

31 January 2019

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

Full year trading update

**Strong financial performance - strengthening our market
leading position**

As indicated in the brief trading update of 21 December 2018, Keywords Studios, the international technical services provider to the global video games industry, today provides an unaudited trading update for the year ended 31 December 2018, following another year of good organic growth and geographic expansion, complemented by a number of important and successful acquisitions.

The Board expects full year revenues to be at least €250m (FY17: €151.4m) and adjusted profit before tax* of approximately €37.8m (FY17: €23.0m). The Group's effective tax rate, based on Keywords Studios' measure of profit before tax* has continued to reduce and is expected to be 19.0% (FY17: 20.5%). As a result, adjusted earnings per share are expected to be c.47.0c, which would be an increase of 51% compared to the prior year (FY17: 31.18c).

Organic revenue growth continues to be an important feature for the Group which, on a like for like basis, grew by 10.1%** . When excluding VMC from this analysis, like for like revenue growth would have been 14.9%.

During the year, the Group welcomed eight businesses into the group through acquisition, and the Group finished the year with net debt of €0.4m (2017: net cash of €11.1m), after the €26.2m net cash outlay on acquisitions and deferred consideration during the year, demonstrating the Group's strong underlying cash generation.

Almost all of the seven service lines have delivered a strong performance, with particularly strong growth in our Player Support and Engineering businesses, partially offset by a weaker than expected performance from Localisation Testing which saw a number of titles move from the last quarter of the year into the current year.

Andrew Day, Chief Executive of Keywords, commented:

"We are pleased with the Group's continued organic growth, in a year in which our markets were impacted by the Fortnite phenomenon. This together with the Group's successful acquisitive growth has seen us increase revenues and profit before tax by approximately 65% in the year.

"Particularly exciting for us during the year has been our expansion into new areas including predictive analytics, music services, marketing services, sound design, and Hollywood-based voice production and writing services. Our eight acquisitions in the year are bedding down and performing well. We completed our first acquisition of 2019 on the 3 January, of Sunny Side Up, which is our third acquisition in marketing services. We see good potential in 2019 for this area which includes the creation of game trailers and other marketing assets for leading game companies.

"As we look forward to another year of extending the ways in which we work with our video game developer and publisher clients, we are pleased to report that we are engaged on a number of projects with clients who are investing in the field of cloud-based gaming. This is an exciting development in the games market as a whole, as 5G mobile networks and expanded internet bandwidths allow for the emergence of platforms aiming to become the "Netflix of gaming". We expect this to create enhanced demand for both content, which would benefit most of our service lines, and for making games more accessible to more people in more territories, which would fuel demand for localisation in particular."

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

***calculated on the basis that the FY 2017 comparative includes all of the 2017 and 2018 acquisitions as if they had been owned for the same period in 2017 as they have been in 2018 and on a constant currency basis*

The Group expects to announce its full year results for the year ended 31 December 2019 on 8 April 2019.

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About Keywords Studios (www.keywordsstudios.com)

Keywords Studios is an international technical services provider to the global video games industry. Established in 1998, and now with over 50 facilities in 20 countries strategically located in Asia, the Americas and Europe, it provides integrated art creation, software engineering, testing, localisation, audio and customer care services across more than 50 languages and 16 games platforms to a blue-chip client base of approximately 650 clients across the globe. It has a strong market position, providing services to 23 of the top 25 most prominent games companies, including Activision Blizzard, Bandai Namco, Bethesda, Electronic Arts, Konami, Riot Games, Sony, Square Enix, Supercell, TakeTwo, Epic Games

and Ubisoft. Recent titles worked on include Uncharted 4: A Thief's End, Call of Duty: WWII, Mortal Combat X, Assassin's Creed Origins, Battlefield 1, League of Legends, Fortnite, Clash Royale and Rainbow Six Siege. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).

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