinations

IFRS 3 allows a twelve-month measurement period from acquisition date to complete the initial accounting. When Keywords acquired Helpshift in December 2022, a provisional estimate of deferred tax assets ("DTA") was recognised related to pre-acquisition tax losses. As US regulations limit the use of net operating losses in certain cases following ownership changes, an expert report was commissioned to clarify the availability of the pre-acquisition losses to offset future tax liabilities. Following this study, an uplift of €3.0m in Helpshift DTAs was recorded with a corresponding reduction in the Goodwill recognised on the Helpshift acquisition. As the adjustment is not significant the prior period has not been restated.

Impairment tests for goodwill

The Group assesses the carrying value of goodwill each year on the basis of budget projections for the coming year extrapolated using a 1 to 5 year growth rate and a terminal value calculated using a long-term growth rate projection. The (pre-tax) discount rate used of 10.0% (2022: 10.0%) is based on the Board's assessment of the weighted average cost of capital ("WACC") of the Group.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments, as outlined in note 4, determined in accordance with IFRS 8 Operating Segments. The Board have determined the service lines as CGUs, and Goodwill acquired in business combinations has been allocated to the CGUs that are expected to benefit from business combinations to date.

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11 Intangible Assets continued

Impairment tests for goodwill continued

A summary of the allocation of the carrying value of goodwill by segment and by CGU is presented below:

Segment	CGU	2023 €m	2022 €m
Create:	Game Development	**296**	218
	Art Services	**19**	19
Globalize:	Functional Testing	**14**	15
	Localization Testing	**14**	14
	Audio	**33**	33
	Localization	**18**	19
Engage:	Marketing	**110**	35
	Player Engagement	**34**	44
		538	397

The value in use calculations were consistently calculated year over year, with no significant changes in the assumptions made. The result of the value in use calculations was that no impairment is required in this period.

Key assumptions

	Actual		Sensitivity analysis			
	2023	2022	**2023**	2022	**2023**	2022
1 to 5 year growth rate assumption	**10%**	10%	**15%**	15%	**5%**	5%
Long-term growth rate assumption	**2%**	2%	**2%**	2%	**2%**	2%
Value in use (€m) – all CGUs	**1,369**	1,295	**1,641**	1,552	**1,159**	1,096
Carrying value – goodwill (€m)	**538**	397				

Sensitivity analysis has been performed across all the CGUs to flex the growth rate by 5% and separately to flex the discount rate by 1%. Under both scenarios there would have been no requirement for the Group to recognise any impairment charge in either period presented, in any individual CGU. The Directors consider that no reasonably probable change in the assumptions would result in an impairment.

12 Right of Use Assets

The Group has entered into leases, across the business, principally relating to property. These property leases have varying terms and renewal rights.

	2023 €'000	2022 €'000
Cost		
At 01 January	**65,849**	63,840
Additions	**14,074**	15,249
Recognition on acquisition of subsidiaries	**6,151**	580
De-recognition of expired leases	**(9,993)**	(14,186)
Exchange rate movement	**(389)**	366
At 31 December	**75,692**	65,849
Accumulated depreciation		
At 01 January	**28,177**	27,849
Depreciation charge	**13,907**	11,753
De-recognition of expired leases	**(9,993)**	(14,186)
Impairment charge (note 5)	**2,041**	2,832
Exchange rate movement	**(390)**	(71)
At 31 December	**33,742**	28,177
Net book value		
At 01 January	**37,672**	35,991
At 31 December	**41,950**	37,672

13 Property, Plant and Equipment

	Computers and software €'000	Office furniture and equipment €'000	Leasehold improvements €'000	Total €'000
Cost				
At 01 January 2022	43,049	9,214	14,928	67,191
Exchange rate movement	(94)	(109)	105	(98)
Additions	21,962	1,129	3,916	27,007
Acquisitions through business combinations at fair value	243	131	48	422
Disposals	(1,132)	(490)	(828)	(2,450)
At 31 December 2022	**64,028**	**9,875**	**18,169**	**92,072**
Exchange rate movement	**(1,509)**	**(165)**	**(394)**	**(2,068)**
Additions	**25,974**	**2,136**	**2,579**	**30,689**
Acquisitions through business combinations at fair value	**2,792**	**393**	**277**	**3,462**
Disposals	**(3,757)**	**(304)**	**(450)**	**(4,511)**
At 31 December 2023	**87,528**	**11,935**	**20,181**	**119,644**
Accumulated depreciation				
At 01 January 2022	24,568	4,310	2,295	31,173
Exchange rate movement	47	71	82	200
Depreciation charge	12,539	799	5,027	18,365
Disposals	(1,133)	(490)	(827)	(2,450)
At 31 December 2022	**36,021**	**4,690**	**6,577**	**47,288**
Exchange rate movement	**(2,084)**	**(51)**	**(138)**	**(2,273)**
Depreciation charge	**18,255**	**1,276**	**3,597**	**23,128**
Impairment charge (note 5)	**3,572**	**–**	**2,203**	**5,775**
Disposals	**(3,757)**	**(304)**	**(450)**	**(4,511)**
At 31 December 2023	**52,007**	**5,611**	**11,789**	**69,407**
Net book value				
At 01 January 2023	28,007	5,185	11,592	44,784
At 31 December 2023	**35,521**	**6,324**	**8,392**	**50,237**

14 Investments

	2023 €'000	2022 €'000
Investments	**175**	175

From time to time, the Group (via Keywords Ventures Limited) has made modest investments in businesses developing innovative technologies and services that will benefit its clients, while further accelerating the success of investee companies through access to its global platform and relationships.

Notes forming part of the consolidated financial statements

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15 Trade Receivables

	2023 €'000	2022 €'000
Trade receivables	**94,189**	85,012
Provision for bad debts (note 24)	**(4,249)**	(3,449)
Financial asset held at amortised cost	**89,940**	81,563

Trade receivables arise from revenues derived from contracts with customers.

16 Other Receivables

Current	2023 €'000	2022 €'000
Multimedia tax credits / video games tax relief	**37,081**	25,756
Accrued income from contracts with customers	**18,307**	13,220
Prepayments and rent deposits	**14,362**	10,527
Tax and social security	**7,263**	6,538
Other receivables	**6,980**	5,374
	83,993	61,415

Accrued income from contracts with customers represent mainly contract assets in process and related items.

17 Other Payables

	2023 €'000	2022 €'000
Current liabilities		
Accrued expenses*	**76,970**	61,155
Deferred and contingent consideration (i)	**36,550**	44,945
Other payables (ii)	**30,105**	26,099
Deferred and contingent consideration related to continuous employment (i)*	**7,273**	3,579
Payroll taxes	**5,072**	3,577
	155,970	139,355
Non-current liabilities		
Deferred and contingent consideration (i)	**12,002**	18,308
	12,002	18,308

* Please note in 2022 Deferred and contingent consideration related to continuous employment was disclosed within Accrued expenses.

The movement in deferred and contingent consideration during the financial year was as follows:

	2023		2022	
	€'000	€'000	€'000	€'000
	Deferred and contingent consideration	Deferred and contingent consideration related to continuous employment	Deferred and contingent consideration	Deferred and contingent consideration related to continuous employment
Carrying amount at the beginning of the period	63,253	3,579	54,142	–
Consideration settled by cash	(30,428)	(3,900)	(25,800)	–
Consideration settled by shares	(11,716)	(1,238)	(8,040)	–
Unwinding of discount (note 6)	3,279	–	2,922	–
Additional liabilities from current year acquisitions (note 27)	25,790	315	37,950	–
Fair value movements in contingent consideration	300	–	2,282	–
Fair value movements in deferred consideration related to continuous employment	–	8,562	–	3,579
Exchange rate movement	(1,926)	(45)	(203)	–
Carrying amount at the end of the period	48,552	7,273	63,253	3,579

In general, in order for contingent consideration to become payable, pre-defined profit and / or revenue targets must be exceeded. The valuation of contingent consideration is derived using data from sources that are not widely available to the public and involves a degree of judgement (Level 3 input in the fair value hierarchy).

A 10% increase in expected performance would increase the carrying value of Deferred and contingent consideration by €5.8m, while a 10% reduction in expected performance would decrease the carrying value by €7.7m. A 10% increase in expected performance would increase the carrying value of Deferred and contingent consideration related to continuous employment by €0.3m, while a 10% reduction in expected performance would decrease the carrying value by €0.8m.

On an undiscounted basis, the Group may be liable for deferred and contingent consideration ranging from €9.4m to a maximum of €89.3m.

(i) Other payables include deferred income from contracts with customers of €13.1m (2022: €9.1m), which mainly comprise items invoiced prior to services being delivered. Excluding amounts recognised on acquisition of subsidiaries (€5,360k, see note 27), the movement in the year comprises transfers in and out as items are deferred and subsequently recognised as revenue.

18 Loans and Borrowings

Maturity analysis of Loans and borrowings	2023 €'000	2022 €'000
Current		
Expiry within 1 year	–	–
Non-current		
Expiry between 1 and 2 years	–	–
Expiry over 2 years	127,380	51
	127,380	51
	127,380	51

Currency denomination		
US dollar	35,129	–
Sterling	92,251	–
Canadian dollar	–	51
	127,380	51

The carrying amount at the beginning of the period represents loans owed by Keywords Studios QC-Interactive Inc. These balances were repaid in the period.

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18 Loans and Borrowings continued

During July 2023, the Group negotiated a new unsecured multi-currency revolving credit facility agreement ("RCF") of US$400m that matures in July 2027. The new RCF includes an accordion option to increase the facility up to US$500m and an option to extend the expiry date by a further one-year period (both subject to lender consent). The new facility is supported by a group of seven global lenders and replaces the Group's previous €150m unsecured multi-currency revolving credit facility. The RCF's financial covenants remain consistent with the previous facility. The new facility is denominated in US dollars to match the expected predominant currency of future borrowings.

The previous RCF allowed the Group to access financing of up to €150m, which could be drawn down in euro, sterling, US dollars or Canadian dollars, and included an option to increase the facility by up to €50m to a total of €200m (subject to lender consent), at interest rates based on a margin over currency benchmark rates, plus a separate margin charged for the unutilised facility.

Both the new and previous RCFs contain representations, warranties and financial covenants customary for facilities of this type. Non-compliance with RCF terms could result in lenders refusing to advance funds under the facility or, in the worst case, calling in outstanding loans. In connection with the financial covenants, the Group is required to comply with and report interest cover and leverage ratios, each half calendar year, calculated in accordance with the lenders' facility agreement. The covenants provide that Net debt to an adjusted EBITDA metric shall not exceed 3.0x and that EBIT to Net Finance Charges will be a minimum of 4.0x. Throughout the period, the Group operated well within the applicable ratio terms of both the new and previous RCF agreements, with Net Debt to Adjusted EBITDA of 0.1x at the end of H1 and 0.4x at the end of H2, and with EBIT to Net Finance Charges of 18.1x and 16.6x respectively.

Loans and borrowings (classified as financial liabilities under IFRS 9), are held at amortised cost. Interest expenses which are calculated using the effective interest method are disclosed in note 6. While technically any borrowings are repaid and re-borrowed multiple times during the term of the RCF, so long as the Group remains compliant with the financial covenants and certain other terms of the RCF, any debt is rolled from one period to another, with the legal and commercial substance of a multi-year committed facility. Hence the Group presents RCF liabilities as non-current.

The movements in Loans and borrowings are as follows:

	Current €'000	Non-current €'000	Total €'000
At 01 January 2022	81	48	129
Cash flows:			
Repayments	(37)	(42)	(79)
Non-cash flows:			
Exchange rate movement	1	–	1
At 31 December 2022	**45**	**6**	**51**
Cash flows:			
Drawdowns	**–**	**227,322**	**227,322**
Repayments	**(45)**	**(97,334)**	**(97,379)**
Non-cash flows:			
Exchange rate movement	**–**	**(2,614)**	**(2,614)**
At 31 December 2023	**–**	**127,380**	**127,380**

19 Lease Liabilities

The Group has entered into leases, across the business, principally relating to property. These property leases have varying terms and renewal rights. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

The movement in lease liabilities during the financial year was as follows:

	2023 €'000	2022 €'000
Carrying amount at the beginning of the year	**42,519**	37,635
Recognition on acquisition of subsidiaries (note 27)	**6,151**	580
Liabilities recognised on new leases in the period	**14,074**	15,244
Unwinding of discounted liabilities – lease liabilities	**1,447**	969
Payment of principal and interest on lease liabilities	**(16,485)**	(12,330)
Exchange rate movement	**(734)**	421
Carrying amount at the end of the year	**46,972**	42,519

The value of leases not yet commenced to which the lessee is committed, which are not included in lease liabilities at 31 December 2023, was €3.6m (2022: €nil).

Maturity analysis of lease liabilities	**2023 €'000 Lease payments**	**2023 €'000 Finance charges**	**2023 €'000 Lease liabilities**	2022 €'000 Lease payments	2022 €'000 Finance charges	2022 €'000 Lease liabilities
Current						
Not later than one year	**15,164**	**1,299**	**13,865**	12,740	326	12,414
Non-current						
Later than one year and not later than five years	**30,546**	**2,189**	**28,357**	26,491	1,447	25,044
Later than five years	**4,900**	**150**	**4,750**	5,317	256	5,061
	35,446	**2,339**	**33,107**	31,808	1,703	30,105
At 31 December	**50,610**	**3,638**	**46,972**	44,548	2,029	42,519

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. The expenses in the period relating to payments not included in the measurement of the lease liability were as follows:

Lease payments not recognised as a liability	**2023 €'000**	2022 €'000
Short-term leases	**2,550**	2,140
Leases of low value assets	**–**	–
	2,550	2,140
The future minimum lease payments related to these leases		
Not later than one year	**1,081**	1,282
Later than one year and not later than five years	**–**	–
Later than five years	**–**	–
	1,081	1,282

The effect of variable lease payments and reinstatement costs on future cash outflows arising from leases is not material for the Group.

Notes forming part of the consolidated financial statements

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20 Employee Defined Benefit Plans

	2023 €'000	2022 €'000
Liabilities under Employee defined benefit plans	**4,030**	2,861

In line with statutory requirements in France, Italy and India, we are required to maintain employee defined benefit termination payment schemes. The Group commissions an actuarial valuation of the related liabilities in each jurisdiction annually. The liabilities at year end are recorded as long term, while the actuarial gain or loss is recorded separately within Other comprehensive income.

The Group has taken no specific actions to mitigate these factors as due to the long-term nature of the plans it is expected that there will be no sudden financial impact on the Group's results caused by any of these factors. A maturity profile of the obligation and other disclosures required by IAS 19 are not presented as the liability is not significant in the context of the Group, and due to the age profile of employees, a significant outlay is not anticipated for the foreseeable future.

Substantially all of the pension costs of €8.2m (2022: €7.2m) disclosed in note 10 relate to the Group's defined contribution pension plans.

21 Deferred Tax

Details of the deferred tax assets and liabilities, and amounts recognised in the Consolidated statement of comprehensive income are as follows:

	2023 €'000	2023 €'000	2023 €'000	2022 €'000	2022 €'000	2022 €'000
	Assets	Liabilities	Net	Restated Assets	Restated Liabilities	Restated Net
Employee defined benefit plans	**125**	**10**	**115**	308	124	184
Unused tax losses	**13,417**	**–**	**13,417**	10,664	13	10,651
Provisions	**466**	**43**	**423**	258	–	258
Property, plant and equipment	**780**	**1,715**	**(935)**	1,092	1,983	(891)
Multimedia tax credits / video games tax relief	**171**	**6,406**	**(6,235)**	–	3,879	(3,879)
Share-based payments	**15,591**	**–**	**15,591**	8,879	2,091	6,788
Goodwill	**21,159**	**–**	**21,159**	18,176	–	18,176
Customer relationships	**–**	**21,091**	**(21,091)**	–	17,147	(17,147)
Right of use assets and Lease liabilities	**9,867**	**9,867**	**–**	8,400	8,400	–
Offset where legally enforceable right of set off exists	**(28,825)**	**(28,825)**	**–**	(16,620)	(16,620)	–
	32,751	**10,307**	**22,444**	31,157	17,017	14,140

	01 January 2022*	Recognised in the income statement (note 7)*	Recognised in business combinations (note 27)*	**31 December 2022***	**Recognised in the income statement (note 7)**	**Recognised in business combinations (note 11, 27)**	**31 December 2023**
	Restated €'000	Restated €'000	Restated €'000	**Restated €'000**	**€'000**	**€'000**	**€'000**
Employee defined benefit plans	328	(144)	–	**184**	**(69)**	**–**	**115**
Unused tax losses	1,077	1,000	8,574	**10,651**	**(201)**	**2,967**	**13,417**
Provisions	222	36	–	**258**	**165**	**–**	**423**
Property, plant and equipment	116	(1,007)	–	**(891)**	**(44)**	**–**	**(935)**
Multimedia tax credits / video games tax relief	(3,570)	(309)	–	**(3,879)**	**(2,356)**	**–**	**(6,235)**
Share-based payments	3,796	2,992	–	**6,788**	**8,803**	**–**	**15,591**
Goodwill	11,551	(194)	6,819	**18,176**	**(2,030)**	**5,013**	**21,159**
Customer relationships	(5,892)	2,086	(13,341)	**(17,147)**	**7,159**	**(11,103)**	**(21,091)**
	7,628	4,460	2,052	**14,140**	**11,427**	**(3,123)**	**22,444**
Other amounts recognised in the income statement:							
Effect of tax rate change		(13)					
Adjustment in respect of prior years		785					
		5,232					

* The prior year has been restated to the current year presentation as the Directors believe this to be more meaningful.

The deferred tax asset not recognised on available losses at the period end is €3.3m (2022: €3.8m). Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to offset the recognised amounts exists, the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority, and the Group anticipates they will be settled either at the same time or, on a net basis.

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 01 January 2023. These amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences e.g. Right of use assets and Lease liabilities. As a result for leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities on a gross basis from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The Group previously accounted for the deferred tax on leases and decommissioning liabilities on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets. There was no impact on the opening retained earnings at 01 January in any period presented as a result of this change. The impact on deferred tax assets and liabilities in each comparative period presented is detailed below.

	Deferred tax assets €'000	**Deferred tax liabilities €'000**	**Retained earnings €'000**
At 31 December 2022 – as reported	22,757	8,617	143,627
Adoption of Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	8,400	8,400	–
At 31 December 2022 – as restated	31,157	17,017	143,627

Notes forming part of the consolidated financial statements

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22 Shareholders' Equity

Share Capital

	Issue date	Per share €	Number of ordinary £0.01 shares	Number of ordinary £0.01 shares – to be issued	Share capital €'000	Share capital – to be issued €'000	Share premium €'000	Merger reserve €'000
At 01 January 2022			**76,275,775**	**70,144**	**904**	**2,185**	**38,549**	**273,677**
Acquisition-related issuance of shares:								
Waste Creative	24-Jan-22	30.78	20,585	(20,585)	–	(634)	–	633
Heavy Iron	03-Feb-22	31.84	12,914	(12,914)	–	(411)	–	411
Heavy Iron related adjustment	03-Feb-22	31.84	53	–	–	–	–	–
Jinglebell	11-Mar-22	25.94	11,564	(11,564)	–	(300)	–	300
Tantalus Media	04-Jul-22	31.03	28,473	–	–	–	884	–
Forgotten Empires	28-Jul-22	28.41	–	60,857	–	1,729	–	–
Forgotten Empires	28-Jul-22	27.44	–	26,881	–	738	–	–
Mighty Games	03-Aug-22	28.74	–	28,443	–	817	–	–
Climax Studios	08-Aug-22	28.71	135,559	–	2	–	–	3,889
AMC	31-Aug-22	33.49	25,081	(25,081)	–	(840)	–	840
Smoking Gun	05-Oct-22	25.78	–	107,025	–	2,759	–	–
Mighty Games	25-Oct-22	28.74	28,443	(28,443)	–	(817)	817	–
Smoking Gun	25-Oct-22	25.78	107,025	(107,025)	2	(2,759)	–	2,758
G-Net Media	25-Nov-22	33.56	114,038	–	2	–	–	4,147
Acquisition-related issuance of shares			**483,735**	**17,594**	**6**	**282**	**1,701**	**12,978**
Employee Share Purchase Plan			33,372	–	–	–	909	–
Exercise of share options			1,197,175	–	14	–	5,862	–
At 31 December 2022			**77,990,057**	**87,738**	**924**	**2,467**	**47,021**	**286,655**
Acquisition-related issuance of shares:								
Heavy Iron	20-Jan-23	34.67	93,856	–	1	–	–	3,254
Climax Studios	17-Feb-23	27.18	21,428	–	–	–	–	582
Waste Creative	15-Mar-23	31.52	26,600	–	–	–	–	838
Digital Media Management	29-Mar-23	30.92	–	301,170	–	9,311	–	–
Digital Media Management	06-Apr-23	30.92	301,170	(301,170)	3	(9,311)	–	9,308
Hardsuit Labs	10-May-23	28.17	–	53,482	–	1,507	–	–
Hardsuit Labs	30-May-23	28.17	53,482	(53,482)	1	(1,507)	–	1,506
Tantalus Media	15-Jun-23	27.48	191,722	–	2	–	5,986	–
Playboss Interactive	30-Jun-23	24.48	–	13,118	–	321	–	–
Forgotten Empires LLC	03-Aug-23	28.41	60,856	(60,856)	1	(1,729)	–	1,728
Forgotten Empires LLC	03-Aug-23	30.72	59,559	–	1	–	–	1,828
Forgotten Software SL	03-Aug-23	27.45	26,881	(26,881)	–	(738)	–	738
Mighty Games	21-Nov-23	18.58	2,585	–	–	–	49	–
Kantan	12-Dec-23	32.56	12,254	–	1	–	–	400
Acquisition-related issuance of shares			**850,393**	**(74,619)**	**10**	**(2,146)**	**6,035**	**20,182**
Exercise of share options			446,786	–	5	–	1,462	–
At 31 December 2023			**79,287,236**	**13,119**	**939**	**321**	**54,518**	**306,837**

Subject to applicable law, the Company's articles of association and any relevant authority of the Company passed by the shareholders in general meeting, there is no limit to the number of shares which the Company can issue, nor are there are any restrictions on dividends or distributions on such shares. In the context of the Company's general meeting authorities, at the Company's AGM on 26 May 2023 its shareholders gave the Directors the authority to allot the following number of shares (or grant rights to subscribe for, or convert any security into, shares) in the capital of the Company:

a) Up to 3,912,987 shares in respect of the Company's incentive plans in place from time to time (5% of the Company's issued share capital as at 24 March 2023); and

b) Otherwise, up to 26,086,581 shares (33.3% of the Company's issued share capital as at 24 March 2023).

This authority is considered prudent as it gives the Company flexibility to take advantage of possible opportunities which may arise from time to time. The authority granted at the 2023 AGM will expire on the earlier of (i) the close of business on 26 August 2024; and (ii) the conclusion of the 2024 AGM.

Shares to be issued are valued at the share price at the date of acquisition and are recorded in accordance with IAS 32.16.

Shares held in the Employee Benefit Trust ("EBT")

	2023		2022	
	Shares	**€'000**	Shares	€'000
Carrying amount at the beginning of the year	**–**	**–**	–	–
Company funded acquisition of shares	**748,655**	**14,846**	–	–
Utilisation for the exercise of share-based payment plans	**(340,170)**	**(8,072)**	–	–
Carrying amount at the end of the year	**408,485**	**6,774**	–	–

Reserves

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income.
Foreign exchange reserve	Gains or losses arising on retranslation of the net assets of the overseas operations into euro.
Share premium	The share premium account is the amount received for shares issued in excess of their nominal value, net of share issuance costs.
Share-based payments reserve	The Share-based payments reserve is the credit arising on share-based payment charges in relation to the Company's share and share option schemes, net of the cost of EBT shares utilised for employee share schemes less any related cash proceeds.
Shares to be issued	For deferred consideration which is to be provided for by the issue of a fixed number of shares at a future defined date, where there is no obligation on Keywords to offer a variable number of shares, the deferred consideration is classified as an Equity Arrangement and the value of the shares is fixed at the date of the acquisition.
Merger reserve	The merger reserve was initially created following the Group reconstruction, when Keywords Studios plc acquired the Keywords International Limited group of companies. When the Group uses Keywords Studios plc shares as consideration for the acquisition of an entity and has secured at least a 90% equity holding in the acquisition, the value of the shares in excess of the nominal value (net of share issuance costs) is also recorded within this reserve, in line with S612 of the Companies Act 2006. Within Merger reserve are balances related to the share premium on the share placements in 2015 and 2020, of €14.4m and €109.5m respectively, both completed via a cash box structure, with the Company acquiring the net proceeds via a share-for-share exchange. In both cases, the share premium on the issuance of new shares was credited to Merger reserve (in accordance with S610 of the Companies Act 2006). At the time of the placements, the proceeds were not allocated to a specific acquisition or specific purpose, and thus, amounts totalling €123.9m included in the Merger reserve are considered distributable.

Notes forming part of the consolidated financial statements

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23 Share Incentive Schemes

In July 2013, at the time of the IPO, a Share Option Scheme and a Long-Term Incentive Plan ("LTIP") was put in place, while in 2021, the Group introduced an Employee Share Purchase Plan. The charge in relation to these arrangements is as follows:

	2023 €'000	2022 €'000
Share option scheme expense	**1,354**	2,689
LTIP option scheme expense	**20,485**	15,888
Employee Share Purchase Plan	**125**	101
Share-based payments expense	**21,964**	18,678

Of the total Share-based payments expense, €2,025k relates to Directors of the Company (2022: €1,142k).

Share Option Scheme

Share options are granted to Executive Directors and to permanent employees. The exercise price of the granted options is equal to the market price of the shares at the time of the award of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in £ per share	**Number of options**	Average exercise price in £ per share	Number of options
Outstanding at the beginning of the period	**18.78**	**1,585,819**	15.65	2,423,568
Granted	**–**	**–**	–	–
Lapsed	**19.79**	**(125,282)**	19.17	(133,323)
Exercised	**14.71**	**(102,197)**	7.88	(704,426)
Outstanding at the end of the period	**18.99**	**1,358,340**	18.78	1,585,819
Exercisable at the end of the period	**17.45**	**873,025**	15.19	481,319
Weighted average share price at date of exercise	**25.87**		23.57	

Summary by year

Year of Option	2016	2017	2018	2019	2020	2021	2022	**2023**	Total
Exercise price	£2.54	£7.76	£17.10	£15.88	£15.93	£25.48	–	**–**	
Outstanding at the beginning of the period	14,339	41,550	151,519	320,650	546,350	511,411	–	**–**	1,585,819
Granted	–	–	–	–	–	–	–	**–**	–
Lapsed	(6,938)	–	–	(9,500)	(48,427)	(60,417)	–	**–**	(125,282)
Exercised	(7,401)	(6,800)	(22,845)	(36,428)	(28,723)	–	–	**–**	(102,197)
Outstanding at the end of the period	–	34,750	128,674	274,722	469,200	450,994	–	**–**	1,358,340
Exercisable at 31 December 2023	–	34,750	128,674	274,722	280,700	154,179	–	**–**	873,025
Exercisable 2024	–	–	–	–	188,500	148,408	–	**–**	336,908
Exercisable 2025	–	–	–	–	–	148,407	–	**–**	148,407
Exercisable 2026	–	–	–	–	–	–	–	**–**	–
Exercisable 2027	–	–	–	–	–	–	–	**–**	–

The inputs into the Black-Scholes model, used to value the options, are as follows:

Year of Option	2016	2017	2018	2019	2020	2021	2022	**2023**	Weighted average
Weighted average share price (£)	£2.54	£7.75	£17.22	£16.09	£16.00	£26.42	–	**–**	
Weighted average exercise price (£)	£2.54	£7.76	£17.10	£15.88	£15.93	£25.48	–	**–**	
Fair value at measurement date (€)	€0.40	€1.13	€3.79	€5.72	€6.06	€9.32	–	**–**	
Average expected life	4 Years	4 Years	4 Years	4 Years	4 Years	4 Years	–	**–**	
Expected volatility	27.17%	24.79%	35.87%	45.23%	50.15%	47.70%	–	**–**	
Risk-free rates	0.58%	0.16%	0.89%	0.81%	0.07%	0.15%	–	**–**	
Average expected dividend yield	0.55%	0.21%	0.10%	0.10%	0.10%	0.10%	–	**–**	
Weighted average remaining life of options in months	–	–	–	–	4	16	–	**–**	7

Expected volatility was determined by reference to KWS volatility. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Long-term Incentive Plan Scheme

LTIP share awards are subject to KWS performance versus the designated share index over a three-year period.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in £ per share	**Number of options**	Average exercise price in £ per share	Number of options
Outstanding at the beginning of the period	**0.01**	**3,648,173**	0.01	3,704,898
Granted	**0.01**	**720,680**	0.01	901,690
Lapsed	**0.01**	**(124,047)**	0.01	(130,241)
Exercised	**0.01**	**(615,373)**	0.01	(828,174)
Outstanding at the end of the period	**0.01**	**3,629,433**	0.01	3,648,173
Exercisable at the end of the period	**0.01**	**1,276,229**	0.01	741,212
Weighted average share price at date of exercise	**21.96**		24.73	

Summary by year

Year of Option	2016	2017	2018	2019	2020	2021	2022	**2023**	Total
Exercise price	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01	**£0.01**	
Outstanding at the beginning of the period	21,688	44,743	186,000	488,781	1,170,790	845,307	890,864	**–**	3,648,173
Granted	–	–	–	–	–	–	–	**720,680**	720,680
Lapsed	–	–	–	–	(25,400)	(49,500)	(41,750)	**(7,397)**	(124,047)
Exercised	(21,688)	(14,000)	(51,572)	(169,738)	(353,375)	(2,500)	(2,500)	**–**	(615,373)
Outstanding at the end of the period	–	30,743	134,428	319,043	792,015	793,307	846,614	**713,283**	3,629,433
Exercisable at 31 December 2023	–	30,743	134,428	319,043	792,015	–	–	**–**	1,276,229
Exercisable 2024	–	–	–	–	–	793,307	–	**–**	793,307
Exercisable 2025	–	–	–	–	–	–	846,614	**–**	846,614
Exercisable 2026	–	–	–	–	–	–	–	**713,283**	713,283

Notes forming part of the consolidated financial statements

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23 Share Incentive Schemes continued

Summary by year continued

The inputs into the Monte Carlo binomial model, used to value the options, are as follows:

Year of Option	2016	2017	2018	2019	2020	2021	2022	**2023**	Weighted average
Weighted average share price (£)	£2.56	£7.75	£17.24	£16.05	£16.00	£26.42	£22.31	**£22.46**	
Weighted average exercise price (£)	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01	**£0.01**	
Fair value at measurement date (€)	€1.74	€4.96	€11.83	€13.98	€13.28	€16.73	€15.70	**€21.02**	
Average expected life	3 Years	3 Years	3 Years	3 Years	3 Years	3 Years	3 Years	**3 Years**	
Expected volatility	27.11%	24.79%	35.87%	45.26%	50.15%	47.70%	41.22%	**38.05%**	
Risk-free rates	0.54%	0.16%	0.89%	0.81%	0.07%	0.13%	1.59%	**3.58%**	
Weighted average remaining life of options in months	–	–	–	–	–	4	17	**29**	11

Expected volatility was determined by reference to KWS share price volatility. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. As any dividends earned are to be reinvested into the business, the impact of dividends has been ignored in the calculation of the LTIP share option charge.

LTIPs vest on the third anniversary of the grant, if the market performance criteria are met. LTIPs must be exercised before the seventh anniversary of the grant.

Salary Shares

Conditional awards under the rules of the LTIP Plan ("Salary Shares"), are issued to certain employees and Directors, where the only vesting condition is continuous service.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in £ per share	**Number of options**	Average exercise price in £ per share	Number of options
Outstanding at the beginning of the period	**0.01**	**259,623**	0.01	26,738
Granted	**0.01**	**622,627**	0.01	237,676
Lapsed	**0.01**	**(31,509)**	0.01	(953)
Vested	**0.01**	**(8,150)**	0.01	(3,838)
Outstanding at the end of the period	**0.01**	**842,591**	0.01	259,623

Summary by year

Year of Option	2021	2022	**2023**	Total
Exercise price	£0.01	£0.01	**£0.01**	
Outstanding at the beginning of the period	24,147	235,476	**–**	259,623
Granted	–	–	**622,627**	622,627
Lapsed	–	(22,105)	**(9,404)**	(31,509)
Vested	(953)	(7,197)	**–**	(8,150)
Outstanding at the end of the period	23,194	206,174	**613,223**	842,591
Vesting 2024	23,194	203,635	**–**	226,829
Vesting 2025	–	2,539	**573,342**	575,881
Vesting 2026	–	–	**39,881**	39,881

Details of the awards by year are as follows:

Year of Option	2021	2022	**2023**	Weighted average
Weighted average share price (£)	£27.40	£22.41	**£22.08**	
Weighted average exercise price (£)	£0.01	£0.01	**£0.01**	
Fair value at measurement date (€)	€32.08	€26.47	**€25.41**	
Average expected life	3 Years	2 Years	**3 Years**	
Weighted average remaining life of options in months	8	5	**23**	18

24 Financial Instruments and Risk Management

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has a significant amount of surplus cash, it invests in higher earning interest deposit accounts. Due to interest rate conditions, the interest rates for short-term deposits are at similar levels to those achieved for longer terms.

The effect of a strengthening or a weakening of 1% in interest rates charged during the reporting period on the interest expense would have resulted in the following pre-tax profit / (loss) impact for the year:

	1% Strengthening 2023 €'000	**1% Weakening 2023 €'000**	1% Strengthening 2022 €'000	1% Weakening 2022 €'000
Interest expense	**1,274**	**(1,274)**	–	–

In 2022, there were no drawdowns on the RCF, therefore any strengthening or weakening of interest rates would have had no impact.

Credit Risk

The Group's main financial assets are cash and cash equivalents, as well as trade and other receivables which represent the Group's maximum exposure to credit risk in connection with its financial assets.

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Customer credit risk is managed at appropriate Group locations according to established policies, procedures and controls. Customer credit quality is assessed and credit limits are established where appropriate. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract, etc.) is carried out at each reporting date. Significant balances are reviewed individually while smaller balances are grouped and assessed collectively. Receivables balances are unsecured and non-interest-bearing.

Credit risk arises on trade receivables and accrued income from contracts with customers (reported within other receivables). Trade and other receivables are carried on the Consolidated statement of financial position net of provisions.

Trade Receivables

The trade receivables balances disclosed comprise a large number of customers spread across the Group's activities and geographies with balances classified as "Not past due" representing 78.9% of the total trade receivables balance at the balance sheet date (2022: 73.0%).

The ageing of trade receivables can be analysed as follows:

	Total €'000	**Not past due €'000**	**1-2 months past due €'000**	**More than 2 months past due €'000**
At 31 December 2023	**89,940**	**70,995**	**18,945**	**–**
At 31 December 2022	81,563	59,532	16,803	5,228

A provision for doubtful debtors is included within trade receivables and can be reconciled as follows:

	2023 €'000	2022 €'000
Provision at the beginning of the year	**3,449**	1,768
Impairment of financial assets (trade receivables) charged to administration expenses	**531**	1,733
Foreign exchange movement in the year	**275**	79
Recognition on acquisition of subsidiaries	**331**	–
Utilised	**(337)**	(131)
Provision at the end of the year	**4,249**	3,449

Trade receivables loss allowance is estimated using a practical expedient to arrive at lifetime expected credit losses. Overdue receivables are evaluated to calculate an expected credit loss using a historical credit loss experience of 1.0% (2022: 1.0%). Taking into account internal and external information, the historical credit loss experience may be adjusted where it is determined that there has been a significant increase in credit risk. Where a receivable is credit impaired, the impairment is recognised immediately.

Notes forming part of the consolidated financial statements

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24 Financial Instruments and Risk Management continued

Credit Risk continued

Trade Receivables continued

	Total €'000	Not past due €'000	1-2 months past due €'000	More than 2 months past due €'000
Trade receivables gross	**94,189**	**71,712**	**19,680**	**2,797**
Credit impaired	**(3,307)**	**–**	**(538)**	**(2,769)**
Expected credit losses	**(942)**	**(717)**	**(197)**	**(28)**
At 31 December 2023	**89,940**	**70,995**	**18,945**	**–**

	Total €'000	Not past due €'000	1-2 months past due €'000	More than 2 months past due €'000
Trade receivables gross	85,012	60,134	17,175	7,703
Credit impaired	(2,598)	–	(200)	(2,398)
Expected credit losses	(851)	(602)	(172)	(77)
At 31 December 2022	81,563	59,532	16,803	5,228

Accrued income from contracts with customers

Accrued income from contracts with customers comprise a large number of projects in process spread across the Group's activities and geographies, with balances classified as aged "0-30 days" representing 67.4% of the balance at the balance sheet date (2022: 76.6%).

The ageing of accrued income from contracts with customers can be analysed as follows:

	Total €'000	0-30 days €'000	31-60 days €'000	60+ days €'000
At 31 December 2023	**18,307**	**12,340**	**4,134**	**1,833**
At 31 December 2022	13,220	10,124	3,096	–

Accrued income from contracts with customers loss allowance is estimated using a practical expedient to arrive at lifetime expected credit losses using a historical credit loss experience of 1.0% (2022: 1.0%). Taking into account internal and external information, the historical credit loss experience may be adjusted where it is determined that there has been a significant increase in credit risk. Where a receivable is credit impaired, the impairment is recognised immediately.

	Total €'000	0-30 days €'000	31-60 days €'000	60+ days €'000
Accrued income from contracts with customers gross	**19,651**	**12,465**	**4,176**	**3,010**
Credit impaired	**(1,147)**	**–**	**–**	**(1,147)**
Expected credit losses	**(197)**	**(125)**	**(42)**	**(30)**
At 31 December 2023	**18,307**	**12,340**	**4,134**	**1,833**

	Total €'000	0-30 days €'000	31-60 days €'000	60+ days €'000
Accrued income from contracts with customers gross	16,652	10,227	3,897	2,528
Credit impaired	(3,265)	–	(762)	(2,503)
Expected credit losses	(167)	(103)	(39)	(25)
At 31 December 2022	13,220	10,124	3,096	–

Accrued income from contracts with customers represent mainly contract assets in process and related items. Excluding movements in the provision, the movement in the year comprises transfers in and out as items are accrued and subsequently invoiced to customers, with no significant amounts recognised on the acquisition of subsidiaries.

Related Party Receivables

There were no related party receivables at the end of either period presented.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign exchange risk arises for the Group where assets and liabilities arise in a currency other than the functional currency of the entity.

The Group's policy, where possible, is for Group entities to manage foreign exchange risk at a local level by matching the currency in which revenue is generated with the expenses incurred and by settling liabilities denominated in their functional currency with cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to currency risk on the balances held within working capital across the Group and the exposure is concentrated in the movement of the US dollar, sterling and Canadian dollar against the euro. The effect of a strengthening or weakening of 10% in those currencies against the euro at the reporting date on the working capital balances would, all other variables held constant, have resulted in the following pre-tax profit / (loss) impact for the year:

	2023 €'000	**2023 €'000**	2022 €'000	2022 €'000
	10% Strengthening	**10% Weakening**	10% Strengthening	10% Weakening
US dollar to euro	**4,182**	**(4,617)**	5,981	(4,894)
Sterling to euro	**174**	**(254)**	365	(299)
Canadian dollar to euro	**301**	**(261)**	591	(483)

Total Financial Assets and Liabilities

The carrying amount of the financial assets and liabilities shown in the Consolidated and Company Statements of financial position are stated at amortised costs, with the exception of contingent consideration held at fair value.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due. The Directors consider liquidity risk is mitigated by the strong working capital position, with €239.8m of current assets, including cash of €59.9m available to settle liabilities as they fall due.

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Group's financial liabilities:

	Carrying value	**Contractual cash flows**				
At 31 December 2023	**Total €'000**	**Total €'000**	**Within 1 year €'000**	**1-2 years €'000**	**2-5 years €'000**	**Over 5 years €'000**
Trade payables	**14,294**	**14,294**	**14,294**	**–**	**–**	**–**
Deferred and contingent consideration (i)	**55,825**	**89,347**	**53,653**	**33,764**	**1,930**	**–**
Other payables	**112,147**	**112,147**	**112,147**	**–**	**–**	**–**
Loans and borrowings	**127,380**	**127,380**	**–**	**–**	**127,380**	**–**
Loan interest	**–**	**26,418**	**8,806**	**8,806**	**8,806**	**–**
Lease liabilities	**46,972**	**50,609**	**15,164**	**11,117**	**19,428**	**4,900**
Total	**356,618**	**420,195**	**204,064**	**53,687**	**157,544**	**4,900**

Notes forming part of the consolidated financial statements

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24 Financial Instruments and Risk Management continued

Liquidity Risk continued

	Carrying value	Contractual cash flows				
At 31 December 2022	Total €'000	Total €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000
Trade payables	15,878	15,878	15,878	–	–	–
Deferred and contingent consideration (i)	63,253	66,598	45,115	20,031	1,452	–
Other payables	94,410	106,410	94,410	7,000	5,000	–
Loans and borrowings	51	51	45	6	–	–
Loan interest	–	2	2	–	–	–
Lease liabilities	42,519	44,548	12,740	9,267	17,224	5,317
Total	216,111	233,487	168,190	36,304	23,676	5,317

(i) Deferred and contingent consideration at 31 December 2023 has arisen on business combinations, and is based on contracted amounts to be paid in the future to sellers under share purchase agreements. In general, in order for contingent consideration to become payable, pre-defined profit and / or revenue targets must be exceeded. On an undiscounted basis, the Group may be liable for deferred and contingent consideration up to a maximum of €89.3m. For further details see note 17.

25 Capital Management

Group	**2023 €'000**	2022 €'000
Loans and borrowings (note 18)	**127,380**	51
Less: cash and cash equivalents	**(59,862)**	(81,886)
Net debt / (net cash) position	**67,518**	(81,835)
Total equity	**599,039**	557,091
Net debt / (net cash) to capital ratio	**11.3%**	(14.7)%

The Group manages capital by monitoring debt to capital and net debt ratios. This debt to capital ratio is calculated as net debt to total equity. Net debt is calculated as loans and borrowings (as shown in the Consolidated statement of financial position) less cash and cash equivalents. The liquidity risk and cash management for the Group is managed centrally by the Group Treasury function. Group Treasury manage bank balances centrally, and monitors the credit rating and stability of the institutions the Group banks with. The Board receives projections on a monthly basis as well as information regarding cash balances. The Group's strategy is to preserve a strong cash base and secure access to finance at reasonable cost by maintaining a good credit rating.

26 Related Parties and Shareholders

The details of key management compensation (being the remuneration of the Directors) are set out in note 10.

27 Business Combinations

	Digital Media Management €'000	The Multiplayer Group €'000	Other acquisitions €'000	2023 €'000	2022 €'000
Details of goodwill and the fair value of net assets acquired					
Book value:					
Property, plant and equipment	608	2,492	362	3,462	422
Right of use assets	5,714	54	383	6,151	580
Trade and other receivables – gross	3,321	6,800	2,702	12,823	6,145
Bad debt provision	(23)	(308)	–	(331)	–
Cash and cash equivalents	14,296	9,025	3,628	26,949	5,401
Trade and other payables	(1,340)	(2,928)	(787)	(5,055)	(4,762)
Deferred income	(1,120)	(4,240)	–	(5,360)	(3,461)
Lease liabilities	(5,714)	(54)	(383)	(6,151)	(580)
Book value of identifiable assets and liabilities acquired	15,742	10,841	5,905	32,488	3,745
Fair value adjustments:					
Identifiable intangible assets – Customer relationships	22,148	21,200	2,511	45,859	34,695
Identifiable intangible assets – Intellectual property	–	–	–	–	25,914
Deferred tax assets	–	–	5,013	5,013	15,393
Deferred tax liabilities	(4,994)	(4,982)	(1,127)	(11,103)	(13,341)
Total fair value adjustments	17,154	16,218	6,397	39,769	62,661
Net assets acquired	32,896	27,059	12,302	72,257	66,406
Goodwill from current year acquisitions	55,229	68,677	28,095	152,001	70,482
Total purchase consideration	88,125	95,736	40,397	224,258	136,888
% Share capital acquired	100%	100%	100%		
Details of purchase consideration and outflows from current acquisitions					
Cash	65,677	93,729	27,923	187,329	92,895
Equity instruments	9,311	–	1,507	10,818	–
Deferred cash	–	2,007	914	2,921	8,993
Deferred consideration contingent on performance	13,137	–	9,732	22,869	28,957
Shares to be issued	–	–	321	321	6,043
Total purchase consideration	88,125	95,736	40,397	224,258	136,888
Related acquisition costs charged to the Consolidated statement of comprehensive income:	560	1,470	315	2,345	1,177
Number of shares:					
Shares issued on acquisition	301,170	–	53,482	354,652	135,468
Fixed number of shares to be issued	–	–	13,118	13,118	87,738
Net cash outflow arising on acquisition:					
Cash paid in the period	65,677	93,729	27,923	187,329	92,895
Less: cash and cash equivalent balances transferred	(14,296)	(9,025)	(3,628)	(26,949)	(5,401)
Net cash outflow arising on acquisition	51,381	84,704	24,295	160,380	87,494

Notes forming part of the consolidated financial statements

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27 Business Combinations continued

	Digital Media Management €'000	The Multiplayer Group €'000	Other acquisitions €'000	2023 €'000	2022 €'000
Details of pro forma revenues and profitability of current acquisitions					
Pre-acquisition revenue in H1	**6,413**	**19,648**	**5,644**	**31,705**	19,329
Pre-acquisition revenue in H2	**–**	**19,453**	**–**	**19,453**	12,070
Pre-acquisition revenue	**6,413**	**39,101**	**5,644**	**51,158**	31,399
Post-acquisition revenue	**19,165**	**1,165**	**18,894**	**39,224**	9,106
Pro forma revenue	**25,578**	**40,266**	**24,538**	**90,382**	40,505
Pre-acquisition profit / (loss) before tax	**1,650**	**7,869**	**136**	**9,655**	1,601
Post-acquisition profit / (loss) before tax	**2,154**	**290**	**5,144**	**7,588**	3,440
Pro forma profit / (loss) before tax	**3,804**	**8,159**	**5,280**	**17,243**	5,041

Disclosures required by IFRS 3 Business Combinations are provided separately for those individual acquisitions that are considered to be material, and in aggregate for individually immaterial acquisitions. Acquisitions are considered individually material if the impact on the Group's Revenue and Adjusted Profit Before Tax measures (on an annualised basis) is greater than 5%*, or the impact on goodwill is greater than 10% of the closing balance for the period. Two of the business combinations completed during the prior period were considered individually material and therefore warrant separate disclosure.

During the period, the Group completed five acquisitions, 47 Communications, Digital Media Management, Hardsuit Labs, Playboss and The Multiplayer Group purchasing 100% of these businesses. The aggregate amounts recognised in respect of the identifiable assets acquired and liabilities assumed on acquisitions completed in the period are set out in the table above. Details of the purchase consideration and other information relevant to the evaluation of the financial effect of the acquisitions are also presented.

Total purchase consideration of €224.3m includes amounts attributable to Digital Media Management €88.1m, Hardsuit Labs €15.7m, The Multiplayer Group €95.7m and other acquisitions of €24.8m, while Goodwill from current year acquisitions of €152.0m includes amounts related to Digital Media Management €55.2m, Hardsuit Labs €12.8m, The Multiplayer Group €68.7m and other acquisitions of €15.3m. Identifiable intangible assets – Customer relationships of €45.9m includes amounts attributable to Digital Media Management €22.2m and The Multiplayer Group €21.2m. The consideration and goodwill for Playboss is deemed immaterial to the accounts.

Please note that Total purchase consideration excludes €22.9m of Deferred and contingent consideration related to continuous employment, where the purchase agreement includes deferred consideration contingent on both pre-defined profit and / or revenue targets being exceeded and which is also tied to the retention of key staff, that are considered post-acquisition expenses under IFRS 3 (note 17).

The main factors leading to the recognition of goodwill on the acquisitions are the presence of certain intangible assets in the acquired entities, which are not valued for separate recognition. These include expertise in the acquired entities, enhancing and growing our service capabilities, broadening our service offering, and extending our geographical footprint, further building out our global platform.

The goodwill that arose from business combinations completed in the period that is expected to be deductible for tax purposes was €22.2m (for which a deferred tax asset has been recognised of €5.0m).

* The Group reports a number of alternative performance measures ("APMs"), including Pro forma revenue and Adjusted Profit Before Tax, to present the financial performance of the business, that are not GAAP measures as defined under IFRS. A reconciliation of these measures to the relevant GAAP measure is presented in the APM's section.

28 Subsidiaries

The results and financial position of all the subsidiaries are included in the consolidated financial statements. Details of the Company's direct and indirect subsidiaries as at 31 December 2023 are set out below:

Name	Country of incorporation	Date of incorporation / acquisition	Ownership^	Registered office
3455 Productions, LLC	USA	24-Nov-20	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
47 Communications LLC	USA	31-Jan-23	100%	5455 Wilshire Blvd, 22nd Fl, Los Angeles, CA 90036, USA
9409-2954 Québec Inc.	Canada	04-Dec-19	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Alset LTD	UK	17-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
AMC RO Studios S.R.L	Romania	11-Aug-21	100%	Stirbei Voda 36, etaj 1, sector 1, Bucharest, Romania
Babel Media Limited*	UK	17-Feb-14	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Babel Media USA, Inc.	USA	17-Feb-14	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Bitsy SG Limited	UK	17-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Blindlight, LLC	USA	08-Jun-18	100%	1111 South Flower Street, Suite 101, Burbank, CA 91502, USA
Climax Development Limited	UK	22-Apr-21	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Climax Studios Limited	UK	22-Apr-21	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Coconut Lizard LTD	UK	25-Jun-20	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Cord Worldwide LTD	UK	07-Apr-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
d3t Development Limited	UK	30-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
d3t LTD	UK	19-Oct-17	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Descriptive Video Works Inc.	Canada	11-Jun-19	100%	400-725 Granville Street, PO Box 10325, Vancouver BC V7Y 1G5, Canada
Digital Media Management Inc	USA	29-Mar-23	100%	6555 Barton Ave., Suite 190 Los Angeles, CA 90038, USA
Eastern New Media Limited	Hong Kong	19-May-17	100%	4404, 44/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Edugame Solutions Private Limited	India	09-Oct-14	100%	3rd floor, Vardhman Orchard Plaza, Plot No 4, LSC, West Enclave, Pitampura, New Delhi, 110034, India
Electric Square Limited	UK	17-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Fire Without Smoke Inc	USA	29-May-18	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Fire Without Smoke LTD	UK	29-May-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Forgotten Empires LLC	USA	28-Jul-22	100%	8730 Cincinnati Dayton Rd. #1072, West Chester, OH 45071, USA
Forgotten Software S.L.U	Spain	28-Jul-22	100%	nº 1 – La Cala Del Moral Rincon De La Victoria calle Murillo
GameSim Inc.	USA	16-May-17	100%	13501 Ingenuity Drive, Suite 310, Orlando, FL 32826, USA
g-Net Media, Inc.	USA	24-Nov-20	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Hardsuit Labs, Inc	USA	10-May-23	100%	4025 Delridge Way SW, #210, Seattle 98106, United States
Heavy Iron Studios, Inc	USA	12-Jan-21	100%	1600 Rosecrans Ave., Bldg 7 Ste 300, MBS Media Campus, Manhattan Beach CA, 90266, USA
Helpshift Inc	USA	15-Dec-22	100%	343 Sansome Street, Suite 500, San Francisco, California, 94104, USA
Helpshift Information Technology (Shanghai) Co. Ltd	China	15-Dec-22	100%	Southwest Area, 3rd Floor, No. 2123 Pudong Avenue, Shanghai, China
Helpshift Technologies Private Limited	India	15-Dec-22	100%	3rd floor, Vardhman Orchard Plaza, Plot No 4, LSC, West Enclave, Pitampura, New Delhi, 110034, India
Keywords UK Limited (formerly Helpshift UK Ltd)	UK	15-Dec-22	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
High Voltage Software, Inc.	USA	14-Dec-20	100%	2345 Pembroke Ave., Hoffman Estates, IL 60169, USA
HVS Nola LLC	USA	14-Dec-20	100%	201 St. Charles Ave., Suite 2220, New Orleans, LA 70170, USA

Notes forming part of the consolidated financial statements

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28 Subsidiaries continued

Name	Country of incorporation	Date of incorporation / acquisition	Ownership^	Registered office
Ichi LTD	UK	26-Nov-19	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Indigo Pearl Limited	UK	15-Dec-20	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Itsy SGD Limited	UK	17-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Jinglebell S.r.l.	Italy	10-Dec-20	100%	Via Marco d'Oggiono 12, 20123, Milan, Italy
Jurango Pty Limited ~~	Australia	20-Dec-21	85%	29 Thornton Crescent, Mitcham, VIC 3132, Australia
Keywords (Shanghai) Information Technology Limited	China	02-Apr-15	100%	Room 701, Building 5, No.860 Dong Ti Yu Hui Road, Hongkou District, Shanghai, China
Keywords Asia Private Limited	Singapore	15-Mar-16	100%	20 Kallang Avenue, #06-6A, Lobby B, Pico Creative Centre, 339411, Singapore
Keywords Australia Holdings Limited	UK	17-Mar-21	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Keywords Australia Pty Limited ~	Australia	18-Mar-21	85%	12 Spring Street, Fitzroy, Victoria, 3065, Australia
Keywords Canada Holdings Inc.	Canada	27-Oct-17	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Keywords do Brasil Localização e Tradução Ltda	Brazil	18-Jan-15	100%	Rua Professor Aprígio Gonzaga, 35 – 7º andar – São Judas – São Paulo – SP CEP: 04303-000, Brazil
Keywords Germany Holdings GmbH	Germany	06-Sep-19	100%	Moriz-Seeler-Strasse 5-7, Franz Ehrlich Haus, 12489, Berlin, Germany
Keywords International Co., Limited.	Japan	30-Nov-10	100%	1-22-19 Izumi, Suginami-ku, Tokyo, 168-0063 Japan
Keywords International Limited*	Ireland	13-May-98	100%	Whelan House, South County Business Park, Leopardstown, Dublin 18, D18 T9P8, Ireland
Keywords International Pte. Limited	Singapore	24-Apr-14	100%	20 Kallang Avenue, #06-6A, Lobby B, Pico Creative Centre, 339411, Singapore
Keywords International, Inc.	USA	26-Sep-12	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Keywords Sperasoft LLC	Armenia	07-Apr-22	100%	18/1 Vardanants str., 3rd floor, Yerevan 0010, Armenia
Keywords Studios B.C., Inc.	Canada	27-Oct-17	100%	2700 Commerce Place 10155 – 102 Street, Edmonton, AB, T5J 4G8
Keywords Studios d.o.o. Beograd	Serbia	18-May-22	100%	Belgrade, BULEVAR MIHAJLA PUPINA 10L, floor 9, Belgrade-New Belgrade, NEW BELGRADE, 11070, Serbia
Keywords Studios France SAS	France	08-Jun-16	100%	59 Boulevard Exelmans, 75016 Paris, France
Keywords Studios India Private Limited	India	17-Feb-14	100%	3rd floor, Vardhman Orchard Plaza, Plot No 4, LSC, West Enclave, Pitampura, New Delhi, 110034, India
Keywords Studios Italy S.R.L.	Italy	08-May-14	100%	Via Egadi 2, Milano, MI, 20144, Italy
Keywords Studios Korea Corporation	South Korea	11-Jan-21	100%	16th Floor, Gangnam Building, 1321-1, Seocho-dong, Seocho-gu, Seoul 137-070, South Korea
Keywords Studios Los Angeles, Inc.	USA	08-May-14	100%	1115 Flower Street, Burbank, CA 91502, USA
Keywords Studios Malta Limited	Malta	04-May-22	100%	Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Keywords Studios México, S. de R.L. de C.V.	Mexico	16-Jul-15	100%	Torrente #75, Colonia Ampliación Alpes, Del. Álvaro Obregón, CP. 01710, Ciudad de México, México
Keywords Studios Netherlands B.V.	Netherlands	05-Feb-19	100%	Van Limburg Stirumstraat 19, Hilversum 1215HP, The Netherlands

Name	Country of incorporation	Date of incorporation / acquisition	Ownership^	Registered office
Keywords Studios Poland Spolka z.o.o.	Poland	04-Feb-21	100%	11 Ul. Na Zjezdzie, Krakow 30-527, Poland
Keywords Studios QC-Games Inc.	Canada	17-Feb-14	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Keywords Studios QC-Interactive Inc.	Canada	16-Nov-16	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Keywords Studios QC-Tech Inc.	Canada	06-Jan-15	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Keywords Studios Romania S.R.L.	Romania	15-Jun-21	100%	6-8 Corneliu Coposu Bvd., Unirii View Building, office 103, 1st floor, 3rd district, Bucharest, Romania
Keywords Studios Spain SLU	Spain	16-Jul-15	100%	Julián Camarillo 6A, 3B, 28037 Madrid, Spain
Keywords Studios Texas, LLC	USA	22-Jan-20	100%	7800 Shoal Creek Blvd. Suite 240S, Austin, Texas 78757, USA
Keywords Studios Unlimited Company*	Ireland	27-Mar-18	100%	Whelan House, South County Business Park, Leopardstown, Dublin 18, D18 T9P8, Ireland
Keywords Studios US Inc	USA	24-Oct-17	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Keywords Treasury Holdings Limited	Ireland	30-Nov-22	100%	Whelan House, South County Business Park, Leopardstown, Dublin 18, D18 T9P8, Ireland
Keywords UK Holdings Limited	UK	28-Mar-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Keywords US Holdings Inc.	USA	23-Oct-17	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
Keywords Ventures Limited	UK	06-Apr-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Laboratorio Comunicazione S.r.l.	Italy	04-Nov-22	100%	Via Egadi 2, Milano, MI, 20144, Italy
Laced Music LTD	UK	07-Apr-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Laced Publishing Limited	UK	07-Apr-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Lakshya Digital Private Limited*	India	09-Oct-14	100%	3rd floor, Vardhman Orchard Plaza, Plot No 4, LSC, West Enclave, Pitampura, New Delhi, 110034, India
Lakshya Digital Singapore Pte. Limited	Singapore	09-Oct-14	100%	20 Kallang Avenue, #06-6A, Lobby B, Pico Creative Centre, 339411, Singapore
Liquid Development, LLC	USA	19-Aug-15	100%	411 SW 2nd Ave Ste 300, Portland, OR 97204, USA
Liquid Violet LTD*	UK	15-Jan-14	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Lonsdale Miller Limited	UK	15-Dec-20	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Maverick Media Limited	UK	27-Aug-20	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Mighty Developments Pty Limited ~~	Australia	03-Aug-22	85%	422 Brunswick Street, Fitzroy, VIC 3065, Australia
Mighty Games Group Pty Limited ~~	Australia	03-Aug-22	85%	422 Brunswick Street, Fitzroy, VIC 3065, Australia
Mighty Games Productions Pty Limited ~~	Australia	03-Aug-22	85%	422 Brunswick Street, Fitzroy, VIC 3065, Australia
Player Research LTD	UK	26-Oct-16	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Smoking Gun Interactive Inc	Canada	05-Oct-22	100%	1100-333 Seymour St, Vancouver, BC V6B 5A6, Canada
Snowed In Studios, Inc	Canada	19-Jul-18	100%	400-981 Wellington Street West, Ottawa, Ontario, K1Y 2Y1, Canada
Sperasoft Poland Spólka z.o.o.	Poland	13-Dec-17	100%	Kraj Polska, woj. Małopolskie, powiat Kraków, miejsc. Kraków, ul. Na Kozłóce 27 30-664 Kraków, Poland
Sperasoft Studios LLC	Russia	13-Dec-17	100%	196084, Russia, Saint-Petersburg, Kievskaya street, 5 – building
Sperasoft, Inc.	USA	13-Dec-17	100%	251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA
SperaSystems LLC	USA	13-Dec-17	100%	2033 Gateway Pl Ste 500 San Jose, CA 95110-3712, USA

Notes forming part of the consolidated financial statements

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28 Subsidiaries continued

Name	Country of incorporation	Date of incorporation / acquisition	Ownership^	Registered office
SPOV Limited	UK	16-Feb-17	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Strongbox Limited	Seychelles	19-May-17	100%	306 Victoria House, Victoria, Mahe, Seychelles
Studio Gobo Limited	UK	17-Aug-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Sunny Side Up Creative Inc.	Canada	03-Jan-19	100%	1751 Richardson, Suite 8400, Montreal, QC H3K 1G6, Canada
Synthesis Deutschland GmbH*	Germany	12-Apr-16	100%	Holstenkamp 46 A, Bahrenfeld, 22525 Hamburg, Germany
Synthesis Global Solutions SA*	Switzerland	12-Apr-16	100%	Corso Elvezia 16, 6900 Lugano, Ticino, Switzerland
Tantalus Media Pty Limited ~	Australia	18-Mar-21	85%	12 Spring Street, Fitzroy, Victoria, 3065, Australia
The Multiplayer Games Group (Spain) S.R.L	Spain	16-Dec-23	100%	Calle Ferraz 11, 2nd Floor, left, Madrid, 28008
The Multiplayer Group (Canada) Inc.	Canada	16-Dec-23	100%	2700-10155, 102 Street NW, Edmonton, Alberta, T5J 4G8.
The Multiplayer Group Ltd	UK	16-Dec-23	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
The Sound Lab LLC	USA	29-Sep-22	100%	3830 Monte Villa Parkway, Suite 200, Bothell, WA 98021
The Trailerfarm Limited	UK	13-Sep-18	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
TV+SYNCHRON Berlin GmbH	Germany	01-Oct-19	100%	Moriz-Seeler-Strasse 5-7, Franz Ehrlich Haus, 12489, Berlin, Germany
Waste Creative Limited	UK	16-Dec-21	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Waste Holdings Limited	UK	16-Dec-21	100%	4th Floor, 110 High Holborn, London, WC1V 6JS, UK
Wicked Witch Software Pty Limited ~~	Australia	20-Dec-21	85%	Level 5, 990 Whitehorse Road, Box Hill, Melbourne, VIC 3128, Australia
Wizcorp Inc.	Japan	18-Apr-19	100%	1-22-19 Izumi, Suginami-ku, Tokyo, 168-0063 Japan
Xcelerator Machine Translations Limited	Ireland	12-Dec-19	100%	DCU Alpha Innovation Campus, Old Finglas Road, Glasnevin, Dublin 11, D11 KXN4, Ireland
Xloc, Inc.	USA	08-May-17	100%	8801 Fast Park Drive, Suite 301, Raleigh, NC 27617, USA

* Indicates a direct subsidiary (all other holdings are indirect, being subsidiaries of various intermediate group holding companies).

^ Proportion of voting rights and ordinary share capital ultimately held by Keywords Group.

~ A combination of put and call options are in place requiring the sellers to sell, or the Group to buy the remaining 15% shareholding three years from acquisition. The Group has accounted for the acquisition as if a 100% interest was acquired on acquisition (see note 3).

~~ Wholly-owned subsidiary of Keywords Australia Pty Limited. The Group has accounted for the company as if a 100% interest was held (see note 3).

Post-acquisition, the Group reviews entities to streamline activities and close any dormant entities acquired or restructured entities. Restructuring details are set out below:

Name	Country of incorporation	Date of incorporation / acquisition	Ownership	Date of restructuring	Restructuring details
PT Limitless Indonesia	Indonesia	19-May-17	100%	23-Aug-23	Dissolved

29 Significant Events and Events after the Reporting Date

Crisis in Ukraine

Since the crisis in Ukraine began in 2022, our priority has been to support our personnel and freelance suppliers located in the affected area, while also contributing to broader humanitarian efforts in the region. As our Group had no business operations in Ukraine, the crisis primarily impacted our Game Development teams in Russia, as well as our collaboration with several freelance suppliers based in Ukraine.

Through this period, we have continued to work with our customers, supporting their preferences for where their work should be performed, while also remaining focused on mitigating any potential business interruption or other risks associated with our activities in Russia. As a result, the volume of work produced in Russia has continued to reduce over time and we have been scaling down our operations accordingly.

In the period, the Group produced €4.9m of Revenue in Russia, which represents approximately 0.6% of Group revenue, down from 3.8% in 2022. During the year, we continued to transfer projects supported in Russia to other parts of the Group, as we further ramped up production capacity in these locations with a combination of employees relocating from Russia and local hires. All production studios located in Russia have now been closed. Costs of acquisition and integration includes severance and rationalisation costs of €3.9m associated with ceasing operations in Russia.

The Group has never had significant receivables exposure in Russia, as work produced in Russia was contracted and collected in other territories. The Group does not have significant amounts of working capital or non-current assets located in Russia. Thus, any exposure to impairment of assets located in Russia is not considered material.

Events after the Reporting Date

There have been no significant events since the reporting date.

Company statement of financial position

	Note	At 31 December 2023 €'000	2022 Restated (note 42) €'000
Non-current assets			
Right of use assets	36	**4,147**	5,071
Property, plant and equipment	37	**483**	446
Deferred tax assets	42	**1,973**	1,417
Investment in subsidiaries	38	**36,164**	30,287
Other receivables	39	**343,319**	385,066
		386,086	422,287
Current assets			
Cash and cash equivalents		**680**	46
Other receivables	39	**92,502**	15,481
		93,182	15,527
Current liabilities			
Trade payables		**489**	430
Other payables	40	**17,820**	10,958
Lease liabilities	41	**1,081**	1,030
		19,390	12,418
Net current assets / (liabilities)		**73,792**	3,109
Non-current liabilities			
Deferred tax liabilities	42	**1,037**	963
Lease liabilities	41	**2,815**	4,081
		3,852	5,044
Net assets		**456,026**	420,352
Equity			
Share capital	22	**939**	924
Share capital – to be issued	22	**321**	2,467
Share premium	22	**54,518**	47,021
Merger reserve		**312,518**	292,336
Shares held in Employee Benefit Trust ("EBT")	22	**(6,774)**	–
Share-based payments reserve		**80,416**	65,379
Retained earnings		**14,088**	12,225
Total equity		**456,026**	420,352

In accordance with the Companies Act 2006, the Company is availing of the exemption from presenting its individual Statement of comprehensive income to the Annual General Meeting and from filing it with Companies House. The amount of profit after tax dealt with in the parent undertaking is €4,093k (2022: profit of €14,682k).

The notes from page 147 onwards form an integral part of these Company financial statements. The financial statements were approved and authorised for issue by the Board on 13 March 2024.

On behalf of the Board

Bertrand Bodson
Director

Rob Kingston
Director

13 March 2024

Company statement of changes in equity

	Share capital €'000	Share capital – to be issued €'000	Share premium €'000	Merger reserve €'000	Shares held in EBT €'000	Share-based payments reserve €'000	Retained earnings €'000	Total equity €'000
At 01 January 2022	904	2,185	38,549	279,358	(1,997)	48,193	(478)	366,714
Profit / (loss) for the period	–	–	–	–	–	–	14,682	14,682
Total comprehensive income for the period	–	–	–	–	–	–	14,682	14,682
Contributions by and contributions to the owners:								
Share-based payments expense	–	–	–	–	–	18,577	–	18,577
Share options exercised	14	–	5,862	–	1,997	(1,492)	–	6,381
Employee Share Purchase Plan	–	–	909	–	–	101	–	1,010
Dividends	–	–	–	–	–	–	(1,979)	(1,979)
Acquisition-related issuance of shares	6	282	1,701	12,978	–	–	–	14,967
Contributions by and contributions to the owners	20	282	8,472	12,978	1,997	17,186	(1,979)	38,956
At 31 December 2022	**924**	**2,467**	**47,021**	**292,336**	**–**	**65,379**	**12,225**	**420,352**
Profit / (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**4,093**	**4,093**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**4,093**	**4,093**
Contributions by and contributions to the owners:								
Share-based payments expense	**–**	**–**	**–**	**–**	**–**	**21,964**	**–**	**21,964**
Cash proceeds arising from share-based payments	**5**	**–**	**1,462**	**–**	**–**	**1,145**	**–**	**2,612**
Company funded acquisition of shares (note 22)	**–**	**–**	**–**	**–**	**(6,774)**	**(8,072)**	**–**	**(14,846)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(2,230)**	**(2,230)**
Acquisition-related issuance of shares	**10**	**(2,146)**	**6,035**	**20,182**	**–**	**–**	**–**	**24,081**
Contributions by and contributions to the owners	**15**	**(2,146)**	**7,497**	**20,182**	**(6,774)**	**15,037**	**(2,230)**	**31,581**
At 31 December 2023	**939**	**321**	**54,518**	**312,518**	**(6,774)**	**80,416**	**14,088**	**456,026**

Company statement of cash flows

	Note	Years ended 31 December 2023 €'000	2022 €'000
Cash flows from operating activities			
Profit / (loss) after tax		**4,093**	14,682
Income and expenses not affecting operating cash flows			
Share-based payments expense, net of amounts recharged to subsidiary companies		**4,681**	3,838
Taxation		**(522)**	203
Interest expense		**2,050**	1,249
Depreciation – property, plant and equipment	37	**147**	304
Depreciation – right of use assets	36	**1,096**	510
Unrealised foreign exchange (gain) / loss		**(173)**	(39)
		7,279	6,065
Changes in operating assets and liabilities			
(Increase) / decrease in other receivables		**34,697**	78,075
Increase / (decrease) in trade and other payables		**6,301**	(12,825)
		40,998	65,250
Taxation refund / (paid)		**40**	–
Net cash generated by / (used in) operating activities		**52,410**	85,997
Cash flows from investing activities			
Funding advanced to subsidiaries		**(32,743)**	(105,815)
Acquisition of property, plant and equipment	37	**(184)**	(442)
Net cash generated by / (used in) investing activities		**(32,927)**	(106,257)
Cash flows from financing activities			
Cash proceeds, where EBT shares were utilised for the exercise of share-based payments		**1,145**	505
Payments of principal on lease liability		**(1,329)**	(478)
Interest paid on principal of lease liability		**(124)**	(33)
Company funded acquisition of shares by EBT	22	**(14,846)**	–
Dividends paid	9	**(2,230)**	(1,979)
Shares issued for cash	22	**1,467**	6,785
Interest paid		**(2,932)**	(1,537)
Net cash generated by / (used in) financing activities		**(18,849)**	3,263
Increase / (decrease) in cash and cash equivalents		**634**	(16,997)
Cash and cash equivalents at beginning of the period		**46**	17,043
Cash and cash equivalents at end of the period		**680**	46

↘ Notes forming part of the Company financial statements

30 Basis of Preparation

The Company financial statements have been prepared in accordance with UK-adopted international accounting standards, and in conformity with the requirements of the Companies Act 2006.

Unless otherwise stated, the financial statements have been prepared in thousands ('000) and the financial statements are presented in euro (€).

Please refer to the Group financial statements for additional information concerning the basis of preparation. References in the Company financial statements to notes numbered earlier than note 30, refer directly to specific notes in the Group financial statements.

31 Significant Accounting Policies

Intercompany Receivables

Intercompany receivables are recognised at amortised cost as they meet the IFRS 9 classification test of being held to collect, and the cash flow characteristics represent solely payments of principal and interest.

The Company applies the general approach to applying the expected credit losses to its related party loans. Under the General Approach, at each reporting date, the Company determines whether there has been a Significant Increase in Credit Risk ("SICR") since initial recognition and whether any balances are credit impaired. This determines the amount, if any, of expected credit losses to be recognised.

Other Significant Accounting Policies

The Company applies consistent accounting policies to those applied by the Group. Please refer to the Group financial statements for disclosure of other relevant accounting policies.

32 Critical Accounting Estimates and Judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgements

The judgements, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Company financial statements, are outlined below.

— **Company**

- **Expected Credit Loss Provision on Company Receivables from Subsidiaries:** As outlined in note 39, the Company has significant receivables from subsidiaries, primarily related to investments in acquisitions. The Directors have taken into account both the ongoing acquisition integration programme and the cash-generating capacity of the Group, in concluding (in note 43) that all such loans are recoverable and the expected credit loss provisions are adequate.
- **Other Judgements:** The Company applies consistent judgements to those applied by the Group. To the extent that judgements are relevant to both Group and Company financial statements, please refer to the Group financial statements for other relevant judgements.

33 Auditor Statutory Disclosure

The audit fee for the Company is outlined in note 5 of the Group financial statements.

34 Dividends and Distributable Reserves

Details of dividends and distributable reserves of the Company are presented in note 9 of the Group financial statements.

35 Staff Costs

Total staff costs (including Directors)	2023 €'000	2022 €'000
Salaries and related costs	**4,363**	8,492
Social welfare costs	**627**	1,925
Pension costs	**139**	275
Share-based payments expense	**21,964**	18,678
	27,093	29,370

Average number of employees	2023	2022
Operations	**2**	7
General and administration	**23**	53
	25	60

↘ Notes forming part of the Company financial statements

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36 Right of Use Assets

The Company has entered into leases, principally relating to property.

	2023 €'000	2022 €'000
Cost		
At 01 January	**5,365**	835
Additions	**–**	5,592
De-recognition of expired leases	**–**	(825)
Exchange rate movement	**179**	(237)
At 31 December	**5,544**	5,365
Accumulated depreciation		
At 01 January	**294**	629
Depreciation charge	**1,096**	510
De-recognition of expired leases	**–**	(825)
Exchange rate movement	**7**	(20)
At 31 December	**1,397**	294
Net book value		
At 01 January	**5,071**	206
At 31 December	**4,147**	5,071

37 Property, Plant and Equipment

	Computers and software €'000	Office furniture and equipment €'000	Leasehold improvements €'000	Total €'000
Cost				
At 01 January 2022	57	145	280	482
Additions	211	21	210	442
At 31 December 2022	**268**	**166**	**490**	**924**
Additions	**143**	**3**	**38**	**184**
At 31 December 2023	**411**	**169**	**528**	**1,108**
Accumulated depreciation				
At 01 January 2022	14	53	107	174
Depreciation charge	38	94	172	304
At 31 December 2022	**52**	**147**	**279**	**478**
Depreciation charge	**119**	**2**	**26**	**147**
At 31 December 2023	**171**	**149**	**305**	**625**
Net book value				
At 01 January 2023	216	19	211	446
At 31 December 2023	**240**	**20**	**223**	**483**

38 Investment in Subsidiaries

	2023 €'000	2022 €'000
	36,164	30,287

Details of the Company's direct and indirect subsidiaries as at 31 December 2023 are set out in note 28 of the Group financial statements.

39 Other Receivables

Current	**2023 €'000**	2022 €'000
Intercompany receivables (financial assets held at amortised cost, see note 44)	**88,521**	12,682
Prepayments	**3,880**	2,163
Other receivables	**59**	459
Tax and social security	**42**	177
	92,502	15,481

Non-current	**2023 €'000**	2022 €'000
Intercompany receivables (financial assets held at amortised cost, see note 44)	**343,319**	385,066
	343,319	385,066

40 Other Payables

Current	**2023 €'000**	2022 €'000
Accrued expenses	**4,208**	3,226
Deferred and contingent consideration related to continuous employment (i)*	**3,581**	–
Other payables	**447**	158
Intercompany payables	**9,584**	7,574
	17,820	10,958

(i) The movement in deferred and contingent consideration during the financial year was as follows:

	2023 €'000	2022 €'000
Carrying amount at the beginning of the year	**–**	–
Fair value movements in deferred consideration related to continuous employment	**3,581**	–
Carrying amount at the end of the year	**3,581**	–

Notes forming part of the Company financial statements

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41 Lease Liabilities

The Company has entered into leases principally relating to property. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

The movement in lease liabilities during the financial year was as follows:

	2023 €'000	2022 €'000
Carrying amount at the beginning of the year	**5,111**	216
Liabilities recognised on new leases in the period	**–**	5,591
Unwinding of discounted liabilities – lease liabilities	**124**	33
Payment of principal and interest on lease liabilities	**(1,453)**	(511)
Exchange rate movement	**114**	(218)
Carrying amount at the end of the year	**3,896**	5,111

Maturity analysis of lease liabilities	2023 €'000 Lease payments	2023 €'000 Finance charges	2023 €'000 Lease liabilities	2022 €'000 Lease payments	2022 €'000 Finance charges	2022 €'000 Lease liabilities
Current						
Not later than one year	**1,161**	**80**	**1,081**	1,133	103	1,030
Non-current						
Later than one year and not later than five years	**2,903**	**88**	**2,815**	4,248	167	4,081
Later than five years	**–**	**–**	**–**	–	–	–
	2,903	**88**	**2,815**	4,248	167	4,081
At 31 December	**4,064**	**168**	**3,896**	5,381	270	5,111

42 Deferred Tax

Deferred tax assets	2023 €'000	2022 Restated €'000
Deferred tax arising on lease liabilities	**1,037**	963
Other deferred tax	**936**	454
	1,973	1,417

Deferred tax liabilities	2023 €'000	2022 €'000
Deferred tax arising on right of use assets	**1,037**	963
	1,037	963

As outlined in note 21, the Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 01 January 2023, and as a result the Company has recognised deferred tax on a gross basis on Right of use assets and Lease liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. There was no impact on the opening retained earnings at 01 January in any period presented as a result of this change. The impact on deferred tax assets and liabilities in each comparative period presented is detailed below.

	Deferred tax assets €'000	Deferred tax liabilities €'000	Retained earnings €'000
At 31 December 2022 – as reported	454	–	12,225
Adoption of Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	963	963	–
At 31 December 2022 – as restated	1,417	963	12,225

43 Risk Management

A description of the Group's financial risk management objectives and policies is provided in note 24 to the Group financial statements. These financial risk management objectives and policies also apply to the Company.

Credit Risk

As presented in note 39, receivables from subsidiaries relating to investments in acquisitions comprise term loans extended to subsidiaries, while receivables from subsidiaries relating to trading activities comprise trading balances repayable on demand. Balances are analysed in terms of the risk profile of the subsidiary.

The Directors have assessed the ongoing expected recovery strategy of loans due from subsidiaries of €343.3m (2022: €385.1m), within Stage 1 of the IFRS 9 impairment assessment model. Having noted that such loans are within their repayment terms, the Directors have concluded that no provision for expected credit losses is required (2022: €nil).

Separately, the Company has balances of €88.5m (2022: €12.7m), which are technically repayable upon demand. These loans are within Stage 3 of the IFRS 9 impairment assessment model. The Directors have reviewed in detail the recovery strategy in relation to these loans and concluded that none are credit-impaired, and therefore no expected credit loss has been recognised in relation to these balances (2022: €nil).

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Company's financial liabilities:

	Carrying value	**Contractual cash flows**				
At 31 December 2023	**Total €'000**	**Total €'000**	**Within 1 year €'000**	**1-2 years €'000**	**2-5 years €'000**	**Over 5 years €'000**
Trade payables	**489**	**489**	**489**	**–**	**–**	**–**
Deferred and contingent consideration related to continuous employment	**3,581**	**5,391**	**3,581**	**1,810**	**–**	**–**
Other payables	**14,239**	**14,239**	**14,239**	**–**	**–**	**–**
Lease liabilities	**3,896**	**4,064**	**1,161**	**2,903**	**–**	**–**
Total	**22,205**	**24,183**	**19,470**	**4,713**	**–**	**–**

	Carrying value	Contractual cash flows				
At 31 December 2022	Total €'000	Total €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000
Trade payables	430	430	430	–	–	–
Other payables	10,958	10,958	10,958	–	–	–
Lease liabilities	5,111	5,381	1,133	1,133	3,115	–
Total	16,499	16,769	12,521	1,133	3,115	–

44 Related Parties

As at 31 December 2023 and 2022, the Company had amounts receivable from its subsidiaries as follows:

	2023 €'000	2022 €'000
Receivables from subsidiaries related to investment in acquisitions	**343,319**	385,066
Receivables from subsidiaries relating to trading activities	**88,521**	12,682
	431,840	397,748

	2023 €'000	2022 €'000
Non-current (note 39)	**343,319**	385,066
Current (note 39)	**88,521**	12,682
	431,840	397,748

Alternative performance measures

The Group reports a number of alternative performance measures ("APMs") to present the financial performance of the business, that are not GAAP measures as defined under IFRS. The Directors believe that these measures, in conjunction with the IFRS financial information, provide the users of the financial statements with additional information to provide a more meaningful understanding of the underlying financial and operating performance of the Group. The measures are also used in the Group's internal strategic planning and budgeting processes and for setting internal management targets.

These measures can have limitations as analytical tools and therefore should not be considered in isolation, or as a substitute for IFRS measures. APM's may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies. As these measures frequently exclude significant recurring transactions that impact financial performance (e.g. share-based payments expense), the adjusted measures will typically be higher than the corresponding IFRS measures and should not be regarded as a complete picture of the Group's financial performance, which is presented in the Total comprehensive income / (expense) of the Group.

The principal measures used by the Group are set out below:

Organic revenue growth – Acquisitions are a core part of the Group's growth strategy. Organic revenue growth measures are used to help understand the underlying trading performance of the Group excluding the impact of acquisitions. Organic revenue growth is calculated by adjusting the prior year revenues, adding pre-acquisition revenues for the corresponding period of ownership to provide a like-for-like comparison with the current year, and applying the prior year's foreign exchange rates to both years, when translating studio results into the euro reporting currency.

Constant exchange rates ("CER") – Given the international nature of the Group's operations, foreign exchange movements can have an impact on the reported results of the Group when they are translated into the Group's reporting currency, the euro. In order to understand the underlying trading performance of the business, revenue is also presented using rates consistent with the prior year in order to provide year- over-year comparability.

Adjusted profit and earnings per share measures – Adjusted profit and earnings per share measures are used to provide management and other users of the financial statements with a clear understanding of the underlying profitability of the business over time. Adjusted profit measures are calculated by adding the following items back to the equivalent GAAP profit measures:

— **Amortisation of intangible asset**s – Customer relationships and music licence amortisation commences on acquisition, whereas intellectual property / development costs amortisation commences when the product is launched. These costs, by their nature, can vary by size and amount each year. As a result, amortisation of intangibles is added back to assist with the understanding of the underlying trading performance of the business and to allow comparability across regions and categories.

— **Costs of acquisition and integration** – The level of acquisition activity can vary each year and therefore the costs associated with acquiring and integrating businesses are added back to assist with the understanding of the underlying trading performance of the Group.

— **Share-based payments** – The Group uses share-based payments as part of remuneration to align the interests of senior management and employees with shareholders. These are non-cash charges, and the charge is based on the Group's share price which can change. The costs are therefore added back to assist with the understanding of the underlying trading performance.

— **Foreign exchange gains and losses** – The Group does not hedge foreign currency translation exposures. The effect on the Group's results of movements in exchange rates can vary each year and are therefore added back to assist with understanding the underlying trading performance of the business.

— **Other income** – Other income comprises gains on investments or other non-trading income. As the gains have arisen outside the normal trading activities of the Group, the income has been added back to assist with the understanding of the underlying trading performance.

Free cash flow measures – The Group aims to generate sustainable cash flow (free cash flow) in order to support its acquisition programme and to fund dividend payments to shareholders. Free cash flow is measured as net cash generated by / (used in) operating activities after capital expenditure, payments of principal on lease liabilities, interest and tax payments, settlement of deferred consideration related to continuous employment but before acquisition and integration cash outlay, other income and dividend payments. Adjusted free cash flow is a measure of cash flow adjusting for capital expenditure that is supporting growth in future periods (represented by capital expenditure in excess of depreciation).

Net debt – The Group manages capital by monitoring debt to capital and net debt ratios. Net debt is calculated as loans and borrowings less cash and cash equivalents, and excludes lease liabilities. The debt to capital ratio is calculated as net debt as a percentage of total equity.

The remainder of this section provides a reconciliation of the APMs with the relevant IFRS GAAP equivalent.

Divisional analysis

The following table presents revenue growth by division at both actual exchange rates ("AER") and constant exchange rates ("CER"). Constant exchange rates are calculated by retranslating current year reported numbers at the corresponding 2022 foreign exchange rates, in order to give management and other users of the financial statements better visibility of underlying trading performance against the prior year.

	2023 Revenue AER €m	**2023 Revenue CER €m**	2022 Revenue AER €m	**2023 Growth AER %**	**2023 Growth CER %**
Create	**336.1**	**350.5**	275.5	**22.0%**	**27.2%**
Globalize	**279.5**	**287.9**	300.9	**(7.1)%**	**(4.3)%**
Engage	**164.8**	**171.1**	114.3	**44.2%**	**49.7%**
	780.4	**809.5**	690.7	**13.0%**	**17.2%**

Pro forma revenue

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.

	2023 Revenue AER €m	**2023 Pre-acquisition revenue AER €m**	**2023 Pro forma revenue AER €m**
Create	**336.1**	**43.8**	**379.9**
Globalize	**279.5**	**1.0**	**280.5**
Engage	**164.8**	**6.4**	**171.2**
	780.4	**51.2**	**831.6**

Organic revenue at constant exchange rates

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.

	2022 Revenue AER €m	2022 Pre-acquisition revenue AER €m	2022 Like-for-like revenue AER €m	**2023 Revenue growth CER €m**	**2023 Revenue CER €m**	**2023 Organic revenue growth CER %**
Create	275.5	23.2	298.7	**51.8**	**350.5**	**17.3%**
Globalize	300.9	–	300.9	**(13.0)**	**287.9**	**(4.3)%**
Engage	114.3	52.9	167.2	**3.9**	**171.1**	**2.3%**
	690.7	76.1	766.8	**42.7**	**809.5**	**5.6%**

↘ Alternative performance measures

CONTINUED

Adjusted operating costs

This comprises Administrative expenses as reported in the Consolidated statement of comprehensive income, adding back share-based payments expense, costs of acquisition and integration, amortisation of intangible assets, depreciation and impairment, and deducting bank charges.

Calculation		**2023 €'000**	2022 €'000
Administrative expenses	Consolidated statement of comprehensive income	**(252,275)**	(196,554)
Share-based payments expense	Consolidated statement of comprehensive income	**21,964**	18,678
Costs of acquisition and integration	Consolidated statement of comprehensive income	**27,140**	8,413
Amortisation of intangible assets	Consolidated statement of comprehensive income	**26,060**	16,810
Depreciation – property, plant and equipment	Note 13	**23,128**	18,365
Depreciation – right of use assets	Note 12	**13,907**	14,585
Bank charges	Note 6	**(724)**	(662)
Adjusted operating costs		**(140,800)**	(120,365)
Adjusted operating costs as a % of revenue		**18.0%**	17.4%

Adjusted operating profit

The 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.

Calculation		**2023 €'000**	2022 €'000
Operating profit	Consolidated statement of comprehensive income	**46,830**	71,810
Share-based payments expense	Consolidated statement of comprehensive income	**21,964**	18,678
Costs of acquisition and integration	Consolidated statement of comprehensive income	**27,140**	8,413
Amortisation of intangible assets	Consolidated statement of comprehensive income	**26,060**	16,810
Other income	Consolidated statement of comprehensive income	**–**	(1,098)
Adjusted operating profit		**121,994**	114,613
Adjusted operating profit as a % of revenue		**15.6%**	16.6%

EBITDA

EBITDA comprises Operating profit as reported in the Consolidated statement of comprehensive income, adjusted for amortisation of intangible assets, depreciation and impairment, and deducting bank charges.

Calculation		**2023 €'000**	2022 €'000
Operating profit	Consolidated statement of comprehensive income	**46,830**	71,810
Amortisation of intangible assets	Consolidated statement of comprehensive income	**26,060**	16,810
Depreciation – property, plant and equipment	Note 13	**23,128**	18,365
Depreciation – right of use assets	Note 12	**13,907**	14,585
Bank charges	Note 6	**(724)**	(662)
EBITDA		**109,201**	120,908

Adjusted EBITDA

Adjusted EBITDA comprises EBITDA, adjusted for share-based payments expense, and costs of acquisition and integration. In order to present the measure consistently year-on-year, the impact of other income is also excluded.

Calculation		2023 €'000	2022 €'000
EBITDA	As above	**109,201**	120,908
Share-based payments expense	Consolidated statement of comprehensive income	**21,964**	18,678
Costs of acquisition and integration	Consolidated statement of comprehensive income	**27,140**	8,413
Other income	Consolidated statement of comprehensive income	**–**	(1,098)
Adjusted EBITDA		**158,305**	146,901
Adjusted EBITDA as a % of revenue		**20.3%**	21.3%

Adjusted profit before tax

Adjusted profit before tax comprises Profit before taxation as reported in the Consolidated statement of comprehensive income, adjusted for share-based payments expense, costs of acquisition and integration, amortisation 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 other income is also excluded.

Calculation		2023 €'000	2022 €'000
Profit before taxation	Consolidated statement of comprehensive income	**34,994**	67,982
Share-based payments expense	Consolidated statement of comprehensive income	**21,964**	18,678
Costs of acquisition and integration	Consolidated statement of comprehensive income	**27,140**	8,413
Amortisation of intangible assets	Consolidated statement of comprehensive income	**26,060**	16,810
Foreign exchange (gain) / loss	Note 6	**1,232**	(1,677)
Unwinding of discounted liabilities – deferred consideration	Note 6	**3,279**	2,922
Other income	Consolidated statement of comprehensive income	**–**	(1,098)
Adjusted profit before tax		**114,669**	112,030
Adjusted profit before tax as a % of revenue		**14.7%**	16.2%

Adjusted effective tax rate

The Adjusted effective tax rate is the Taxation 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, as a percentage of the Adjusted profit before tax.

Calculation		2023 €'000	2022 €'000
Adjusted profit before tax	As above	**114,669**	112,030
Taxation	Consolidated statement of comprehensive income	**15,042**	20,612
Effective tax rate before tax on adjusting items	Taxation / Adjusted profit before tax	**13.1%**	18.4%
Tax arising on bridging items to Adjusted profit before tax^		**10,539**	4,043
Adjusted taxation		**25,581**	24,655
Adjusted effective tax rate	Adjusted taxation / Adjusted profit before tax	**22.3%**	22.0%

^ Being mainly the tax impact of share-based payments expense €4.2m, amortisation of intangible assets €4.4m and acquisition related costs €1.5m, with the prior period being mainly the tax impact of share-based payments expense €0.4m and amortisation of intangible assets €4.0m less foreign exchange €0.4m.

Alternative performance measures

CONTINUED

Adjusted earnings per share

The Adjusted profit after tax comprises the Adjusted profit before tax, less the Taxation 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.

The Adjusted earnings per share comprises the Adjusted profit after tax divided by the either the basic or diluted weighted average number of equity shares, as reported in note 8.

Calculation		2023 €'000	2022 €'000
Adjusted profit before tax	As above	**114,669**	112,030
Taxation	Consolidated statement of comprehensive income	**(15,042)**	(20,612)
Tax arising on bridging items to Adjusted profit before tax^		**(10,539)**	(4,043)
Adjusted profit after tax		**89,088**	87,375

Weighted average number of equity shares		Number	Number
Basic	Note 8	**78,910,471**	76,979,596
Diluted	Note 8	**79,995,267**	80,481,897

Adjusted earnings per share	€c	€c
Basic	**112.90**	113.50
% growth	**(0.5%)**	27.2%
Diluted	**111.37**	108.56
% growth	**2.6%**	27.8%

^ Being mainly the tax impact of share-based payments expense €4.2m, amortisation of intangible assets €4.4m and acquisition related costs €1.5m, with the prior period being mainly the tax impact of share-based payments expense €0.4m and amortisation of intangible assets €4.0m less foreign exchange €0.4m.

Return on capital employed (ROCE)

ROCE represents the Adjusted profit before tax (excluding net interest costs, unwinding of discounted lease liabilities and bank charges, and also adjusted to include pre-acquisition profits of current-year acquisitions), expressed as a percentage of the capital employed. As the Group continues to make multiple acquisitions each year, the calculation further adjusts the Adjusted profit before tax and the capital employed as if all the acquisitions made during each year were made at the start of that year.

Capital employed represents Total equity as reported on the Consolidated statement of financial position, adding back employee defined benefit plan liabilities, cumulative amortisation of intangible assets (customer relationships), acquisition-related liabilities (deferred and contingent consideration), together with loans and borrowings, while deducting cash and cash equivalents.

Calculation		**2023 €'000**	2022 €'000
Adjusted profit before tax	As above	**114,669**	112,030
Interest received	Note 6	**(614)**	(309)
Bank charges	Note 6	**724**	662
Interest expense	Note 6	**5,768**	1,261
Unwinding of discounted liabilities – lease liabilities	Note 6	**1,447**	969
Pre-acquisition profits of current year acquisitions	Note 27	**9,655**	1,601
Adjusted profit before tax including pre-acquisition profit and excluding net interest		**131,649**	116,214
Total equity	Consolidated statement of financial position	**599,039**	557,091
Employee defined benefit plans	Consolidated statement of financial position	**4,030**	2,861
Cumulative amortisation of intangibles assets (customer relationships)	Note 11	**76,617**	58,301
Deferred and contingent consideration	Note 17	**55,825**	63,253
Loans and borrowings	Note 18	**127,380**	51
Cash and cash equivalents	Consolidated statement of financial position	**(59,862)**	(81,886)
Capital employed		**803,029**	599,671
Return on capital employed	Adjusted profit before tax including pre-acquisition profit and excluding net interest expense / capital employed	**16.4%**	19.4%

Alternative performance measures

CONTINUED

Free cash flow

Free cash flow represents Net cash generated by / (used in) operating activities as reported in the Consolidated statement of cash flows, adjusted for acquisition and integration cash outlay, capital expenditure, settlement of deferred consideration related to continuous employment, net interest paid, payments of principal on lease liabilities and is presented both before and after taxation paid. In order to present the measure consistently year-on-year, the impact of other income is also excluded.

Calculation		2023 €'000	2022 €'000
Net cash generated by / (used in) operating activities	Consolidated statement of cash flows	**110,457**	124,286
Acquisition and integration cash outlay:			
Costs of acquisition and integration	Consolidated statement of comprehensive income	**27,140**	8,413
Fair value adjustments to contingent consideration	Consolidated statement of cash flows	**(300)**	(2,282)
Non-cash movements in Deferred and contingent consideration related to continuous employment	Consolidated statement of cash flows	**(8,877)**	(3,000)
Fair value adjustments to property, plant and equipment	Note 5	**(5,755)**	–
Fair value adjustments to right of use assets	Note 5	**(2,041)**	–
Other fair value movements within Cost of acquisition and integration	Note 5	**(2,677)**	–
Acquisition of property, plant and equipment	Consolidated statement of cash flows	**(30,689)**	(27,007)
Investment in intangible assets	Consolidated statement of cash flows	**(3,052)**	(501)
Other income	Consolidated statement of comprehensive income	**–**	(1,098)
Settlement of deferred and contingent consideration related to continuous employment	Consolidated statement of cash flows	**3,900**	–
Interest received	Consolidated statement of cash flows	**614**	309
Interest paid	Consolidated statement of cash flows	**(7,729)**	(1,797)
Payments of principal on lease liabilities	Consolidated statement of cash flows	**(15,038)**	(11,361)
Free cash flow after tax		**65,953**	85,962
Taxation paid	Consolidated statement of cash flows	**20,853**	17,505
Free cash flow before tax		**86,806**	103,467

Adjusted free cash flow

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).

Calculation		2023 €'000	2022 €'000
Free cash flow before tax	As above	**86,806**	103,467
Capital expenditure in excess of depreciation:			
Acquisition of property, plant and equipment	Consolidated statement of cash flows	**30,689**	27,007
Depreciation – property, plant and equipment	Note 5	**(23,128)**	(18,365)
Capital expenditure in excess of depreciation		**7,561**	8,642
Adjusted free cash flow		**94,367**	112,109

Adjusted cash conversion rate

The Adjusted cash conversion rate is the Adjusted free cash flow as a percentage of the Adjusted profit before tax:

Calculation		**2023 €'000**	2022 €'000
Adjusted free cash flow	As above	**94,367**	112,109
Adjusted profit before tax	As above	**114,669**	112,030
Adjusted cash conversion ratio	Free cash flow before tax and capital expenditure in excess of depreciation, as a % of Adjusted profit before tax	**82.3%**	100.1%

Net debt

The Group manages capital by monitoring debt to capital and net debt ratios. Net debt is calculated as Loans and borrowings (as shown in the Consolidated statement of financial position) less Cash and cash equivalents, and excludes Lease liabilities.

Calculation		**2023 €'000**	2022 €'000
Loans and borrowings	Consolidated statement of financial position	**127,380**	51
Cash and cash equivalents	Consolidated statement of financial position	**(59,862)**	(81,886)
Net debt / (net cash) position		**67,518**	(81,835)

↘ Key disclaimers

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This report contains "forward-looking statements" with respect to the Group's financial condition, results of operations and businesses, certain of the Group's plans and objectives, as well as management's beliefs and assumptions. In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations and the guidance for a financial year; the Group's sustainable business strategy and targets; expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends, including customers, new game launches, next generation consoles and emerging technologies such as artificial intelligence, adjacent markets, games-as-a-service, competitive position and macroeconomic pressures, price trends, commercial momentum and opportunities in specific geographic markets; expectations regarding the integration or performance of current and future investments and newly acquired businesses. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "could", "may", "should", "expects", "believes", "estimates", "intends", "plans" "projects" or "targets" (in each case including in their negative form or other variations or their comparable terminology). By their nature, forward-looking statements include matters that are not historical facts and are inherently predictive, speculative and involve risk and uncertainty because they relate to events, and depend on circumstances, that may or may not occur in the future. No reliance whatsoever should be placed on any forward-looking statements.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic, financial, political and regulatory conditions; factors that contribute to uncertainty and volatility, including natural and man-made disasters, civil unrest, pandemics (e.g. the coronavirus (COVID-19) pandemic and geopolitical uncertainty; the ability of the Group to successfully recover from a disaster, force majeure event or other business continuity problem including, but not limited to, due to a hurricane, flood, earthquake, terrorist attack, war, pandemic, security breach, cyber-attack, insider threats or supplier breach, disclosure or misuse of confidential information, power loss, data loss, telecommunications failure or other natural or man-made event; any governmental or other third-party policies or actions to maintain the functioning of national or global economies and markets; changes to legal, regulatory and tax environments; increased competition; the Group's ability to generate and grow revenue; risks associated with intellectual property rights, including potential infringement claims or challenges to the Group's proprietary technologies; the Group's ability to meet its ESG and climate-related financial disclosure goals and targets; the Group's ability to adapt to rapid advances in technology; the Group's ability to attract and retain customers; reductions or changes in customer trends or spending and increased pricing pressure; the Group's ability to attract and retain talent and wage inflation; the Group's dependence on key personnel and strategic partners; the Group's ability to realise expected benefits or synergies from acquisitions; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the Group's ability to integrate acquired business or assets; the extent of any future write-downs or impairment charges on the Group's assets, or restructuring charges incurred as a result of an acquisition or disposition; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements; and changes in foreign exchange rates.

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