

2 August 2016

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

Half year trading update

Strong first half performance provides confidence for the full year

Keywords Studios, the international technical services provider to the global video games industry today provides an update on trading after another half year period of good like for like* growth substantially complemented by acquisitions.

The Group is pleased to announce that it expects to report revenues and adjusted PBT** comfortably ahead of expectations when it announces its interim results for the six months ended 30 June 2016 in mid-September 2016. The outperformance was driven primarily by the recently acquired Localisation and Audio business, Synthesis; this delivered an excellent first half performance due in large part to a beneficial phasing of revenues between the first and second half. Given that it remains relatively early into our typically important second half, we are maintaining guidance for the year as a whole although the strong performance in the first six months naturally gives us a good level of confidence in delivering against our expectations for the full year.

Since the start of the year we have made four acquisitions. Synthesis has been exceptionally busy delivering its normal flow of audio, localisation and localisation testing projects in addition to managing some very large new localisation and audio projects that have come together in the past three months, contributing to an atypical trading pattern in which their peak production period has been both sharp and early in the year. The Manila based customer support team acquired from Ankama is moving to larger, newly fitted out offices and is expanding to deliver services to additional clients. Mindwalk joined the Group with effect from 1 June 2016 and is trading very much in line with our expectations. The acquisition of the Volta studio (announced on 29 July 2016), which provides concept art services, has extended the Group's Art service offering further upstream. The Group also brought forward the acquisition of the 50% of Kite Team it did not already own, a move that allowed for the integration of the operations of Synthesis in Spain, Brazil and Mexico with those of Kite Team and existing Keywords business in those territories. In addition, we are announcing today that the earn-out associated with the acquisition of Liquid Violet that was acquired in January 2014 has come to its planned conclusion. The final payments due under this

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