

Profit doubled in 2015

Brussels, Belgium - 10 March 2016 – Keyware (EURONEXT Brussels: KEYW) a leading supplier of electronic-payment solutions and related transaction management, today announces its financial results for the financial year, which ended on 31 December 2015.

Keyware's financial year 2015 summarized:
<ul style="list-style-type: none"> ✓ Net profit increased by 177.02% from 1,910 kEUR to 5,291 kEUR ✓ Pre tax result increased by 108.38% from 1,933 kEUR to 4,028 kEUR ✓ EBITDA increased by 117.18% from 2,299 kEUR to 4,993 kEUR ✓ Revenues grew by 28.53% from 9,718 kEUR to 12,491 kEUR ✓ Financial and trade and other debts decreased by respectively 626 kEUR and 1,259 kEUR

- Keyware ended the financial year 2015 with a net profit and an EBITDA of 5,291 kEUR and 4,993 kEUR, respectively. Net profit increased by 3,381 kEUR or 177.02% compared with the financial year 2014. The net profit margin (net profit / revenues) amounted to 42.36% in 2015 compared with 19.65% in 2014, which represents an increase of 22.71 percentage points.
- The comparability of the net profit between both financial years was influenced by the recognition of additional deferred taxes in 2015. A comparison of the profitability based on the result before tax is therefore a better base for comparison. This amounted to 4,028 kEUR in 2015, which represents an improvement of 2,095 kEUR or 108.38% compared with 2014. The gross profit margin (profit before tax / revenues) amounted to 32.24% and 19.89% respectively, which represents an improvement of 12.35 percentage points.
- EBITDA amounted to 4,993 kEUR in 2015, which represents an increase of 2,694 kEUR or 117.18% compared with the financial year 2014. The EBITDA margin (EBITDA/revenues) in 2015 amounted to 39.97% compared with 23.66%, which represents an increase of 16.31 percentage points.
- In the balance sheet the decrease of financial debts can be identified, decreasing by 626 kEUR from 4,884 kEUR to 4,258 kEUR whilst trade and other debts are decreasing by 1,259 kEUR from 3,833 kEUR to 2,574 kEUR

Keyware realised an increase in revenues of 28.53% as a result of which revenues increased by 2,773 kEUR from 9,718 kEUR to 12,491 kEUR. Both the payment terminals segment and the authorisation segment contributed to the general increase. The increase in revenues can be attributed to two factors. Firstly, a larger number of contracts were signed in 2015 in comparison with 2014. Secondly, the asset deal with GlobalPay delivered a contribution to revenues of 850 kEUR or 30.65% of the total increase.

Higher write-offs were recorded on current assets in 2015. The increase of 783 kEUR can mainly be attributed to higher write-offs of inventories due to the obsolescence of certain terminals and a change in the RMA policy.

The income statement includes a (net) tax revenue of 1,263 kEUR. This includes a deferred tax revenue of 1,373 kEUR in connection with the additional recognition of tax losses. In this manner, the

REGULATED INFORMATION

deferred tax assets with regard to the remaining tax losses of Keyware Smart Card Division NV were expressed at the 2015 year-end. The deferred tax assets of 3,058 kEUR will be released in the following financial years ratably, on the basis of the consumption of tax losses.

The consolidated figures of 2015 include the subsidiary Pay It Easy BVBA which has been fully consolidated whereas this subsidiary was previously accounted for by the equity method during the first three quarters of 2014. This change is mainly reflected as shift from raw materials and consumables (in 2014) to services and various goods (in 2015).

The key figures of the GlobalPay acquisition can be specified as follows:

- around 75% of the contracts acquired as of 1 January 2015 are still active at year-end 2015;
- the acquisition price amounted to 445 kEUR, allocated to intangibles and purchased terminals for 250 kEUR and 195 kEUR, respectively;
- the value allocated to intangibles of 250 kEUR will be amortized over a period of five years, whereby 50 kEUR has already been recognised in 2015;
- the share in revenues and in raw materials and consumables amounted to 850 kEUR and 316 kEUR, respectively;
- the share in the operating result (EBIT) and in the EBITDA amounted to 437 kEUR and 534 kEUR, respectively;
- the share in the profit before taxes and in the net profit was 450 kEUR

The figures

For the financial year 2015:

Key figures for the period ending on December 31	Financial year	
	31.12.2015	31.12.2014
	kEUR (audited)	kEUR (audited)
Revenues	12,491	9,718
Gross margin	10,178	7,400
Profit/(loss) before taxes	4,028	1,933
Profit/(loss) after taxes	5,291	1,910
EBITDA	4,993	2,299
Net cash flow	7,047	2,863
<i>Gross profit margin (profit before tax / revenues) (%)</i>	<i>32.24</i>	<i>19.89</i>
<i>Profit margin (net profit / revenues) (%)</i>	<i>42.36</i>	<i>19.65</i>
<i>EBITDA margin (EBITDA / turnover) (%)</i>	<i>39.97</i>	<i>23.66</i>

REGULATED INFORMATION

- after subsequent revenue growths of 5.66% and 11.08% respectively in the financial years 2013 and 2014, revenues rose by 28.53% in 2015;
- the gross profit margin increased from 76.15% in 2014 to 81.48% in 2015;
- the net profit for the financial year 2015 amounted to 5,291 kEUR, compared to a net profit of 1,910 kEUR in 2014, which represents an increase of 3,381 kEUR or 177.02%. This is also reflected in the increase of the net profit margin from 19.65% in 2014 to 42.36% in 2015 or an improvement of 22.71 percentage points;
- the operating cash flow (EBITDA) for the financial year 2015 came to 4,993 kEUR, versus 2,299 kEUR for the financial year 2014, which represents an increase of 2,694 kEUR or 117.18%. As a consequence, the EBITDA margin amounted to 39.97% compared with 23.66%, which represents an increase of 16.31%;
- the net cash flow amounted to 7,047 kEUR versus 2,863 kEUR for 2014, which represents an increase of 4,184 kEUR or 146.14%

Management report on the results for 2015

The key figures for the financial year can be summarised as follows.

- The revenues and the gross margin can be specified as follows:

Gross margin	Financial year		Change
	31.12.2015	31.12.2014	
	kEUR (audited)	kEUR (audited)	
Revenues	12,491	9,718	28.53 %
Purchases of goods for resale	(2,313)	(2,318)	- 0.22 %
Gross margin	10,178	7,400	37.54 %
Gross margin in percentages	81.48%	76.15%	

- The **consolidated revenues** for the financial year 2015 amounted to 12,491 kEUR compared with 9,718 kEUR for 2014, which represents an increase of 28.53%.

The increase in revenues is mainly reflected within the payment terminals division, also due to the acquisition of GlobalPay, and within the authorisation division. A record number of newly concluded contracts were registered in 2015. Raw materials and consumables remained stable in spite of the increase in revenues. Besides improved purchasing prices, this can also be attributed to the impact of a different presentation of Pay it Easy. The cost price of our own platform over which the transactions flew was classified amongst raw materials and consumables in 2014, whereas in 2015 this is accounted for amongst services and other goods;

- **Other expenses** increased by 125 kEUR in comparison with 2014, mainly due to the above-mentioned reason. On the other hand, it should be observed that in 2014 this caption comprised costs in connection with the valuation of the warrants amounting to 260 kEUR.
- **Impairments on current assets** increased by 783 kEUR from 1,002 kEUR in 2014 to 1,785 kEUR in 2015. This relates to impairments recorded on receivables from financial leasing

REGULATED INFORMATION

(1,224 kEUR) and impairments on inventories (561 kEUR). This increase can mainly be attributed to higher write-offs on inventories;

- **Profit before tax** amounted to 4,028 kEUR in comparison to 1,933 kEUR in 2014. The improvement of 2,095 kEUR (+108.38%) mainly resulted from the higher gross margin, although reduced by higher write-offs;
- **Net profit** for the financial year amounted to 5,291 kEUR, compared with a net profit of 1,910 kEUR in 2014, which represents an increase of 3,381 kEUR (+177.02%). In addition to the reasons provided above, the increase can also be attributed to the deferred tax revenues that were recognised in 2015 to account for the remaining tax losses;
- **Net cash flow** amounted to 7,047 kEUR in comparison to 2,863 kEUR in 2014. This increase is explained by that which is mentioned above.

Management report on the balance sheet position at 31 December 2015

The key figures for the financial year can be summarised as follows.

Key figures for the period ending on December 31	Financial year	
	31.12.2015	31.12.2014
	kEUR (audited)	kEUR (audited)
Net equity	23,683	17,981
Non-current and current financial liabilities and loans	4,258	4,884
Equity / total liabilities (%)	76.35	66.38
Non-current and current financial liabilities and loans / equity (%)	17.98	27.16

- Net equity capital increased by 5,702 kEUR in comparison with 31 December 2014. The statement of changes in equity provides a detailed overview of the underlying factors (net profit of 5,291 kEUR and the capital increase of 411 kEUR);
- As a result, the net equity at year-end 2015 represented a share of 76.35% of total liabilities compared with 66.38% on 31 December 2014;
- Financial liabilities on aggregate decreased by 626 kEUR in comparison with the 2014 year-end. Hence, the financial year 2015 represents a turnaround in the financing of the Group as for the first time the change in financial liabilities indicates a decrease which reflects that the Group no longer needs additional funding to support its growth;
- Financial liabilities represented 17.98% of the net equity in 2015 compared with 27.16 % at 31 December 2014;
- Furthermore, the settlement with PARFIP Benelux that took place in 2015 resulted in a payment of 800 kEUR, which is reflected in the decrease of the trade payables and, likewise, in the debt ratio.

REGULATED INFORMATION

Important events in 2015

PARFIP BENELUX

A settlement agreement with PARFIP Benelux for an amount of 800 kEUR was signed in March 2015. Keyware guaranteed the administrative follow up of the transition that took place on 1 July 2014.

FUNDING

The balance of the 750 kEUR ING Bank investment credit, amounting to 452 kEUR, was drawn in 2015, and a new loan of 250 kEUR was concluded with ING Bank for the partial funding of the GlobalPay acquisition.

In addition, 411 kEUR was raised by the exercising of Warrants in December 2015, resulting in 625,000 new shares issued.

Events after the balance sheet date

Up to date, we have no specific events to report that occurred after the balance sheet date.

Auditor's Report

"The auditor of Keyware Technologies NV, BDO Bedrijfsrevisoren Burg. Ven. has confirmed that its audit procedures, which have been substantially completed, have not revealed any significant corrections that should have been made to the abbreviated consolidated income statement, balance sheet, cash flow statement and statement of changes in the equity of the Group relating to 2015, included in this press release."

About Keyware

Keyware (EURONEXT Brussels: KEYW) is a leading supplier of electronic-payment solutions, loyalty systems, identity applications and related transaction management. Keyware is located in Zaventem, Belgium, and more information is available on www.keyware.com

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REGULATED INFORMATION
CONSOLIDATED INCOME STATEMENT

The consolidated income statement can be summarised as follows:

Consolidated income statement for the period ending on	Financial year	
	31.12.2015	31.12.2014
	kEUR (audited)	kEUR (audited)
Continuing operations		
Revenues	12,491	9,718
Other gains and losses	314	278
Raw materials and consumables	(2,313)	(2,318)
Salaries and employee benefits	(1,508)	(1,478)
Depreciation	(251)	(141)
Impairment	-	(100)
Net impairment losses on current assets	(1,785)	(1,002)
Other operating expenses	(3,712)	(3,587)
Operating profit /(operating loss)	3,236	1,370
Financial income	1,141	1,005
Financial expenses	(349)	(442)
Profit before taxes	4,028	1,933
Taxes	1,263	-
Result from participations in joint ventures	-	(23)
Profit/(loss) for the period from continued operations	5,291	1,910
Profit/(loss) for the period from discontinued operations	-	-
Profit/(loss) for the period	5,291	1,910
Weighted average number of issued ordinary shares	20,454,204	20,422,766
Weighted average number of shares for the diluted result per share	23,659,183	22,396,786
Profit/(loss) per share from the continuing and discontinued operations		
Profit/ (loss) per share	0.2587	0.0935
Profit/ (loss) per diluted share	0.2236	0.0853

REGULATED INFORMATION
CONSOLIDATED BALANCE SHEET

Consolidated balance sheet closed on	Financial year	
	31.12.2015	31.12.2014
	kEUR	kEUR
	(audited)	(audited)
Assets		
Consolidation differences	5,248	5,248
Other intangible fixed assets	200	14
Property, plant and equipment	428	485
Deferred tax assets	3,058	1,685
Receivables from finance leases	15,846	14,088
Other assets	325	74
Non-current assets	25,105	21,594
Inventories	992	736
Trade and other receivables	626	843
Receivables from finance leases	3,306	2,981
Prepays	8	19
Cash and cash equivalents	981	915
Current assets	5,913	5,494
Total assets	31,018	27,088
Equity and liabilities		
Issued capital	8,771	8,490
Share premiums	4,846	4,716
Other reserves	797	797
Result carried forward	9,269	3,978
Equity attributable to owners of the parent company	23,683	17,981
Provisions	-	-
Borrowings	2,593	3,231
Lease obligations	43	69
Other liabilities	82	111
Total non-current liabilities	2,718	3,411
Trade payables and other payables	2,574	3,833
Borrowings	1,514	1,443
Lease obligations	26	30
Other liabilities	11	22
Prepays	492	368
Current liabilities	4,617	5,696
Total liabilities	7,335	9,107
Total equity and liabilities	31,018	27,088

REGULATED INFORMATION
CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement for the period ending on	Financial year	
	31.12.2015	31.12.2014
	kEUR (audited)	kEUR (audited)
Cash flow from operating activities		
Profit / (loss) for the period	5,291	1,910
Financial income	(1,141)	(1,005)
Financial expenses	349	442
Depreciation, amortisation and impairment of fixed assets	251	241
Impairment of finance lease receivables	1,224	924
Impairment of inventories	561	78
Warrants recognised as expenses	-	260
Deferred taxes	(1,373)	-
Operating cash flow before changes in the working capital components	5,162	2,850
Decrease / (Increase) of inventories	(817)	(428)
Decrease / (increase) of financial lease receivables	(3,308)	(2,549)
Decrease / (increase) of trade and other receivables	217	(164)
Adjustment conversion receivable into participation	-	(131)
Decrease / (increase) of prepaids	11	34
Increase / (decrease) of trade debts	(1,259)	(81)
Increase / (decrease) of other liabilities	114	35
Changes in working capital components	(5,042)	(3,284)
Interest paid	(337)	(399)
Interest received	1,129	962
Cash flow from operating activities	912	129
Cash flow from investment activities		
Acquisition of intangible and tangible fixed assets	(380)	(192)
Disposal of intangible and tangible fixed assets	-	12
Acquisition of participation	(250)	-
Investments in and results of joint ventures	-	49
(Increase) / decrease of issued warranties	(1)	1
Cash flow from investment activities	(631)	(130)
Cash flow from financing activities		
Capital increase (including issue premiums)	411	18
(Repayments) / receivables non-current and current liabilities and other liabilities	(596)	719
(Repayment) / receivables long-term and short-term leasing liabilities	(30)	82
Cash flow from financing activities	(215)	819
Net (decrease) / increase in cash and cash equivalents	66	818
Cash and cash equivalents at the beginning of the period	915	97
Cash and cash equivalents at the end of the period	981	915

CONSOLIDATED STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated statement of changes in equity for the period	Number of shares	Issued capital	Share premiums	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
Audited		kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance as at 01.01.2015	20,438,793	8,490	4,716	797	3,978	17,981	-	17,981
Profit / (loss) for the period	-	-	-	-	5,291	5,291	-	5,291
<i>Total realised and comprehensive income for the period</i>	-	-	-	-	5,291	5,291	-	5,291
Capital increase	625,000	281	130	-	-	411	-	411
Balance as at 31.12.2015	21,063,793	8,771	4,846	797	9,269	23,683	-	23,683

REGULATED INFORMATION

Consolidated statement of changes in equity for the period	Number of shares	Issued capital	Share premiums	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
Audited		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Balance as at 01.01.2014	20,413,793	8,479	4,709	537	2,068	15,793	-	15,793
Profit / (loss) for the period	-	-	-	-	1,910	1,910	-	1,910
<i>Total realised and comprehensive income for the period</i>	-	-	-	-	1,910	1,910	-	1,910
Capital increase	25,000	11	7	-	-	18	-	18
Valuation of warrants	-	-	-	260	-	260	-	260
Balance as at 31.12.2014	20,438,793	8,490	4,716	797	3,978	17,981	-	17,981