

7 November 2016

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

Trading Update

Significantly ahead of expectations for the year ended 31 December 2016

Keywords Studios, the international technical services provider to the global video games industry, is pleased to announce that it now anticipates that revenues and adjusted PBT* for the full year to 31 December 2016 will be significantly ahead of current market expectations.

This outperformance has been driven primarily by recently acquired localisation and audio business, Synthesis, sustaining higher levels of activity during the second half of the financial year than previously anticipated after a particularly strong second quarter which benefitted from a number of large projects alongside its normal flow of activity. In addition, strong like for like** growth across the business has reflected better than anticipated performances in localisation and audio, a sustained increase in demand for art services since the first half of the financial year and a continuation of the trends seen in the first half within the localisation testing, functional testing and customer services activities.

Beyond Synthesis, the acquisitions we have made since the beginning of the year of the Manila based customer support team, Ankama; the China-based outsourced art creation firm, Mindwalk; Volta studio which took us into concept art services; and the 50% of Kite Team not previously owned are integrating well and performing in line with expectations.

As a consequence, the Board expects adjusted PBT for the current year to be not less than €14m.

Andrew Day, Chief Executive of Keywords, commented:

"We are delighted with our strong progress so far this year and that we now anticipate delivering a performance significantly ahead of market expectations for the year as a whole.

"Having announced the acquisition of Player Research, the UK-based provider of player behavioural research consulting and user experience testing services, on 26 October 2016, we maintain a healthy pipeline of selectively chosen acquisition targets which we continue to review. These have the potential to extend our service offering, geographical reach and/or market penetration and to offer operational synergies as we leverage our existing facilities and management. In addition, we look forward to continuing to develop the business organically by investing in growing our existing and previously

acquired businesses.

"We are starting to see signs of consolidation of the supplier base at a number of our clients which is something we welcome and have expected as a natural response from the games industry to an increasingly complex environment of multiple games platforms, now including Virtual and Augmented Reality, expanding geographies and languages and a multitude of monetisation models. We believe we are uniquely well positioned to benefit from this consolidation and, although there will inevitably be both wins and losses, overall we expect to be a net beneficiary of this process. We, therefore, remain very confident of our strategy and, at this early stage, maintain our current, cautiously optimistic expectations for 2017."

** before acquisition and integration expenses, share option charges, amortisation of intangibles and foreign currency movements.*

*** calculated on the basis of revenues being included for 2016 acquisitions from the date of acquisition and for the equivalent period in the prior year.*

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Notes to Editors

Keywords Studios is an international technical services provider to the global video games industry. Established in 1998, it provides integrated art creation, audio, testing, localisation, testing, and customer support services across the games lifecycle in over 50 languages and all games platforms to a blue chip client base in more than 15 countries. Keywords Studios now has 24 facilities across Europe, North and South America and Asia. It has a strong market position, providing services to 21 of the top 25 games companies by revenue (including Microsoft, Namco Bandai, Sony, Konami, Electronic Arts, Nintendo and Square Enix) and 7 of the top 10 mobile game companies by revenue (including Supercell, King and Machine Zone). Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L). For further information, please visit: www.keywordsstudios.com

The company news service from the London Stock Exchange

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