

3 August 2018

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

Half year trading update - CORRECTION

The following amendment has been made to the 'Half Year Trading Update' announcement released on 3 August 2018 at 7:00am under RNS No 6958W.

The original statement stated that at 30 June 2017 the Group had no net debt. The date has been corrected to 30 June 2018.

All other details remain unchanged. The full amended text is shown below.

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

Half year trading update

A strong first half performance delivered a 66% increase in adjusted PBT

Keywords Studios, the international technical services provider to the global video games industry, is pleased to provide an update on trading for the six months ended 30 June 2018.

The Group has performed strongly during the first half, with preliminary unaudited revenues for the period expected to be up by 72% to €109.9m (H1 2017: €63.8m) and an anticipated 66% increase in adjusted PBT* to €15.9m (H1 2017: €9.6m). This was achieved despite the incorporation of the historically lower margin VMC business, as well as a marked weakening of the US dollar, in which approximately 60% of the Group's revenues are denominated, against the Euro with average exchange rates having declined 12% between the comparable periods.

The 11 acquisitions made during 2017 and the 7 acquisitions made since the beginning of 2018 are all performing in line with expectations. The Group's largest acquisition to date, VMC, completed on 30 October 2017 and has been well integrated with the rest of the Group. It is starting to benefit from being part of a larger group focused on similar services, with a number of its client relationships having been strengthened, while cost synergies are leading to improved operating margins.

The second half of 2017 and the first half of 2018 saw us invest substantially in expansion of the Group's facilities in Montreal, Dublin, London, Liverpool, Madrid, Katowice, New Delhi, Zhengzhou, Manila and Tokyo, which are now providing additional capacity to support the higher levels of activity we anticipate in the second half given the demand we are seeing from our customers.

Keywords has also continued to strengthen its management team with some changes to its senior management team including the hiring of a Chief Marketing Officer, and the appointments of an Engineering Service Line Director, Global Operations Director and a Chief Commercial Officer, as announced on 10 July 2018.

The Group has invested net cash of nearly €10.0m for the 5 acquisitions made in the first half of the year and we are actively reviewing a number of high quality acquisition opportunities, in line with our acquisition strategy. Significant headroom in our new €105m credit facility with Barclays Bank, Lloyds Bank and HSBC (announced on 5 June 2018), combined with continuing strong cash generation and the judicious use of Keywords shares to part-fund acquisitions where appropriate, leaves the Group well placed to complete further selective acquisitions this year. At 30 June 2018, the Group had no net debt.

Andrew Day, Chief Executive of Keywords, commented:

"Our progress so far this year has been very encouraging. We have made significant investments, most notably in enlarged facilities and senior and mid-level management, which are further supporting our organic growth in the second half and beyond. Despite the incorporation of the lower growth and margin VMC business, our largest acquisition to date, and a weaker US dollar, we have delivered a first half in line with our expectations while also strengthening the business for the future.

"With the benefits of a full six months contribution from first half acquisitions, a strengthening dollar, a healthy pipeline of activity and expanded capacity to deliver it, we anticipate a strong second half performance in line with current market expectations for the full year."

Keywords Studios will provide a further update on trading with its half year results which it expects to announce in mid-September.

** The Group reports adjusted PBT before acquisition and integration expenses, share option charges, amortisation of intangibles and foreign currency gains*

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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.

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 42 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, 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 Mobile Strike. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).

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