KEYWARE TECHNOLOGIES

Your N°1 payments partner

2015 ANNUAL REPORT

POS • e-commerce • m-commerce

SHAREHOLDERS' MEETING

The Annual General Meeting of Shareholders of Keyware Technologies NV will be held on Friday 27 May 2016 at 3 pm at the Company's registered office at Ikaroslaan 24, 1930 Zaventem.

AVAILABILITY OF THE ANNUAL REPORT

This annual report is available in Dutch, French and English. Keyware has checked the translation and the correspondence between the official Dutch version and the French and English versions. In the event of contradictions between the Dutch version and the other versions, the Dutch version takes precedence.

In addition, an electronic version of this annual report is available on the website of Keyware Technologies NV (www.keyware.com).

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THE CHOCOLATE LINE
Made in Belgium

"Until we started working with Keyware terminals, we would sometimes miss out on a good chunk of our income because customers would leave the shop if there were problems with the terminal. Now our money is in safely in our account every evening, which is very reassuring for us."

Dominique Persoone
The Chocolate Line

CONTENTS COMMERCIAL SECTION

KV Oostende

Wim De Meyer
Communications Manager

Why did you choose Keyware?

Just as a football coach chooses his best players to start a match, we looked for the best player on the market for our payments. For us, that was Keyware. It's a major name and the transaction price is also included, which is great.

"For electronic payments Keyware is the best player on the market for us."

What is the most important benefit, for you, of working with Keyware?

The most important benefit of Keyware is that payment runs smoothly and efficiently and that we offer our customers an additional payment option over and above cash.

INTRODUCTION

Dear Shareholder,

"2015 was a great year for Keyware in terms of service provision, growth of our customer base, financial results, partnerships and added value for the shareholders.
We would like to thank all the stakeholders that have worked together to achieve this result!"

On behalf of myself and the Keyware team I'd like to thank you for the trust you have shown in Keyware Technologies. As shareholder in 2015 you were able to enjoy great added value, based on robust underlying results.

2015 was a record year for Keyware in every respect!

Service provision
The Keyware Charter is a template for a close partnership between Keyware and its customers. In 2015, in collaboration with a number of strategic partners, we achieved the introduction of a number of new terminals and transaction services. In its home market Keyware remains indisputably the payment specialist with the widest and most flexible offering.

Major customers
Our customer base has seen its most rapid growth ever, with approximately 3000 new customers in 2015. In comparison with 2014 the number of winding-ups and cessations of trade fell, and more customers chose to extend their agreements. The number of 5-year agreements also rose compared to 2014, which points to the perception of Keyware as a reliable payment partner. In fact, you can regularly find new testimonies from customers on our commercial site www.keyware.be or Keyware's YouTube channel.

Financial results
Thanks to the fantastic performance within the divisions of rental and sales of payment terminals on the one hand and the management of payment transactions on the other, our turnover rose by 28.53%. Supported by our continued focus on improving and optimising our business processes, net profit rose by 177.02% and the EBITDA by 117.18%. Since 2015 Keyware's stronger financial results year-on-year have been monitored by the analysts at Goldhar & Associates and Arrowhead.

Partnerships
In 2015 we expanded our successful partnership with Worldline and laid down the basis for a closer collaboration in the area of transaction services. With our partner Ingenico we launched the new Ingenico iCT 250 payment terminal on our home market. With this scoop in contactless payment Keyware underscores its ambitions in terms of innovation.

Naturally, I would also like to mention our 20-year anniversary. Since our establishment in 1996 we have consistently demonstrated well-founded optimism linked to a dynamic approach within a clearly defined vision. This has allowed us to evolve from being one of the many Belgian startups at around the turn of the 21st century into an established figure in the market for electronic payments. In 2016 we want to celebrate this in a suitable manner with our customers, staff and partners. At the same time we are preparing to strengthen our Position both nationally and, now, internationally.

Yours sincerely,

Guido Van der Schueren
Chairman of the Board of Directors

LETTER TO THE SHAREHOLDERS

2015 MILESTONES

Quarter 1

Keyware realises a substantial growth in profit and turnover, partly as a result of GlobalPay deal

- net profit increased by 323% compared to the first quarter of 2014
- profit margin (net profit / turnover) grew from 10.25% in the first quarter of 2014 to 31.04% in the first quarter of 2015
- the EBITDA increased by 88.7% compared to the first quarter 2014
- turnover increased by 39.7% compared to the same period

JAN FEB MAR

Quarter 2

Keyware and Worldline sign Technical Payment Service Provider agreement

- via this agreement Keyware can offer acquiring services to customers with a Worldline payment terminal or with a Fixed, portable or mobile payment terminal from other producers
- Keyware can offer subscriptions for payments with Bancontact, V Pay or Maestro directly and according to its own commercial formulas
- Keyware will also offer acquiring contracts for the processing of credit card transactions such as Visa, MasterCard, Amex, JCB, Diners Club, CUP etc.

Half-year 2015: Keyware sees profit almost quadruple

- operating cash flow (EBITDA) for the first six months came to EUR 2.225m, versus EUR 906k for the first six months of 2014, which represents an improvement of EUR 1.319m or 145.6%;
- net profit was EUR 2.364m compared to a net profit of EUR 631k for the first semester of 2014, which represents an improvement of EUR 1.733m or 274.6%
- net cash flow amounted to 3,002 kEUR, versus 1,224 kEUR for the first six months of 2014, which represents an increase of 1,778 kEUR or 145.3%;
- analysts from Goldhar Corporate Finance Ltd. estimate the stock exchange value at present to be more than three times higher than the current share value

APR MAY JUN

Quarter 3

Keyware concludes strong third quarter

- net profits for the third quarter and for the first nine months of 2015 are EUR 1.253m and EUR 3.617m respectively, more than three times the amounts for the same periods in 2014.
- the third quarter of 2015 concluded with a turnover of EUR 2.807m compared to EUR 2.371m last year. Turnover has therefore seen an increase of EUR 436k or 18.39% compared to the same period in 2014.
- strong performance during the third quarter led to a turnover in the first nine months of 2015 of EUR 9.281m, versus EUR 6.636m in the same period of 2014, an increase of EUR 2.645m or 39.86%;
- during the first nine months of 2015 the EBITDA was EUR 3.455m, which represents an increase of EUR 2.034m or 143% compared to the same period in 2014. The EBITDA margin (EBITDA / turnover) was 37.23% compared to 21.41% during the same period in 2014.

Keyware acquires a holding of 2.09% in Congra Software S.à.r.l.

JUL AUG SEP

Quarter 4

Keyware optimises payments at Brussels South Charleroi Airport with hybrid payment solution

- agreement with Brussels South Charleroi Airport for the delivery of a total solution for electronic payments for the various services at the airport, including operator Ryanair.
- what is unique is that a substantial cost saving was realised through the application of a hybrid payment concept.

Keyware launches Ingenico iCT250 with MasterCard PayPass and Visa payWave certification

- Keyware provides the payment terminal as standard with smart contactless technology. Depending on the amount payable, the device automatically offers the option to make contactless payment or pay in the traditional manner. This allows amounts under 10 euro to be processed cheaply. The payment terminal is suitable for all cash payments, including Bancontact.

Keyware increases capital through the exercising of 625,000 warrants

Keyware and GlobalPay confirm acquisition price for the assets at @ EUR 445k

Profit doubled in 2015

- net profit increased by 177.02% from EUR 1.910m to EUR 5.291m
- pre-tax profit increased by 108.38% from EUR 1.933m to EUR 4.028m
- EBITDA increased by 117.18% from EUR 2.299m to EUR 4.993m
- net profit increased by 28.53% from EUR 9.718m to EUR 12.491m

OCT NOV DEC

Martins visrestaurant

Wendy Verplancke
Manager

What does Keyware mean for you?

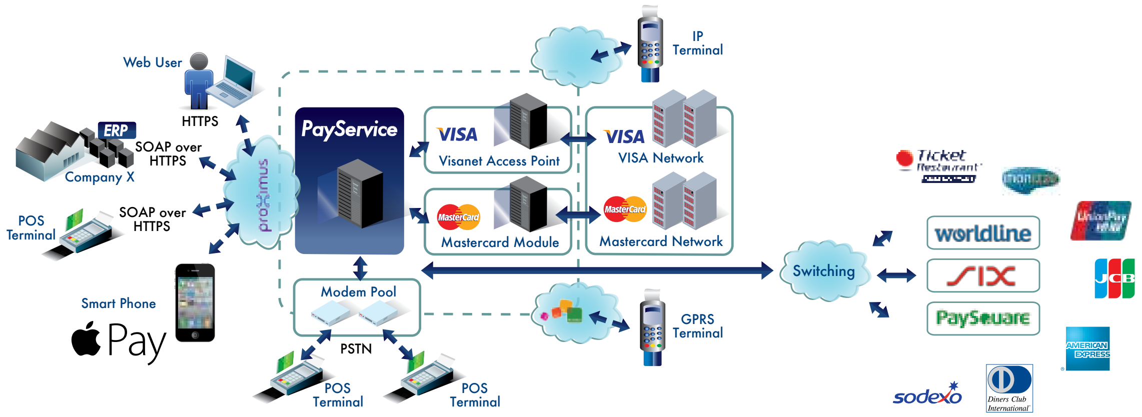
We use a Keyware mobile payment terminal, which is perfect for us. Customers can settle up at their table and that allows us to be very customer-oriented. The mobile terminal is perfect for us: the connection never drops out and the quality is superb. The handset is very user-friendly, both for us and for the customer.

"We have chosen an electronic payment method because it is very customer-oriented. Our customers like settling up at the table and not at the till; it's just a bit more personal."

We're happy and so are our customers!

Keyware: the independent NSP

Keyware is an independent NSP (Network Service Provider). Keyware manages its own payment transaction platform PayService and – in conjunction with a selection of top players offering payment terminals and acquiring services – provides a total solution for electronic payments.



Via PayService Keyware can connect new technology partners and service partners swiftly and efficiently, so that Keyware's customers can take advantage of new developments in the field of electronic payment smoothly and affordably.

Keyware-ID

- Keyware was founded in 1996. Since 2000 Keyware has been a listed company, firstly on Nasdaq Europe and then on Nyse-Euronext (now Euronext) under the symbol KEYW.
- As a payment service company Keyware Positions itself as an independent Network Service Provider (NSP). The services that Keyware offers are:
  - rental and sale of payment terminals (Fixed, portable and mobile) including personalisation, programming, installation and maintenance.
  - Executing payment transactions for payments with, among others, Visa, MasterCard, Maestro, Amex, V-Pay, JCB, electronic meal vouchers, etc
  - Payment services for e-commerce and m-commerce
  - Solutions for loyalty cards
- Keyware is a fast-growing and profitable business with solid partnerships with various global players within the electronic payments value chain, such as terminal manufacturers Verifone, Ingenico and Worldline and transaction partners like Worldline, Six Pay, Square and EMS.
- Above all, Keyware is an ambitious company with an end-to-end integrated business structure, a solid shareholder base and a focus on maximising value for its various stakeholders.
- Core figures :
  - Authorised capital: EUR 9,447,547.84
  - Number of shares: 21,063,793, fully diluted: 23,543,793
  - CAGR: 21.23% since 2011
  - EBITDA margin: 23.7% in 2014 financial year and 40.0% in 2015 financial year
  - Members of staff: 37 FTEs
- 2015 financial figures:
  - Net profit increased by 177.02% from EUR 1.910m to EUR 5.291m
  - Pre-tax profit increased by 108.38% from EUR 1.933m to EUR 4.028 m
  - EBITDA increased by 117.18% from EUR 2.299m to EUR 4.993m
  - Turnover increased by 28.53% from EUR 9.718m to EUR 12.491m
  - The financial and trade and other debts were reduced by EUR 626k and EUR 1.259m respectively

The eco system within the world of electronic payments

The execution of a payment card transaction – via e.g. debit card or credit card payment – runs via various processes and providers.

Various roles within the payment process can be observed by one or several participants. The most important parties involved can be specified as follows:

Cardholders:

In general we understand cardholders to be consumers who are making a non-cash payment transaction, where goods or services are being bought from a retailer. The payment transaction can take place via a credit card, a debit card, a prepaid card, gift card, etc. Cards can be physical or virtual (for example, via a smartphone), they can be intended for use once only or recurrently, they can be anonymous or personalised, etc.

Retailers:

"Retailer" is used as a general term for the party that supplies goods or services to the consumer and who receives a payment for this via a payment card.

Payment acceptance processing providers:

These providers supply the retailer with the necessary infrastructure and services to be able to capture the card data, send this on and to receive payment authorisations.

Acceptance-related service providers:

They provide the additional services to the retailers such as coupon, loyalty or ticket functionalities on the payment terminal, electronic meal vouchers, etc.

Acquirers:

These are the banks and the payment institutions that give the retailer access to the desired card schemes (such as MasterCard, Maestro, Visa, V Pay, Bancontact, JCB, Diners, etc.). For this purpose, the retailer receives a 'merchant account'. The acquirer receives the consumer's payment via the issuing bank and transfers this to the account of the retailer under the deduction of the related costs.

Acquiring processors:

Acquiring processors offer payment transaction services to the acquirers. They provide for the front-end and back-end processing. They send the transaction data that they receive from the retailer through the appropriate channels with the objective of receiving a payment authorisation via the involved debit or credit card schemes and they provide for the clearing and settlement of the transactions on the bank account of the retailer.

Card schemes:

Well-known card schemes are for example Visa, MasterCard, JCB, Diners or Bancontact. Each card scheme has its own rules with regard to transaction processing, costs, etc.

Clearing and settlement institutes:

They provide for clearing and settlement of payment transactions between the "acquiring" banks and the "issuing" banks.

Issuing processors:

These provide for the authorisation of transactions that are received via the networks of card schemes and they provide for the clearing and settlement of each transaction with regard to the original account.

Issuing card management service providers:

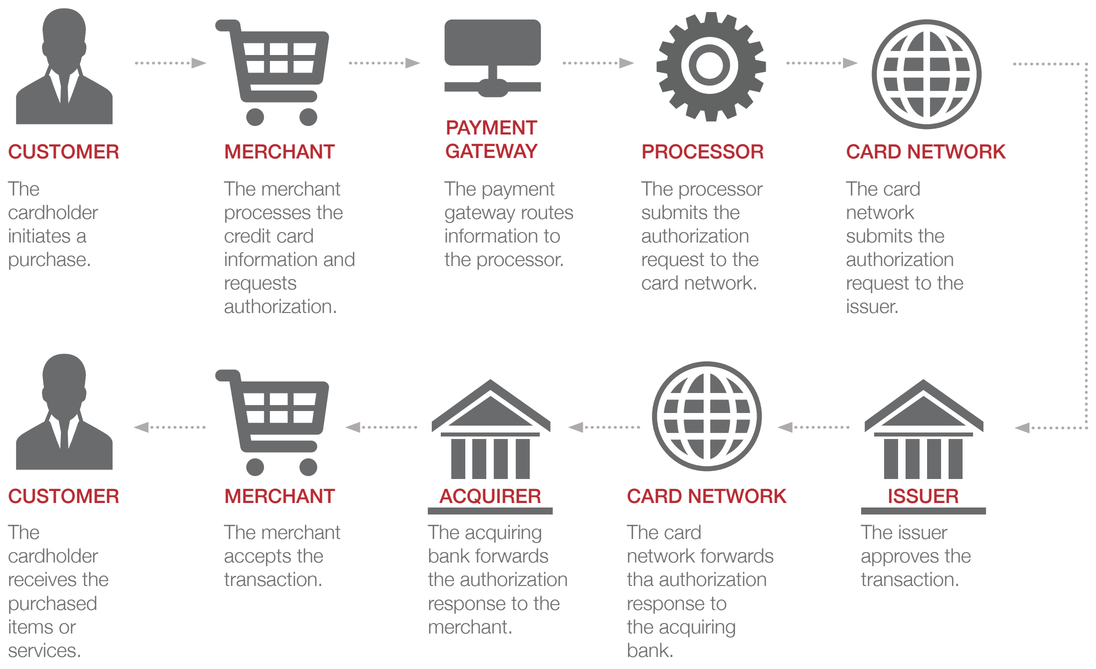
They are not involved in the transaction management, they handle the management aspects in connection with the issuing of cards.

Issuing banks:

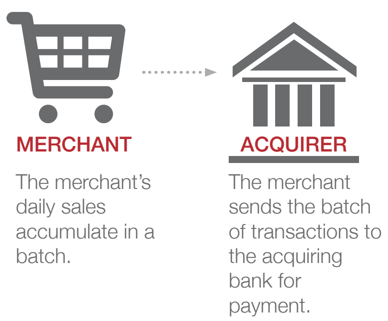
These banks distribute the payment cards that contain one or several payment schemes.

Example of a processing of payments with credit card at a retailer.

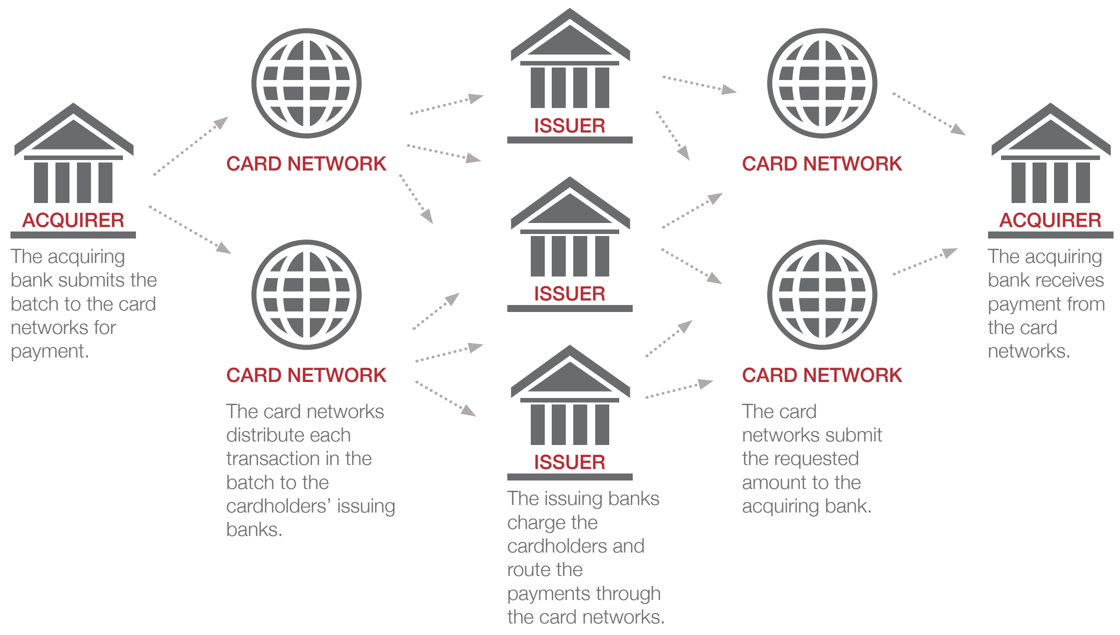
1: Authorisation



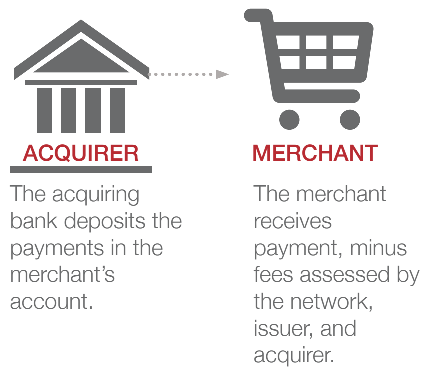
2: Batching



3: Clearing



4. Settlement



Personalised payment solutions

Keyware strives to maximise the added value for its customers in terms of payment solutions.

This is achieved by:

- Getting the presented payment solution seamlessly connected to the customer's working environment
- Setting up the entire process from sale and ordering through to installation, invoicing and maintenance in such a way that maximum efficiency is achieved.

This way, during every phase of its business operations the customer can get the best Keyware solution on the most favourable terms.

In order to optimise its range of payment solutions Keyware has concluded agreements with various global players in the field of payment terminals and transactions. This means that Keyware can also offer innovative and evolutive solutions in both major and niche market segments.

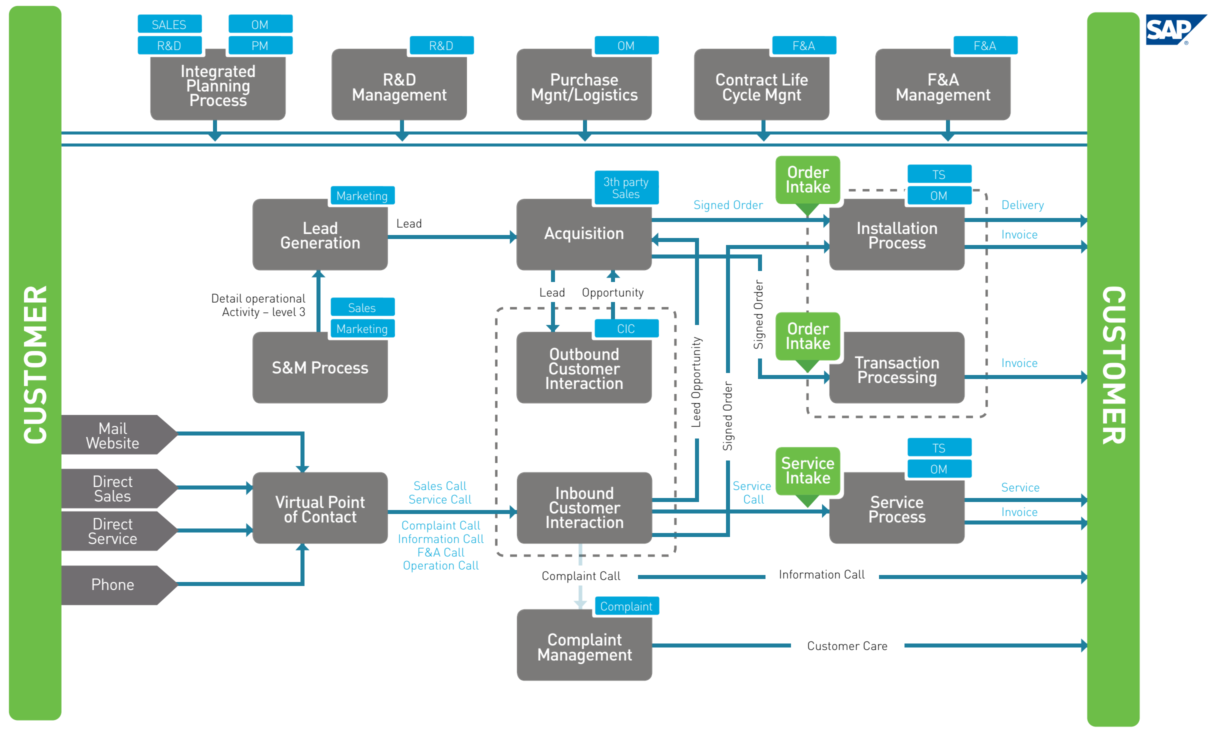
This characteristic approach results in an annual growth in the customer base, a fall in maintenance costs and a rise in customer satisfaction.

Today, roughly 20,000 customers benefit from a personalised payment solution, within various sectors: the hotel, restaurant and café sector, Government services, retail, professionals, transport, home delivery, installers, etc.

Integrated, streamlined and technologically advanced

As a result of its investments in integrated operational processes and the continued monitoring of results and performance, Keyware can offer a high quality and customised payment service on extremely favourable terms.

Keyware's business model allows the company to quickly capitalise on new market conditions or new electronic payment technologies and to offer these cost efficiently to the various market segments.



Benefits for our customers:

- at any time, and for every department: up-to-date customer details
- lower overheads result in lower operational costs, and therefore better pricing
- faster completion of orders and installations, reduction in support and intervention times
- substantial reduction in margins for error

Benefits for Keyware:

- the opportunity to serve more customers in a short space of time, with better results
- automation reduces stress levels and ensures a more positive interaction with customers
- reduction and better predictability of costs, leading to better Positioning vis-à-vis competitors
- quick, efficient and effective integration of new services, payment terminals or partners
- accurate calculations of future results
- transparency at every level: stock, sales, finances, maintenance, interventions, etc.
- complex processes are thus fully automated:
  - invoicing schedules
  - depreciation tables
  - allocation of installation and service tickets

The near future

For Keyware innovation and growth are the keys to a successful future.

Economic-political context

In a European context Keyware is seeing a growing consensus among the various national governments with regard to the replacement of cash transactions by electronic payments. Greater safety, fraud prevention and the reduction of costs associated with maintaining cash are keywords here. According to Reuters, Scandinavia is leading the way: Sweden is at the top, closely followed by Finland and Denmark. Norway and Iceland also perform very well. On the other hand, countries such as France and Germany offer clear growth potential.

Innovation

As an independent Network Service Provider Keyware is fully committed to commercially viable innovations. For example, together with partner Ingenico Keyware pioneered the acceptance of contactless payment cards on its home market, even though the technology for processing Apple Pay transactions had been launched some time earlier.

The market for payment solutions is evolving all the time. Different providers, both new and existing, are rapidly introducing new forms of electronic payment, ranging from apps and specific hardware
– such as smart watches and smart phone add-ons – to all kinds of contactless cards. However, at Keyware it is not about innovation for innovation's sake: here, innovation is driven by real market demand, so that every innovation is immediately applicable and contributes to the company's results.

On the other hand, innovation isn't limited just to the payment solutions themselves, but extends to all aspects of the company, from customer support to installation methods and contract follow-up.

Growth

Keyware focuses on two-pronged growth: firstly on its home market, secondly geographically.

An ever-expanding group of consumers is taking electronic payment for granted, while for a growing group of retailers the acceptance options are becoming more accessible and more varied. Although new payment options are being introduced at a rapid rate, it can be stated that the traditional method of electronic payment, via payment card and payment terminal, continues to grow. Keyware therefore sees the various new methods of electronic payment not as a replacement market, but as an additional market to replace cash transactions.

Year after year Keyware has managed to further expand its customer base and grow its market share. Based on its Keyware Charter and a continuous focus on innovation Keyware aims to further expand its market share over the coming years.

In addition Keyware wishes to commit to geographical expansion. Various countries and regions show substantial growth potential, be it from the replacement of outmoded payment infrastructures, the penetration of new market segments or natural growth within existing environments.

Keyware's operational structure with end-to-end integrated processes will allow it to respond to this quickly and profitably.

"We like the fact that our customers can settle up immediately. The money enters our account quickly and we can process it our accounts shortly afterwards."

Dirk Vandendriessche
Manager, Boretti

VISION AND MISSION

Keyware vision

"To reduce the cost of cash by promoting electronic payment"

While retailers often require extensive information on the costs of electronic payments (rent or purchase costs of a payment terminal, prices of payment subscriptions, etc.) only a few closely examine the real costs and various cost components of cash payments. There are also various advantages for governments and consumers. Offering payment possibilities by bank card or credit card is more than just at the convenience of the user. Electronic payment:

for the retailer:

- is safer than keeping large amounts of cash in the shop;
- enables consumers to spend more. Often customers are not able to buy something because they do not have sufficient cash;
- is more hygienic than receiving and exchanging cash (for example at the baker's, the butcher's, etc.);
- ensures that retailers do not have to go back to the bank each time to deposit the cash that they receive into their bank accounts. Moreover it simplifies the administration;
- often results in shorter queues at the cash register, certainly in combination with contactless payment;
- leads to an increase in turnover, on the one hand, and a decrease in bad debts at web shops, on the other hand;
- stimulates impulsive purchases, in particular in e-commerce and m-commerce environments;
- provides for more accurate and easier-to-register receipts (counterfeit money, the wrong change, etc.).

for the consumer:

- leads to less traffic to and from ATMs and thus reduces transport costs and transport times.
- is also safer than having a lot of cash on you;
- shortens the waiting times at the cash register or payment terminal;
- provides for additional convenience (availability of money);
- allows you to choose between debit or credit payments.

for the government:

- provides for more transparency and traceability;
- reduces the share of the "unofficial" economy;
- contributes to the reduction of CO_2 emissions, traffic and pollution.

Keyware mission

"To be a leading, independent Network Service Provider delivering Value Added Payment Services for face-to-face, e-commerce and m-commerce environments"

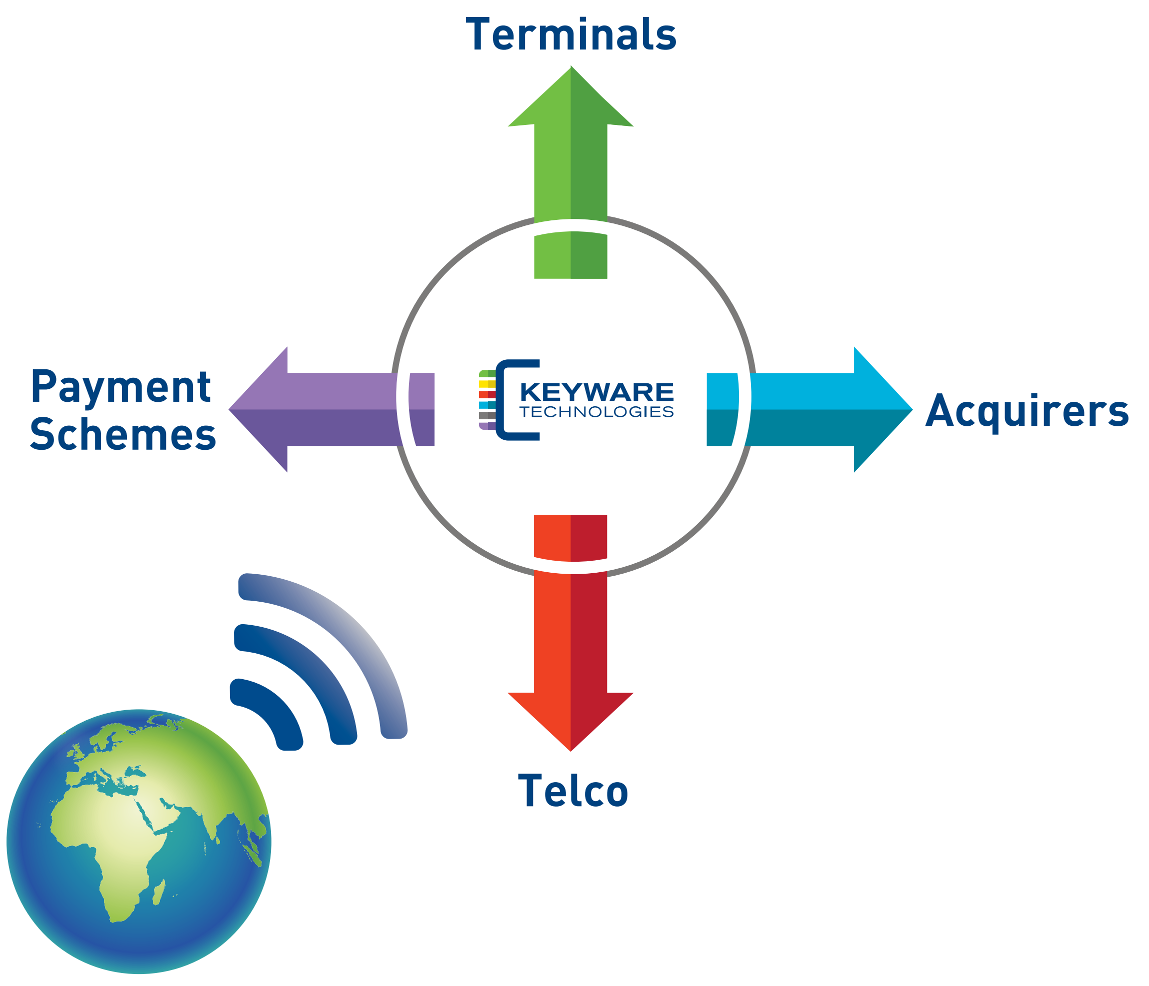
Keyware aims to be a leading company for electronic payment solutions for traditional sectors and for e-commerce and m-commerce environments.

Keyware fulfils this role as an independent NSP (Network Service Provider). Via its PayService transaction platform, Keyware connects its customers with a payment solution that is optimised for their organisation.

As a partner for total solutions Keyware's added value consists of offering personalised payment services including terminals, applications, telecom and transactions, as well as providing maintenance and check-up services. Keyware enters into agreements with well-reputed companies or global players for each part of the payment solution. As a result, Keyware can provide state-of-the-art solutions in a cost-efficient manner to both large and smaller market segments.

Because each market segment has different needs with regard to electronic payment and because individual organisations operate differently within the same market, Keyware has resolutely opted for personalised and evolutive payment solutions.

Its unique business model provides this flexibility on the most favourable terms and ensures far-reaching expertise in each sub-aspect of the payment transaction, ranging from type of connection to best-suited transaction agreements. Expansion of the payment aspect with loyalty formulas or identity applications are among the options.



Ninove
stad op mensenmaat

"As a city we offer a huge range of services to members of the public. We have opted for an electronic payment system, more specifically Keyware, because too many clients and members of the public have had to be sent home because they didn't have enough cash on them. We are very pleased with the communication with Keyware, which includes day-to-day operation."

Ivan Demey
Finance Director, Ninove City Council

ORGANISATION

Management Team

STÉPHANE VANDERVELDE,
President & CEO

- more than 30 years of experience in the technology sector
- co-founder of Keyware Technologies
- board member in various companies from different economic and technological sectors
- engineer with a specialisation in micro-electronics and chip design

WIM VERFAILLE, COO

- more than 25 years of experience in operational management and business processes
- extensive knowledge of retail, telecom and payment technology has been with Keyware since 2007
- industrial engineer electricity

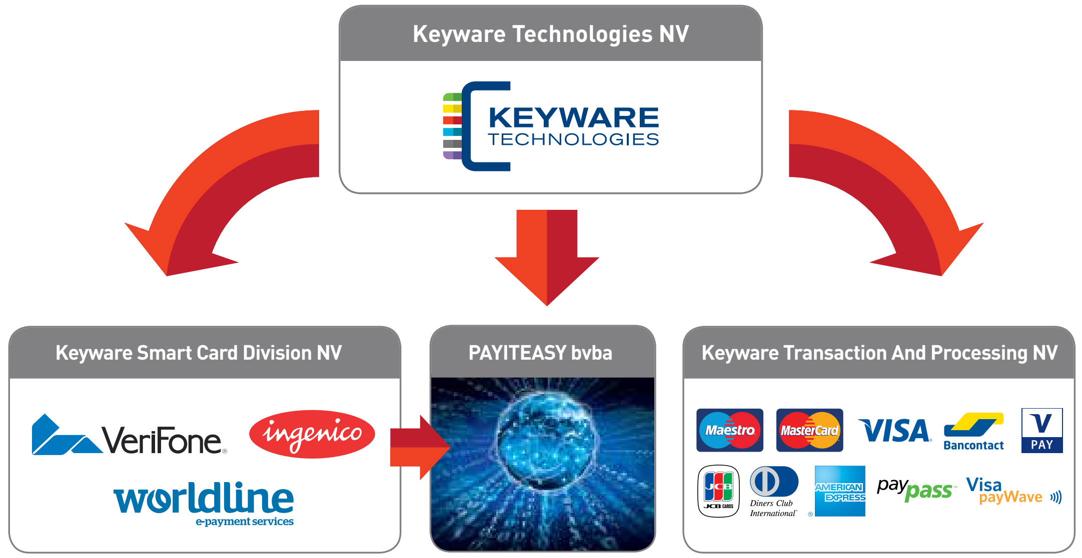
JORIS MAES, CCO

- more than 20 years of experience in various national and international sales & marketing Positions
- Masters in Industrial Engineering
- MBA in General International Management
- has been with Keyware since 2010

ALAIN HUBERT, CFO

- more than 20 years of experience in financial management, accounting and tax
- former director at E&Y (Transaction Advisory Services)
- certified Auditor
- Masters in Applied Economics
- specialised in due diligence and quality & risk management
- has been with Keyware since 2013

Organisational structure



Customer Operations
- Helpdesk
- Support
- Interventions
- Installations
- Stock control

Development
- Software for :
  - electronic payment
  - loyalty
  - terminals
- Porting
- Transaction systems

Transaction Processing
- Payment transactions & authorization services
- Transaction management for third parties
- Switching
- Private card processing
- Loyalty processing & analysis services

Commercial Services
- Rental and sale of terminals or card applications
- Transaction- & authorization contracts

Consulting Services
- Payment applications & services
- Loyalty
- Card or terminal related projects

Brandtfood

Sander
IT Officer

What is your Keyware experience?

We used to manage everything ourselves and bought our terminals from the supplier. With Keyware we chose a rental agreement and a maintenance contract so that we have no unexpected costs. Thanks to our maintenance contract any problems are quickly resolved without additional cost.

> "Keyware always helps you find the best solution that works for you as a firm."

We would definitely recommend Keyware to other companies thanks to the ease of use and the up-to-date sales department with the most current products.

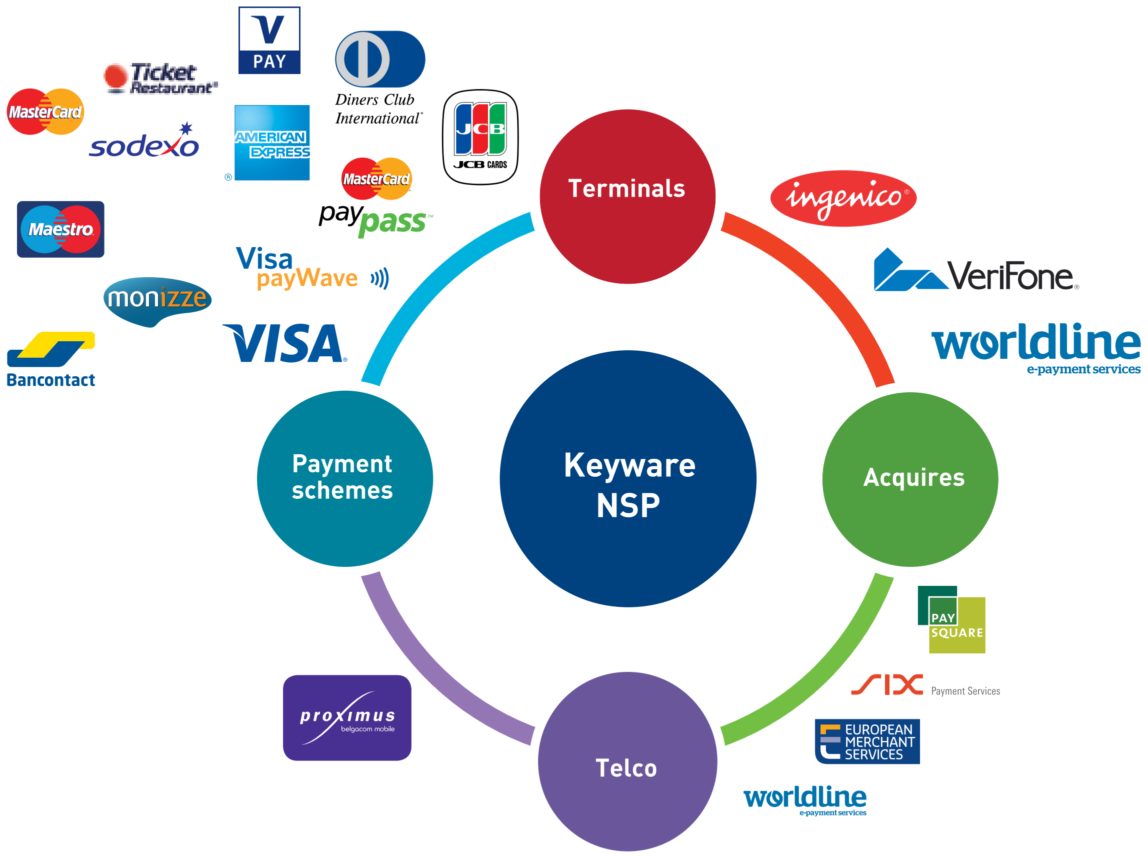
TECHNOLOGY

PayService transaction platform

Keyware's PayService transaction platform forms the core of its NSP operations (Network Service Provider). It forms the link between the terminal supplier, transaction processors, payment schemes, telco operators and the ultimate customers.

The modular structure of the platform ensures that it can be used in its simplest setting for protocol and transaction conversion. As a result new types of terminals can be introduced on the market quickly and efficiently and thus Keyware can capitalise on new trends quickly and cost efficiently: payment terminals can thus be connected with almost any acquirer and almost any payment scheme.

Within the Keyware Group the transaction platform is managed within the PayItEasy entity.



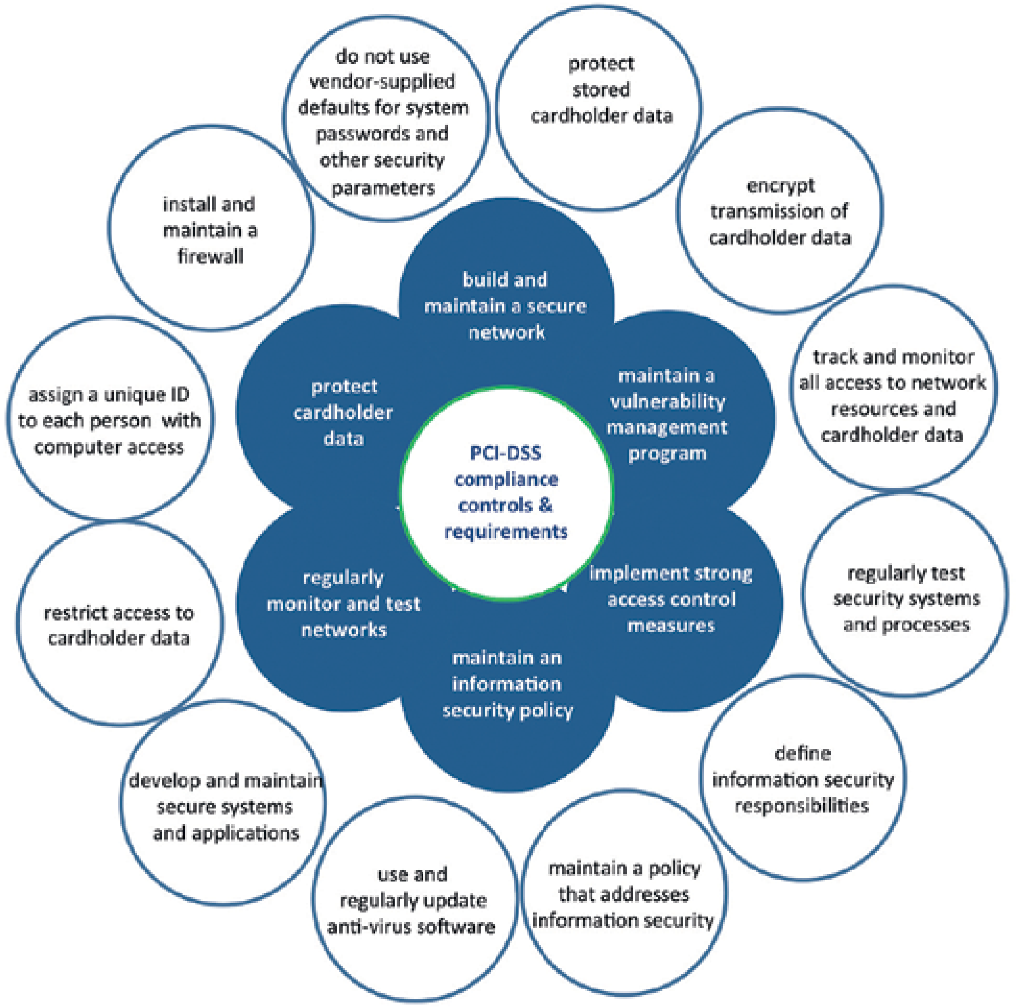
In the extensive mode, the platform can work with various applications on the customer side, from payment terminals to websites, mobile telephones, ERP systems, PDAs, etc. With these services, Keyware can control a larger part of the value chain. The advantage for the customer is obvious: different types of payments can be executed via one payment partner or the payment processing can be split up over various transaction processors (redundant payment solutions). On the acquirers' side (for instance Visa or MasterCard), Keyware is providing a larger part of the services. For Keyware, this means more control over the value chain and the possibility to offer better integrated services to its customers.

PCI DSS Compliance

PCI DSS stands for: Payment Card Industry Data Security Standards. PCI DSS is a set of standards for organisations that manage and store credit and debit card information. The number of transactions that are processed by an organisation determine the level of compliance that has to be met.

PCI DSS only pertains to situations whereby PANs (Primary Account Numbers) are stored, processed, sent or received. The PAN is the complete card number on a payment card. Other card details, such as the name of the cardholder, transaction amount, transaction date, transaction authorisation code or expiry date are only covered by the protective measures if they are stored or processed together with the PANs. Authentication data such as the PIN code, CVC code or CVV code may not be stored.

PCI DSS is the primary standard for the protection of card holder data. Anybody wishing to accept payment cards will have to satisfy the PCI DSS requirements.




Security Standards Council

Attestation of Compliance – Service Providers
Payment Card Industry (PCI)
Data Security Standard

Attestation of Compliance for
Onsite Assessments – Service Providers

Version 2.0

October 2010

The PCI DSS objectives are the following:

1. The organising of a payment network that is and remains safe
2. The protection of the data of the cardholder
3. The setting up and managing of a programme to control vulnerabilities in the payment system
4. The limiting of the access to card data to a minimum
5. The setting up and maintaining of a reliable ICT infrastructure
6. The conducting of an efficient and effective information protection policy

Vleeshandel Willems

"We give our terminals to our drivers, too; it's very convenient and safe because it means they don't have to carry cash or worry about change."

Ms Willems
Vleeshandel Jean Willems

KEYWARE CHARTER

THE KEYWARE CHARTER

Keyware: your reference for choosing the right payment solution!

Keyware is the only Belgian independent player in the market for payment terminals and transactions and related services such as e-commerce, m-commerce and loyalty. Offering the widest range of payment terminals and transaction partners, Keyware ensures that retailers, professionals, companies, organisations and government services get the payment solution that is tailored to their requirements and evolves together with their changing needs, and on the most favourable terms.

Keyware's conviction and continuous striving to be the best has been translated into the Keyware Charter: the guarantee of an excellent payment services, summarised in seven points.

01 QUALITY

Keyware offers its customers a range of high quality payment terminals, partnerships with technology partners and transaction processors. With regard to payment terminals, Keyware has concluded agreements with a number of leading global players. Because of their size and specialisation, these companies guarantee a continuous investment in innovation and quality and they uphold strict quality control standards. Keyware tests these devices extensively once more before they are installed for the customer. As Keyware is not bound to one type of terminal or supplier, it can always offer the customer a high quality terminal. In the field of transaction processing, Keyware offers a model whereby several transaction processors are linked to thus guarantees additional redundancy and reliability.

- **PayFix:** our range of counter terminals. Compact, design or high speed ...
- **PayAway:** our range of portable terminals. Interruption-free and low-cost payment processing at the table or on the terrace, Bluetooth instead of GPRS or GSM
- **PayMobile:** our mobile payment terminals. On-site payment processing for the customer!
- **Pay-e:** tailored payment solutions for your web store
- **Pay-m:** handy and safe payment solutions for payments per GSM or Smart Phone.
- **PayService:** Optimised processing of your payment transactions with Visa, MasterCard, Maestro, V-Pay, Bancontact, JCB, Amex, etc.

02 PRICE

Besides quality, the cost of its payments infrastructure is an important argument for the customer. The customer takes the total price over the term of the contract into account. Thanks to its streamlined infrastructure, adaptable organisation and its agreements with global players in the field of electronic payments Keyware is able to offer a personalised payment solution on very favourable terms. This applies, of course, both to traditional payment environments with payment terminals and to e-commerce or m-commerce applications.

03 SERVICE

Keyware offers its customers a help desk that is easily and quickly accessible, as standard. Our response time is one of the best in the sector: 94% of all problems are solved by telephone. For customers who also want super speedy intervention on site, an additional service agreement can be concluded. For customers who rent terminals, Keyware ensures that the terminals automatically comply with the applicable legal standards and adjustments. That is the big difference between renting or buying.

04 FLEXIBILITY

When a contract is signed, a note is immediately made of the most convenient time to install the terminal at your premises. If your business or service will be opening at a later date, you can opt for a postponement of the installation. If another payment terminal is to be replaced, the Keyware intervention team will complete all the required documents for the customer and Keyware ensures that if any compensation has to be paid (expressed in number of months' rent) it will be compensated by free rent from Keyware. This means that you, the customer, will never pay double.

05 FOCUS ON THE FUTURE

As far as payment terminals are concerned, Keyware recommends renting rather than buying a terminal. This offers the best guarantee and the lowest modification costs for upgrades, whether or not legally compulsory, and keeps the customer's terminal up-to-date. It also makes it easier to switch from one type of terminal to another as the customer's requirements change or if there are new technological developments.

Also in the field of transaction agreements, the customer can opt for the formula that is the most suitable, and that this can then be adapted to correspond with the customer's changing activities and requirements: if the customer's payments environment becomes more complex then the customer can even opt for a combination of various transaction processes. As a dynamic company, Keyware regularly introduces new services or products to the market, which the customer can then benefit from optimally.

06 CLEAR AND TRANSPARENT AGREEMENTS

Keyware opts for clear and transparent agreements and for long-term customer relationships. This means a high-quality service is included in the prices as standard, and a separate contract can be concluded for customers who are looking for a customised service. In this way, customers can avoid unexpected costs for interventions or repairs.

07 STRONG POSITION ON THE BELGIAN MARKET

With around 20,000 customers, Keyware is one of the fastest growing companies on the Belgian market. Every day, new retailers, professionals, companies, government institutions and other organisations are switching to Keyware because of the clear and lasting advantages of our products and our high service level.

GSL Motors
WWW.GSLMOTORS.BE

"We enjoy working with Keyware thanks to the quick intervention time, the ease of finding information, the transaction cost and the company's professionalism. We have been a Keyware customer for more than three years now and have never had any problems."

Jean-Luc Mosseray
IT & Quality Manager
GSL Groupe, Charleroi

PAYMENT SERVICES

KEYWARE PAY SERVICE:

TRANSACTION PROCESSING FOR PAYMENT CARDS, LOYALTY CARDS, LUNCHEON VOUCHERS, E-COMMERCE AND M-COMMERCE

Debit, credit and other payment cards

A large number of electronic transactions take place between the moment that the consumer inserts his debit card (MasterCard, Visa, Bancontact) into the payment terminal and enters his PIN code and the moment that a message appears on the screen of the terminal that the payment has been accepted. The combination of all of these transactions (checking the PIN code, calling the payment network, checking the status of the card [stolen or blocked], verifying the available balance, etc.) is referred to as the 'payment transaction'.

A retailer who rents or buys a payment terminal cannot yet, on his own, have payment transactions executed with the terminal. To be able to do so, he has to take out one or several subscriptions, depending on what types of debit cards he wants to accept: does he want to accept Visa and Maestro cards or not, or only Visa, or only normal debit cards? A subscription is therefore required per type of payment transaction. Keyware offers payment subscriptions under the name PayService.

The majority of payment transactions in the Belgian market can be divided into three categories:

DEBIT CARD

Bancontact

Maestro

V PAY

Debit card

In the case of a debit card, the money is immediately deducted from the customer's bank account when a payment is made rather than at a later date as is the case with credit card payments. The most well-known debit card system in Belgium is Bancontact (BCMC). Most people therefore also call their debit card their Bancontact card.

Internationally, the most well-known debit card schemes are Maestro and V Pay.

Keyware offers Local Maestro subscriptions for retailers who only execute a few hundred transactions a month. Most Belgian debit cards have a Maestro function in addition to the BCMC function. If the retailer opts for Local Maestro, nothing will change for the customer, but the retailer can benefit, in certain cases, from a less expensive payment formula than would be the case if he was to use BCMC.

CREDIT CARD

MasterCard

VISA

JCB

Diners Club International

AMERICAN EXPRESS

Credit Card

There are many different names and types of credit cards. The most well-known in Belgium are Visa and MasterCard. Characteristic for these cards is the fact that when payment is made, the money is not transferred from the account immediately; this takes place later.

Furthermore, there are private payment solutions that are customised to the customer's situation. These are often for schools, company restaurants or closed communities. Examples include student passes for paying all expenses at the school and in the school canteen.

MEAL VOUCHER

E-ve

monizze

Ticket Restaurant

sodexo

The electronic meal voucher

More than 1.3 million employees receive meal vouchers in Belgium. For this purpose, an electronic prepaid card is defined, which is marketed by various suppliers. Besides the well-known players Sodexo and Edenred, these cards are also offered by E-ve and Monizze.

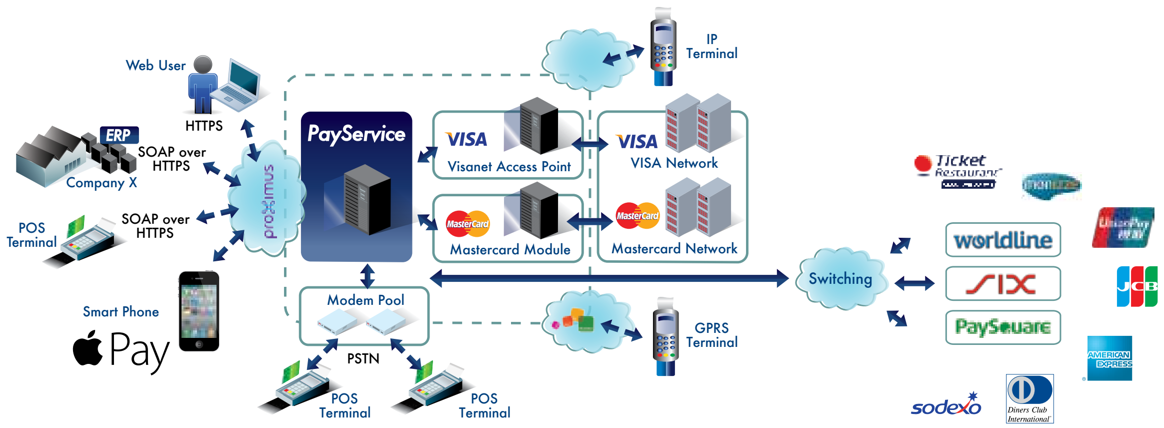
The electronic meal voucher is due to eventually replace the parallel existing paper version completely, as paper meal vouchers will be a thing of the past as of 1 October 2015. The social partners united in the Nationale Arbeidsraad (NAR) [National Labour Council] have agreed on abolishing the paper meal vouchers. As from 1 October 2015, only electronic meal vouchers will be distributed.
The Council of Ministers has given the green light for a Royal Decree of the Minister of Economy and Consumer Affairs that follows the advice of the NAR to generalise the electronic meal vouchers as from 1 October 2015.

For retailers, this amounts to a savings of more than 67 million euros, for employers more than 12 million euros and for employees more than 13 million euros. These figures have been derived from a study by the Dienst Administratieve Vereenvoudiging [Administrative Simplification Service].

It is the intention that the electronic meal voucher can be read on most frequently used payment terminals. Low cost card readers will also be introduced on the market for retailers who do not yet have a payment terminal. At present, around 39% of the retailers accepts the electronic meal voucher.

PayService, the ideal solution for electronic payments

Retailers, professionals, government services, etc.; electronic payments play an important role in a variety of sectors. This includes payments via debit cards as well as electronic money transfers, providing credit card information by telephone or payments via a web shop. In addition to a high-performance solution for processing payments via debit, credit, or meal voucher cards on payment terminals PayService is also a software for processing payment transactions that makes optimum use of the internet and can be set up as an ASP service (Application Service Providing). As a result, no local installation of maintenance software is required and the customer always has the latest version of the software at his disposal. Both small shops and large retail chains can make optimal use of this payment service. Payment authorisations are processed real time, so that the retailer or service provider immediately receives a payment guarantee with regard to its customer.



PayService offers a wide-range of options for the management and the administration of your payment application. You can adjust various security settings (country settings, cumulative amount per card, etc.). Furthermore, all your transactions are stored in a personal data base with an extensive search function. Various statistics, daily, weekly or monthly overview reports are available.

Keyware offers a choice of different payment partners

As an independent Network Service Provider, Keyware has entered into agreements with various transaction partners, in order to:

- be able to offer the most suitable payment solution for each of its market segments
- provide redundant payment solutions for high performance / high availability customers
- guarantee its Position as independent "trusted party"

Keyware can also offer payment transaction contracts in addition to payment terminals via these agreements, both to its own customer base and to the customers of third parties for the acceptance of debit card (Maestro, V Pay, Bancontact over EMV) and credit card transactions (Visa, MasterCard, Amex, JCB, Diners Club, etc.).

Each transaction processor optimises its price/revenue model for certain market segments, volumes or average payment amounts. Keyware selected four partners:

KEYWARE PARTNERS

PAY SQUARE | worldline e-payment services | SIX PAY | EUROPEAN MERCHANT SERVICES

As are result, Keyware now occupies a unique Position on the Belgian market. The brand promise: "For each sector a high quality and affordable solution" has thus been further fulfilled.

Keyware PayFix, PayAway and PayMobile

Keyware rents and sells multi-functional terminals. These terminals offer both payment functionalities and other application possibilities, such as reading loyalty cards. Keyware divides its terminal range into the following three main categories: Fixed, portable and mobile terminals.

KEYWARE TECHNOLOGIES

Keyware Payterminals

Fixed, portable and mobile payment terminal solutions

worldline e-payment services

ingenico

VeriFone

- **PayFix:** Fixed terminals: there is a Fixed connection via a communication cable from the terminal to the telephone network or an Internet modem. Fixed terminals are mostly found in shops.

- **PayAway:** portable terminals: the terminal consists of a base station and a portable device. The base station has a Fixed connection via a communication cable from the terminal to the telephone network or an Internet modem. The portable device may be separated from the base station by approximately 150 meters to receive customers' payments. Such terminals are used particularly in restaurants and cafés: customers can pay by debit card at their table.

- **PayMobile:** mobile terminals: the terminal can be taken anywhere within Belgium to receive payments. These terminals make use of GSM or GPRS communication technology instead of the telephone network or Internet. These terminals are ideal for mobile occupations such as door-to-door suppliers, taxi drivers, etc.

It is Keyware's aim to enable its customers to choose from a wide range of high quality payment terminals that correspond as closely as possible to their payment needs. To this end, Keyware works together with leading global players with an excellent reputation. Keyware is thus able to offer a comprehensive, flexible solution at an affordable price.

Keyware Pay-e

Research shows that adding a payment module to your web shop results in an increase in the number of visitors and in the turnover per visitor. E-shoppers prefer sites where they can complete their purchases immediately over those with a greater selection of items but without payment options.

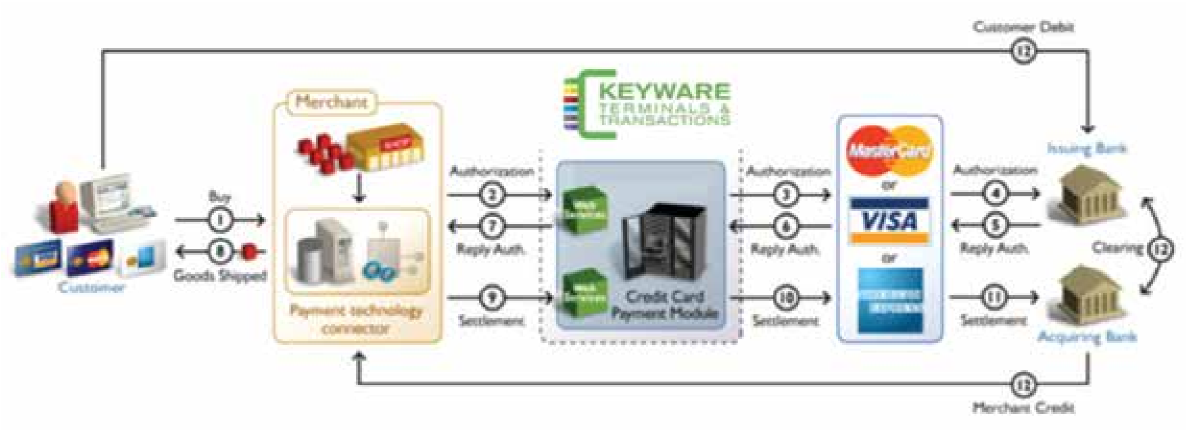
This is why Keyware has developed its own solution for online retailers that wish to add electronic payment to their web shop, based on its PayService payment platform. In addition to the transaction processing itself Keyware offers a number of standard templates that can be integrated directly into your e-commerce shop.

Based on your existing customer base, product or services range and your commercial strategy, Keyware will propose a customised payment solution. Keyware will also take into account the type of customer (national or international customers), purchases with debit or credit cards, the purchase frequency, average purchase value, etc.

The PayService purchase module is then integrated into your e-shop. Here as well, you can choose from various options. After the transaction agreements have been concluded, your customers can immediately settle their purchases.

Furthermore, you will also have secure access to the payment module on your site, where you can view various reports, activate options and monitor your payments.

The chart below illustrates a typical payment process with delivery of products:




htc
SAMSUNG
Maestro
V
PAY
VISA


PLATFORM
Research
FINANCE
COMMUNICATION
DATABASE
NETWORK
WEBSITE
APPLICATION
MONITORING
COLLABORATION
SEARCH
OBJECT STORAGE
RUNTIME
IDENTITY
CONTENT
BLOG STORAGE
INFRASTRUCTURE

Les Lasagnes Du Coeur

Alex Canueto
Director

Why did you choose Keyware?

We like working with Keyware because on both a professional and social level we are on the same wavelength. But also because as a company we can't do without an electronic payment system, it's vital to our day-to-day operations. Our payments have to be secure and reliable.

"We enjoy working with Keyware because we have identical opinions and values."

What do you feel are the most important benefits of working with Keyware?

Firstly, the mobile devices that can be easily carried around and secondly the excellent after-sales service.

Although Keyware is a highly computerised company that has been built up on supporting systems and end-to-end business processes, it is clear that the ultimate success of the company is achieved through skilled and committed employees.

This is why Keyware provides for a pleasant working atmosphere and we offer our employees the opportunity to develop themselves both professionally and personally. This translates into a focus on creation of added value in all fields and for each of our stakeholders.

Education and training

When entering the employment of Keyware, each employee receives a personal training programme consisting of theory and practice. Depending on the employee's development, an additional training programme is provided. The sharing of knowledge and experience between colleagues is stimulated.

Sessions are organised regularly by working area or department with the objective of transferring new knowledge, discussing results, formulating objectives and perfecting methods and techniques.

Feedback from customers is analysed and actively included in the various working groups and information sessions. Relevant market information and innovations are given to the various teams in an active way.

That way, our customers can continue to enjoy professional and efficient assistance.

Career development

Practically every job offers opportunities for advancement, both horizontally and vertically. Creativity and dynamism are clearly stimulated. By means of regular contacts between the personnel of the various departments, business presentations and business meetings, Keyware employees learn more about the company's business operations and its stakeholders and continually discover new opportunities to enrich their jobs. Active coaching and involvement ensure a continuous and positive dynamic

Information culture

Keyware employees are informed on a daily basis about the state of affairs. Formal meetings, e-mail flashes, briefings, etc. both with respect to practical information that is necessary for providing correct services to our customers and information about very specific subjects or general background information about specific strategic choices.

This ensures that employees can carry out their tasks optimally with the necessary knowledge, well informed and with confidence.

No-nonsense approach

At Keyware, achievements, initiatives and creativity are more important than degrees. All employees address each other using first names and are easily accessible for each other. Customers are given clear and direct answers to their questions, presentations are concise and to the point.

This no-nonsense approach is also reflected in our contracts, streamlined processes, far-reaching administrative simplification and the direct accessibility of the various services.

Diversity

Ever since it was founded, Keyware has employed employees with various cultural and social backgrounds, of various ages and educational levels. This is based on mutual respect, whereby the selection and appraisal of employees takes place based on objective criteria. Everyone speaks his or her own language or a language that all involved parties understand.

Keyware's pluralistic working environment provides for dynamic, active involvement and the desire to do what we do even better every day!

Innovation

Innovation is a keyword within the Keyware organisation. Innovation relates to not only the launch of new payment solutions, but also to work processes, systems, office applications, etc. Keyware's innovation culture stimulates employees to give the best of themselves and invites new employees to actively participate in the success of the company.

Passion

Professionalism

Transparency

Respect

Innovation

Defrancq

Frederik Vandromme
ICT Officer

Why do you use electronic payments?

We've opted for electronic payments because we can see that this is a safer way of making payments. We can also see that there is less administration and that fewer mistakes are made.

"With electronic payments we have less administration and fewer mistakes."

Why choose Keyware?

We have chosen the Keyware terminals because they are the best choice on the market. The working partnership runs very smoothly, and they always provide good assistance.

ENVIRONMENT

With customers spread all over Belgium, Keyware's sales, installation and support teams have, of course, a direct impact on the environment, more specifically in connection with emissions and traffic.

In order to limit the negative effects of this as much as possible, Keyware strives to achieve the following objectives, taking into account SLAs and other contracts and commitments vis-à-vis customers:

- matching the living and working areas of these employees as much as possible
- grouping appointments according to geographical area as far as possible
- investing in a greener vehicle fleet
- making use of modern means of communication

For on-site personnel, taking into account the responsibilities, the emphasis is on:

- home connections
- attention for packaging material, economical printing, reduction of paper use

In the area of waste processing attention is paid to:

- reducing the amount of packaging and hazardous packaging materials;
- the extensive sorting of waste;
- the processing process of end-of-life devices.

In this manner, Keyware strives to make a contribution towards a greener economy.

Jetaircenter

"The fact that our money is in our account the day after we've been paid is definitely a huge advantage for us in our working partnership with Keyware."

Michaël Saint Remy
Accounts Manager Jetaircenter Huy

IN THE SPOTLIGHT

A passionate involvement with our customers – every day

2015 – another record year for Keyware!

Keyware's turnover grew by more than 28% in 2015. New contracts were concluded in all market segments.
The number of POS customers (customers with different terminals) rose considerably. Various new partnerships provided for more, and better, service options, and translated into a general increase in customer satisfaction.

The acquisition of the assets of GlobalPay at the beginning of 2015 ensured additional growth in our customer base. GlobalPay customers can build on the strong foundations of the Keyware Charter. This has translated into a clear growth in the number of long-term agreements.

Net profit increased by roughly 177%, while at the same time customers were able to benefit from better terms.

Retailers rely on quick, accurate and affordable handling of their payment transactions via a reliable and approachable partner.

Although the secret of this recipe appears to be simple – a far-reaching customer orientation throughout all business processes – the execution of this demands a constant dedication to the company's vision, mission and strategy.

As one of the few providers on the market for payment terminals and transactions Keyware offers five-year agreements: guarantees for the customer in terms of price, quality and service level, both for the payment terminal itself and for every additional order of material or equipment. An order for a packet of paper rolls is executed with the same care and precision as an order for 100 new payment terminals.

Keyware also grows with the business of its customers. Within their contracts, customers can switch to another type of terminal free of charge, depending on changed market circumstances, sales, etc. In this manner, Keyware strives to offer its most optimal payment solution under all circumstances.

In the meantime, Keyware processes the payment receipts via debit or credit cards for its customers 24/7 throughout Belgium and the border areas both online and on-site, within various sectors such as government, professionals, retail, the hotel, restaurant and café sector, home delivery, taxi services, international organisations, hospitals, etc.

As the different sectors have different needs, requirements and wishes, Keyware approaches its customers in a segmented manner. Keyware has defined the following market segments within its products and services package: governments, retail, the hotel, restaurant and café sector, professionals, door-to-door and garages. This communication is also translated into the website, via segmented e-mailings, advertisements, etc. In this manner, Keyware conveys the right message to the right target group.

Maybe you will also become a customer tomorrow or you are a customer and you would like to recommend our services to a colleague? Do not hesitate to contact us, there's a guaranteed gift waiting for you!

20 years of Keyware – a milestone!

In 2016 Keyware will celebrate its 20th anniversary. The company has evolved from a technology startup to a listed company and one of the major providers of payment services in its home market.

Over the course of 2016, in partnership with our customers, we will be setting up various marketing campaigns: this will be a celebration with our customers and for our customers. Key to the festivities will be the site www.keyware20.be, which will not only be covering all the marketing campaigns, but will also give our customers a say.

Marketing campaigns

Where payment terminals are concerned, Keyware offers the largest selection on the Belgian market with customised terminals from global players such as Ingenico, Verifone and Worldline. Millions of these terminals from these manufactures have been installed around the world over the past few years.

Keyware concluded an agreement with Worldline in July 2013, so the well-known Yomani, Yoximo and Xengo payment terminals are now also marketed via Keyware. Since the start of this agreement, this has resulted in the successful connection of more than 4000 payment terminals.

As an independent NSP, Keyware occupies a unique Position in its home market and it serves as a single point of contact for almost every market segment. Following the agreement with Worldline and the segmented approach to sectors and customers, various successful marketing campaigns were launched within different sectors.

In the field of providing services to its customers, results were again posted that exceeded the management's and the market's expectations. The targets regarding contract handling, installation and after-sales service are focus areas for providing high quality services. The ongoing growth of the active customer base, which now numbers around 20,000 customers, confirms the direct influence of this high quality service level. Our customers opt for a five-year commitment, both for new contracts and for the extension of expiring rental contracts.

At the end of 2014 Keyware launched the "Premium Customer" concept. In this manner, Keyware wishes to reward its loyal (exemplary) customers. Premium Customers are the ambassadors of Keyware with several payment terminals and they realise a high volume of monthly payment transactions executed with the newest Keyware payment technology. Chocolatier Dominique Persoone was the first to be awarded this status with his shop "The Chocolate Line", followed by KV Oostende and the social enterprise Les Lasagnes Du Coeur. In 2016, too, these and other exemplary customers will be further rewarded.

Keyware expects to expand its market share even further in 2016 both within its key sectors and within the middle segment. Its competitive Position in both payment terminals and transaction services promotes a sustainable and personalised payment solution for every retailer.

As an ambassador for electronic payments, Keyware also pays special attention to both starting companies and retailers that wish to introduce electronic payments in their business for the first time. In addition to professional advice and the right offering, the customer enjoys a continuous follow up and a high quality after-sales service.

With its Charter, Keyware aims to profile itself as the right partner for your payment facility at all times.

Examples of a few advertising campaigns

Specific marketing

Publications

Stéphane Vandervelde (CEO Keyware): 'Schaf nu eindelijk eens al die rare cheques af'

Volgens Stéphane Vandervelde, CEO van de specialist in betaalterminals Keyware, blijft België kampioen in het gebruik van onhandige betaalmiddelen.

316 KEER GEDEELD

REACTIES

© belga

Na de maaltijdcheque digitaliseert nu ook de ecocheque. De FOD Economie heeft daarvoor het licht op groen gezet en gisteren kondigde verdeler Edenred trots als eerste aan dat bedrijven zich mogen melden voor het nieuwe systeem. Een nieuwe kaart hebben we nog net niet nodig, maar een stap vooruit? Nee, dat is het niet. We blijven in België kampioen in het gebruik van onhandige betaalmiddelen. Als de regering de mensen een netto inkomensvoordeel wil geven, zou ze beter de belastingen aanpassen in plaats van de betaalmiddelen.

Press Release

KEYWARE
TERMINALS & TRANSACTIONS

Persbericht

▸ KV Oostende professionaliseert fanshop met Keyware
Voetbalclub wordt 'klant van de maand' bij betaalterminalspecialist

Op de landstitel is het nog wachten tot mei, maar voetbalclub KV Oostende heeft alvast een prijs beet. De club werd verkozen tot 'Premium Customer van de maand' bij Keyware, dat betaalterminals verhuurt. Door de keuze voor Keyware legde KV Oostende de laatste hand aan de professionalisering van haar fanshop.

Een houten caravan, dat was in de jaren 90 de fanshop van KV Oostende. Maar sindsdien maakte de ploeg een steile opmars: van een verblijf in derde en tweede is KV Oostende nu een vaste waarde in eerste klasse en dit seizoen strijdt de ploeg zelfs mee voor de titel.

Bij die nieuwe positie hoort ook een volwaardige fanshop. Die werd in november plechtig geopend, onder de C-tribune. Bij de werking van die gloednieuwe shop speelt Keyware een cruciale rol: vijf hypermoderne en supersnelle betaalterminals stellen KV Oostende in staat om de verkoop van shirts, sjaals en smartphonehoesjes vlot te laten verlopen. Ook de ticketverkoop gebeurt via de Keyware-terminals.

Het is natuurlijk geen verrassing dat zowel de tickets als de merchandising de voorbije maanden vlot over de toonbank gaan. KV Oostende koos daarbij voor de vlucht vooruit en ging in zee met een betrouwbare partner om het betaalverkeer naar een nieuw niveau te tillen. Om die reden roept Keyware, dat met zowat 20 000 klanten een belangrijke rol speelt op het vlak van elektronisch betalen bij handelaren, overheidsdiensten en vrije beroepen, KV Oostende uit tot Premium Customer van de maand.

"KV Oostende is niet alleen een klant, maar ook een echte ambassadeur van onze producten en diensten. De club koos er bewust voor om gebruik te maken van de allernieuwste betaaloplossingen en verwerkt de transacties via Keywares PayService-dienst. Ze verdienen dan ook hun titel van Premium Customer van de maand."

Stéphane Vandervelde, CEO Keyware

Keyware Smart Card Division NV/SA

Benvolios

"Friends and colleagues recommended that I work with Keyware. I would also recommend Keyware to my friends and colleagues now, because it has proven to be a smoothly functioning partnership. There are few problems, and if one does occur, it is solved within 24 hours."

Renzo Wouters
Manager

FINANCIAL SECTION OF THE 2015 ANNUAL REPORT

CONTENTS - FINANCIAL SECTION

Literie Prestige

"We have decided to use electronic payments because cash payments resulted in problems in several fields. Customers were not paying their invoices and too much cash was trailing around in our warehouse. Keyware is a perfect solution for both of these problems. Now everything runs smoothly."

Paul Wauters
Director

SHARES AND SHAREHOLDERS

SHAREHOLDER STRUCTURE

Authorised share capital and shares

As of 31 December 2015, the authorised share capital of Keyware Technologies NV amounted to EUR 9,447,547.84, represented by 21,063,793 shares, which are all entitled to a dividend and which all have the same par value. This number can be increased by 2,480,000 shares to 23,543,793 by the exercise of the warrants that were still outstanding as of 31 December 2015.

Warrant plans

At the time of the issue of the convertible bond in 2008, each subscriber also received 25,000 warrants for each EUR 50,000 bond. This plan was referred to as the **"Warrant Plan 2008"**. The exercise period was four (4) years from the date of issuance and the subscription price per share when exercising the warrant equalled the lowest amount of (i) EUR 1.25 or (ii) the issue price of other securities that the Company may have issued since the issue of the warrants and that can be exchanged for, exercised or converted into shares of the Company. A total of 675,000 warrants was issued at various times between 2009 and 2011. Via a notarial deed executed on 7 September 2012, the term of these 2008 warrants was extended by one year up to 17 September 2013. The 1,250,000 warrants outstanding as of the end of 2012 were exercised in 2013 at an exercise price of EUR 0.70 pursuant to the repricing provision.

At the Extraordinary General Shareholders' Meeting on 17 March 2010, the decision was taken to issue the **"2010 Warrant Plan"** by creating 550,000 warrants, 390,000 of which were allocated to specific people (directors, consultants and managers) and 160,000 to employees. These warrants were offered within a period of three months as from the date of the Extraordinary General Shareholders' Meeting, allocation and definitive issue thereof (by notarial deed). In total, 82,500 warrants were subscribed to at the exercise price of EUR 1.56.

The term of validity of these warrants was five years with March 2015 as the expiry date. Therefore, no 2010 warrants were outstanding as of the end of 2015.

At the Extraordinary General Shareholders' Meeting of Keyware Technologies NV on 12 June 2012, it was resolved to issue 1,240,000 naked 2012 warrants at an exercise price of EUR 0.70 and with a period of validity of 5 years. In connection with this **"2012 Warrant Plan"** 1,225,000 warrants were subscribed to. No warrants were exercised in 2012. In 2013 and 2014, 130,000 and 25,000 warrants were exercised respectively, as a result of which the number of outstanding warrants at year-end 2014 decreased to 1,070,000. In 2015, 15,000 warrants expired and 430,000 warrants were exercised upon the notarial deed of 23 December 2015. The number of outstanding warrants as of the end of 2015 was reduced to 625,000 warrants that can be exercised at the exercise price of EUR 0.70.

Finally, it was resolved at the Extraordinary General Shareholders' Meeting on 30 September 2014 to issue 2,065,000 naked 2014 warrants. In connection with this **"2014 Warrant Plan"** 2,065,000 warrants were subscribed to. The issued warrants give the right to subscribe to an equivalent number of shares. The exercise price of these warrants is EUR 0.569 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commenced. The period of validity of these warrant is five years.

No warrants were exercised in 2014. In 2015, 15,000 warrants expired and 195,000 warrants were exercised upon the notarial deed of 23 December 2015. The number of outstanding warrants as of the end of 2015 was reduced to 1,855,000 warrants that can be exercised at the exercise price of EUR 0.569.

Shareholder structure

The table below provides an overview of the shareholders of the company as at 31 December 2015 based on notifications that the company received from parties who have informed the company, by means of a transparency statement, that they have acquired Keyware Technologies shares.

Shareholder	Shares	%
Parana Management Corp BVBA/Powergraph BVBA/Guido Van der Schueren	9.894.195	46,97%
Big Friend NV/Stéphane Vandervelde	1.597.522	7,58%

KEYWARE ON EURONEXT

Euronext Brussels

In June 2000, the Company concluded an initial public offering (IPO) with a listing of 23,098,831 shares on EASDAQ under the new symbol "KEYW". Following the closure of NASDAQ Europe (formerly EASDAQ), the Keyware shares were listed on the First Market of Euronext Brussels, segment double fixing since 3 September 2003. As at 1 September 2005, the listing migrated from double fixing to continuous trading. The Company has only ordinary shares listed on Euronext Brussels.

Capitalisation

As at 31 December 2015, a total of 21,063,793 shares were outstanding. Based on the listing on EURONEXT (EUR 1.98), this corresponds to a market capitalisition of EUR 41,706,000.

For comparison, as at 31 December 2014 a total of 20,438,793 shares were outstanding. Based on the listing on EURONEXT (EUR 0.58), this corresponded to a market capitalisation of EUR 11,855,000.

Finally, as at 31 December 2013, a total of 20,413,793 shares were outstanding. Based on the listing on EURONEXT (EUR 0.71), this corresponded to a market capitalisation of EUR 14,494,000.

Highest and lowest

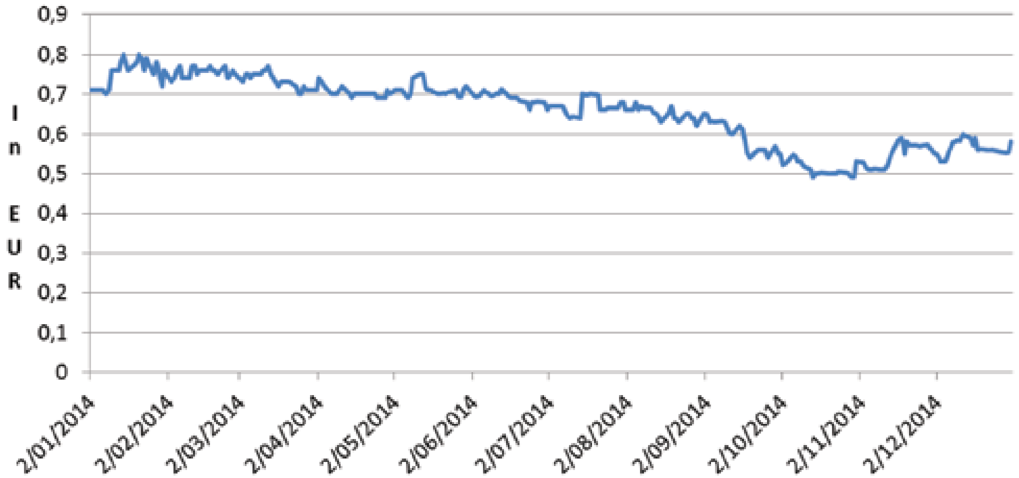
The highest and lowest prices during the financial years 2013 to 2015 were as follows:

	Highest	Lowest
Financial year 2015	EUR 2,09	EUR 0,56
Financial year 2014	EUR 0,80	EUR 0,49
Financial year 2013	EUR 1,00	EUR 0,68

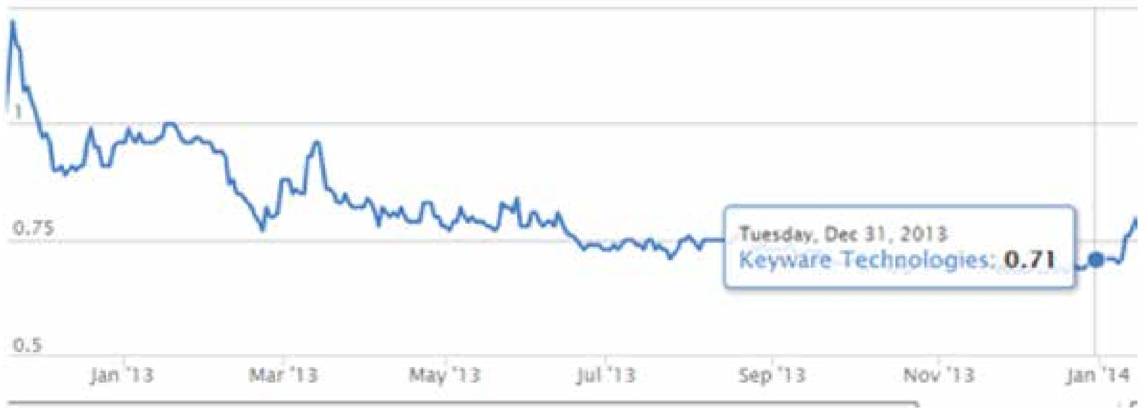
Chart

The chart below shows the development of the Keyware Technologies share on Euronext Brussels for the period from **1 January 2015 to 31 December 2015.**

The chart below shows the development for the period from **1 January 2014 to 31 December 2014.**



The chart below shows the development for the period from **1 January 2013 to 31 December 2013.**



CORPORATE GOVERNANCE STATEMENT

BELGIAN CORPORATE GOVERNANCE CODE

The Board of Directors has decided to adopt the Belgian Corporate Governance Code 2009 as reference for corporate governance within the Keyware Group. This code has now been designated as the statutory compulsory reference framework by the Royal Decree of 6 June 2010. The code and the Royal Decree of 6 June 2010 were published in the Belgian Official Gazette of 28 June 2010.

CORPORATE GOVERNANCE

Board of Directors

As at **31 December 2015,** the Board of Directors has six members, three of whom are independent directors. The members of the Board of Directors are:

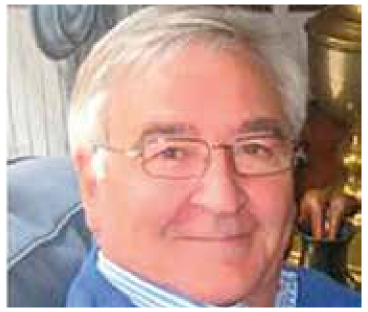
Director	Position	Main function	End date of mandate after AGM of financial year ending on	Number of meetings attended
▪ Guido Van der Schueren	Non-executive	Chairman	31 December 2017	5
▪ Bruno Kusters	Independent	Director	31 December 2017	5
▪ Pierre Delhaize	Non-executive	Director	31 December 2015	5
▪ Sofia BVBA represented permanently by Chris Buyse	Independent	Director	31 December 2015	5
▪ Big Friend NV represented permanently by Stéphane Vandervelde	Executive - CEO	Director	31 December 2015	5
▪ Moirai Management BVBA represented permanently by Johan Bohets	Independent	Director	31 december 2015	5

Director Drupafina NV, represented by Guido Wallebroek, attended two meetings in 2015. Its mandate as a director ended at the General Shareholders' Meeting of 22 May 2015. Up to that date, there were therefore seven members of the Board of Directors, as in the financial years 2013 and 2014.

GUIDO VAN DER SCHUEREN,

Chairman of the Board of Directors,

Guido Van der Schueren, co-founder of Artwork Systems, was Managing Director of Artwork Systems Group NV until the end of 2007. Following the takeover of Artwork Systems by Esko, Guido Van der Schueren was first CCO of Esko Artwork and subsequently Vice-Chairman of the Board. From 1982 to April 1992, he held various positions, including Sales and Marketing Director at DISC NV (later Barco Graphics NV), a company that develops and markets pre-press systems. From 1974 to 1982, Guido van der Schueren was the "Compugraphic" Sales Manager at BONTE NV, a distributor of equipment for the graphic sector. Guido van der Schueren holds degrees in Graphic Arts, Education and Marketing. He is also a director of several companies in various sectors, including in the Hybrid/ Congra Group.



PIERRE DELHAIZE,

Director

Pierre Delhaize has extensive experience in international business, in particular in the retail and distribution sectors. He currently plays an active role as director of several companies such as Sogedel France and Sogedel Lux. He is also Maître de Conférences at the Solvay Brussels School Economics & Management.

BRUNO KUSTERS,

Independent Director

Bruno Kusters has more than 15 years of experience in ICT and business consulting with references such as KKR, Avaya/ Tenovis, Philips, Telindus, Unilever, Mitsubishi and Artesia. He obtained a degree in Commercial Engineering and a Bachelor in Quantitative Methods at the University of Leuven (KUL).

SOFIA BVBA, REPRESENTED PERMANENTLY BY CHRIS BUYSE,

Independent Director

Sofia BVBA is the management company of Chris Buyse and acts as an independent director of the Company. Chris Buyse has more than 20 years of experience in international financial expertise and financial management. He was previously CFO of the Belgian biotechnology company CropDesign, where he coordinated its takeover by BASF in July 2006. Before that, Chris Buyse was the financial director of WorldCom/MCI Belux and CFO/interim CEO of Keyware Technologies. In addition, he also held various financial positions including financial controller and internal auditor at Spector Photo Group, Suez Lyonnaise des Eaux and Unilever. Chris Buyse graduated with a Licentiate Degree in Applied Economics from the University of Antwerp and an MBA from the Vlerick Management School of Ghent. He also obtained a summer school certificate from Georgetown University in Washington (USA). Chris Buyse also holds several directorships in other promising biotechnology companies such as Celyad Biosciences, Bone Therapeutics, Iteos, Q Biologicals and Bio Incubator NV.

BIG FRIEND NV, PERMANENTLY REPRESENTED BY STÉPHANE VANDERVELDE,

Director

Big Friend NV is the management company of Stéphane Vandervelde. Stéphane Vandervelde has more than 25 years of experience in the software industry and was co-founder of Keyware. He has been President and CEO of Keyware since 2001. Stéphane Vandervelde graduated as an Engineer in Electronics and completed additional specialist training in Micro-Electronics and Chip Design at the University of Leuven (KUL). He is also a director of several other companies, such as Hybrid Software NV and Hybrid Software US, Congra Luxemburg, Pinnacle Investments NV, Immo David NV, CreaBuild NV, NiXPS NV, Nexus Investments NV and Big Friend NV.

MOIRAI MANAGEMENT BVBA, PERMANENTLY REPRESENTED BY JOHAN BOHETS,

Independent Director

Moirai Management BVBA, previously Johan Bohets BVBA, is the management company of Johan Bohets, who was appointed as a director at the General Shareholders' Meeting of May 2013 (at the time as Umami BVBA). Johan Bohets was also employed as a senior counsel at the European Investment Fund and as a senior associate in the capital markets and corporate department of a magic circle law firm, where he gained wide experience with crossborder transactions and, in particular, mergers and acquisitions and private equity investments. At present, he works as the Chief Risk Officer of a financial institution. He holds a Master's Degree in Law and a Finance diploma from the University of Leuven (KUL), an additional degree in Advanced Corporate Finance from the Insead/Amsterdam Institute of Finance and graduated as Executive Master in Finance at the Solvay Business School.

The Board of Directors met five times in 2015, including one meeting by conference call. This number of meetings enabled the Board of Directors to carry out its tasks in an effective manner and to fulfil its duties as the Company's consultation and decision-making body. The meetings of the Board of Directors took place on the following dates:

	10.03.2015	19.04.2015 (1)	19.05.2015	18.08.2015 (2)	05.11.2015 (3)
▪ Guido Van der Schueren	x	x	x	x	x
▪ Drupafina NV/ Guido Wallebroek	x	-	x	N/A	N/A
▪ Bruno Kusters	x	x	x	x	x
▪ Pierre Delhaize	x	x	x	x	x
▪ Big Friend NV	x	x	x	x	x
▪ Sofia BVBA	x	x	x	x	x
▪ Moirai Management BVBA	x	x	x	x	x

X = present or represented by proxy
(1) Board of Directors meeting held by conference call (2) N/A = not applicable

During its meetings in 2015, the Board of Directors dealt with the following matters among others:

- financial results on a quarterly basis (IFRS quarterly figures)
- discussion of the recommendations of the Audit Committee
- financing of the Group
- budget 2016
- the settlement of a number of legal disputes and claims
- conflicts of interest
- operational items (cooperation with new partners etc.)
- takeover opportunities

The company does not have a delegated director ("afgevaardigde bestuurder"). The Company is duly represented by two directors acting jointly. With regard to the remuneration of the non-executive directors, we refer you to that which is discussed under Remuneration of directors and members of the executive management.

For the meetings of the Board of Directors held in the years 2013 and 2014, we refer you to the annual reports of those financial years, in which the topics discussed are reported.

Day-to-Day Management

In accordance with Section 23 of the Articles of Association, the Board of Directors has delegated the day-to-day management of the Company to a collegiate body that is referred to as the "management committee".

The Board of Directors has appointed the management committee of the Company. The powers of the management committee are specified by the Board of Directors. Stéphane Vandervelde is the chairman of the management committee.

At the end of December 2015, the management committee was comprised of the following members:

- CEO Stéphane Vandervelde – via Big Friend NV
- CFO Alain Hubert – via Hubert & Co BVBA
- COO Wim Verfaille – via IQuess Consulting BVBA
- CCO Joris Maes – via JM Services GCV

STÉPHANE VANDERVELDE

Stéphane Vandervelde has more than 20 years of experience in the software industry. He is currently President and CEO of Keyware. Stéphane Vandervelde graduated as an Engineer in Electronics and completed additional specialist training in Micro-Electronics and Chip Design at the University of Leuven (KUL).

ALAIN HUBERT

Alain Hubert is a Licentiate in Applied Economic Sciences (UG) and Special Licentiate in Accountancy (Vlerick School of Management). He has been a company auditor since 1998 and until 2008 he was an audit partner at Constantin Bedrijfsrevisoren and after that Executive Director at Ernst & Young Company Auditors, Transaction department until May 2013. He has been CFO at Keyware Technologies since June 2013, succeeding Johan Hellinckx as CFO of the Group.

WIM VERFAILLE

Wim Verfaille is an Industrial Electricity Engineer. He was employed as Operations Manager with Modular Lighting Industries from 1994 to 2003. He worked as an Operational Business Consultant and interim manager from 2003 onwards. In this capacity, he was involved in a number of long-term projects at Tenovis (Telecom) and Maxeda (Retail) among other clients. He has filled the position of COO at Keyware Technologies since 2007.

JORIS MAES

Joris Maes has over twenty years of experience in sales and marketing in various industries and has worked for such companies as Alcatel-Lucent, KPN, AT&T and Balta. At Balta, he enjoyed more than two years' 'expat' experience, stationed in the United States (as Vice-President Sales & Marketing). He holds a Master's degree in Industrial Engineering (Electronics) and an MBA in General International Management from the Vlerick Leuven Gent Management School with "inter-cultural negotiations" as his specialisation.

With regard to the remuneration of the management committee, we refer to that which is discussed under Remuneration of the directors and members of the executive management.

Auditor

BDO Bedrijfsrevisoren CVBA, with registered offices at Da Vincilaan 9 - Box E.6 Elsinore Building, 1935 Zaventem, duly represented by Koen De Brabander, has been appointed as the auditor of Keyware Technologies NV for a period of three years, which will end after the General Shareholders' Meeting of 2017. Bert Kegels was the permanent representative of BDO Bedrijfsrevisoren CVBA for the financial years 2011 to 2013.

The **total annual remuneration** of the auditor for the financial year 2015 amounts to EUR 54,000, EUR 34,000 of which is for the statutory and consolidated annual accounts of the Company and EUR 20,000 for the statutory annual accounts of the Belgian subsidiaries. In addition, **exceptional compensation** was received for a total amount of EUR 5,000 in connection with special reporting with regard to the capital increases due to warrants and the payment of an interim dividend. The auditor and the companies with which he has a professional relationship did not carry out any work other than the above in 2015.

The auditor's total annual compensation for the financial years 2013 and 2014 came to EUR 53,000 per year. Exceptional compensation of EUR 28,000 and EUR 21,000 was paid in 2013 and 2014 respectively. Finally, amounts of EUR 0 and EUR 22,000 were paid in 2013 and 2014 respectively in fees to companies with which the auditor has a professional relationship. We refer to the annual reports for the financial years 2013 and 2014 for further details of these amounts.

Audit Committee

The Audit Committee consisted of the following non-executive members:

- Sofia BVBA, represented by Chris Buyse, Chairman and independent director
- Guido Van der Schueren, non-executive director
- Pierre Delhaize, non-executive director, as from August 2015 to replace Guido Wallebroek, non-executive director.

The Audit Committee convened four times in 2015. The meetings of the Audit Committee took place on 10 March 2015, 19 May 2015, 18 August 2015 and 5 November 2015.

	10.03.2015	19.05.2015	18.08.2015	05.11.2015
Sofia BVBA	x	x	x	x
Guido Van der Schueren	x	x	x	x
Drupafina NV/ Guido Wallebroek	x	x	-	-
Pierre Delhaize	-	-	x	x

Since 1 January 2011 and therefore during the financial years 2013 and 2014, the Audit Committee was made up of Sofia BVBA, Guido Van der Scheuren and Guido Wallebroek. We refer you to the annual reports for 2013 and 2014 for more information about the number of meetings and precise details.

Remuneration Committee

The Remuneration Committee consists of the following members:

- Bruno Kusters, Chairman and independent director
- Guido Van der Schueren, Chairman of the Board of Directors
- Sofia BVBA, represented by Chris Buyse, independent director

The Remuneration Committee convened twice in 2015, on 10 March 2015 and 5 November 2015.

In 2013, the Remuneration Committee was made up of Guido Van der Schueren, Luc Pintens and Sofia BVBA. When the mandate of director Luc Pintens expired, Bruno Kusters took his place. We refer you to the annual reports for 2013 and 2014 for more information about the number of meetings and precise details.

INSIDER TRADING DIRECTIVE

In accordance with the Royal Decree of 5 March 2006 regarding market abuse, the Company has drawn up a guideline with regard to insider trading. As of June 2006, this guideline has been applicable to the directors, persons with managerial responsibility and other employees who have access to inside information.

CONFLICTS OF INTEREST

Section 523 of the Belgian Company Code provides for an extraordinary procedure in the event that a director, directly or indirectly, has an interest of a proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors.

Section 524, subsection 1, stipulates that the procedure specified in subsections 2 and 3 must be applied in advance for each decision taken or each transaction executed in connection with the implementation of a decision of a stock-listed company.

Section 524, subsection 2, stipulates that all decisions or transactions as specified in subsection 1 must be subject to the prior assessment of a committee of three independent directors. This committee is assisted by one or more independent experts appointed by the committee. The committee describes the nature of the decision or transaction and assesses the commercial advantage or disadvantage for the company and its shareholders. It estimates the proprietary consequences and determines whether or not the decision or transaction is of such a nature that the company will suffer a disadvantage that is manifestly unlawful in the light of its corporate policy. If the committee does not consider the decision or transaction to be manifestly unlawful, but is nevertheless of the opinion that the decision or transaction is to the disadvantage of the company, the committee will make clear which advantages the decision or transaction brings into the equation to compensate for the aforementioned disadvantages.

The committee will submit substantiated advice to the Board of Directors, outlining each of the aforementioned assessment elements.

Section 524, subsection 3, specifies that the Board of Directors, after taking note of the committee's advice as stipulated in subsection 2, will deliberate on the proposed decision or transaction. Section 523 applies where appropriate.

The Board of Directors will state in its minutes of the meeting whether the procedure described above was complied with, and, if appropriate, the grounds on which it departed from the committee's advice. The auditor delivers an opinion on the correctness of the information stated in the committee's advice and in the minutes of the meeting of the Board of Directors. This opinion is attached to the minutes of the meeting of the Board of Directors. The committee's decision, an extract from the minutes of the meeting of the Board of Directors and the auditor's opinion are printed in the annual report.

No transactions took place during the course of the financial year 2015 that would have required the application of article 523 and/or 524 of the Belgian Company Code.

EVALUATION BOARD OF DIRECTORS, COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors and its functioning is evaluated within the Company by the Remuneration Committee. The performance of the individual directors is also included in the general assessment.

The Chairman organises individual interviews with all directors every two years. The following items, among others, are discussed during these interviews:

- the degree to which timely and full information is made available to the directors and the manner in which any questions and comments are replied to by the management;
- the course of the discussions and the decision-making in the Board of Directors and, in particular, whether all standpoints can be formulated and taken into consideration;
- the participation of the individual directors in the discussions and adequate contribution of the specific expertise of the director during the discussions;
- the chairing of the meetings by the Chairman of the Board of Directors, paying particular attention to whether every person's right to speak is sufficiently exercised, the conformity of the decisions with the discussions and the consensus of the directors.

The Audit Committee and the Remuneration Committee carry out periodic self-assessments of their own functioning and effectiveness.

REMUNERATION REPORT

(a) Policy

The Company applies the following principles to the development of the remuneration policy and the determination of the level of remuneration for non-executive directors:

- non-executive directors do not receive a fixed annual remuneration;
- non-executive directors do not receive an attendance fee;
- non-executive directors may subscribe for the warrants allocated to them by the Board of Directors in the event of the issue of a warrant plan;
- these principles can be departed from by a decision of the Remuneration Committee.

One point of this remuneration policy was changed in the financial year 2015: the granting of attendance fees to members of the Board of Directors. This came into effect from the last meeting of the Board of Directors in 2015 onwards.

The Company applies the following principles to the development of the remuneration policy and the determination of the level of remuneration for the members of the executive management:

- members of the executive management receive fixed annual remuneration;
- members of the executive management receive variable annual remuneration;
- members of the executive management may subscribe for the warrants allocated to them by the Board of Directors in the event of the issue of a warrant plan;
- members of the executive management may be reimbursed for expenses that they have incurred in connection with the performance of their duties;
- these principles can be departed from by a decision of the Remuneration Committee.

(b) Remuneration

As stated above, directors can receive remuneration in the form of warrants. No warrants were allocated in in 2013 or the financial year 2015. However, 2,065,000 warrants were allocated in 2014, the previous financial year, 1,740,000 of which were allocated to members of the Board of Directors as follows:

Warrants allocated to directors in 2014	Number of shares
■ Guido Van der Schueren/Powergraph BVBA/Parana Management Corp. BVBA	1.000.000
■ Big Friend NV / Stéphane Vandervelde	665.000
■ Drupafina NV / Guido Wallebroek	15.000
■ Chris Buyse/Sofia BVBA	15.000
■ Pierre Delhaize/Pardel NV	15.000
■ Bruno Kusters	15.000
■ Johan Bohets/Johan Bohets BVBA	15.000

The variable remuneration policy of the Company for the non-executive directors remained unchanged, both with regard to both variable remuneration and the allocation of warrants.

The Board of Directors will invite the General Shareholders' Meeting of 2016 to apply the exception provided for in Section 520 3 of the Belgian Company Code (in conjunction with Section 525 of the Belgian Company Code) this variable remuneration for the members of the executive management, in particular concerning

- on the one hand (i) the fact that variable remuneration is allocated based on documented and objectively measurable performance criteria with regard to the past financial year instead of the distribution over time as laid down in Section 520 3 of the Belgian Company Code (i.e. at least one fourth over a minimum period of two years and another fourth over a period of at least three years, if this amounts to more than 25% of the total annual remuneration);
- and on the other hand (ii) the possibility of exercising Warrants under the General Warrant Plan 2014 before the expiry of the period of three years provided for in Section 520 3 of the Belgian Company Code.

Contrary to the stipulations of (a) Policy, the Remuneration Committee allocated the following remuneration to non-executive directors in 2015:

2015	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
■ Guido Van der Schueren (*)	75	50	4	-	129	-
■ Chris Buyse / Sofia BVBA	-	-	-	-	-	-
■ Pierre Delhaize / Pardel NV	-	-	-	-	-	-
■ Bruno Kusters	-	-	4	-	4	-
■ Moirai Management BVBA	-	-	4	-	4	-

(*) The above-mentioned remuneration components have been or will be paid through Powergraph BVBA

The meeting of the Remuneration Committee of 5 November 2015 approved the granting of attendance fees. Starting from the last meeting of the Board of Directors, held on 5 November 2015, attendance fees are granted to directors who are physically present at meetings. The attendance fee is EUR 3,500 (rounded: EUR 4,000) every time a member participates in a meeting of the Board of Directors. The amount will be presented to the General Shareholders' Meeting for approval.

For the financial years 2013 and 2014, the remuneration allocated to non-executive directors was as follows:

2014	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
▪ Guido Van der Schueren / Powergraph BVBA	60	50	-	-	110	-

2013	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
▪ Guido Van der Schueren / Powergraph BVBA	60	50	-	-	110	-

The executive management received the following remuneration in the financial year 2015:

2015	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
▪ Big Friend NV	308	99	4	34	445	
▪ Other members of the management	463	183	-	14	660	-

The executive management received the following remuneration in the previous financial year 2014:

2014	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
▪ Big Friend NV	307	99	-	39	445	665.000
▪ Other members of the management	431	136	-	14	581	325.000

The executive management received the following remuneration in the first financial year 2013:

2013	Fixed	Variable	Attendance fee	Expenses	Total (in kEUR)	Warrants Number
▪ Big Friend NV	305	90	-	42	437	-
▪ Other members of the management	399	110	-	12	521	-

The management agreement with Big Friend NV, CEO of the Company, provides for a notice period of eighteen months in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The notice period of eighteen months was included in the management agreement at the time of signing, being 1 July 2000, as a result of which it differs from that which is prescribed in the Belgian Corporate Governance Code 2009. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The other members of the management are Hubert & Co BVBA, Iquess Consulting BVBA and JM Services GCV. JH Consulting BVBA was likewise a member for the first five months of 2013.

The management agreement with Hubert & Co BVBA, CFO of the Company, provides for a notice period of six months in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The management agreement with Iquess BVBA, COO of the Company, provides for a notice period of six months in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The management agreement with JM Services GCV, CCO of the Company, provides for a notice period of three months, unless agreed otherwise between the Parties. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The variable remuneration policy of the Company for the members of the executive management remained unchanged during the financial year 2015 with regard to the variable remuneration components. No new warrants were allocated in 2015.

(c) Number of shares held by directors and executive management

The number of shares in Keyware Technologies NV held by non-executive directors as of 31 December 2015 is as follows:

Non-executive directors	Number of shares
▪ Guido Van der Schueren/Powergraph BVBA/Parana Management Corp. BVBA	9.894.195
▪ Chris Buyse/Sofia BVBA	30.000
▪ Pierre Delhaize/Pardel NV	387.400
▪ Bruno Kusters	30.000
▪ Johan Bohets/Johan Bohets BVBA/Moirai Management BVBA	30.000

The number of shares in Keyware Technologies NV held by the executive management as of 31 December 2015 is as follows:

Executive management	Number of shares
■ Big Friend NV/Stéphane Vandervelde	1.597.522
■ Hubert & Co BVBA/ Alain Hubert	95.000
■ Iquess Consulting BVBA/Wim Verfaille	172.007
■ JM Services GCV/Joris Maes	44.836

For the shareholdings of non-executive directors and executive management as of the end of 2013 and 2014, we refer you to the corresponding section of the 2013 and 2014 annual reports.

Warrants exercised during the financial year 2015

The non-executive directors and members of the executive management listed below exercised the number of warrants stated and therefore acquired the following number of shares in the financial year 2015 and the two previous financial years:

Non-executive directors	Number of shares acquired in 2015	Number of shares acquired in 2014	Number of shares acquired in 2013
■ Guido Van der Schueren Powergraph BVBA/ Parana Management Corp. BVBA	-	-	1.050.000
■ Guido Wallebroek/ Drupafina NV	-	-	-
■ Chris Buyse/Sofia BVBA	30.000	-	-
■ Pierre Delhaize/ Pardel NV	15.000	-	15.000
■ Bruno Kusters	15.000	-	-
■ Johan Bohets/Johan Bohets BVBA/ Moirai Management BVBA	30.000	-	-

Executive Management	Number of shares acquired in 2015	Number of shares acquired in 2014	Number of shares acquired in 2013
■ Big Friend NV/ Stéphane Vandervelde	400.000	-	-
■ Hubert & Co BVBA/ Alain Hubert	100.000	-	-
■ JH Consulting BVBA / Johan Hellinckx	-	-	100.000
■ Iquess Consulting BVBA/Wim Verfaille	-	-	-
■ JM Services GCV/ Joris Maes	35.000	-	-

(e) Remuneration in the form of shares, share options or any right to acquire shares

In the past, the Company has issued warrant plans at irregular intervals, whereby directors, executive management and employees were given the opportunity to subscribe for these warrant plans.

During the financial year 2015, *no remuneration* in the form of shares, share options or any right to acquire shares was allocated to non-executive directors or to the members of the executive management. Of the two previous financial years, warrants were only allocated to non-executive directors and members of the executive management in the previous financial year, 2014. For details please see the tables above.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Keyware's internal control structure consists of a number of guidelines that determine the main operational processes and that apply to the whole group. The Group has introduced various instruments to constantly monitor the effectiveness and efficiency of the system and the functioning of the internal control structure in connection with financial reporting.

Keyware regularly evaluates the Group's risk position, the possible financial impact and the necessary actions to monitor and control risks.

For a detailed description of the various risks, we refer you to the annual report of the Board of Directors regarding the consolidated financial statements - section (2) Risk factors.

The company has not yet established an independent internal audit function. An internal evaluation takes place each year to assess whether there is a need for this.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 119 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period from 1 January 2015 to 31 December 2015.

Comments with regard to the financial statements and information about the circumstances that could have a significant influence on the development of the consolidated company

The consolidated financial statements were prepared in accordance with IFRS by the Board of Directors on 10 March 2016.

(a) Financial statements and important events

The financial year closed with a profit after taxes of EUR 5,291 k. As a result, the shareholders' equity amounts to EUR 23,683 k after incorporation of the result.

(b) Comments relating to the main balance sheet items

For comments relating to the main balance sheet items, we refer you to the Notes to the consolidated financial statements.

(c) Comments relating to the main items of the profit and loss account

For comments relating to the main items of the profit and loss account, we refer you to the Notes to the consolidated financial statements.

Besides the elements mentioned in these notes and the risk factors discussed in the paragraph below, there are no issues that could have a substantial impact on the development of the consolidated company.

(2) Risk factors

In accordance with Section 119.1 of the Belgian Company Code, as amended by the Act of 13 January 2006, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company.

(a) Products and markets

The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for frequent new products, many of which have an ever shorter life, as well as the changing industrial standards. Keyware has also offered Worldline terminals since 2013 following the partnership that it concluded with Worldline mid-2013. The financial years 2014 and 2015 were the first two years in which the impact of this expansion showed over a 12-month period.

The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to the changed context in time could have negative consequences for the results of the Company and its financial situation. This risk has been reduced due to the broadening of the product range.

(b) Customer dependence

The Company has over 17,000 active customers. The most important customer represents less than 1% of the turnover.

(c) Supplier dependence

In addition to the two new agreements with manufacturers of payment terminals concluded in 2009, Keyware also concluded an agreement with Worldline in 2013. As a result, the risk of discontinuity with regard to the supply of terminals has been reduced considerably. There are no changes to report for the financial year 2015.

(d) Concentration of credit risks

The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

(e) Legal proceedings

The Company is involved in a number of legal proceedings that can be regarded as contingent liabilities or contingent receivables based on IFRS. For more information on this item, we refer you to the Notes to the consolidated financial statements - (52) Pending disputes.

(f) Financial position

The Group obtained a limited amount of additional funding in 2015. This consisted on the one hand of the balance of unutilised funds under existing loans and on the other of new loans to finance the asset deal with GlobalPay and the fleet. At the end of the financial year, warrants were also exercised. In this context, we refer to the Note to the consolidated financial statements - (4) Going concern or continuity.

(g) Going concern

For this item, we refer to the Note to the consolidated financial statements - (4) Going concern or continuity.

(h) Information technology risk

The information technology risk is mainly located in the subsidiaries and contains a dual aspect:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in conjunction with the replacement of the hardware.
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will in principle have no influence on business operations and whereby, in the event of a combined discontinuity, all systems will be operational again with four working hours.

(i) Environment

The Group does not have any special comments to make with regard to environmental matters.

(j) Personnel

The Group employed 37 employees (personnel and consultants) as of 31 December 2015. With regard to the successful realisation of its objectives, the Company is partially dependent on the continuity of its personnel.

3) Justification of the application of valuation principles under the assumption of a going concern

For this item, we refer you to the Notes to the consolidated financial statements - (4) Going concern/continuity.

4) Information regarding significant events after the financial year

For this item, we refer you to the Notes to the consolidated financial statements - (51) Important events after the balance sheet date.

(5) Information regarding activities in the area of research and development

These provisions are not applicable to the Group.

(6) Capital increase and capital decreases

A capital increase was carried out by way of the exercising of warrants. For this item, we refer to the Notes to the consolidated financial statements - (17) Capital structure.

(7) Information regarding branch offices

These provisions are not applicable to the Group.

(8) Own shares

These provisions are not applicable to the Group.

(9) Decisions taken with application of legal procedures to avoid conflicts of interest

With regard to this item, we refer to that which is discussed in the section Corporate Governance – Conflict of interest.

(10) Information on the use of financial instruments

The Company does not make use of financial instruments.

(11) Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions.

He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at Unilever and Sita among other companies before helping to realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics.

Chris Buyse holds several directorships in other promising biotechnology companies such as Celyad, Bone Therapeutics, Iteos, Q Biologicals and the Bio Incubator.

Sofia BVBA, represented by Chris Buyse, has been Chairman of the Audit Committee as of 1 January 2011.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 119 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period from 1 January 2014 to 31 December 2014.

(1) Comments with regard to the financial statements and information about the circumstances that could have a significant influence on the development of the consolidated company

The consolidated financial statements were prepared in accordance with IFRS by the Board of Directors on 10 March 2015.

(a) Financial statements and important events

The financial year closed with a profit after taxes of EUR 1,910 k. As a result, the shareholders' equity amounts to EUR 17,981 k after incorporation of the result.

(b) Comments relating to the main balance sheet items

For comments relating to the main balance sheet items, we refer you to the Notes to the consolidated financial statements.

(c) Comments relating to the main items of the profit and loss account

For comments relating to the main items of the profit and loss account, we refer you to the Notes to the consolidated financial statements.

Besides the elements mentioned in these notes and the risk factors discussed in the paragraph below, there are no issues that could have a substantial impact on the development of the consolidated company.

(2) Risk factors

In accordance with Section 96, subsection 1, of the Belgian Company Code, as amended by the Act of 13 January 2006, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company.

(a) Products and markets

The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for the frequent development of new products, many of which have a short life as well as the changing industrial standards. Keyware has also offered Worldline terminals since 2013 following the partnership that it concluded with Worldline in mid-2013. The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to the changed context in time could have negative consequences for the results of the Company and its financial situation. This risk has been reduced due to the broadening of the product range.

(b) Customer dependence

The Company has over 15,000 active customers. The most important customer represents less than 1% of the turnover.

(c) Supplier dependence

In addition to the two new agreements concluded with new suppliers of payment terminals in 2009, Keyware also concluded an agreement with Worldline in 2013. As a result, the risk of discontinuity in the supply of terminals has been reduced considerably.

(d) Concentration of credit risks

The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

(e) Legal proceedings

The Company is involved in a number of legal proceedings that can be regarded as contingent liabilities or contingent receivables based on IFRS. For more information on this item, we refer you to the Notes to the consolidated financial statements - (51) Pending disputes (in the 2014 annual report).

(f) Financial position

The Group had to raise additional funding in 2014. This need for additional funding will be strongly reduced for the financial year 2015. In this context, we refer to the Notes to the consolidated financial statements - (4) Going concern or continuity and (50) Important events after the balance sheet date (in the 2014 annual report).

(g) Going concern

For this item, we refer you to the Notes to the consolidated financial statements - (4) Going concern/continuity (in the 2014 annual report)

(h) Information technology risk

The information technology risk is mainly located in the subsidiaries and contains a dual aspect:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in conjunction with the replacement of the hardware
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will in principle have no influence on business operations and whereby, in the event of a combined discontinuity, all systems will be operational again with four working hours.

(i) Environment

The Group does not have any special comments to make with regard to environmental matters.

(j) Personnel

The Group employed 40 employees (personnel and consultants) as of 31 December 2014. With regard to the successful realisation of its objectives, the Company is partially dependent on the continuity of its personnel.

(3) Justification of the application of valuation principles under the assumption of a going concern

For this item, we refer you to the Notes to the consolidated financial statements - (4) Going concern/continuity (in the 2014 annual report).

(4) Information regarding significant events after the financial year

For this item, we refer you to the Notes to the consolidated financial statements - (50) Important events after the balance sheet date (in the 2014 annual report).

(5) Information regarding activities in the area of research and development

These provisions are not applicable to the Group.

(6) Capital increase and capital decreases

For this item, we refer you to the Notes to the consolidated financial statements - (17) Capital structure (in the 2014 annual report).

(7) Information regarding branch offices

These provisions are not applicable to the Group.

(8) Own shares

These provisions are not applicable to the Group.

(9) Decisions taken with application of legal procedures to avoid conflicts of interest

With regard to this item, we refer to that which is discussed in the section Corporate Governance – Conflict of interest.

(10) Information on the use of financial instruments

The Company does not make use of financial instruments.

(11) Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions.

He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at Unilever and Sita among other companies before helping to realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics.

Chris Buyse holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Bone Therapeutics, Iteos, Q Biologicals and the Bio Incubator NV.

Sofia BVBA, represented by Chris Buyse, has been Chairman of the Audit Committee as of 1 January 2011.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 119 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period from 1 January 2013 to 31 December 2013.

(1) Comments with regard to the financial statements and information about the circumstances that could have a significant influence on the development of the consolidated company

The consolidated financial statements were prepared in accordance with IFRS by the Board of Directors on 11 March 2014.

(a) Financial statements and important events

The financial year closed with a profit after taxes of EUR 1,029 k. As a result, the shareholders' equity amounts to EUR 15,793 k after incorporation of the result.

(b) Comments relating to the main balance sheet items

For comments relating to the main balance sheet items, we refer you to the Notes to the consolidated financial statements.

(c) Comments relating to the main items of the profit and loss account

For comments relating to the main items of the profit and loss account, we refer you to the Notes to the consolidated financial statements.

Besides the elements mentioned in these notes and the risk factors discussed in the paragraph below, there are no issues that could have a substantial impact on the development of the consolidated company.

(2) Risk factors

In accordance with Section 96, subsection 1, of the Belgian Company Code, as amended by the Act of 13 January 2006, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company.

(a) Products and markets

The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for the frequent development of new products, many of which have a short life as well as the changing industrial standards. Keyware has also offered ATOS terminals since 2013 following the partnership that it concluded with ATOS Worldline in mid-2013. The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to the changed context in time could have negative consequences for the results of the Company and its financial situation. This risk has been reduced due to the broadening of the product range.

(b) Customer dependence

The Company has over 12,000 active customers. The most important customer represents less than 1% of the turnover.

(c) Supplier dependence

In addition to the two new agreements concluded with new suppliers of payment terminals in 2009, Keyware also concluded an agreement with ATOS Worldline in 2013. As a result, the risk of discontinuity in the supply of terminals has been reduced considerably.

(d) Concentration of credit risks

The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

(e) Legal proceedings

The Company is involved in a number of legal proceedings that can be regarded as contingent liabilities or contingent receivables based on IFRS. For more information on this item, we refer you to the Notes to the consolidated financial statements - (51) Pending disputes (in the 2013 annual report).

(f) Financial position

The Group will have to attract additional financial resources in 2014. In this context, we refer to the Notes to the consolidated financial statements - (4) Going concern or continuity and (50) Important events after the balance sheet date (in the 2013 annual report).

(g) Going concern/continuity

For this item, we refer you to the Notes to the consolidated financial statements - (4) Going concern/continuity (in the 2013 annual report).

(h) Information technology risk

The information technology risks contain two aspects:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day.
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will in principle have no influence on business operations and whereby, in the event of a combined discontinuity, all systems will be operational again with four working hours.

(i) Environment

The Group does not have any special comments to make with regard to environmental matters.

(j) Personnel

The Group employed 35 employees (personnel and consultants) as of 31 December 2013. With regard to the successful realisation of its objectives, the Company is partially dependent on the continuity of its personnel.

(3) Justification of the application of valuation principles under the assumption of a going concern

For this item, we refer you to the Notes to the consolidated financial statements - (4) Going concern/continuity (in the 2013 annual report).

(4) Information regarding significant events after the financial year

For this item, we refer you to the Notes to the consolidated financial statements - (50) Important events after the balance sheet date (in the 2013 annual report).

(5) Information regarding activities in the area of research and development

These provisions are not applicable to the Group.

6) Capital increase and capital decreases

For this item, we refer you to the Notes to the consolidated financial statements - (17) Capital structure (in the 2013 annual report).

(7) Information regarding branch offices

These provisions are not applicable to the Group.

(8) Own shares

These provisions are not applicable to the Group.

(9) Decisions taken with application of legal procedures to avoid conflicts of interest

With regard to this item, we refer to that which is discussed in the section Corporate Governance – Conflict of interest.

(10) Information on the use of financial instruments

The Company does not make use of financial instruments.

(11) Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions.

He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at Unilever and Sita among other companies before helping to realise the turnaround of Keyware between 2001 and 2003.

Chris Buyse is director and CFO of the stock-listed biotechnology company ThromboGenics since 2006.

Chris Buyse also holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Bone Therapeutics, Iteos, Q Biologicals and the Bio Incubator NV.

Sofia BVBA, represented by Chris Buyse, is Chairman of the Audit Committee as of 1 January 2011.

CONSOLIDATED INFORMATION

MANAGEMENT REPORT ON THE FINANCIAL SITUATION AND THE OPERATING RESULTS

(1) Basis of presentation

The following discussion and analysis is based on the audited consolidated financial statements of Keyware Technologies NV and its subsidiaries ('the Group') for the financial year ending on 31 December 2015. The financial years 2014 and 2013 were added here.

The following terms are used in the discussion throughout the document.

- Financial year: this refers to the financial year 2015.
- Previous financial year or comparable financial year: this refers to the financial year 2014.
- First year: this refers to the first year of the period presented, in this case the financial year 2013.

All intra-group balances and transactions were eliminated in the consolidation.

For information, we reiterate the fact that up to 30 September 2014 PayItEasy BVBA was accounted for on the basis of the equity method. As from 1 October 2014, this company has been fully owned by the Group and as a result the company has been included in the consolidation in accordance with the integral method.

This company has been accounted for in accordance with the integral method for the financial year 2015. We refer you to Note 36 in which pro forma figures for the comparable year 2014 are presented in the format of accounting accordance with the integral method for the full financial year 2014.

(2) Historical overview and financial year 2015

(a) History

Keyware Technologies NV was founded in June 1996 as a public limited company under Belgian law. The Company originally developed security technologies based on biometric verification.

Four years later, in June 2000, the company's shares were traded publicly for the first time on EASDAQ, later renamed NASDAQ Europe. After a decision of the Extraordinary Shareholders' Meeting of NASDAQ Europe to cease its activities, it was decided to have the Keyware shares ('KEYW') listed on Euronext. Keyware Technologies NV's shares were listed for the first time on Euronext on 3 September 2003.

When at the end of 2001 it became apparent that the market acceptance of biometrics was slower than expected and the losses resulting from this activity were increasing, the decision was taken to cut back and sell these activities. During the year 2002, the Group was thoroughly reorganised and its activities were concentrated around the smart card.

The Group offered products and services in which the use of smart cards played a central role. The areas of application were access control, time registration and alarm monitoring, on the one hand, and loyalty and payment software on cards on the other.

In July 2003, Keyware's payment software was certified by the EPCI (Electronic Payment Certificate Institute) (Bancontact/Mister Cash and credit software such as VISA, MasterCard, American Express, Aurora and Diners Club).

Sales of this payment software together with the accompanying payment terminal were launched in the fourth quarter of 2003.

In 2005, Keyware focused on two product groups:

- Identification and applications for physical security (access control, time registration, alarm management and CCTV);
- Identification and applications on terminals (electronic payment, loyalty applications and ID cards).

Keyware also offered transaction services for both product groups: authorising, processing and analysing the transactions generated by these applications. The contracts with existing customers were extended in 2004. Keyware authorises transactions for Diners Club, Cetelem (Aurora and PASS cards), American Express and Citibank.

On 7 June 2006, Keyware Technologies NV announced that the Security & Time Management division would be sold to the Risco Group as of 1 June 2006.
Risco Group assumed the ownership of the Security & Time Management division on 6 June 2006 by purchasing 100% of the shares of the legal entities that constituted this division, being Keyware SA, Keyware France SA and Keyware Technologies Suisse SA.

Keyware passed the milestone of 10,000 payment terminals at the end of April 2006. It was clear that the Belgian market for payment terminals was still growing, but Keyware was growing even faster. Until the end of 2006, Keyware only sold its products through a number of independent sales organisations on a commission basis. In view of the further professionalisation of the market segments and the increased sales volumes, these sales channels were expanded in 2007 with Keyware's own sales team. Besides an increase in the quality and quantity of contracts in certain market segments, the new structure also proved to reduce operational costs.

On 26 April 2007, Keyware announced that a takeover agreement had been reached with the shareholders of B.R.V. Transactions NV. B.R.V. Transactions NV holds a licence from RBS (Royal Bank of Scotland) for the direct offering of credit card authorisation for Visa and MasterCard on the Belgian market. Through the collaboration with RBS, Keyware can now also offer end-to-end solutions to retailers: from payment terminals to the processing of credit card authorisations for Visa and MasterCard and the processing of debit card authorisations for V Pay and Maestro.

In 2009, the planned expansion of the existing range of fixed and portable terminals with GRPS and IP terminals was realised. As from March 2009, the first contracts were concluded for the rental of IP terminals and as from September 2009, the first contracts were concluded for the GPRS terminals.

On 13 August 2009, Keyware announced that it had concluded a unique cooperative venture for the Belgian electronic payments market with the Dutch company PaySquare. With this cooperative venture, Keyware and PaySquare aim to offer a unique service to Belgian retailers and self-employed professionals. Through the agreement with PaySquare, Keyware has its own payment platform to offer payment authorisations for credit cards (Visa, MasterCard) and debit cards (V Pay and Maestro) on both its own and third party terminals.

The collaboration with PaySquare is a milestone in the history of Keyware. As from August 2009, Keyware is now able to offer its customers a total solution in the form of a payment terminal in combination with a subscription for payment transactions.

A further expansion of the existing range of payment terminals was realised in 2010, making Keyware de facto the market leader in sector-oriented payment solutions. In combination with an extensive range of transaction agreements for debit and credit card payments, the fixed (PayFix product range), portable (PayAway product range) and mobile payment terminals (PayMobile product range) provide an adequate solution for the specific requirements of each market segment. This vertical market approach resulted in further penetration of Keyware's market segments in 2010, including the hotel, restaurant and café sector, local government institutions (cities, municipalities, OCMWs (public social welfare centres) etc.) and the retail sector.

In 2011, Keyware focused mainly on the more stable and higher market segments. With its sector-oriented payment solutions, Keyware increased its penetration in various government segments (cities and municipalities, schools, OCMWs etc.) and the market of larger service providers.

The new PayAway payment terminals based on Bluetooth technology rapidly became very popular in the regular market segments, especially in the hotel, restaurant and café sector. As opposed to the terminals based on DECT or GPRS technology, these PayAway terminals are practically immune to disruptions and payment transactions are processed at top speed. The new software provides for extra options such as a 'tip option', smart recharging etc.

In addition, the PayMobile product range also showed strong growth, in particular in the home delivery and services segments. In combination with telecommunication and payment subscriptions, Keyware clearly offers the right market combinations here.

With regard to services, it can be stated that the Keyware Charter remains the ultimate point of reference. With its well thought out seven-point programme regarding quality, price, service level, flexibility, innovation, local presence and clear contracts, Keyware was again able in 2013 to convince the majority of its customers to renew their contract at the end of their initial contract period for periods of 48 or 60 months.

With regard to transactions, Keyware has been able to optimise the price and service of its product range within the various market segments due to its integrated cooperation with various transaction processors. In addition, Keyware offered very demanding customers unique redundant transaction solutions.

As Keyware continues to expand its own transaction platform, it is carrying out an increasing share of the transaction processing. As a result, Keyware can exert more influence on pricing and can also offer extra services. This translated into a constant growth of the number of processed transactions in the various market segments in 2012 and 2013.

A dual partnership was concluded with Worldline in 2013 for the Benelux: an ISO (Independent Sales Organisation) agreement for the sale and rental of payment terminals and an Agency Agreement regarding acquiring contracts. This, together with the market introduction of various new types of payment terminals, has already strengthened Keyware's service range.

In 2014, more effort was devoted to segments that were less sensitive to economic cycles. This resulted in further growth of Keyware's market share at various government bodies (cities and municipalities, OCMWs etc.) as well as in the middle segment (customers with various branches or that need several terminals at one branch). The payment terminals product range was strongly diversified in 2014 as customers often opted for both Ingenico and Worldline terminals.

(b) The financial year 2015

A. Terminals

A significantly larger number of contracts was concluded in 2015 than in 2014, which was the main driver of turnover growth. The previous financial year 2014 already featured a major decline in Worldline terminals. This trend also continued in the financial year 2015. This is the reason why Keyware has a complete range and can offer different types of payment terminal.

A second point in the financial year 2015 was the asset deal with GlobalPay, as a result of which the installed terminal base ultimately increased by approximately 630. The asset deal came into effect as of 1 January 2015 and therefore impacted on the full financial year 2015. At the end of 2015, the installed terminal base was approaching the milestone of 17,000 contracts.

B. Transactions

The Keyware model, whereby transactions agreements that are optimised for different market segments are offered via a selected number of transaction partners, provides substantial support for Keyware's growing market share. In this manner a solution customised with regard to price, service and technology can be offered for the individual retailer, a city or chain of stores.
The expansion of Keyware's own transaction platform favours faster processing, a reduction in operating costs and the opportunity to offer extra services regarding reporting and functionality.

In 2015, the transactions market saw further growth, partly because electronic payment is being increasingly encouraged or made mandatory, consumers are using cards more frequently and electronic meal vouchers are enjoying increasing success.

(c) Group chart

The group chart below provides an overview of the current group structure.

All companies are, direct or indirect, fully-owned subsidiaries of Keyware Technologies NV. As previously mentioned, the subsidiary PayItEasy BVBA was accounted for in the consolidated financial statements by the equity method up to 30 September 2014 and thereafter in accordance with the integral consolidation method.

(d) Financing of the Group

The Group required additional financing in 2013, 2014 and 2015 for the realisation of its activities.

In the first financial year **2013**, the Group met its existing financing requirements as follows:

- The Group concluded two investment loans with a financial institution in October 2013 for an amounts of EUR 145,000 and EUR 120,000 to fund its investment in the expansion of its vehicle fleet. This loan is repayable in monthly instalments over a period of 48 months;
- Belfius Bank increased the straight loan twice, the first time by EUR 440,000 and subsequently by EUR 500,000, bringing the total to EUR 1,190,000;
- During 2013, warrants were exercised 3 times (580,000, 50,000 and 750,000 warrants), as a result of which the capital and issue premiums were increased by EUR 966,000 and 1,380,000 new shares were also issued;

- Belfius Bank also financed the holiday allowance to the amount of EUR 40,000 in June 2013;
- Finally, in the fourth quarter of 2013, Big Friend NV made a sum of EUR 300,000 available by way of advances. One loan of EUR 200,000 is repayable in 24 monthly instalments while the second loan of EUR 100,000 was provided for a term of one month.

In the previous financial year **2014**, the Group met its existing financing requirements as follows:

- During the first quarter of 2014, ING Lease NV provided a loan of EUR 114,000 to fund the vehicle fleet;
- Parana Management Corp. BVBA provided a loan of EUR 1,500,000 and EUR 100,000 with maturity dates of 31 December 2019 and 31 December 2015 respectively;
- Big Friend NV provided a loan of EUR 250,000 also for a term of five years that ends on 31 December 2019;
- Iquess Consulting BVBA provided a loan of EUR 100,000 for a term of one year, repayable on 30 June 2015;
- 25,000 warrants were exercised in 2014, which represents a cash inflow of EUR 18,000. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 11 and EUR 7 respectively;
- ING Bank NV provided a new investment loan of EUR 750,000 in 2014 with a term of four years, with a one year stand still. This loan therefore does not have to be repaid before 2016;
- The straight loan provided by Belfius Bank NV was reduced to EUR 1,000,000 and was converted into an investment loan with a term of five years with 31 December 2019 as the end date;
- Finally, during the financial year, the Group concluded short-term bridge loans with Parana Management Corp. BVBA and with Big Friend NV for EUR 250,000 and EUR 100,000 respectively and these loans were repaid in the same year

It should be mentioned that the loans provided by Parana Management Corp. BVBA and the investment loan provided by ING Bank NV were not fully drawn down in 2014. The remaining balances that can still be drawn amount to EUR 300 k and EUR 452 k respectively.

In the financial year **2015**, the Group met its existing financing requirements as follows:

- In the course of 2015, Belfius Lease concluded 3 leases in the amount of EUR 107 k to finance the expansion of the vehicle fleet;
- A loan of EUR 250 k was entered into with ING Bank NV to finance the asset deal with GlobalPay NV, repayable in three years by equal quarterly instalments;
- During 2015, the balance of ING Bank NV's investment loan was EUR 452 k, fully taken up in accordance with the Group's needs;
- 625,000 warrants were exercised in December 2015, generating a cash inflow of EUR 411 k. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 281 k and EUR 130 k respectively;

It should be mentioned that the balance of the loans provided by Parana Management Corp. BVBA of EUR 300 k will not be taken up so that the loan is limited to the amount of EUR 1,200 k already taken up. The balance was not used because it was no longer needed.

(3) Operating results

The financial data below were derived from the consolidated financial statements (in accordance with IFRS) of Keyware Technologies for the years ending on 31 December 2013, 2014 and 2015.

Consolidated profit and loss account for the period ending on	Financial year		
	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Continuing operations			
▪ Revenue	12.491	9.718	8.749
▪ Other gains and losses	314	278	335
▪ Raw materials and consumables	(2.313)	(2.318)	(1.903)
▪ Salaries and employee benefits	(1.508)	(1.478)	(1.405)
▪ Depreciation and amortisation	(251)	(141)	(84)
▪ Impairment	-	(100)	-
▪ Net impairment of current assets	(1.785)	(1.002)	(1.863)
▪ Other operating expenses	(3.712)	(3.587)	(3.351)
Operating profit/(operating loss)	*3.236*	*1.370*	*478*
Profit/(loss) before taxes	*4.028*	*1.933*	*1.060*
Profit/(loss) for the period from continuing operations	*5.291*	*1.910*	*1.029*

(a) Revenue and gross margin

Revenues, raw materials and consumables, and the resulting, the gross margin thereof can be specified as follows for the first financial year 2013 and the previous financial year 2014:

Gross margin for the period	Financial year		Change
	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)	
▪ Revenue	9.718	8.749	969
▪ Raw materials and consumables	(2.318)	(1.903)	(415)
▪ **Gross margin**	**7.400**	**6.846**	**554**
▪ Gross margin in percentages	76,15%	78,25%	-

KEYWARE TECHNOLOGIES

The consolidated **revenue** for the financial year 2014 amounted to EUR 9,718 k compared to EUR 8,749 k for the same period in 2013, which represented an increase of 11.08%. The increase in revenue occurred in both the payment terminals division and the authorisation division. This was mainly the result of maintaining the existing customer base, with older terminals at existing customers being replaced by new terminals and an important contract being concluded.

The greater increase in **raw materials and consumables** in comparison to the increase in turnover was due to the cost of Keyware's own platform on which transactions are processed as well as the valuation of the terminals in stock. As stated, this platform was launched in 2013 so that 2014 was the first full financial year.

The turnover, i.e. the operating revenues without other operating income, and the gross margin can be specified as follows for the financial years 2014 and 2015:

Gross margin for the period	Financial year		Change
	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	
▪ Revenue	12.491	9.718	2.773
▪ Raw materials and consumables	(2.313)	(2.318)	5
▪ **Gross margin**	**10.178**	**7.400**	**2.778**
▪ Gross margin in percentages	81,48%	76,15%	-

The consolidated **revenue** 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 revenue is reflected in both the payment terminals division, partly due to the acquisition of GlobalPay, and in the authorisation division. A record number of newly concluded contracts was recorded in 2015.

Raw materials and consumables remained stable in spite of the increase in turnover. Besides improved purchasing prices, this can also be attributed to the impact of the recognition of PayItEasy.

The cost of our own platform on which transactions are processed was still recognised under raw materials and consumables in 2014, but forms part of services and various goods in 2015.

(b) Operating expenses

The operating expenses can be summarised as follows for the financial years 2013 and 2014:

Operating expenses for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
▪ Raw materials and consumables	(2.318)	(1.903)
▪ Salaries and employee benefits	(1.478)	(1.405)
▪ Depreciation and amortisation	(141)	(84)
▪ Impairment	(100)	-
▪ Net impairment losses on current assets	(1.002)	(1.863)
▪ Other operating expenses	(3.587)	(3.351)
Operating expenses	(8.626)	(8.606)

The following conclusions can be drawn for the financial years 2013 and 2014:

- **Impairments on current assets** decreased by EUR 861 k from EUR 1,863 k in 2013 to EUR 1,002 k in 2014. This concerns impairments booked on receivables from financial leasing (EUR 924 k) and impairments on inventories (EUR 78 k). The impairments on receivables from financial leasing or devaluations decreased by EUR 890 k compared to the previous financial year and amount to EUR 924 k instead of EUR 1,814 k. These impairments are the consequence of bankruptcies, termination of the activities by the customer or termination of the contract by the customer. There were a record number of bankruptcies and business terminations in the comparable financial year 2013 in comparison to the previous financial years and even in comparison to 2014 so that impairments in 2014 are more in line. On the other hand, this item also contains the impairments on inventories of EUR 78 k in 2014 and EUR 49 k in 2013;
- The **impairment** of EUR 100 k concerns an impairment on a no longer operational platform;
- **Other operating expenses** increased by EUR 236 k in comparison to 2013. However, in 2014, this item contained the expenses in connection with the valuation of the 2104 warrants amounting to EUR 260 k, so that the other operating expenses, disregarding this amount, actually showed a slight decrease.

The operating expenses can be summarised as follows for the financial years 2014 and 2015:

Operating expenses for the period ending on	Financial year	
	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)
▪ Raw materials and consumables	(2.313)	(2.318)
▪ Salaries and employee benefits	(1.508)	(1.478)
▪ Depreciation and amortisation	(251)	(141)
▪ Impairment	-	(100)
▪ Net impairment losses on current assets	(1.785)	(1.002)
▪ Other operating expenses	(3.712)	(3.587)
Operating expenses	(9.569)	(8.626)

The following conclusions can be drawn for the financial years 2014 and 2015:

- **Impairments on current assets** increased by EUR 783 k from EUR 1,002 k in 2014 to EUR 1,785 k in 2015. This concerns impairments booked on receivables from financial leasing (EUR 1,224 k) and impairments on inventories (EUR 561 k). This increase can mainly be attributed to higher write-downs on inventories;
- **Other operating expenses** increased by 125 kEUR in comparison with 2014, mainly due to the above-mentioned reason. On the other hand, as mentioned above, it should be observed that in 2014 this item still contained the costs in connection with the valuation of the warrants amounting to EUR 260 k.

(c) Profit before taxes, net profit and net cash flow

Key figures for the financial year for the period ending on	Financial year		
	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
■ Profit/(loss) before taxes	4.028	1.933	1.060
■ Profit / (Loss) for the period	5.291	1.910	1.029
■ Net cash flow	7.047	2.863	2.476

The following conclusions can be drawn for the financial years 2013 and 2014:

- The profit before taxes for the financial year increased by EUR 1,060 k in 2013 to EUR 1,933 k in 2004, i.e. by EUR 873 k (+82.35%). This increase was mainly due to an improvement in the operating result (EUR 892 k), made up of an improved gross margin and a lower level of write-downs on receivables;
- Net profit for the financial year amounted to EUR 1,910 k, compared to a net profit of EUR 1,029 k in 2014, which represents an increase of EUR 881 k (+85.62%). The difference between the profit before and after taxes is solely attributable to the result from participations in joint ventures.
- Net cash flow increased by EUR 387 k from EUR 2,476 k to EUR 2,863 k.

The following conclusions can be drawn for the financial years 2014 and 2015:

- Profit before tax amounted to EUR 4,028 k in comparison to EUR 1,933 k in 2014. The higher operating profit (EUR 1,866 k) and improved financial result (EUR 229 k) account for the increase of EUR 2,095 k (+108.38%) compared to 2014;
- Net profit for the financial year amounted to EUR 5,291 k, compared to a net profit of EUR 1,910 k in 2014, which represents an increase of EUR 3,381 k (+177.02%). In addition to the reasons provided above, the increase can also be attributed to the deferred tax gains that were recognised in 2015 by the capitalisation of fiscal losses;
- Net cash flow amounted to EUR 7,047 k in comparison to EUR 2,863 k in 2014. This increase is explained by the reasons above.

(4) Personnel and subsidiaries

The Group numbered 37 employees (personnel and consultants) on 31 December 2015, compared to 35 and 40 employees on 31 December 2013 and 2014 respectively.

(5) Consolidated balance sheet

Key balance sheet figures for the period ending on	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Assets			
■ Non-current assets	24.605	21.594	20.349
■ Current assets	6.413	5.494	3.825
■ **Total assets**	**31.018**	**27.088**	**24.174**
Liabilities			
■ Equity	23.683	17.981	15.793
■ Provisions	-	-	28
■ Non-current liabilities	2.718	3.411	2.128
■ Current liabilities	4.617	5.696	6.225
■ **Total liabilities**	**31.018**	**27.088**	**24.174**

The principal noteworthy points with regard to the **assets** are:

- In addition to the goodwill (EUR 5,249 k), the non-current assets mainly consist of the long-term lease receivables and deferred tax assets;
- the long-term receivables have increased from EUR 12,834 k at the end of 2013 to EUR 14,088 k and EUR 15,346 k at the end of 2014 and 2015 respectively. This reflects the net present value of the increasing number of new contracts in both 2014 and 2015;
- the deferred tax assets represented EUR 1,685 k at the end of 2013 and 2014. In 2015, additional deferred tax assets were created for fiscally recoupable losses, increasing this item to EUR 3,058 k.
- the increase in current assets arises from higher inventories, higher financial lease receivables and an improved liquidity position;
- the inventories have increased (from EUR 386 k in 2013 through EUR 736 k in 2014 to EUR 992 k in 2015) partly due to significant inventories held under consignment in 2014 and 2015;
- the increase in the current financial lease receivables can also be explained by an increasing number of new contracts in both 2014 and 2015 and by the GlobalPay deal (for 2015);
- liquidity rose from EUR 97 k at the end of 2013 to EUR 981 k at the end of 2015, whereby the increase was mainly located in the financial year 2014. We refer you to the cash flow statements.

The principal noteworthy points with regard to the **equity and liabilities** are:

- no dividends were paid out during the three financial years presented;
- changes in equity are partly due to capital increases (particularly EUR 966 k in 2013 and EUR 411 k in 2015) and the creation of a reserve for warrants (EUR 260 k in 2014);
- the total financial liabilities position has evolved from EUR 4,468 k in 2013 to EUR 4,884 k in 2014 and EUR 4,258 k in 2015. The cash flow statement shows that in 2013 and 2014 additional sources of financing were drawn on at EUR 313 k and EUR 801 k net respectively, while at the end of 2015 this liabilities position had been reduced by EUR 626 k;

- finally, it should be stated that the trade payables, social security contributions and tax liabilities had increased to EUR 3,833 k at the end of 2014 in expectation of a dispute that was settled in 2015 by a payment of EUR 800 k, as a result of which this item was reduced to EUR 2,574 k.

(6) Cash flows

Key cash flow figures for the period ending on	31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
■ Operating activities	912	129	(1.049)
■ Investing activities	(631)	(130)	(248)
■ Financing activities	(215)	819	1.279
■ **Net (decrease) / increase in cash and cash equivalents**	**66**	**818**	**(18)**
■ **Cash and cash equivalents at beginning of financial year**	**915**	**97**	**115**
■ **Cash and cash equivalents at end of financial year**	**981**	**915**	**97**

The principal noteworthy points with regard to the **operating cash flows** are:

- cash flows from operating activities increased by EUR 1,178 k in 2014 and EUR 783 k in 2015;
- these higher cash flows are attributable in the first instance to an increase in operating profit, reduced in large measure by the changes in the (current and non-current) lease receivables;
- the operating cash flows for 2015 are influenced by the settlement with Parfip Benelux of the takeover of the contracts, with EUR 800 k being paid to settle all accounts.

The principal noteworthy points with regard to the **investment cash flows** are:

- cash flows from investing activities are mainly restricted to investments in the vehicle fleet (as in 2013 and 2014);
- the 2015 cash flows of EUR 631 k comprise two significant amounts over and above these recurrent investments: on the one hand the acquisition of customers due to GlobalPay (EUR 250 k) and on the other the acquisition of an equity participation in Congra Lux (EUR 250 k)

The principal noteworthy points with regard to the **financing cash flows** are:

- the cash flows from financing activities comprise on the one hand financial resources from capital increases (in particular EUR 966 k in 2013 and EUR 411 k in 2015) and the net movements relating to the financial and lease liabilities;
- overall, the financing cash flow has fallen from EUR 1,279 k at the end of 2013 and EUR 819 k in 2014 to EUR -215 k in 2015, reflecting the fact that the Group requires less finance from additional sources, either internal or external.

FINANCIAL INFORMATION

1) Consolidated balance sheet

Consolidated statement of financial position		31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Assets				
■ Goodwill	(6)	5.248	5.248	5.248
■ Other intangible fixed assets	(7)	200	14	28
■ Property, plant and equipment	(8)	428	485	479
■ Deferred tax assets	(9)	3.058	1.685	1.685
■ Receivables from finance leases	(10)	15.346	14.088	12.834
■ Other assets	(11),(39)	325	74	75
Non-current assets		**24.605**	**21.594**	**20.349**
■ Inventories	(12)	992	736	386
■ Trade and other receivables	(13)	626	843	879
■ Receivables from finance leases	(14),(39)	3.806	2.981	2.610
■ Deferred revenues	(15)	8	19	53
■ Cash and cash equivalents	(16)	981	915	97
Current assets		**6.413**	**5.494**	**3.825**
Total assets		**31.018**	**27.088**	**24.174**
Equity and liabilities				
■ Issued capital	(17),(38)	8.771	8.490	8.479
■ Issue premiums		4.846	4.716	4.709
■ Other reserves		797	797	537
■ Result carried forward		9.269	3.978	2.068
Equity attributable to owners of the parent company		**23.683**	**17.981**	**15.793**
Provisions		-	-	**28**
■ Borrowings	(18)	2.675	3.342	1.743
■ Lease liabilities	(19)	43	69	-
■ Trade payables	(20)	-	-	385
Non-current liabilities		**2.718**	**3.411**	**2.128**
■ Trade payables, social security contributions and tax liabilities	(21)	2.574	3.833	3.511
■ Borrowings	(22)	1.514	1.443	2.323
■ Lease liabilities	(23)	26	30	17
■ Other liabilities	(24)	11	22	37
■ Deferred revenues	(25)	492	368	337
Current liabilities		**4.617**	**5.696**	**6.225**
Total liabilities		**7.335**	**9.107**	**8.353**
Total equity and liabilities		**31.018**	**27.088**	**24.174**

(2) Consolidated profit and loss account

Consolidated profit and loss account for the period ending on		Financial year 31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Continuing operations				
■ Revenue	(28)	12.491	9.718	8.749
■ Other operating income	(29)	314	278	335
■ Raw materials and consumables		(2.313)	(2.318)	(1.903)
■ Salaries and employee benefits	(30)	(1.508)	(1.478)	(1.405)
■ Depreciation and amortisation	(31)	(251)	(141)	(84)
■ Impairments	(31)	-	(100)	-
■ Net impairment losses on current assets	(32)	(1.785)	(1.002)	(1.863)
■ Other operating expenses	(33)	(3.712)	(3.587)	(3.351)
Operating profit/(operating loss)		**3.236**	**1.370**	**478**
■ Financial income	(34)	1.141	1.005	875
■ Financial expenses	(34)	(349)	(442)	(293)
Profit before taxes		**4.028**	**1.933**	**1.060**
■ Taxes on the result	(35)	1.263	-	-
Result from participations in Joint Ventures	**(36)**	**-**	**(23)**	**(31)**
Profit/(loss) for the period from continuing operations		**5.291**	**1.910**	**1.029**
Profit/(loss) for the period		**5.291**	**1.910**	**1.029**
■ Weighted average number of issued ordinary shares		20.454.204	20.422.766	19.755.327
■ Weighted average number of shares for the diluted earnings per share		23.659.183	22.396.786	21.217.827
Profit/(loss) per share from continuing and discontinued operations				
■ Profit/(loss) per share	(41)	0,2587	0,0935	0,0521
■ Profit/(loss) per diluted share	(41)	0,2236	0,0853	0,0469

Statement of comprehensive income for the period ending on	Financial year 31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Profit/(loss) for the period	**5.291**	**1.910**	**1.029**
Other comprehensive income			
■ Translation differences	-	-	-
■ Revaluation at fair value of 'financial fixed assets available for sale'	-	-	-
■ Cash flow hedges	-	-	-
■ Taxes on other comprehensive income	-	-	-
Other comprehensive income (net of taxes)	**-**	**-**	**-**
Total realised and comprehensive income for the period	**5.291**	**1.910**	**1.029**
Profit/(loss) for the period attributable to:			
■ The holders of equity instruments of the parent company	5.291	1.910	1.029
■ Non-controlling interests	-	-	-
Total of the other comprehensive income of the period attributable to:	-	-	-
■ The holders of equity interests of the parent company	-	-	-
■ Non-controlling interests	-	-	-
■ Weighted average number of issued ordinary shares	20.454.204	20.422.766	19.755.327
■ Weighted average number of shares for the diluted earnings per share	23.659.183	22.396.786	21.217.827
Profit/(loss) per share from continuing and discontinued operations			
■ Profit/(loss) per share	0,2587	0,0935	0,0521
■ Profit/(loss) per diluted share	0,2236	0,0853	0,0469

(3) Consolidated statement of changes in equity

Consolidated statement of changes in equity for the financial year 2013	Number of shares	Issued capital kEUR	Issue premium kEUR	Other reserves kEUR	Result carried forward kEUR	Attributable to owners of the parent company kEUR	Non-controlling interests kEUR	Total kEUR
Balance as at 01.01.2013	*19.033.793*	**7.700**	**4.522**	**537**	**1.039**	**13.798**	-	**13.798**
▪ Result of the financial year	-	-	-	-	1.029	1.029	-	1.029
Total realised and comprehensive income for the period	-	-	-	-	***1.029***	***1.029***	-	***1.029***
▪ Capital increase	*1.380.000*	779	187	-	-	966	-	966
Balance as at 31.12.2013	*20.413.793*	**8.479**	**4.709**	**537**	**2.068**	**15.793**	**-**	**15.793**

Consolidated statement of changes in equity for the financial year 2014	Number of shares	Issued capital kEUR	Issue premium kEUR	Other reserves kEUR	Result carried forward kEUR	Attributable to owners of the parent company kEUR	Non-controlling interests kEUR	Total kEUR
Balance as at 01.01.2014	*20.413.793*	**8.479**	**4.709**	**537**	**2.068**	**15.793**	-	**15.793**
▪ Result of the financial year	-	-	-	-	1.910	1.910	-	1.910
Total realised and comprehensive income for the period	-	-	-	-	***1.910***	***1.910***	-	***1.910***
▪ Capital increase	*25.000*	11	7	-	-	18	-	18
▪ Reserve for share-based remuneration of personnel	-	-	-	260	-	260	-	260
Balance as at 31.12.2014	*20.438.793*	**8.490**	**4.716**	**797**	**3.978**	**17.981**	**-**	**17.981**

Consolidated statement of changes in equity for the financial year 2015	Number of shares	Issued capital kEUR	Issue premium kEUR	Other reserves kEUR	Result carried forward kEUR	Attributable to owners of the parent company kEUR	Non-controlling interests kEUR	Total kEUR
Balance as at 01.01.2015	*20.438.793*	**8.490**	**4.716**	**797**	**3.978**	**17.981**	-	**17.981**
■ Result of the financial year	-	-	-	-	5.291	5.291	-	5.291
Total realised and comprehensive income for the period	-	-	-	-	***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**

(4) Consolidated cash flow statement

Consolidated cash flow statement for the period ending on		Financial year		
		31.12.2015 kEUR (audited)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Cash flow from operating activities				
■ Result of the financial year		5.291	1.910	1.029
■ Financial incomes	(33)	(1.141)	(1.005)	(875)
■ Financial expenses	(33)	349	442	293
■ Depreciation and amortisation	(30)	251	241	84
■ Impairment of financial lease receivables	(31)	1.224	924	1.284
■ Impairments of inventories	(12)	561	78	49
■ Warrants recognised as expenses		-	260	-
■ Deferred taxes		(1.373)	-	-
Operating cash flow before changes in the working capital components		**5.162**	**2.850**	**1.864**
■ Decrease/(increase) of inventories	(12)	(817)	(428)	(74)
■ Decrease/(increase) of financial lease receivables	(10/14)	(3.308)	(2.549)	(3.143)
■ Decrease/(increase) of trade and other receivables	(13)	217	(164)	106
■ Adjustment conversion receivable into participation		-	(131)	-
■ Decrease/(increase) of prepaids	(15)	11	34	132
■ Increase/(decrease) of trade payables	(20-21)	(1.259)	(81)	(537)
■ Increase/(decrease) of other liabilities	(24-25)	114	35	21
Changes in working capital components		**(5.042)**	**(3.284)**	**(3.495)**
■ Interest paid	(34)	(337)	(399)	(246)
■ Interest received	(34)	1.129	962	828
Cash flow from operating activities		**912**	**129**	**(1.049)**
Cash flow from investing activities				
■ Acquisition of intangible and tangible fixed assets	(7-8)	(380)	(192)	(271)
■ Disposal of intangible and tangible fixed assets	(7-8)	-	12	-
■ Acquisition of participation		(250)	-	-
■ Result of investment in Joint Ventures	(36)	-	49	27
■ (Increase)/decrease of issued warranties	(11)	(1)	1	(4)
Cash flow from investing activities		**(631)**	**(130)**	**(248)**
Cash flow from financing activities				
■ Capital increase	(17)	411	18	966
■ (Repayment)/proceeds long-term and short-term loans	(18/22)	(596)	719	656
■ (Repayment)/proceeds long-term and short-term lease liabilities	(19/23)	(30)	82	(343)
Cash flow from financing activities		**(215)**	**819**	**1.279**
Net (decrease) / increase in cash and cash equivalents		**66**	**818**	**(18)**
Cash and cash equivalents at beginning of financial year		**915**	**97**	**115**
Cash and cash equivalents at end of financial year		**981**	**915**	**97**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Identification

Keyware Technologies NV was founded in June 1996 as a public limited company under Belgian law. The Company is established at Ikaroslaan 24, 1930 Zaventem, Belgium. Its company registration number is 0458.430.512.

The consolidated financial statements were adopted by the Board of Directors on 10 March 2016.

(2) Statement of Conformity

Stéphane Vandervelde (CEO) and Alain Hubert (CFO) declare that the financial statements, which were prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the equity, the financial position and the results of the issuer and the companies included in the consolidation. The annual report gives a true and fair view of the developments and the results of the company and the position of the issuer and the companies included in the consolidation, as well as a description of the principal risks and uncertainties with which the companies are confronted.

In this context, reference is also made to the auditor's opinion.

(3) Companies included in the consolidation

The consolidated financial statements for the period ending on 31 December 2015 include Keyware Technologies NV and its three subsidiaries. The scope of consolidation was determined as follows for the financial year 2015:

Subsidiary	Consolidated up to	Method	%
▪ Keyware Smart Card Division NV	31.12.2015	Full	100%
▪ Keyware Transaction & Processing NV	31.12.2015	Full	100%
▪ PayItEasy BVBA	31.12.2015	Full	100%

The scope of consolidation was determined as follows for the financial year 2014:

Subsidiary	Consolidated up to	Method	%
▪ Keyware Smart Card Division NV	31.12.2014	Full	100%
▪ Keyware Transaction & Processing NV	31.12.2014	Full	100%
▪ PayItEasy BVBA	31.12.2014	EM/Full	50%/100%

The scope of consolidation was determined as follows for the financial year 2013:

Subsidiary	Consolidated up to	Method	%
▪ Keyware Smart Card Division NV	31.12.2013	Full	100%
▪ Keyware Transaction & Processing NV	31.12.2013	Full	100%
▪ PayItEasy BVBA	31.12.2013	EM	50%

A 50%-50% Joint Venture "PayItEasy BVBA" between Keyware Technologies NV and J4S BVBA was established in mid 2013. The participation in this company was accounted for in accordance with the equity method from 2013 to 30 September 2014, with this company remaining outside the scope of consolidation. The share of the Group in the result of the Joint Venture was shown in the income statement for 2014 as a separate item.

Following the acquisition of the other 50% of the shares, this company was accounted for in accordance with the integral method as from 1 October 2014. This should be taken into account when comparing the two financial years. We also refer you to the memorandum in connection with the pro forma figures, where the income statement for the comparable financial year 2014 was presented as if this subsidiary had been accounted for by the integral method for the full financial year.

(4) Going concern or continuity

(a) Justification of the going concern hypothesis in preparing the annual financial statements for 2013

The consolidated financial statements for 2013 were prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2013, the Group had retained earnings amounting to EUR 2,068 k.

For the further growth and realisation of the 2014-2018 strategic plan, the Group will require additional financing, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions.

As stated under Management discussion of the financial situation and the operating results - (2) Historical overview and financial year 2013, the Group has been able to call on various financing sources in 2013. This concerns capital increases through the exercise of warrants, loans provided by shareholders, bank loans in the form of new investment loans and an increase in the existing straight loans.

In September 2011, the Group concluded a loan agreement for an amount of EUR 1.5 million with Belfius Bank. The Group was able to enlarge the existing loan agreement further on 9 February 2012 by the granting of a straight loan. A new enlargement of this loan agreement was concluded by which the existing straight loan was increased to the total amount of EUR 940 k.

In addition, a number of warrant holders confirmed their confidence in the group and stated that they would exercise their outstanding warrants in the year 2014. This relates to an amount of approximately EUR 600 k in total.

Finally, the main shareholders once more confirmed their confidence in the group and announced that, if necessary, they would support the group financially in the form of loans or capital injections.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time, and it confirms the application of the valuation principles for a going concern.
The consolidated financial statements do not therefore contain any adjustments to the collectability and classification of the amounts booked as assets or the amounts and classification of the liabilities, which would be required if the company would no longer be to continue its activities as a going concern.

(b) Justification of the going concern hypothesis in preparing the annual financial statements for 2014

The consolidated financial statements for 2014 were prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2014, the Group had retained earnings amounting to EUR 3,978 k.

For the further growth and realisation of the 2014-2018 strategic plan, the Group will require additional financing, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions.

As stated under Management discussion of the financial situation and the operating results - (2) Historical overview and financial year 2014, the Group has been able to call on various financing sources in 2014. This concerns loans provided by shareholders and members of the management team, bank loans in the form of new investment loans and to a limited extent warrant holders exercising their warrants.

On the other hand, a straight loan was converted into an investment loan. In September 2011, the Group concluded a loan agreement for an amount of EUR 1.5 million with Belfius Bank NV. The existing loan agreement was further enlarged in 2012 by means of the granting of a straight loan of EUR 250 k. A new enlargement of this loan agreement in 2013 resulted in an increase of the existing straight loan for an amount of EUR 940 k. At the end of December 2014, the remaining balance of the straight loan of EUR 1 million was converted into an investment loan with a term of five years.

The GlobalPay acquisition (asset deal) will have an impact on the financial year 2015. This acquisition was made partially using the company's own funds and partially financed by loans. ING Bank NV provided a loan of EUR 250 k for a three-year period.

Finally, it should be mentioned that the Group can call on EUR 752 k in funds that have already been allocated but not yet drawn down as of 31 December 2014.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time.

(c) Justification of the going concern hypothesis in preparing the annual financial statements for 2015

The consolidated financial statements for 2015 were prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2015, the group had retained earnings of EUR 9,269 k after successive profits of EUR 1,910 k and EUR 5,291 k in the financial years 2014 and 2015.

In working out the realisation of the 2014-2018 strategic plan, the Group required additional financing, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for financing the necessary investments for the authorisation of payment transactions.

During the financial year 2015, the balance of the ING Bank investment loan was taken up (EUR 452 k) and a new loan was raised to finance the asset deal (EUR 250 k). This was sufficient to finance the further growth of both activities. The last EUR 300 k tranche of the shareholders' loan was consequently not utilised.

Furthermore, at the end of December 2015 a number of warrant holders exercised warrants, resulting in a gain of financial resources of EUR 411 k. Taking account of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time.

(5) Most important accounting principles for the financial reporting

(a) Basic principles for the presentation

The consolidated financial statements are expressed in thousands of euros (kEUR) and rounded off to the nearest thousand. The preparation of the financial statements in accordance with IFRS requires the management of the Group to make assessments, estimates and assumptions. These assessments, estimates and assumptions have an impact on the application of the accounting principles and thus on the reported values of assets and liabilities and of income and expenses.

The estimates and related assumptions are based on past experience and various other elements that are considered to be reasonable given the circumstances. The outcomes of these estimates and assumptions form the basis for the assessment of the book value of assets and liabilities that cannot easily be derived from other sources. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed annually and adjusted if necessary. Revisions of estimates are recognised in the period in which the estimate is revised, provided that the revision only has an effect on that period. If the revision has an effect on both the reporting period and the future period(s) then the revision is recognised in the period of the revision and the future period(s).

(b) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and adopted by the European Union, up to and including 31 December 2015.

(c) Consolidation principles

The consolidated financial statements of Keyware Technologies NV comprise Keyware Technologies as well as the subsidiaries that it controls. Control exists if the Group has an interest of more than half of the voting rights connected to the shares of the company, or if it has the power, directly or indirectly, to determine the financial and operational policy of a company is order to benefit from its activities.

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date on which the control commences until the date on which the control ceases to exist.

The acquisition of subsidiaries is processed in the accounts as an acquisition. The cost of an acquisition is the consideration paid in cash or cash equivalents or the fair value, on the exchange date, of any other compensation that the acquiring party provides in exchange for the control over the assets and liabilities of the other company, plus any expenses that can be directly attributed to the acquisition.

In this context, the integration of the other 50% of the shares in PayItEasy BVBA did not result in the expression of any goodwill.

Intra-group balances and transactions and any unrealised profits from transactions within the Group are eliminated when preparing the consolidated financial statements.

(d) Reporting currency

The reporting currency of Keyware Technologies NV is the EURO.

(e) Foreign currency conversion

Transactions in foreign currency
Transactions denominated in foreign currencies are converted into euros based on an exchange rate that is determined on a monthly basis. Exchange rate differences that occur when settling monetary items or when reporting monetary items are included in the profit and loss account of the period in which they occur.

Financial statements of subsidiaries
Assets and liabilities of subsidiaries, expressed in a currency other than the euro,

are converted using the exchange rate that applies at the end of the reporting period. Income and expenses are converted using the average exchange rate during that period. Components of shareholders' equity are converted using historical exchange rates. Gains and losses resulting from these conversions are recognised in the balance sheet item "translation differences", processed as a separate component of shareholders' equity.

(f) Goodwill

The additional acquisition value upon the acquisition of an interest in the company and the fair value of the underlying net asset acquired on the date of the transaction is booked as goodwill (consolidation difference) and recognised as an asset in the balance sheet. Identifiable assets and liabilities recognised at the time of the acquisition are valued at the fair value at that time.

Goodwill is recognised as an asset and initially valued at cost. After the initial recognition, goodwill is valued at cost less accumulated impairments.

In order to test for impairment, goodwill is allocated to the cash flow generating units of the Group. Cash flow generating units to which goodwill is allocated are tested annually for impairment and also during the year when there are indications that the book value of the unit may possibly exceed the realisable value.

Once an impairment of goodwill is recognised, this will not be reversed in a later period.

(g) Intangible fixed assets

Licences, patents and similar rights
Expenses for purchased licences and similar rights are capitalised and depreciated in accordance with the straight-line method over the period of the contract, if applicable, or over the estimated period of use, which is normally estimated at five years.

Computer software
External expenses for the purchase of computer software are capitalised and depreciated in accordance with the straight-line method over a period of five years.

Customer base
Part of the takeover price paid to GlobalPay NV was allocated to the customer base of the underlying contracts. The value was determined at EUR 250 k and will be amortised over a period of five years. This item will be subjected annually to a separate impairment test in order to identify any extraordinary impairments. The test will consist of determining how many contracts are still active at the year end and will only be performed at the year end.

(h) Tangible fixed assets

Tangible fixed assets are valued at acquisition costs, less cumulative depreciation and, if applicable, taking into account impairments.

Depreciation is calculated according to the straight-line method in accordance with the estimated economic life of the assets, which can be specified as follows:

- buildings — 20 years
- machinery and equipment — 3-5 years
- vehicles — 5 years
- computers, platform and peripherals — 3 years
- furniture — 5-10 years
- other tangible fixed assets — 9 years

The depreciation method, period of use and residual value are re-evaluated each reporting date.

Acquisition costs and maintenance and repair costs
The costs of repairing and replacing part of a tangible fixed asset are capitalised subject to the conditions that:

- the cost price of the asset can be determined in a reliable manner, and;
- the costs will result in a future economic advantage.

Costs that do not satisfy these conditions are immediately recognised in the profit and loss account.

De-recognition of tangible fixed assets
The cost price of assets that are no longer in use and the total depreciation charges related to these assets, are recognised in the profit and loss account as part of the profit or loss on disposal in the year in which the disposal took place.

(i) Inventory

The inventories are recognised at cost or net realisable value if this is lower. The net realisable value is the estimated sales price in the context of normal business operations, less the estimated costs of completion and sales costs.

For newly purchased terminals, the costs are the purchase value of the terminal. For used terminals, the cost is the individual price of the terminal. This price is the purchase price less accumulated depreciation whereby the economic life of a terminal is estimated at five years.

The cost is determined based on the individual price of each article. Unsaleable inventories are written off completely on the basis of specific quarterly analyses.

(j) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet of the Group when the Group becomes a party to the contractual provisions of the financial instrument in question. When the contractual rights to the cash flow of the financial asset expire or when the asset is transferred and the transfer qualifies no longer to be recognised, to the extent that the risks and rewards of the entitled parties are saved or transferred, the financial assets are no longer recognised in the balance sheet.

Financial obligations are no longer recognised in the balance sheet when they cease to exist, that is when the obligation laid down in the contract has been fulfilled or terminated or has expired. At present, the Group only maintains non-derivative financial instruments.

The Group does not have any security or other credit protection with regard to the financial assets.

Receivables from finance lease
Assets that are rented to customers in the context of finance lease contracts are recognised in the balance sheet and presented as a receivable, for an amount equal to the net investment in the lease.

The lease price of a contract is divided into net rent and maintenance, after which the present value of the net rent for the full term of the contract, in most cases 60 months, is calculated. This entire present value amount is recorded as turnover in the month in which the contract starts. The revenue related to maintenance is spread over the duration of the contract. Financial income equal to the difference between the total value of the contract and the discounted value is recognised each month.

Receivables
Receivables are non-derivative financial instruments with fixed or specific payments that are not listed on an active market.
After the initial recognition, such financial assets are recognised at amortised cost using the effective interest method, less any impairments. Impairments of receivables are recognised in the event that the book value is higher than the realisable value and are accounted for through the profit and loss account. Receivables are subjected to specific analyses relating to collectability on the basis of a series of parameters: reference figures for contract terminations and bankruptcies, further specified in accordance with the brand.

Cash and cash equivalents
Cash and cash equivalents are included in the balance sheet at nominal value. They comprise cash and bank balances, as well as bank deposits and cash investments that can immediately be converted into cash and that furthermore are not subject to significant risks of fluctuations in value.

Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost based on the effective interest method.

Interest bearing liabilities
Interest bearing liabilities include financial obligations and loans and are initially recognised at the fair value of the cash received, after the deduction of transaction costs. Later they are recognised at amortised cost based on the effective interest method. Differences between the amount received (after the deduction of transaction costs) and the to be repaid amount on the maturity date are recognised in the profit and loss in accordance with the straight-line method over the term of the obligation.

(k) Impairments

At each balance sheet date, the Group performs an impairment test with respect to the carrying value of its financial assets in order to determine if there is an indication that this asset has suffered an impairment. If such an indication exists, the realisable value of the asset is estimated in order to determine the amount of the impairment (if necessary). When it is not possible to estimate the realisable value of an individual asset, the Group will determine the realisable value of the cash generating unit to which the asset belongs.

The realisable amount is the highest of the fair value and the value in use. In order to determine the value in use, the expected future cash flows are discounted to the present value at a discounting rate that reflects the current market valuations of the time value of money and the specific risks of the asset. If the realisable value of an asset (or the cash generating unit) is estimated at lower than its book value, the book value of the asset (cash generating unit) is reduced to its realisable value.

An impairment is immediately recognised in the profit and loss account, unless the asset in question has been revalued at an earlier occasion. In that case, the impairment is accounted for as a reduction of the revaluation surplus. When an impairment is then subsequently reversed, the carrying value of the asset (cash generating unit) will be increased to the revised estimate of its realisable value, but only in the manner that the increased carrying value does not exceed the carrying value of the asset (cash generating unit) before impairment of previous years. A reversal of an impairment is immediately recognised in the profit and loss account, unless the relevant asset is valued at a revalued amount, in which case the reversal of the impairment is treated as a revaluation gain.

(l) Equity instruments

The equity instruments that are issued by the Group are recognised at the received income. Direct issue costs are deducted from the equity.

(m) Benefits in the form of equity instruments

The Group provides for the settlement of payment to employees in equity instruments based on shares. Payments settled in equity instruments based on shares are recognised at fair value (without taking into account the effect of non-market regulated granting conditions) on the grant date. The fair value of payments settled in equity instruments based on shares determined on the grant date is booked in the profit and loss account with a corresponding increase in equity.

For payment transactions based on shares with parties, other than employees, the Group values the received services and corresponding increase in equity directly at the fair value of the services received, unless the fair value cannot be estimated in a reliable manner. In this last case, the services received are value at the fair value of the allocated equity instruments based on the Black and Scholes valuation model.

(n) Provisions

A provision is booked if:

- the Group has an existing obligation;
- it is likely that an outflow of funds is required to settle the obligation; and
- the amount of the obligation can be estimated reliably.

The amount of the provision is determined by the best estimate of the amounts that are required to settle the obligations existing on the balance sheet date.

(o) Recognition of revenues

Revenues are recognised if it is likely that the economic benefits with regard to the transaction shall flow to the company and if the revenue amount can be estimated in a reliable manner. Turnover is recorded after the deduction of sales tax and discounts. Revenues from the sale of goods are recorded when the delivery as well as the complete transfer of risks and benefits have taken place.

Revenues with regard to contracts for the rental of payment terminals are processed in accordance with IAS 17 - Leases. The discount rate used for the rental income amounted to 7% in 2015. A 1% higher or lower discounting rate would have an impact on the recognised turnover of -1.31% and +1.33% respectively. We refer to that which was discussed under financial lease receivables for more information.

Recognition of revenues	Discount factor applied	1% higher factor	1% lower factor
▪ Financial year 2013	8,61%	-2,16%	+2,23%
▪ Financial year 2014	7,50%	-2,27%	+2,36%
▪ Financial year 2015	7,00%	-1,31%	+1,33%

Revenues related to maintenance contracts and other contracts for which a specific service is provided during an agreed contract period are recognised according to the straight-line method during the term of the contract.

(p) Financial income and expenses

Financial income includes the interest income on invested funds. Interest income is recorded in the profit and loss account insofar as received and over the period to which the interest income pertains. Financial income also includes the financial revenues recorded in accordance with what was discussed under financial lease receivables.

Financial expenses pertain to interest and other costs in connection with loans and interest on financial lease repayments. All financial expenses are booked at the time that they occur.

(q) Taxes

The taxes on the result of the financial year concern current as well as deferred taxes and are reported in accordance with IAS 12 'Income Taxes'.

Current taxes

Current taxes are taxes that are expected to be paid on the taxable result of the financial year, based on the tax rates and tax laws of which the legislation process has been finalised (substantially) on the balance sheet date, as well as each correction of the taxes payable over the previous financial years.

Deferred taxes

Deferred income tax is provided in full using the balance sheet liability method, on temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are booked for all taxable temporary differences, except when these are the result of goodwill impairment. Deferred tax liabilities are not recognised for taxable temporary differences that relate to investments in subsidiaries and interests in joint ventures, when the time on which the temporary difference can be settled can be determined by the parent company and it is likely that the temporary difference will not be settled in the near future.

A deferred tax asset must be included for all offsettable temporary differences, tax losses and tax credits insofar as it is likely that a taxable profit will be available against which the offsettable temporary differences, tax losses and tax credits can be offset. Offsettable temporary differences that result from investments in subsidiaries and interests in joint ventures are only included if the temporary difference will be settled in the near future (five years) and if taxable profit is available that can be used for the temporary difference. The carrying value of the deferred tax assets is revised on each balance sheet date and reduced insofar as it is no longer likely that there is sufficient taxable profit available to make use of the entire or part of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the period in which the tax asset will be realised or the tax liability will be settled, based on the tax rates and the tax laws of which the legislation process has been finalised (substantially) on the balance sheet date.

(r) Segment information

The Group makes a distinction between, on the one hand, results in connection with activities regarding payment terminals and, on the other hand, results in connection with activities regarding authorisations. The activities of Keyware Transaction & Processing NV and PayItEasy BVBA fall under this second segment.

Corporate expenses, which cannot be allocated, are reported separately.

(s) Net profit / loss per share

The basic profit (or loss) per ordinary share is calculated by dividing the net profit (or net loss) over the period, which can be allocated to ordinary shareholders, by the weighted average number of outstanding ordinary shares during the period.

The diluted profit (or loss) per ordinary share is calculated by dividing the net profit (or net loss) over the period, that can be allocated to ordinary shareholders, by the sum of the weighted average number of outstanding ordinary and potential shares. Potential ordinary shares are considered as having been converted into ordinary shares at the beginning of the reporting period, or on the date of issue of the potential ordinary shares, if later.

(t) Events after the balance sheet date

Events after the balance sheet date that have an impact on the result of the financial year or that provide more information about the position of the company on the balance sheet date are reported in the financial statements. Events after the balance sheet date that do not have an impact on the result are included in the explanatory notes, provided that they are of importance.

(u) New standards, interpretations and amendments

New and revised Standards and Interpretations applied by the Group in the financial year 2015

During the financial year 2015, the Group applied all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Committee (IFRIC) that are relevant for its activities and that became applicable for the accounting period starting on 01 January 2015.
The Group did not apply any new IFRS guidelines that were not yet in force as of 31 December 2015.

The following new standards, interpretations and amendments issued by the International Financial Reporting Interpretations Committee apply with regard to the financial year 2015:

- Annual improvement process 2011-2013 (issued in December 2013);
- IFRIC 21 Levies (May 2013)

The application of these new Standards, Interpretations and Amendments have not lead to important changes in the Group's valuation principles.

No effective standards, amendments, interpretations and improvements were applied earlier by the Group during the financial year 2015.

New and revised Standards and Interpretations applied by the Group in the previous financial year 2014.

As a reminder, the following new and revised Standards and Interpretations were in force for the previous financial year 2014:

- IFRS 10 Consolidated financial statements (issued in May 2011 and amended in June and October 2012);
- IFRS 11 Joint Arrangements (issued in May 2011 and amended in June 2012);

- IFRS 12 Disclosures regarding investments in other entities (issued in May 2011 and amended in June and October 2012);
- IAS 27 Separate financial statements (amendments October 2012);
- IAS 32 Financial instruments: presentation (amendments December 2011): Offsetting financial assets and financial liabilities;
- IAS 36 Impairments on assets (amendments May 2013) – Disclosures regarding recoverable amounts for non-financial assets;
- IFRS 39 Financial instruments: Recognition and measurement (amendments June 2013) - Debt renewal of derivatives and continuation of hedge accounting.

The application of these new Standards, Interpretations and Amendments have not lead to important changes in the Group's valuation principles.
No effective standards, amendments, interpretations and improvements were applied earlier by the Group during the financial year 2014.

New and revised Standards and Interpretations applied by the Group in the first financial year 2013.

Finally, the following new and revised Standards and Interpretations were in force for the first financial year 2013:

- Annual improvement process 2009-2011 (issued in May 2012)
- IFRS 1 First-time adoption of International Financial Reporting Standards (amendments March 2012) - Government Loans
- IFRS 7 Financial instruments: disclosures (amendments December 2011) – Offsetting financial assets and financial liabilities
- IFRS 13 Fair value measurement (issued in May 2011)
- AS 1 Presentation of financial statements (amendments June 2011) – Presentation of comprehensive income items
- IAS 19 Employee benefits (amendments June 2011) – administrative processing of employee benefits (pension and other benefits after termination of employment)
- IAS 27 Separate financial statements (issued May 2011)
- IAS 28 Investments in associates (issued May 2011)
- IFRIC 20 Accounting treatment for stripping costs in the mining sector

The application of these amendments did not lead to important changes in the company's valuation principles.

Standards and interpretations announced but not yet in force for the financial year 2015

The Group decided against early adoption of the following new Standards, Interpretations and Amendments that were not yet obligatory before 31 December 2015:

- Annual improvement process 2010-2012 (issued in December 2013);
- Annual improvement process 2012-2014 (issued in September 2014);
- IFRS 7 Financial instruments, disclosures (amendments December 2011) - Postponement of commencing date of IFRS 9 and amendments of related disclosures;
- IFRS 7 Financial instruments: disclosures (amendment November 2013) - Additional disclosures regarding hedge accounting following the introduction of hedge accounting in IFRS 9;
- IFRS 9 Financial instruments: classification and measurement (issued in July 2019, and subsequent amendments);
- IFRS 10 Consolidated financial statements - Amendments regarding the sale or contribution of assets between an investor and the participation or joint venture (September 2014);
- IFRS 10 Consolidated financial statements – Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IFRS 11 Joint agreements – Amendments regarding the accounting of joint agreements in the consolidated financial statements (May 2014);
- IFRS 12 Disclosures regarding investments in other entities – Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IFRS 14 Regulatory deferral accounts (issued in January 2014);
- IFRS 15 Revenue from contracts with customers (issued in May 2014);
- IAS 1 Presentation of the financial statements – Amendment of the requirements for the presentation and providing of the (additional) comparable information (December 2014);
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable depreciation methods (May 2014);
- IAS 16 Property, Plant and Equipment - Amendments to extend the applicability of IAS 16 to bearer plants (June 2014);
- IAS 19 Employee benefits - amendments related to employee contributions in connection with Defined Benefit Plans (November 2013);
- IAS 27 Separate financial statements - Amendment reinstatement of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity (August 2014);
- IFRS 28 Investments in associates - Amendments regarding the sale or contribution of assets between an investor and the participation or joint venture (September 2014);
- IFRS 28 Investments in associates and joint ventures - Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IAS 38 Intangible assets - Amendments regarding the clarification of acceptable depreciation methods (May 2014);
- IFRS 39 Financial instruments: Recognition and measurement - amendments regarding hedge accounting when applying IFRS 9 (November 2013);
- IAS 41 Agriculture - Amendments to extend the applicability of IAS 16 to bearer plants (June 2014).

No substantial impact is expected as a result of the application of other new and amended Standards and Interpretations on the following periods. The Audit Committee was asked to evaluate the impact of the amended standards in more detail, particularly with regard to IFRS 15.

We refer you to the annual reports for 2013 and 2014 for a similar overview of new and amended Standards and Interpretations applied by the Group and of Standards and Interpretations issued but not yet in force for the previous two financial years.

(v) Assessments and estimates

When preparing the consolidated financial statements, the management have to make assessments and estimates that have an effect on the amounts reported in the financial statements.

Assessments and estimates that are made on every reporting date reflect the circumstances that existed on that date (including interest rates, reference figures, etc.). Although the management bases these estimates on its best knowledge of the current occurrences and of the actions that the Group can take, actual results can differ from these estimates.

The most important assessments and estimates concern the following domains:

KEYWARE TECHNOLOGIES

Realisable value of cash flow generating units with goodwill
The most important assumptions that were used for testing whether goodwill is subject to impairment, for the determination of the realisable value of the cash flow generating units with goodwill, are discussed in the explanatory note (6). The WACC that was used is an element of the assessment. The explanation (6) contains a sensitivity analysis with regard to the three main parameters.

Impairment of customer base
The customer base reflected by the asset deal will be amortised over five years. An impairment test will nevertheless be carried out every year to investigate whether impairments have to be recognised. The critical parameter is the number of contracts still active at the year end.

Recognition of lease income
The principle of the recognition of lease income is stated under (5) (o). The discount rate of the financial years is used as the point of departure. Explanatory note (5) (o) also provides a sensitivity analysis in the event of a deviation of 1 percentage point due to the discount rate.

Impairments of lease receivables
Impairments of lease receivables are recognised in accordance with the principles discussed under (5) (k). These are based in part on historical reference figures for a series of parameters (contract terminations, bankruptcies, difference by brand) in order to determine the impairment to be charged to the financial year.

Deferred taxes
The recognition of deferred tax assets is based on the principle that it is probable that the settlement will take place in the near future (explanatory note (5) (p)). The forecast of results in the near future forms an element of the estimate by the management. In the case of sufficient certainty about the use of the tax losses, additional deferred taxes may be recognised.

Valuation of warrants
In connection with the approval of the "Warrants Plan 2014", a valuation was carried out based on the Black & Scholes method (explanatory note (37) (e)). The volatility of the share is then an element of assessment by the management. The cost associated with this plan was carried in Other expenses.

Disputes
Assessments have to be made with regard to claims and conditional obligations with regard to the existence of an obligation that is a consequence of an event in the past, the determination of the likelihood of an economic outflow, and of the quantifying of this likely economic outflow. The various disputes are discussed in explanatory note (52) and if a provision was made in connection with a dispute this is stated.

(6) Goodwill

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Keyware Smart Card Division	5.248	5.248	5.248
Total	**5.248**	**5.248**	**5.248**

Goodwill is tested for impairment on the level of the cash generating units, which is the lowest level on which goodwill is monitored for management purposes. The impairment test is carried out on each balance sheet date.

Within the Keyware Group, the following cash flow generating units are defined, being:

- the cash flow generating unit with regard to payment terminals (the activities of the company Keyware Smart Card Division NV);
- the cash flow generating unit with regard to payment authorisations (the activities of the company Keyware Transaction&Processing NV and PayItEasy BVBA);

Outstanding goodwill of EUR 5,248 k as at 31 December 2015 pertains entirely to the cash flow generating unit with regard to payment terminals. No additional goodwill was recognised in 2015 as a consequence of the integration of PayItEasy BVBA.

When performing impairment tests with regard to the payment terminals unit, the realisable value is based on the value in use which is calculated by discounting the future cash flows from the constant use of the cash flow generating unit. The future cash flows are based on a short-term cash flow forecast as approved by the management and the Board of Directors.

When preparing the cash flow forecasts, the factors below are taken into consideration and have been applied consistently across the three financial years:

- growth forecasts on future margins derived from the realised financial figures of the most recently available financial year and available historical information;
- the existing product mix (type of terminals) is used as the point of departure, supplemented with, where possible, measurable market data (total number of terminals in the market segments in which the Group is active);
- time lag between the moment of the recognition of turnover and the moment of effectively receiving the cash flows;
- the growth percentages used take into account the expected inflation but do not take into account any non-organic growth. The expected turnover growth percentages as used for the different types of terminals lie between 5% and 22.5%, whereby the higher growth percentages mainly apply for the most recent years;
- a residual value, whereby a growth rate of 1.5% is used;
- the cash flows, before financial results and taxes, are discounted using a discounting rate before tax, calculated based on the weighted average cost of capital. The weighted average cost of capital used per 31 December 2013, 31 December 2014 and 31 December 2015 was 13.07%, 7.96% and 10.18% respectively and is based on current market estimates of the time value of money and company-specific risks.

The cash flow forecasts prepared in this financial year based on these parameters have not given cause to recognise impairments. The management is aware of the fact that changes can occur in the assumptions that have been made following impairment tests.

Sensitivity analysis
In the analysis of the calculation of the sensitivity, the above-mentioned parameters (WACC, growth rate of the turnover and growth rate of the residual value) are each subject to a stress test whereby - when keeping the other two parameters unaltered - the value of the variable parameter is determined at which the carrying value of the goodwill equals the value in use.

Conclusions of the sensitivity analysis
The conclusions for the financial year 2015 are as follows:

- in the event of a WACC of 23.5% (with an unchanged growth rate of the turnover and growth rate of the residual value), the difference between the carrying value and the value in use of this goodwill is zero;

- in the event of a decrease in the cash flows by 79% (with an unchanged WACC growth rate and growth rate of the residual value), the difference between the carrying value and the value in use of this goodwill is zero;
- a decrease in the growth rate of the residual value is required (by 39,80%) (with an unchanged growth rate of the turnover and unchanged WACC), for the difference between the carrying value and the value in use of this goodwill to amount to zero;

The table below compares the conclusions for the financial year 2015 with those of the two previous financial years.

Difference between carrying value and value in use of the goodwill is zero at	WACC	Decrease in cash flows	Increase in growth rate
Financial year 2013	14,0%	-10,0%	0
Financial year 2014	10,5%	-57,0%	-4,2%
Financial year 2015	23,5%	-79,0%	-39,8%

(7) Other intangible fixed assets

This item pertains to software, licences and distribution rights, whereby the cost of the intangible asset can be determined in a reliable manner. The movements for the financial year 2015 can be summarised as follows:

Amounts in kEUR	Software	Patents and licences	Customer base	Total
Gross book value on 1 January 2015	590	1.047	-	1.637
Additions	-	-	250	250
Disposals	-	-	-	-
Gross book value on 31 December 2015	**590**	**1.047**	**250**	**1.887**
Accumulated amortisation and impairments (-) on 1 January 2015	576	1.047	-	1.623
Amortisation costs of the financial year	14	-	50	64
Withdrawal due to disposals	-	-	-	-
Accumulated amortisation and impairments (-) on 31 December 2015	**590**	**1.047**	**50**	**1.687**
Net book value on 31 December 2015	**-**	**-**	**200**	**200**

The software pertains to the SAP ERP package and the licences pertain to the RBS licence following the acquisition of BRV (authorisation services).

In the context of the asset deal with GlobalPay NV, the takeover price was allocated to the equipment and to the customer base. Initially, a value of EUR 275 k was allocated to the customer base. On the basis of the test at the year end to determine the final purchase price, the value of the customer base was ultimately set at EUR 250 k. The client base will be amortised over a period of five years and will be subjected to an annual impairment test which if appropriate may indicate whether an impairment has to be applied in accordance with specific indicators.

The movements for the comparable financial year 2014 can be summarised as follows:

Amounts in kEUR	Software	Patents and licences	Total
Gross book value on 1 January 2014	590	1.047	1.637
Additions	-	-	-
Disposals	-	-	-
Gross book value on 31 December 2014	**590**	**1.047**	**1.637**
Accumulated depreciation and impairments (-) on 1 January 2014	562	1.047	1.609
Amortisation costs of the financial year	14	-	14
Withdrawal due to disposals	-	-	-
Accumulated amortisation and impairments (-) on 31 December 2014	**576**	**1.047**	**1.623**
Net book value on 31 December 2014	**14**	**-**	**14**

The movements for the first financial year 2013 can be summarised as follows:

Amounts in kEUR	Software	Patents and licences	Total
Gross book value on 1 January 2013	590	1.047	1.637
Additions	-	-	-
Disposals	-	-	-
Gross book value on 31 December 2013	**590**	**1.047**	**1.637**
Accumulated depreciation and impairments (-) on 1 January 2013	548	1.047	1.595
Amortisation costs of the financial year	14	-	14
Addition of impairment	-	-	-
Withdrawal due to disposals	-	-	-
Accumulated amortisation and impairments (-) on 31 December 2014	**562**	**1.047**	**1.609**
Net book value on 31 December 2014	**28**	**-**	**28**

(8) Tangible fixed assets

The movements in tangible fixed assets for the financial year 2015 can be summarised as follows:

Amounts in kEUR	Land and buildings	Fixtures and machinery	Furniture, IT and vehicles	Leasing	Other	Total
■ Gross book value on 1 January 2015	-	65	1.049	143	110	1.404
■ Additions	-	-	23	107	-	130
■ Disposals	-	-	-	-	-	-
Gross book value on 31 December 2015	**-**	**65**	**1.072**	**250**	**110**	**1.534**
■ Accumulated depreciation and impairments (-) on 1 January 2015	-	65	671	43	109	919
■ Depreciation costs of the financial year	-	-	147	39	1	187
■ Addition of impairment	-	-	-	-	-	-
■ Withdrawal due to disposals	-	-	-	-	-	-
Accumulated depreciation and impairments (-) on 31 December 2015	**-**	**65**	**818**	**82**	**110**	**1.106**
Net book value on 31 December 2015	**-**	**-**	**254**	**168**	**-**	**428**

The investments of the financial year 2015 mainly pertain to the purchase of vehicles (EUR 123 k), including leasing in the amount of EUR 107 k, as well as hardware/IT (EUR 7 k). The investments in vehicles relate to five vehicles, three of which were financed through Belfius Lease. Other tangible fixed assets mainly concern the furnishing of rented buildings.

The movements in tangible fixed assets for the comparable financial year 2014 can be summarised as follows:

Amounts in kEUR	Land and buildings	Fixtures and machinery	Furniture, IT and vehicles	Leasing	Other	Total
■ Gross book value on 1 January 2014	-	65	946	28	110	1.149
■ Additions	-	-	124	115	-	239
■ Disposals	-	-	(21)	-	-	(21)
Gross book value on 31 December 2014	**-**	**65**	**1.049**	**143**	**110**	**1.367**
■ **Accumulated depreciation and impairments (-) on 1 January 2014**	**-**	**65**	**568**	**28**	**9**	**670**
■ Depreciation costs of the financial year	-	-	112	15	-	127
■ Addition of impairment	-	-	-	-	100	100
■ Withdrawal due to disposals	-	-	(9)	-	-	(9)
Accumulated depreciation and impairments (-) on 31 December 2014	**-**	**65**	**671**	**43**	**109**	**888**
Net book value on 31 December 2014	**-**	**-**	**384**	**100**	**1**	**485**

The investments of the financial year 2014 mainly pertain to the purchase of vehicles (7 vehicles), including 6 leased vehicles, as well as the payment transactions platform. Belfius Bank and Belfius Lease provided finance for the acquisition of the cars.

The platform represented a net book value of EUR 77,000 as of the end of 2014.

An impairment of the former platform of EUR 100,000 was recognised in the financial year 2014 as the platform in PayItEasy is now operational.

The movements in tangible fixed assets for the first financial year 2013 can be summarised as follows:

Amounts in kEUR	Land and buildings	Fixtures and machinery	Furniture, IT and vehicles	Leasing	Other	Total
▪ Gross book value on 1 January 2013	-	65	675	28	108	876
▪ Additions	-	-	271	-	2	273
▪ Disposals	-	-	-	-	-	-
Gross book value on 31 December 2013	**-**	**65**	**946**	**28**	**110**	**1.149**
▪ **Accumulated depreciation and impairments (-) on 1 January 2013**	**-**	**65**	**499**	**28**	**7**	**599**
▪ Depreciation costs of the financial year	-	-	69	-	2	71
▪ Addition of impairment	-	-	-	-	-	-
▪ Withdrawal due to disposals	-	-	-	-	-	-
Accumulated depreciation and impairments (-) on 31 December 2013	**-**	**65**	**568**	**28**	**9**	**670**
Net book value on 31 December 2013	**-**	**-**	**378**	**-**	**101**	**479**

The investments of the financial year 2013 mainly pertained to the purchase of vehicles (12 vehicles). These were financed by a loan from Belfius Bank.

(9) Deferred tax assets

The deferred tax assets can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Deferred tax assets as at 1 January	1.685	1.685	1.685
▪ Capitalisation of deferred tax assets	2.291	667	209
▪ Use of fiscal losses	(918)	(667)	(209)
▪ Increase in the provision for deferred taxes	(395)	(309)	(472)
▪ Neutralisation of increase in deferred tax liabilities (due to financial losses)	395	309	472
Total	**3.058**	**1.685**	**1.685**

The recognised deferred tax assets relate entirely to tax loss carry forwards. Based on the 2014-2018 strategic plan, the budget for 2015 and the fiscal results for the financial year 2015, the Board of Directors re-assessed the recognised deferred tax assets in the light of deductible financial losses in 2015.

Where decisions were taken in 2013 and 2014 not to recognise any additional deferred tax assets, in 2015 it was decided to recognise additional net capitalisation of EUR 1,373 k. This amount relates exclusively to the balance of the fiscal losses of the subsidiary Keyware Smart Card Division.

In addition, the Group still has deferred tax assets that relate to tax loss carry forwards which were not recognised in the figures. At the end of December 2015, this concerned a gross amount of EUR 61,416 k of losses carried forward, which corresponds to a deferred tax asset of EUR 20,875 k. For this reason, the deferred tax liabilities are also not recognised on the temporary differences between BE GAAP and IFRS.

The deferred tax liabilities with respect to Keyware Smart Card Division NV recognised in accordance with the IFRS amendments have been deducted from the deferred tax assets and concern all recognitions of temporary differences.

The applicable tax rate has remained unchanged throughout the periods at 33.99%.

(10) Long-term finance lease receivables

This item can be summarised as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Outstanding capital contracts	16.121	15.355	13.208
▪ Outstanding capital financing Parfip Benelux	-	-	385
▪ Provision for the termination of outstanding contracts	(775)	(1.267)	(759)
Total	**15.346**	**14.088**	**12.834**

The finance lease receivables include the long-term portion of the receivables with regard to the finance lease contracts for payment terminals in accordance with IAS 17 - Leases, taking into account the discount rate that applies at the time of the recognition of turnover. For 2015, this is 7%. As at 31 December 2015, these receivables amount to EUR 16,121 k, compared to EUR 15,355 k as at 31 December 2014. This concerns net amounts, in other words, after the impairment of the outstanding capital in respect of receivables from financial leases in connection with customers who have gone bankrupt, have terminated their activities or have terminated their contract (compare (32) Net impairments on current assets).

In previous financial years, the non-current trade receivables pertaining to the financing agreement with Parfip Benelux NV were also included in this item. The Group concluded a financing agreement with Parfip Benelux NV in 2005, whereby the Group had the possibility to assign contracts in connection with the rental of payment terminals to Parfip Benelux NV at a present value whereby an interest rate was assumed that varied between 10% and 16%. In other words, at the beginning of the contract, the Group received the entire discounted sum of the rent payments and Parfip Benelux NV was to invoice and collect the rental income during the whole period of the contract. The agreement provided for the transfer of the ownership of the equipment to the Group at the end of the contract. In accordance with this contract, the ultimate debtor risk was borne by the Group.

In concrete terms, this meant that in the event of insolvency of a debtor, Parfip Benelux NV reserved the right to reinvoice this contract to the Group in proportion to the remaining outstanding amount of capital with regard to the discounted amount received in advance. The Group could then invoice the end customer directly during the remaining term of the contract. This is recognised in the deferred receivable and the deferred payable which were carried in the balance sheet.

At the end of December 2013, the Group had a deferred receivable/payable corresponding to the total amount of the outstanding capital of the contracts sold in 2008, 2009, 2010, 2011 and 2012, since no new contracts were assigned after mid-2012. This concerned a total amount of EUR 751 k, of which EUR 385 k was long term and EUR 366 k was short term.

The provision for the termination of contracts pertains to the whole population of contracts, whether or not assigned to Parfip Benelux NV. The total provision made as of 31 December 2014 amounted to EUR 1,527 k, of which EUR 1,267 k was recorded as long term and EUR 260 k as short term. The provision made as of 31 December 2013 amounted to a total of EUR 977 k, with a long and a short term portion of EUR 759 k and EUR 218 k respectively.

At year-end 2014, the deferred receivables and deferred payables with regard to these Parfip Benelux contracts amounted to EUR 384 k, which was reported as short term as the acquisition of this equipment, effective as of 1 July 2014, was settled in March 2015 by a payment of EUR 800 k.

(11) Other assets

The other assets can be presented as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Participation	250	-	-
■ Warranties	75	74	75
Total	**325**	**74**	**75**

In addition to warranties of EUR 75 k paid in cash, this item also includes a participation of EUR 250 k in Congra, a company under the laws of Luxembourg. This participation corresponds to a shareholding of 1.7%.

On the basis of an analysis of 31 December 2015, the participation is not subject to any impairment. An impairment test will be performed annually at the year end.

(12) Inventories

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Gross value of stock of terminals	1.921	1.104	676
■ Write off	(929)	(368)	(290)
Total	**992**	**736**	**386**

The goods for resale concern payment terminals and related equipment purchased from third parties. The increase in this item in comparison to the previous financial year can be attributed to the larger share of Worldline terminals in stocks as well as additional stocks in consignment of EUR 444 k. At the end of 2014, stocks in consignment came to EUR 200 k, they had previously been zero.

In the financial year 2015, an impairment was recognised amounting to EUR 561 k in comparison to EUR 78 k and EUR 49 k in 2014 and 2013 respectively. Impairments and reversals of impairments are carried in the income statement under the item "Net impairment losses on current assets".

(13) Trade receivables and other receivables

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Trade receivables	193	299	195
■ Revenue to be collected	177	248	148
■ Credit notes to be issued	(107)	(123)	(82)
■ Bad debts	742	742	742
■ Write-offs	(612)	(612)	(612)
■ Other receivables	233	289	288
Total	**626**	**843**	**679**

The item trade receivables concerns trade receivables that are not related to financial lease receivables. This concerns, in part, invoicing for third party costs, invoicing related to loyalty and authorisations.

The due dates of the trade receivables can be specified as follows:

Amounts in kEUR	Not yet due kEUR	1m-6m kEUR	>6m kEUR	Total kEUR
■ As at 31.12.2015	193	-	-	193
■ As at 31.12.2014	299	-	-	299
■ As at 31.12.2013	145	-	50	195

The credit notes to be issued pertain mainly to an out-of-court settlement of a dispute with a trading partner. In connection with this dispute, the Group wrote off the entire amount of an outstanding receivable amounting to EUR 280 k at the end of 2007. The outstanding debt vis-à-vis the same party remained unchanged. The counter party was summoned by the Court.

At the end of September 2010, the parties reached an out-of-court settlement whereby the Group will ultimately recoup an amount of EUR 193 k (partially in cash and partially the acquittal of debts owed to the same party).

Following this settlement, the originally booked write off was reversed and a to be drafted credit note was registered.

The write-offs comprise the write-off in connection with bad debts and concern entirely the trade receivables from the past that are not related to financial leasing receivables, but still relate to the previously carried out loyalty activities. No additional write offs were booked during the financial years 2013 to 2015.

Other receivables can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ VAT to recover	103	97	95
■ Amounts owed by employees	21	28	8
■ Receivables as a result of passed on amounts	108	42	-
■ Other	-	8	8
■ Settlement receivable	1	114	162
■ Receivable PayItEasy BVBA	-	-	15
Total	**233**	**289**	**288**

In 2010, a mutual agreement was concluded in connection with a legal dispute with a trading partner. As a result, Keyware is entitled to compensation of 1 million euros. This settlement agreement was worked out in the form of reductions on hardware, software and maintenance orders. As of 31 December 2015 these have largely been exhausted, whereas an amount of EUR 162 k still had to be used at the end of 2013 and of EUR 114 k at the end of 2014.

At the end of 2015, the other items mainly concern turnover tax to be reclaimed of EUR 103 k, which will be deducted from the turnover tax payable in January 2016, as well as expenses charged on of EUR 108 k.

The receivable from PayItEasy BVBA is essentially an intra-group receivable. At the end of 2013 this company was still accounted for in accordance with the equity method, so that the mutual intra-group balances were not eliminated.

The carrying value does not differ substantially from the actual value when re-evaluating these financial assets.

(14) Short-term finance lease receivables

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Outstanding capital contracts	4.008	2.857	2.462
■ Provision for the termination of outstanding contracts	(202)	(260)	(218)
■ Outstanding capital financing Parfip Benelux	-	384	386
Total	**3.806**	**2.981**	**2.610**

The item 'outstanding capital contracts' concerns the balance of all adjustments related to financial lease receivables. This item therefore contains both positive and negative adjustments. This includes the short-term portion of the receivables with regard to the financial leases for payment terminals in accordance with IAS 17 - Leases.

The financing agreement with Parfip Benelux NV provided for the debtor risk arising from the assigned receivables to be charged back to Keyware via so-called "repurchases". Since the takeover became effective on 1 July 2014 and was settled in March 2015, this item is now without an object.

The provision in-connection with short-term finance lease receivables amounted to EUR 202 k as of 31 December 2015 compared to EUR 218 k and EUR 260 k as of 31 December 2013 and 31 December 2014 respectively.

(15) Deferred charges

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Prepaid costs	8	19	53
Total	**8**	**19**	**53**

At the end of 2013, this item showed significant amounts from prepaid maintenance costs for the maintenance and repair of the payment terminals. These amounts were invoiced in advance. From 2014 onwards, these amounts have been invoiced on a monthly basis, so that this item will no longer carry significant amounts in future.

(16) Cash and cash equivalents

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Cash and cash equivalents	981	915	97
Total	**981**	**915**	**97**

KEYWARE TECHNOLOGIES

In connection with its activities as a NSP (Network Service Provider), the Group is confronted with the fact that cash movements take place through so-called client accounts. As of 31 December, the balance is, however, zero for the three financial years.

At the end of 2015, cash and cash equivalents came to EUR 981 k, compared to EUR 915 k as of 31 December 2014. The amount included EUR 630 k which was earmarked for the settlement of the acquisition of the Parfip Benelux contracts. This amount was used at the end of March 2015 to settle the above-mention acquisition.

We refer you to the cash flow statement for more insight into movements in cash and cash equivalents for the financial years 2013, 2014 and 2015.

(17) Capital structure

Various capital increases took place in the first financial year 2013, whereby warrant holders proceeded to exercise their warrants. In total, 1,380,000 warrants were exercised, leading to a cash inflow of EUR 966 k comprising a capital increase of EUR 779 k and an addition to the issue premiums of EUR 187 k.

In the comparable financial year 2014, 25,000 warrants were issued in exchange for EUR 18 k, accounted for accordingly under capital and issue premiums at EUR 11 k and EUR 7 k respectively.

In the financial year 2015, 625,000 warrants were exercised in exchange for cash of EUR 411 k. Capital and issue premiums were added in the amounts of EUR 281 k and EUR 130 k respectively.

Amounts in kEUR	kEUR	Number of shares
▪ 31.12.2010	6.745	*16.703.279*
▪ 2011	+131	*+105.000*
▪ 2012	+1.500	*+2.225.514*
▪ 2013	+779	*+1.380.000*
▪ 2014	+11	*+25.000*
▪ 2015	+281	*+625.000*
31.12.2015	**9.447**	***21.063.793***

As of 31 December 2015, the issued authorised share capital therefore amounts to EUR 9,447 k, represented by 21,063,793 shares.

The last decision to renew the authorisation granted to the Board of Directors regarding the allowed capital was taken on 17 March 2010. The renewal will be presented again to the General Shareholders' Meeting for approval on 27 May 2016, with the same conditions being proposed. In particular, the authorisation will enable a capital increase with a maximum amount equal to the authorised capital of the Company for a period of five (5) years, in accordance with Section 603 of the Belgian Company Code. The authorisation of the Board of Directors will also apply to capital increases by contribution in kind and in cash, by converting reserves or issue premiums, with or without issuing shares, and includes the authority to issue convertible bonds, warrants that are or are not linked to another security, and bonds with warrants.

The General Shareholders' Meeting of 27 May 2016 will also receive a proposal to renew the power of the Board of Directors, for a period of three (3) years from the date of this Shareholders' Meeting, to increase the issued share capital of the Company in one or several stages, as from the date of a notification by the FSMA of a public takeover bid for the shares of the Company, by contributions in cash with cancellation or limitation of the priority rights of the existing shareholders or by contributions in kind in accordance with the relevant legal provisions.

The Board of Directors will be hereby authorised, within the framework of the authorised capital and in the interest of the Company and provided that the relevant statutory provisions are complied with, to cancel or limit the priority rights attributed by law to the shareholders. Furthermore, the Board of Directors will be authorised to limit or cancel the priority right in favour of one or several specific persons, even if these persons are not employees of the Company or its subsidiaries. The above-mentioned authorisations can also be used for the transactions specified in Section 605 of the Belgian Company Code, in particular (i) the issue of convertible bonds or warrants whereby the priority right of the shareholders is limited or excluded, (ii) the issue of convertible bonds whereby the priority right of the shareholders is limited or excluded in favour of one or more specific persons, other than employees of the Company or of its subsidiaries, and (iii) the capital increases that occur as a result of the conversion of the reserves.

The General Shareholders' Meeting then resolved a corresponding change of the transitional provisions of the articles of association.

In addition, the following was resolved at the General Shareholders' Meeting of 17 March 2010 and this resolution is to be proposed to the General Shareholders' Meeting of 27 May 2016 for an extension of a new period of five (5) years:

- i) to authorise the Board of Directors to acquire a maximum amount of twenty (20) percent of the shares of the Company at a minimum price equal to the closing price of the share on Euronext Brussels on the trading day immediately prior to the acquisition less twenty (20) percent and at a maximum price equal to the closing price of the share on Euronext Brussels on the trading day immediately prior to the acquisition increased by twenty (20) percent, all of the above in compliance with Sections 620 through 625 of the Belgian Company Code. The authorisation for acquisition is valid for a period of five (5) years, calculated from the date of the publication of the above-mentioned resolution in the annexes of the Belgian Gazette, and can be renewed. The resolution that this authorisation also applies for the acquisition of shares of the Company by one of its directly controlled subsidiaries in accordance with Section 627 of the Belgian Company Code. The resolution to authorise the Board of Directors to dispose of its own shares, whereby the Board of Directors, to the degree permitted by law, is not bound by the aforementioned limitations in time and duration and whereby this authorisation also applies to the disposal of shares of the Company by one of its directly controlled subsidiaries within the meaning of Section 627 of the Belgian Company Code; and
- (ii) to authorise the Board of Directors for a period of three (3) years from the date of notification of this amendment to the Articles of Association, which is planned for 27 May 2016, to acquire, to take as security or to dispose of a minimum of twenty (20) percent of the registered shares, if such acquisition, taking as security or disposal is necessary to prevent a serious potential disadvantage for the Company.

The Board of Directors has the authority to amend the Articles of Association of the

Company in accordance with the capital increase that was determined within the framework of it authority.

Each share entitles the holder to one vote. Under Belgian legislation, the capital structure of the Company, with the number of issued and authorised shares is laid down in the Articles of Association of the Company and can be amended by the shareholders provided that a specific majority of the votes is attained.

(18) Borrowings – long-term liabilities

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ ING Bank financing	646	298	-
▪ Big Friend NV financing	162	228	222
▪ Belfius Bank financing	802	1.442	1.179
▪ Parana Management Corp. BVBA financing	983	1.263	192
▪ Third-party financing	82	111	150
Total	**2.675**	**3.342**	**1.743**

ING Bank
On 19 November 2014, Keyware Smart Card Division NV concluded a new investment loan with this bank for an amount of EUR 750 k. This loan only has to be repaid after a stand-still period of one year (the financial year 2015) during which the remaining amount of the capital was drawn down. The repayment then started in 2016, taking place in 12 quarterly payments of EUR 63 k (increased with interest) so that the contract has an end date of 30 November 2018. The applicable interest rate is 2.34%. The loan is secured by a guarantee issued by Keyware Technologies NV and Keyware Transaction&Processing NV for an amount of EUR 750 k in principal. An amount of EUR 298 k of this loan had been drawn down at the end of 2014. The balance of EUR 452 k was drawn down in 2015 in accordance with the requirements of the Group.

In December 2014, the two parties also concluded a further **investment loan** of **EUR 250 k** in the context of the financing of the GlobalPay deal. This loan will be repaid in 12 quarterly instalments and will end on 31 December 2017.

Big Friend
During March 2011, the Group concluded a first **loan agreement** with Big Friend NV for an amount of **EUR 500 k**. This loan is repayable in 60 monthly payments of EUR 10 k (including interest). The applicable interest rate is 8.0% per annum.

A second **loan agreement** was concluded with Big Friend NV in October 2013 for an amount of **EUR 200 k**, for a term of two years with an interest rate of 8.0%. This loan was repayable by 24 monthly payments of EUR 9 k. This loan was repaid in full at the end of 2015.

Finally, a third **loan agreement** was concluded with this company in May 2014 for an amount of **EUR 250 k**, with a term of 5.5 years (including a six-month still-stand period). The interest rate is 8.0% and this loan is repayable in 20 quarterly instalments. The end date is 31 December 2019.

Belfius Bank
In September 2011, the Group concluded a **loan agreement** for an amount of **EUR 1.5 million** with Belfius Bank. This loan is repayable in 60 monthly payments of between EUR 24 k and EUR 27 k (including interest). The applicable interest rate is 3.5% per annum.

The Group was able to expand the existing loan agreement on 22 June 2012 by concluding an additional **investment loan** for an amount of **EUR 200 k**. This loan is repayable in 48 monthly payments of 4 kEUR (including interest). The applicable interest rate is 3.91% per annum.

The Group was able to expand the existing loan agreement again on 25 September 2012 by concluding an additional **investment loan** with Belfius Bank for an amount of **EUR 380 k**. This loan is repayable in 60 monthly payments of EUR 7 k (including interest). The applicable interest rate is 2.64% per annum.

Finally, the Group was able to convert its short-term **straight loan** liabilities towards Belfius Bank of **EUR 1,000 k** into a five-year investment loan. This straight loan had been gradually increased to EUR 1,190 k by various instalments in 2013. At the end of December 2014, a partial repayment of EUR 190 k was then made, taking the balance to EUR 1,000 k. This straight loan was converted into an investment loan of which EUR 600 k and EUR 2,000 k is payable in the long term and the short term respectively as of the end of 2015. The repayment will take place via 60 equal monthly instalments. The interest rate is 2.75% per annum. The end date is 31 December 2019.

The Group has provided the following security for the above loans from Belfius Bank:

- Parana Management Corp. BVBA has pledged securities for an amount of at least EUR 2,800 k in implementation of a discretionary asset management agreement. This secured amount is being reduced every six months by 10% as from 1 January 2015;
- the joint and several guarantee issued by Guido Van der Schueren for EUR 900 k

Parana Management Corp.
The Group concluded a **loan agreement** with Parana Management Corp. BVBA on 25 September 2012 for an amount of **EUR 250 k**. This loan is repayable in 60 monthly payments of EUR 5 k (including 8.0% interest). This loan will be repaid as from January 2015.

Keyware Smart Card Division NV concluded a **loan agreement** with Parana Management Corp. BVBA in May 2014 for EUR 1,500 k. This concerns a loan agreement with a term of 5.5 years (including a six-month stand-still period). The interest rate is 8.0%. The repayments will take place on a quarterly basis (20 instalments of EUR 97 k). Although only **EUR 1,200 k** had been taken up at the end of 2014, the balance will not be used because it has not been required. It will be repaid in instalments of EUR 78 k. The end date is 31 December 2019.

Other loans
In June 2011, the Group concluded a **financing agreement** for **EUR 150 k** with an employee of the Group. In accordance with the agreement, this loan will be repaid after one year. This funding for an indefinite period was converted in 2014 into a contract with a definite term (5 years) with as end date 30 June 2019. The applicable interest rate is 8.0% per annum and this loan is being repaid on a quarterly basis since 30 September 2014.

The future repayment obligations in respect of long-term and short-term loans can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ 2014	-	-	2.323
▪ 2015	-	1.443	792
▪ 2016	1.514	1.165	571
▪ 2017	1.168	835	380
▪ 2018	879	714	-
▪ 2019	628	628	-
Total	**4.189**	**4.785**	**4.066**

(19) Obligations under finance lease – long term

The lease obligations concern:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Financing of vehicles	43	69	-
Total	**43**	**69**	**-**

The long-term finance lease obligations relate to the financing of vehicles by ING and Belfius Lease. This concerns six contracts for the term of 48 months, from April 2014 up to and including March 2018, and three contracts for a period of 36 months, from February 2015 up to and including January 2018. The investments amount to EUR 114 k (2014) and EUR 107 k (2015) respectively. The total lease liability at year-end 2015 amounted to EUR 69 k, of which EUR 43 k was long term.

The future repayment obligations in respect of long-term and short-term loans can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ 2015	-	30	-
▪ 2016	26	25	-
▪ 2017	25	26	-
▪ 2018	18	18	-
Total	**69**	**99**	**-**

(20) Trade payables – non-current liabilities

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Financing through Parfip Benelux	-	-	385
Total	**-**	**-**	**385**

As stated under (10) Long-term finance lease receivables, the Group has concluded a financing agreement with Parfip Benelux NV, whereby the Group has the possibility to assign the contracts in respect of rental of payment terminals to Parfip Benelux NV.

In connection with this agreement, the contracts regarding the rental of payment terminals were sold to Parfip Benelux NV up to mid-2012 at the present value. At the end of the contract, the equipment, provided payment of a small residual value, again became the property of the Group.

In accordance with this contract, the ultimate debtor risk was for the account of the Group so that both deferred receivables and deferred liabilities were reported on the balance sheet in this context.

There where the deferred receivable / debt equalled the total amount of the outstanding capital for the contracts sold in 2008, 2009, 2010, 2011 and 2012, there is only a short-term liability as of the end of December 2014 in view of the acquisition by the Group of the still existing contracts as of 1 July 2014. As a consequence of the takeover of the lease contracts as of 1 July 2014 and the settlement in March 2015, the balance at the end of 2015 shows no further liabilities in this respect.

(21) Trade, social security and fiscal liabilities - current liabilities

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Trade payables	1.483	2.072	1.649
▪ Deferred liability Parfip Benelux	-	384	366
▪ Invoices to be received	885	1.192	1.369
▪ Credit notes to be received	(115)	(115)	(115)
▪ VAT due	-	45	29
▪ Estimated corporation taxes	105	-	-
▪ Payroll tax and social security contributions	76	81	36
▪ Salaries to be paid	12	44	66
▪ Provision for holiday pay	128	130	111
Total	**2.574**	**3.833**	**3.511**

The total amount of outstanding suppliers includes an amount of 459 kEUR of overdue trade debts. This mainly concerns suppliers with whom a dispute is pending.

Outstanding trade payables can be specified as follows:

Amounts in kEUR	31.12.2015		31.12.2014		31.12.2013	
	Number	kEUR	Number	kEUR	Number	kEUR
▪ Current suppliers	-	1.047	-	1.545	-	969
▪ Pending disputes	2	346	2	428	2	428
▪ Internal consultants	8	59	7	68	7	221
▪ Supplier and simultaneously client	2	31	2	31	2	31
Total		**1.483**		**2.072**		**1.649**

The internal consultants relate to independent suppliers of services to the Group, such as the CEO, CFO, COO, CCO, marketing director, business developer and a technical employee. In the matter of the disputes, we also refer you to Note 43.

The due dates of the trade payables can be specified as follows:

Amounts in kEUR	< 1year kEUR	1 years - 5 years kEUR	> 5 years kEUR	Total kEUR
▪ As at 31.12.2015	1.024	459	-	1.483
▪ As at 31.12.2014	1.613	459	-	2.072
▪ As at 31.12.2013	1.190	459	-	1.649

The carrying value does not differ substantially from the actual value when re-evaluating these financial assets.

(22) Borrowings – short-term obligations

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ ING Bank financing	271	-	187
▪ Big Friend NV financing	77	236	280
▪ Belfius Bank financing	788	743	502
▪ Parana Management Corp. BVBA financing	340	331	164
▪ Iquess Consulting BVBA financing	-	100	-
▪ Straight loan Belfius Bank	-	-	1.190
▪ Other third-party financing	38	33	-
Total	**1.514**	**1.443**	**1.443**

The above amounts concern the current liabilities of the above-mentioned loans. For further information about this item, we refer you to (18) Borrowings - long-term obligations.

The straight loan provided by Belfius Bank amounted to EUR 1,190 k in total at year-end 2013. This was reduced in 2014 by an amount of EUR 190 k. The balance of EUR 1,000 k has been converted into a 5-year investment loan with repayments of EUR 200 k per annum on a monthly basis. This liability therefore subsequently formed an integral part of the financing by Belfius Bank.

Iquess Consulting BVBA had granted a loan of EUR 100 k for a period of one year, which was consequently repaid in mid 2015.

(23) Obligations under finance lease – short term

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Sale & lease back Parfip Benelux	-	-	17
▪ Financing of vehicles	26	30	-
Total	**26**	**30**	**17**

For the explanatory notes to this item, we refer you to (19) Obligations under finance lease - long term.

(24) Other liabilities

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Liabilities in connection with employees	-	22	37
▪ Other	11	-	-
Total	**11**	**22**	**37**

The disputes with two employees were settled in 2015.

At the end of December 2015, the other liabilities of EUR 11 k represented the payment of an amount not owed that was repaid to the counterparty in January 2016.

(25) Deferred revenues

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Accrued expenses	134	66	101
▪ Deferred revenues	358	302	236
Total	**492**	**368**	**337**

The accrued expenses concern rent and interest expenses while the deferred income items concern the deferred maintenance income. The increase in this item is the result of higher authorisation income in 2015 in comparison to 2014 and 2013.

(26) Business segment information

The Group reports its operational segments according to the nature of the activities. The Group makes a distinction between, on the one hand, results in connection with activities regarding payment terminals and, on the other hand, results in connection with activities regarding authorisations.

The activities in connection with payment terminals comprise the rental, the sale and the installation of payment terminals as well as the activities in connection with help desk maintenance and interventions.

The activities with regard to payment authorisations concern the revenues in connection with payment transactions and authorisation services, transaction management for third parties, loyalty processing and analysis services, etc.

Between 1 January 2013 and 30 September 2014, PayItEasy BVBA was accounted for by the equity method, so that it remained outside the scope of consolidation.

The activities carried out by PayItEasy BVBA have been included as an integral part of the consolidation since the fourth quarter of 2014. This activity has been grouped with authorisations for the business segment information analysis.

A number of the group supporting activities, such as finance and administration, expenses in connection with the listing on the stock market etc., are reported as non-allocatable elements under Corporate.

The breakdown of the results for the financial year 2015 is as follows:

Consolidated profit and loss account Segment Information	31.12.2015 kEUR Terminals (audited)	31.12.2015 kEUR Authorisations (audited)	31.12.2015 kEUR Corporate (audited)	31.12.2015 kEUR (audited)
Continuing operations				
■ Revenue	11.562	883	46	12.491
■ Other gains and losses	252	21	41	314
■ Raw materials and consumables	(2.301)	-	(12)	(2.313)
■ Salaries and employee benefits	(1.265)	(146)	(97)	(1.508)
■ Depreciation and amortisation	(64)	(39)	(148)	(251)
■ Impairments	-	-	-	-
■ Net impairments on current assets	(1.785)	-	-	(1.785)
■ Other operating expenses	(2.816)	(625)	(271)	(3.712)
Operating profit/(operating loss)	**3.583**	**94**	**(441)**	**3.236**
■ Financial income	1.137	1	3	1.141
■ Financial expenses	(190)	(1)	(158)	(349)
Profit before taxes	**4.530**	**94**	**(596)**	**4.028**
■ Taxes on the result	1.263	-	-	1.263
■ Result from participations in Joint Ventures	-	-	-	-
Profit/(loss) for the period from continuing operations	**5.793**	**94**	**(596)**	**5.291**
■ Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**5.793**	**94**	**(596)**	**5.291**

KEYWARE TECHNOLOGIES

The breakdown of the balance for the sheet financial year 2015 is as follows:

Consolidated balance sheet Segment Information	31.12.2015 kEUR Terminals (audited)	31.12.2015 kEUR Authorisations (audited)	31.12.2015 kEUR Corporate (audited)	31.12.2015 kEUR (audited)
Assets				
▪ Goodwill	5.248	-	-	5.248
▪ Other intangible fixed assets	200	-	-	200
▪ Property, plant and equipment	-	39	389	428
▪ Deferred tax assets	3.058	-	-	3.058
▪ Receivables from finance leases	15.346	-	-	15.346
▪ Other assets	267	5	53	325
Non-current assets	**24.119**	**44**	**442**	**24.605**
▪ Inventories	992	-	-	992
▪ Trade and other receivables	218	184	224	626
▪ Receivables from finance leases	3.806	-	-	3.806
▪ Deferred charges	1	-	7	8
▪ Cash and cash equivalents	484	41	456	981
Current assets	**5.501**	**225**	**687**	**6.413**
Total assets	**29.620**	**269**	**1.129**	**31.018**
Equity and liabilities				
▪ Issued capital	-	-	8.771	8.771
▪ Issue premiums	-	-	4.846	4.846
▪ Other reserves	-	-	-	-
▪ Result carried forward	14.673	(426)	(4.978)	9.269
Equity	**14.673**	**(426)**	**9.436**	**23.683**
Provisions	**-**	**-**	**-**	**-**
▪ Borrowings	2.348	-	245	2.593
▪ Lease liabilities	-	-	43	43
▪ Other loans	82	-	-	82
Non-current liabilities	**2.430**	**-**	**288**	**2.718**
▪ Borrowings	1.320	-	194	1.514
▪ Lease liabilities	-	-	26	26
▪ Trade payables, social security contributions and tax liabilities	1.635	119	820	2.574
▪ Other liabilities	-	-	11	11
▪ Deferred revenues	388	-	104	492
Current liabilities	**3.343**	**119**	**1.155**	**4.617**
Total equity and liabilities	**20.446**	**(307)**	**10.879**	**31.018**

The breakdown of the result for the comparable financial year 2014 is as follows:

Consolidated profit and loss account Segment Information	31.12.2014 kEUR Terminals (audited)	31.12.2014 kEUR Authorisations (audited)	31.12.2014 kEUR Corporate (audited)	31.12.2014 kEUR (audited)
Continuing operations				
▪ Revenue	9.027	691	-	9.718
▪ Other gains and losses	150	64	64	278
▪ Raw materials and consumables	(2.149)	(136)	(33)	(2.318)
▪ Salaries and employee benefits	(1.237)	(137)	(104)	(1.478)
▪ Depreciation and amortisation	(15)	(3)	(123)	(141)
▪ Impairment	-	(100)	-	(100)
▪ Net impairments of current assets	(1.002)	-	-	(1.002)
▪ Other operating expenses	(2.363)	(405)	(819)	(3.587)
Operating profit/(operating loss)	**2.411**	**(26)**	**(1.015)**	**1.370**
▪ Financial income	1.005	-	-	1.005
▪ Financial expenses	(262)	(4)	(176)	(442)
Profit before taxes	**3.154**	**(30)**	**(1.191)**	**1.933**
▪ Taxes on the result	-	-	-	-
▪ Result from articipations in Joint Ventures	-	-	**(23)**	**(23)**
Profit/(loss) for the period from continuing poperations	**3.154**	**(30)**	**(1.214)**	**1.910**
▪ Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**3.154**	**(30)**	**(1.214)**	**1.910**

The breakdown of the balance for the comparable sheet financial year 2014 is as follows:

Consolidated balance sheet Segment Information	31.12.2014 kEUR Terminals (audited)	31.12.2014 kEUR Authorisations (audited)	31.12.2014 kEUR Corporate (audited)	31.12.2014 kEUR (audited)
Assets				
▪ Goodwill	5.248	-	-	5.248
▪ Other intangible fixed assets	14	-	-	14
▪ Property, plant and equipment	-	77	408	485
▪ Deferred tax assets	1.685	-	-	1.685
▪ Receivables from finance leases	14.088	-	-	14.088
▪ Other assets	17	5	52	74
Non-current assets	**21.052**	**82**	**460**	**21.594**
▪ Inventories	736	-	-	736
▪ Trade and other receivables	480	215	148	843
▪ Receivables from finance leases	2.981	-	-	2.981
▪ Deferred charges	-	-	19	19
▪ Cash and cash equivalents	643	222	50	915
Current assets	**4.840**	**437**	**217**	**5.494**
Total assets	**25.892**	**519**	**677**	**27.088**
Equity and liabilities				
▪ Issued capital	-	-	8.490	8.490
▪ Issue premiums	-	-	4.716	4.716
▪ Other reserves	-	-	797	797
▪ Result carried forward	8.880	(520)	(4.382)	3.978
Equity	**8.880**	**(520)**	**9.621**	**17.981**
Provisions	-	-	-	-
▪ Borrowings	2.892	-	339	3.231
▪ Lease liabilities	-	-	69	69
▪ Other loans	111	-	-	111
Non-current liabilities	**3.003**	**-**	**408**	**3.411**
▪ Borrowings	1.278	-	165	1.443
▪ Lease liabilities	-	-	30	30
▪ Trade payables, social security contributions and tax liabilities	2.773	244	816	3.833
▪ Other liabilities	1	-	21	22
▪ Deferred revenues	324	-	44	368
Current liabilities	**4.376**	**244**	**1.076**	**5.696**
Total equity and liabilities	**16.259**	**(276)**	**11.105**	**27.088**

The breakdown of the results for the first financial year 2013 is as follows:

Consolidated profit and loss account Segment Information	31.12.2013 kEUR Terminals (audited)	31.12.2013 kEUR Authorisations (audited)	31.12.2013 kEUR Corporate (audited)	31.12.2013 kEUR (audited)
Continuing operations				
▪ Revenue	8.300	449	-	8.749
▪ Other gains and losses	301	9	25	335
▪ Raw materials and consumables	(1.754)	(96)	(53)	(1.903)
▪ Salaries and employee benefits	(1.251)	(61)	(93)	(1.405)
▪ Depreciation and amortisation	(15)	-	(69)	(84)
▪ Net impairments on current assets	(1.849)	(14)	-	(1.863)
▪ Other operating expenses	(2.478)	(425)	(448)	(3.351)
Operating profit/(operating loss)	**1.254**	**(138)**	**(638)**	**478**
▪ Financial income	875	-	-	875
▪ Financial expenses	(204)	(1)	(88)	(293)
Profit before taxes	**1.925**	**(139)**	**(726)**	**1.060**
▪ Taxes on the result	-	-	-	-
▪ Result from participations in Joint Ventures	-	-	**(31)**	**(31)**
Profit/(loss) for the period from continued operations	**1.925**	**(139)**	**(757)**	**1.029**
▪ Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**1.925**	**(139)**	**(757)**	**1.029**

The breakdown of the balance sheet for the first financial year 2013 is as follows:

Consolidated balance sheet Segment Information	31.12.2013 kEUR Terminals (audited)	31.12.2013 kEUR Authorisations (audited)	31.12.2013 kEUR Corporate (audited)	31.12.2013 kEUR (audited)
Assets				
■ Consolidation differences	5.248	-	-	5.248
■ Other intangible fixed assets	28	-	-	28
■ Property, plant and equipment	1	100	378	479
■ Deferred tax assets	1.685	-	-	1.685
■ Receivables from finance leases	12.834	-	-	12.834
■ Other assets	18	5	52	75
Non-current assets	**19.814**	**105**	**430**	**20.349**
■ Inventories	386	-	-	386
■ Trade and other receivables	431	145	103	679
■ Receivables from finance leases	2.610	-	-	2.610
■ Deferred charges	42	-	11	53
■ Cash and cash equivalents	66	3	28	97
Current assets	**3.535**	**148**	**142**	**3.825**
Total assets	**23.349**	**253**	**572**	**24.174**
Equity and liabilities				
■ Issued capital	-	-	8.479	8.479
■ Issue premiums	-	-	4.709	4.709
■ Other reserves	-	-	537	537
■ Result carried forward	5.726	(490)	(3.168)	2.068
Equity	**5.726**	**(490)**	**10.557**	**15.793**
Provisions	**-**	**-**	**28**	**28**
■ Borrowings	1.333	-	410	1.743
■ Trade payables	385	-	-	385
Non-current liabilities	**1.718**	**-**	**410**	**2.128**
■ Trade payables, social security contributions and tax liabilities	2.079	178	1.254	3.511
■ Borrowings	2.108	-	215	2.323
■ Lease liabilities	17	-	-	17
■ Other liabilities	16	-	21	37
■ Deferred revenues	270	-	67	337
Current liabilities	**4.490**	**-**	**1.557**	**6.225**
Total equity and liabilities	**11.934**	**(312)**	**12.552**	**24.174**

(27) Geographic segment information

The geographic segment information can be specified as followed: in the three financial years presented, more than 99% of the turnover was realised in Belgium and the remainder in the Netherlands. The turnover realised in the Netherlands was realised by the Belgian branches and with personnel and resources from Belgium.

(28) Revenue categories

The various revenue categories can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Discounted rental income	6.817	4.867	5.132
■ Sale of goods	367	202	213
■ Providing services	4.590	3.878	2.747
■ Termination fees	717	771	657
Total	**12.491**	**9.718**	**8.749**

At the end of 2015 the Company had approximately 17,000 active customers in the terminal segment compared to 12,000 and 15,000 at the end of 2013 and 2014 respectively. The most important customer represents less than 1% of the Group's revenue for the three financial years presented.

The discounted rental income represents the net present value of the lease contracts, discounted using a WACC of 8.61%, 7.5% and 7% in 2013, 2014 and 2015 respectively. The difference between the nominal value of the contract and the net discounted value recognised as revenue upon installation of the terminal is recognised pro rata in financial income over the period of the contract.

(29) Other operating income

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Personal contribution meal vouchers	11	12	11
■ Benefit in kind relating to the personal use of company cars	38	38	39
■ Benefit in kind on mobile phone use	6	7	6
■ Payment differences and other amounts on receivables	128	17	83
■ Insurance refunds	-	17	-
■ Terminated suppliers' debts recognised	-	41	125
■ Other	130	146	71
Total	**314**	**278**	**335**

The payment differences with regard to receivables and other bonuses mainly relate to legal costs recovered from customers which were themselves pre-financed. They represent significant amounts from 2015 onwards, partly because of the efforts made in respect of receivables management.

A commercial consideration was received from a supplier in the comparable financial year 2014 which actually pertained to the previous financial year. An amount of EUR 90 k was reported under the other gains and losses.

The first financial year 2013 was influenced positively by payment differences on debtors and creditors that had already expired many years ago. The positive impact of these recognised in the result comes to EUR 83 k and EUR 125 k respectively.

(30) Employee benefits

The workforce and the employee benefits can be specified as follows:

Numbers	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Employees - excluding management	29	33	31
■ Management	-	-	-

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Salaries	1.084	1.053	1.061
■ Social security contributions	300	301	266
■ Group insurance	8	13	7
■ Various benefits	52	52	57
■ Other	64	59	14
Total	**1.508**	**1.478**	**1.405**

(31) Depreciation, amortisation and impairments

Depreciation and amortisation can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Amortisation of intangible fixed assets	64	14	14
■ Depreciation of tangible fixed assets	187	127	70
Total	**251**	**141**	**84**

The increase in the depreciation of tangible fixed assets arises from the investments in the expansion of the vehicle fleet between 2013 and 2015. The increase in the amortisation of intangible fixed assets relates to the recognition of the customer base in the context of the GlobalPay deal. The financial year 2015 contains an amortisation of EUR 50 k.

An impairment of EUR 100 k was recognised in the comparable financial year 2014 for the previous platform as a new platform had been taken into use in the meantime.

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Impairment of fixed assets	-	100	-
Total	**-**	**100**	**-**

(32) Net impairment losses on current assets

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
■ Impairment of finance lease receivables	1.224	924	1.814
■ Write-offs of inventories	561	78	49
Total	**1.785**	**1.002**	**1.863**

We refer you to sections 10 and 14 for more details regarding the impairment of financial lease receivables.

(33) Other operating expenses

This item can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Accommodation	162	135	145
▪ Car expenses	320	383	350
▪ Material expenses	43	57	47
▪ Communication expenses	193	200	243
▪ Fees	2.209	1.822	1.632
▪ Stock-market listing	63	42	66
▪ Representation and delegation	183	141	134
▪ Sales and marketing	320	284	441
▪ Interim	24	11	97
▪ Administration	136	128	112
▪ Non-deductible turnover tax	31	35	53
▪ Valuation of warrants	-	260	-
▪ Other	28	89	31
Total	**3.712**	**3.587**	**3.351**

In accordance with IFRS, a valuation was performed in the financial year 2014 of the warrants granted by the 2014 Plan. The costs in connection with this amounted to EUR 260 k and were reported under other liabilities. This cost is non-recurring and does not entail any expense.

(34) Financial income and expenses

The financial income can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Financing income from payment terminal contracts	1.127	1.005	875
▪ Other	14	-	-
Total	**1.141**	**1.005**	**875**

As stated in explanatory note (5) Main accounting principles governing the financial reporting - (j) Financial Instruments - Finance Lease receivables, the rental price of a contract is divided into net rent and maintenance. Subsequently, the present value for the full term of the contract, which is 60 months in most cases, is calculated. This amounts to the discounting of future rents. The entire net present value obtained in this way recorded as turnover in the month in which the contract starts. The rental component related to maintenance is spread over the duration of the contract. Financial income equal to the difference between the total value of the contract and the discounted value is recorded each month. This financial income concerns the financing income in respect of contracts for payment terminals. The financial income is recognised in the result on the basis of the discount rate (WACC) in force at the time when the net present value is recognised.

The financial expenses can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Interest and other expenses to shareholders	94	130	41
▪ Interest on financial debts	229	245	105
▪ Interest Parfip contracts	-	35	124
▪ Interest on leasing	4	5	6
▪ Interest on late payments	-	8	3
▪ Other	22	19	14
Total	**349**	**442**	**293**

The reduction in interest paid to shareholders and financial institutions is connected to the reduced debt burden at the end of 2015 compared to the end of 2014. The increase in 2014 compared to 2013 is connected to the new loans provided by the shareholders.

The gradual reduction and ultimate elimination of the interest relating to the Parfip Benelux contracts arises from the reduction of the number of contracts under their management and the fact that the Group ultimately took over the administration of contracts itself as from 1 July 2014.

(35) Income tax

Income tax can be specified as follows:

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Profit before taxes	4.028	1.910	1.029
▪ Taxes at the normal rate	1.369	649	350
▪ Additional capitalisation of fiscal losses	(2.291)	(667)	(209)
▪ Corporation tax	110	-	-
▪ Non-capitalised deferred taxes on fiscal losses for the financial year	-	307	310
▪ Temporary differences and other	(452)	(289)	(451)
Total	**1.263**	**-**	**-**

In the fiscal year 2015, most new deferred tax assets recognised related to the net fiscal losses of Keyware Smart Card Division.

On the other hand, the item contains a tax expense of EUR 110 k which mainly relates to the *'fairness tax'* of EUR 101 k with regard to the dividends in favour of the Company declared by the subsidiary Keyware Smart Card Division. The balance of EUR 9 k relates to settlements of corporation tax.

None of the four companies suffered a fiscal loss in 2015. There are therefore no additional noncapitalised deferred taxes.

(36) Result from participations in Joint Ventures

A 50%-50% joint venture was established between Keyware and J4S BVBA, "PayItEasy BVBA" ('PIE') in June 2013. Upon the founding the joint venture, the capital was paid up for one-third, or EUR 3 k for each of the partners. During the first year of its activities, the joint venture suffered a loss of EUR 62 k. In view of the 50%- 50% shareholding and the recognition of this participation in accordance with the equity method the corresponding share of the Group in this result of EUR 31 k was expressed in the consolidated profit and loss account of 2013. The share of both parties in the capital of PayItEasy BVBA amounted to EUR 28 k (negative) on 31 December 2013, which was recognised on the liability side of the balance sheet under the provisions.

Following the acquisition of the other 50% of the shares of PayItEasy BVBA, this company became a wholly-owned subsidiary.

On the date of the determination of this consolidation difference, 1 October 2014, the equity capital of PayItEasy consisted of the following:

	30.09.2014 kEUR
▪ Property, plant and equipment (platform)	27
▪ Trade debtors	189
▪ Turnover tax to be reclaimed	2
▪ Cash and cash equivalents	3
Total assets	**221**
▪ Trade payables and other payables	322
Total liabilities	**322**
Equity	**(101)**
▪ Paid-up capital	6
▪ Loss carried forward	(61)
▪ Loss period 01.01.2014 – 30.09.2014	(46)
Equity	**(101)**

This acquisition had the following impact on the previous financial year in the presentation of the consolidated financial figures:

- Up to 30 September 2014, the share of the Group (50%) was reported separately in the profit and loss account (EUR 23 k loss);
- As from 1 October 2014, the various components of the result are included completely in the consolidation, under the deduction of intra-group transactions.

The individual contribution of PayItEasy BVBA to the consolidated result of the previous financial year 2014 was as follows:

Amounts in kEUR	Contribution PayItEasy	Intra-group elimination	Net contribution
▪ Revenue	49	(49)	-
▪ Raw materials and consumables	-	49	49
▪ Depreciation and amortisation	(3)	-	(3)
▪ Other operating expenses	(29)	-	(29)
▪ Financial result	(1)	-	(1)
▪ Result from Joint Venture	(23)	-	(23)
Profit/(loss) for the period	**(7)**	**-**	**(7)**

For the purpose of providing additional information, a pro forma consolidated profit and loss account was presented in the 2014 annual report whereby the results of PayItEasy BVBA were consolidated for a full financial year in accordance with the integral method, including elimination of the intra-group movements.

Consolidated profit and loss account for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2014 kEUR (pro forma)
Continuing operations		
▪ Revenue	9.718	9.704
▪ Other gains and losses	278	278
▪ Raw materials and consumables	(2.318)	(2.186)
▪ Salaries and employee benefits	(1.478)	(1.478)
▪ Depreciation and amortisation	(141)	(150)
▪ Impairment	(100)	(100)
▪ Net impairment losses on current assets	(1.002)	(1.002)
▪ Other operating expenses	(3.587)	(3.737)
Operating profit/(operating loss)	***1.370***	***1.329***
▪ Financial income	1.005	1.001
▪ Financial expenses	(442)	(442)
Profit before taxes	**1.933**	**1.888**
▪ Taxes on the result	-	-
Result from participations in Joint Ventures	**(23)**	**-**
Profit/(loss) for the period	1.910	1.888
▪ Weighted average number of issued ordinary shares	20.422.766	20.422.766
▪ Weighted average number of shares for the diluted earnings per share	22.396.786	22.396.786
Profit/(loss) per share		
▪ Profit/(loss) per share	0,0935	0,0924
▪ Profit/(loss) per diluted share	0,0853	0,0843

The annual report for 2014 also referred you to the table of cash flows, since the transition from the equity method to the integral method has led to expressing the platform in fair value. The extra value allocated to the platform formed part of the investments of 2014, without this being accompanied by a real expense. This was reflected in the correction of EUR 49 k stated in the cash flows table.

For illustrative purposes, the individual key figures of PayItEasy at 31 December 2014 read as:

Amounts in kEUR	31.12.2014 kEUR
■ Fixed assets	24
■ Current assets	244
■ Equity	60
■ Liabilities over less than one year	209
■ Revenue	181
■ Net result	(29)
■ Personnel	-

The transactions between Keyware Group and PayItEasy BVBA could be summarised as follows in 2014:

Amounts in kEUR	2014 kEUR
■ Trade receivables of the Group from PIE	51
■ Loans provided by the Group to PIE	49
■ Capex acquired from the Group	-
■ Trade receivables of PIE on the Group	232
■ PIE's revenue generated with the Group	181
■ Costs charged to PIE by the Group	20

For illustrative purposes, a comparison is made below between the 2015 income statement and the 2014 pro forma income statement through which PayItEasy BVBA was included in both cases for the full financial year on the basis of the integral method:

Consolidated profit and loss account for the period ending on	Financial year	
	31.12.2015 kEUR (audited)	31.12.2014 kEUR (pro forma)
Continuing operations		
■ Revenue	12.491	9.704
■ Other gains and losses	314	278
■ Raw materials and consumables	(2.313)	(2.186)
■ Salaries and employee benefits	(1.508)	(1.478)
■ Depreciation and amortisation	(251)	(150)
■ Impairment	-	(100)
■ Net impairment losses on current assets	(1.785)	(1.002)
■ Other operating expenses	(3.712)	(3.737)
Operating profit/(operating loss)	**3.236**	**1.329**
■ Financial income	1.141	1.001
■ Financial expenses	(349)	(442)
Profit before taxes	**4.028**	**1.888**
■ Taxes on the result	1.263	-
Result from participation in Joint Ventures	-	-
Profit/(loss) for the period	5.291	1.888
■ Weighted average number of issued ordinary shares	20.454.204	20.422.766
■ Weighted average number of shares for the diluted earnings per share	23.659.183	22.396.786
Profit/(loss) per share		
■ Profit/(loss) per share	0,2587	0,0924
■ Profit/(loss) per diluted share	0,2236	0,0843

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(37) Impact of the GlobalPay acquisition

The table below shows the separate impact of the GlobalPay acquisition on the 2015 income statement (column 3). By this means, the results excluding the acquisition (column 4) can be compared with the figures for the comparable financial year 2014 (column 5).

Consolidated profit and loss account Segment Information	31.12.2015 kEUR Overall (audited)	*31.12.2015 kEUR GlobalPay (pro forma)*	31.12.2015 kEUR Ex GlobalPay (pro forma)	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Continuing operations					
▪ Revenue	12.491	*850*	11.641	9.718	8.749
▪ Other gains and losses	314	-	314	278	335
▪ Raw materials and consumables	(2.313)	*(316)*	(1.997)	(2.318)	(1.903)
▪ Salaries and employee benefits	(1.508)	-	(1.508)	(1.478)	(1.405)
▪ Depreciation and amortisation	(251)	*(50)*	(201)	(141)	(84)
▪ Impairment	-	-	-	(100)	-
▪ Net impairments of current assets	(1.785)	*(47)*	(1.738)	(1.002)	(1.863)
▪ Other operating expenses	(3.712)	-	(3.712)	(3.587)	(3.351)
Operating profit/ (operating loss)	**3.236**	***437***	**2.799**	**1.370**	**478**
▪ Financial income	1.141	*18*	1.123	1.005	875
▪ Financial expenses	(349)	*(5)*	(344)	(442)	(293)
Profit before taxes	**4.028**	***450***	**3.578**	**1.933**	**1.060**
▪ Taxes on the result	1.263	-	1.263	-	-
▪ Result from participations in Joint Ventures	-	-	-	(23)	(31)
Profit/(loss) for the period from continued operations	**5.291**	***450***	**4.841**	**1.910**	**1.029**
▪ Profit/(loss) for the period from discontinued operations	-	-	-	-	-
Profit/(loss) for the period	**5.291**	***450***	**4.841**	**1.910**	**1.029**
▪ Weighted average number of issued ordinary shares			20.454.204	20.422.766	19.755.327
▪ Weighted average number of shares for the diluted earnings per share			23.659.183	22.396.786	21.217.827
Profit/(loss) per share					
Profit/(loss) per share			0,2367	0,0935	0,0521
Profit/(loss) per diluted share			0,2046	0,0853	0,0469

(38) Benefits in the form of equity instruments

(a) Overview

An overview for the past three years can be presented as follows:

	31.12.2015		31.12.2014		31.12.2013	
	Warrants	Exercise price	Warrants	Exercise price	Warrants	Exercise price
▪ Outstanding at the beginning of the period	3.502.500	0,71	1.462.500	0,92	2.922.500	0,83
▪ Allocated	-	-	2.065.000	0,57	-	-
▪ Exercised	(625.000)	0,66	(25.000)	0,70	(1.380.000)	0,70
▪ Expired	(367.500)	1,56	-	-	(80.000)	1,56
▪ Lapsed	(30.000)	0,63	-	-	-	-
Outstanding and exercisable at the end of the period	**2.480.000**	**0,60**	**3.502.500**	**0,71**	**1.462.500**	**0,92**

The following report can be made for the financial year 2015:

- The 367,500 warrants from Plan 2010 expired in March 2015;
- A number of directors and members of the management committee exercised warrants in December 2015. 625,000 warrants were exercised (430,000 from Plan 2012 and 195,000 from Plan 2014);
- One director whose mandate has now ended did not exercise his 30,000 warrants within the prescribed period

The following report can be made for the comparable financial year 2014:

- A Warrant Plan 2014 of 2,065,000 warrants was approved by a notarial deed executed on 30 September 2014;
- One warrant holder exercised 25,000 warrants

The following report can be made in respect of the first financial year 2013:

- A total of 1,380,000 warrants were exercised at three times (Plan 2008 and Plan 2012): March, June and September 2013;
- 80,000 warrants expired

For further details of the identity of the exercising parties, please consult the notarial deeds. The still outstanding exercisable warrants as at 31 December can be specified as followed:

		31.12.2015		31.12.2014		31.12.2013	
	End date	Warrants	Price	Warrants	Price	Warrants	Price
▪ 2008 Warrants	*17.09.2013*	-		-			-
▪ 2010 Warrants	*16.03.2015*	-	-	367.500	1,56	367.500	1,56
▪ 2012 Warrants	11.06.2017	625.000	0,70	1.070.000	0,70	1.095.000	0,70
▪ 2014 Warrants	29.09.2019	1.855.000	0,57	2.065.000	0,57	-	-
Outstanding and exercisable at the end of the period	**-**	**2.480.000**	**0,60**	**3.502.500**	**0,71**	**1.462.500**	**0,92**

A historical overview of the four above-mentioned Warrant Plans is presented below.

(b) 2008 Warrants
An Extraordinary General Shareholders' Meeting that was held on 18 August 2008 approved the issue of a convertible loan for an amount of between four and six million euros. The subscription to the convertible bond in the amount of EUR 3,850 k and 1,925,000 warrants was recorded by means of a notarial deed on 18 September 2008. The exercise period for this plan ended on 17 September 2013.

(c) 2010 Warrants
The Extraordinary General Shareholders' Meeting of 17 March 2010 approved the issue of the Warrant Plan 2010, by which 472,500 warrants were allocated to various directors, members of the management committee and employees. At the end of 2014, 367,000 warrants were still exercisable. The exercise period ended in March 2015, so that no 2010 warrants remain in circulation. The remaining 115,000 warrants had expired.

(d) 2012 Warrants
The Extraordinary General Shareholders' Meeting of 12 June 2012 approved the issue of the Warrant Plan 2012, and had decided to issue 1,240,000 warrants to the benefit of various directors, members of the management committee and others. The exercise price of these warrants is EUR 0.70 and they are valid for five years. The end date is therefore 11 June 2017. On 31 December 2015, 15,000 warrants expired, the exercise of 15,000 warrants lapsed, and a total of 585,000 warrants had been exercised in 2013 and 2014. As stated, 625,000 warrants remain exercisable.

(e) 2014 Warrants
The Extraordinary General Shareholders' Meeting of 30 September 2014 approved the issue of the Warrant Plan 2014, by which 2,065,000 warrants were allocated to directors and members of the management committee. The exercise price of these warrants is EUR 0.569 and they are valid for five years. The end date is therefore 29 September 2019. 195,000 warrants were exercised in 2014 and 15,000 warrants expired. Therefore, 1,855,000 warrants remain exercisable. For a detailed list of the individual beneficiaries of the various Warrant Plans and the warrants exercised in the mean time, we refer you to the previous annual reports for the years 2008 to 2013.

(39) Lease agreements

The subsidiary Keyware Smart Card Div. NV is active in the rental of payment terminals. In this context, lease contracts are generally concluded with customers for a term of 60 months or five years.

The lease price of a contract is divided into net rent and maintenance, then the present value of the net rent is calculated for the full term of the contract, being 60 months. This entire present value amount is recorded as turnover in the month in which the contract starts. The revenue related to maintenance is spread over the duration of the contract and recognised as income. Financial income equal to the difference between the total value of the contract and the discounted value is recorded each month.

The assets corresponding to the financial lease are recognised in the balance sheet and presented as a receivable at an amount equal to the net investment in the lease, applying a discount rate. This rate was 7% in 2015.

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR
Gross investment	**22.356**	**20.406**
■ not longer than one year	5.527	3.868
■ longer than one year, but not longer than five years	16.790	16.450
■ longer than five years	39	88
Net investment	**20.129**	**18.212**
■ not longer than one year	4.008	2.857
■ longer than one year, but not longer than five years	16.083	15.268
■ longer than five years	38	87
Unearned financing income	**2.227**	**2.194**
Residual values	-	-
Write-offs	**977**	**1.527**
■ Write-offs (-) for non-collectable receivables < 1 year	202	260
■ Write-offs (-) for non-collectable receivables > 1 year and > 5 years	775	1.267
Lease payments	**9.976**	**8.155**
■ Lease payments recorded as income in 2014	-	8.155
■ Lease payments recorded as income in 2015	9.976	-

(40) Impairment of fixed assets

In accordance with IFRS 3 - Business combinations, goodwill that is included in the consolidation has to be tested annually for impairment. It can be necessary to do this more frequently if there are indications that the goodwill has not been valued correctly in accordance with IAS 36 - Impairments of assets. Moreover, this standard requires that goodwill be allocated to the cash generating units as from the acquisition date, which are assumed to benefit from the synergy of the business combinations. The cash generating unit to which the goodwill is allocated, is tested for impairment on the balance sheet date by comparing the carrying value of the unit to the recoverable value of the unit. The Group uses cash flow estimates for the individual cash generating units as specified under (26) Business segment information. The most important parameters included in the calculation are the discount rate, the anticipated future operational cash flows and the anticipated growth. The discount rate applied to the anticipated cash flows is the weighted average cost of capital (WACC), which amounted to 7.96% and 10.60% as of 31 December 2014 and 31 December 2015 respectively.

Based on the impairment test carried out on 31 December 2013, 2014 and 2015, the Board of Directors was of the opinion that no additional impairments have to be recognised. Reference is made to (6) Goodwill for a more detailed explanation.

(41) Profit per share

The basic profit/loss per share is calculated by dividing the net result attributable to the Group by the weighted average of the number of issued ordinary shares during the year. The profit/loss per diluted share is calculated by dividing the net result attributable to the Group by the weighted average of the number of issued ordinary shares during the year, both figures corrected for any effect of dilution of potential ordinary shares.

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
▪ Weighted average issued shares	20.454.204	20.422.766	19.755.327
▪ Weighted average issued shares diluted	23.659.183	22.396.786	21.217.827
▪ Profit/(loss) per share	0,2587	0,0935	0,0521
▪ Profit/(loss) per diluted share	0,2236	0,0853	0,0469

(42) Financial assets and liabilities

An overview of the financial instruments according to category is as follows:

Amounts in kEUR	31.12.2015 kEUR Book value	31.12.2015 kEUR Fair value	31.12.2014 kEUR Book value	31.12.2014 kEUR Fair value	31.12.2013 kEUR Book value	31.12.2013 kEUR Fair value
Non-current assets	**15.346**	**15.346**	**14.088**	**14.088**	**12.834**	**12.834**
▪ Receivables from finance leases	15.346	15.346	14.088	14.088	12.834	12.834
Current assets	**5.413**	**5.413**	**4.739**	**4.739**	**3.586**	**3.586**
▪ Trade and other receivables	626	626	843	843	879	879
▪ Receivables from finance leases	3.806	3.806	2.981	2.981	2.610	2.610
▪ Cash and cash equivalents	981	981	915	915	97	97
Total financial assets	**20.759**	**20.759**	**18.827**	**18.827**	**16.420**	**16.420**
Non-current liabilities	**2.718**	**2.718**	**3.411**	**3.411**	**2.128**	**2.128**
▪ Borrowings	2.675	2.675	3.342	3.342	1.743	1.743
▪ Lease liabilities	43	43	69	69	-	-
▪ Trade payables	-	-	-	-	385	385
Current liabilities	**4.114**	**4.114**	**5.306**	**5.306**	**5.851**	**5.851**
▪ Trade payables, social security contributions and tax liabilities	2.574	2.574	3.833	3.833	3.511	3.511
▪ Borrowings	1.514	1.514	1.443	1.443	2.323	2.323
▪ Lease liabilities	26	26	30	30	17	17
Total financial liabilities	**6.832**	**6.832**	**8.717**	**8.717**	**7.979**	**7.979**

The Group does not have any derivatives, nor investments in own equity instruments, interest swaps, forward contracts or hedge instruments.

The fair value of the finance lease receivables is determined based on the present value of the future revenues, which is the method of discounted cash revenues. As far as the book value is concerned of lease receivables, trade and other receivables and trade and other debts, these are an estimate of their fair value. Thus a level three valuation method has been applied in the absence of comparable instruments or observable market data.

Thus there is no difference between the book value and the fair value for each of the financial assets and liabilities concerned as is apparent from the above table.

At year-end 2015, no financial assets have to be reported that have expired but for which no impairment has been recognised. However, we do refer you in this context to the item regarding long-term lease receivables as well as the short-term receivables from which it is apparent that the impairments at year-end 2015 amounted to EUR 775 k and EUR 202 k respectively. For comparison, in the previous financial year 2014 they amounted to EUR 1,267 k and EUR 260 k respectively, and in the first financial year 2013 to EUR 759 k and EUR 218 k respectively.

(43) Transactions with associated parties

(a) Management and consultancy agreements with directors

The Group has concluded a management agreement with Big Friend NV, the management company of Stéphane Vandervelde, CEO of the Company. Pursuant to the agreement with Big Friend NV, a total fixed fee (excluding turnover tax) was paid amounting to EUR 305 k, EUR 307 k and EUR 308 k for the years 2013, 2014 and 2015. Variable fees amounting to EUR 90 k, EUR 99 k and EUR 99 k were paid in those years.

The agreements contain provisions regarding the form of the services, non-competition, confidentiality and the transfer of intellectual property rights to the Group. These agreements were entered into for an indefinite period and can be terminated by either party. In the event of termination by Big Friend NV a period of notice of 6 months must be observed.

The management agreement with Big Friend NV provides for a notice period of eighteen months in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by an equal termination fee. The notice period of eighteen months was included in the management agreement at the time of signing, being 1 July 2000, as a result of which it differs from that which is prescribed in the Belgian Corporate Governance Code 2009. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

Big Friend NV received an attendance fee of EUR 4 k in 2015. No other additional compensation is payable to Big Friend NV, other than the reimbursement of expenses in the context of the execution of the management services. These expenses amounted to EUR 42 k, EUR 39 k and EUR 34 k for the years 2013, 2014 and 2015 respectively. The management agreement does not provide for any other benefits.

During the financial years 2013, 2014 and 2015, EUR 60 k, EUR 60 k and EUR 75 k in fixed expenses was invoiced by the management company Powergraph BVBA, represented by Guido Van der Schueren. A variable fee amounting to EUR 50 k was paid in all three financial years. The management agreement with Powergraph BVBA provides for a notice period of three months in the event of termination of the agreement and does not contain any other advantages. Finally, an attendance fee of EUR 4 k was granted to Guido Van der Schueren in 2015.

No compensation was allocated to the directors in the form of warrants during the financial years 2013 and 2015. Such compensation was allocated in the financial year 2014. For this, we refer you to the “Corporate Governance Statement” in the 2014 annual report and to “Benefits in the form of equity instruments” (Note 37).

(b) Investors

In March 2011, the Group concluded a loan agreement with Big Friend NV for an amount of EUR 500 k. This loan is repayable in monthly instalments over a period of 60 months and therefore ends in February 2016.

In September 2012, the Group concluded a loan agreement of EUR 250 k with Parana Management Corp. BVBA, represented by Guido Van der Schueren.

The amount owed to Congra SA was taken over by Parana Management Corp. BVBA in 2013 at the book value (EUR 109 k). This loan bore 8% interest and was paid in full at year-end 2015.

A new loan agreement in the amount of EUR 200 k was concluded with Big Friend NV in October 2013 at 8% interest. This loan ended at the end of 2015.

A new loan agreement was concluded with Parana Management Corp. BVBA in 2014 for an amount of EUR 1,500 k. This loan has a term of 5.5 years including a stand-still period of six months that runs up to December 2014. The loan will be repaid via 20 quarterly instalments and will be completely repaid in December 2019. The interest rate of this loan is also 8%. In 2015, it was decided to limit the loan to EUR 1,200 k and not to take up the remaining balance.

A second loan agreement was concluded with Parana Management Corp. BVBA in 2014 for EUR 100 k. This loan has a term of 18 months and will be completely repaid on 31 December 2015. The interest rate is 8% in accordance with the other agreements.

A new loan agreement was also concluded with Big Friend NV in 2014 for an amount of EUR 250 k. This loan has a term of 5.5 years, bears interest at 8% and will be fully repaid in December 2019 after 20 quarterly repayments.

(c) Long-term and short-term debts payable to related parties

The information relating to subsidiaries includes the inter-company receivables and payables in respect of Keyware Smart Card Division NV and Keyware Transaction & Processing NV. The intercompany positions between Keyware Smart Card and KTP are not included in the chart below.

The information relating to the executive management and other related parties also includes the financial obligations between the Group companies on the one hand and Big Friend NV (executive management) and Parana Management Corp. BVBA (related party) on the other for EUR 239 k and EUR 1,323 k respectively at year-end 2015.

Amounts in kEUR As at 31.12.2015	Subsidiary Companies	Related party Companies	Executive Management	Other Related parties
1. Related party receivables	**230**	**-**	**-**	**-**
1.1. Borrowings	-	-	-	-
1.2. Trade receivables	199	-	-	-
1.3. Other receivables	31	-	-	-
2. Debts payable to related parties	**1.445**	**-**	**239**	**1.323**
2.1. Financial obligations	-	-	239	1.323
2.2. Trade payables	28	-	-	-
2.3. Other liabilities	1.417	-	-	-
3. Transactions between related parties				
3.1. Sale of goods	-	-	-	-
3.2. Purchase of goods	-	-	-	-
3.3. Providing services	2.280	-	-	-
3.4. Purchase of services	-	-	-	-
3.5. Financial income	32	-	-	-
3.6. Financial expenses	182	-	-	-
3.7. Compensation paid to members of the executive committee and directors	-	-	1.105	129
3.7.1. Remuneration	-	-	771	75
3.7.2. Variable compensation	-	-	282	50
3.7.3. Expenses and attendance fees	-	-	52	4
3.7.4. Severance payments	-	-	-	-
3.7.5. Share-based payments	-	-	-	-

The information for the comparable financial year 2014 is as follow:

Amounts in kEUR As at 31.12.2014	Subsidiary Companies	Related party Companies	Executive Management	Other Related parties
1. Related party receivables	**60**	**-**	**-**	**-**
1.1. Borrowings	-	-	-	-
1.2. Trade receivables	37	-	-	-
1.3. Other receivables	23	-	-	-
2. Debts payable to related parties	**2.640**	**-**	**563**	**1.595**
2.1. Financial obligations	-	-	563	1.595
2.2. Trade payables	28	-	-	-
2.3. Other liabilities	2.612	-	-	-
3. Transactions between related parties				
3.1. Sale of goods	-	-	-	-
3.2. Purchase of goods	-	-	-	-
3.3. Providing services	1.990	-	-	-
3.4. Purchase of services	14	-	-	-
3.5. Financial income	57	-	-	-
3.6. Financial expenses	136	-	-	-
3.7. Compensation paid to members of the executive committee and directors	-	-	1.024	110
3.7.1. Remuneration	-	-	736	60
3.7.2. Variable compensation	-	-	235	50
3.7.3. Expenses	-	-	53	-
3.7.4. Severance payments	-	-	-	-
3.7.5. Share-based payments	-	-	-	-

The information relating to the executive management also includes the financial obligations between the Group companies on the one hand and Big Friend NV (EUR 463 k) and Iquess Consulting BVBA (EUR 100 k) on the other.

The information relating to related parties also includes the financial obligations between the Group companies and Parana Management Corp. BVBA for EUR 1,595 k.

The information for the first financial year 2013 can be summarised as follows:

Amounts in kEUR As at 31.12.2013	Subsidiary Companies	Related party Companies	Executive Management	Other Related parties
1. Related party receivables	**118**	-	-	-
1.1. Borrowings	-	-	-	-
1.2. Trade receivables	118	-	-	-
1.3. Other receivables	-	-	-	-
2. Debts payable to related parties	**1.709**	-	**502**	**357**
2.1. Financial obligations	-	-	502	357
2.2. Trade payables	177	-	-	-
2.3. Other liabilities	1.532	-	-	-
3. Transactions between related parties				
3.1. Sale of goods	-	-	-	-
3.2. Purchase of goods	-	-	-	-
3.3. Providing services	2.004	-	-	-
3.4. Purchase of services	53	-	-	-
3.5. Financial income	-	-	-	-
3.6. Financial expenses	91	-	-	-
3.7. Compensation paid to members of the executive committee and directors	-	-	956	110
3.7.1. Remuneration	-	-	697	60
3.7.2. Variable compensation	-	-	205	50
3.7.3. Expenses	-	-	54	-
3.7.4. Severance payments	-	-	-	-
3.7.5. Share-based payments	-	-	-	-

The information relating to the executive management also includes the financial obligations between the subsidiary Keyware Smart Card NV and Big Friend NV amounting to EUR 502 k.

The information relating to related parties also includes the financial obligations between the Group companies and Parana Management Corp. BVBA for EUR 357 k.

(44) Remuneration paid to the auditor

BDO Bedrijfsrevisoren CVBA, with registered offices at Da Vincilaan 9 - Box E.6 Elsinore Building, 1935 Zaventem, duly represented by Koen De Brabander, has been appointed as the auditor of Keyware Technologies NV for a period of three years, which will end after the General Shareholders' Meeting of 2017. Membership numbers with the Instituut der Bedrijfsrevisoren are B 00023 and A 01316 respectively.

The total annual remuneration of the auditor for the financial year 2015 amounts to EUR 54,000, EUR 34,000 of which is for the statutory and consolidated annual accounts of the Company and EUR 20,000 for the statutory annual accounts of the three Belgian subsidiaries. In addition, exceptional compensation totalling EUR 5,000 was received in connection with special reporting with regard to the capital increases due to warrants and the payment of an interim dividend.

The auditor and the companies with which he has a professional relationship did not carry out any work other than the above in 2015.

For a detailed overview of the fees in 2013 and 2014 and their composition and nature, please see the corresponding note in the annual reports of the previous financial years.

(45) Commitments and contingent liabilities

Provisions for contingent liabilities arising from claims, assessments, legal proceedings, fines and penalties, and other sources are recorded when it is likely that the liability exists and the amount of the liability can be estimated in a reliable manner. The Group is involved in certain legal proceedings and claims in the context of its normal business operations.

The management has assessed all these legal proceedings and has created provisions in the cases for which it felt that the liability existed and the amount of the liability could be estimated in a reliable manner.

Furthermore, the management is of the opinion that the outcome of all other cases will not have a material effect on the Group's financial position or operating results.

A similar opinion was issued for the financial years 2013 and 2014.

(46) Operational lease agreements

As of 31 December 2015, the future commitments relating to operational lease agreements can be presented as follows:

Amounts in kEUR	1 year	2-5 year	> 5 year
▪ Lease of office space	52	262	116
▪ Operational lease of vehicles	-	-	-

Lease of buildings
On 8 September 2006, the Group concluded a lease agreement for an office building located in Zaventem, Ikaros Business Park, Ikaroslaan 24.

This lease agreement was concluded for a period of nine consecutive years, commencing on 14 September 2007 and ending ipso jure on 13 September 2015.

The lease contract was extended with nine years to 31 August 2022 via an addendum of August 2013. The lease price is EUR 70 k and is indexed annually.

The addendum provides for a rent-free period of 12 months divided as follows:

- From 01.09.2013 up to and including 28.02.2014 (6 months), of which two months lay within the comparable financial year;
- From 01.09.2016 up to and including 30.11.2016 (3 months);
- From 01.09.2019 up to and including 30.11.2019 (3 months)

The amounts in the table above only take account of the actual payments and therefore **do not** take account of the free months or any future indexation. However, each party may terminate this lease agreement at the end of the sixth year, provided that a prior notice period of six months is taken into account.

Lease of vehicles
At the end of December 2014, the Group had three ongoing contracts in respect of the operational lease of vehicles. The contract period is 48 months in principle. In addition to the lease of the vehicle, these contracts also provide for maintenance and repairs, insurance and assistance. As of the end of December 2015 no operational lease contracts were current.

(47) Termination of business activities

During the financial years 2013, 2014 and 2015, the Group did not terminate any business activities.

(48) Pledge on the trading fund

There is a pledge on the trading fund of Keyware Technologies NV in favour of Dexia and the Flanders Region for the amount of EUR 992 k. This pledge is now without an object due to the repayment of the underlying debt. The registration still has to be deleted.

(49) Exchange rate and hedging

During the financial years 2013, 2014 and 2015, the Group did not carry out any hedging activities as no transactions in foreign currencies were effected.

(50) Financial instruments

During the financial year, the Group did not make use of any financial instruments in view of the economic environment in which the Group operates.

(51) Important events after the balance sheet date

(a) Relating to the annual financial statements for 2015

The Company does not have any important events to report after the balance sheet date which have an impact on the presentation of the financial statements submitted. Events which took place after the balance sheet date have been taken into consideration up to 31 March 2016.

(b) Relating to the annual financial statements for the previous financial year 2014

Apart from that which is stated below, the Company does not have to report any important events after the balance sheet date which have an impact on the presentation of the financial statements submitted. With respect to the information below, events which took place after the balance sheet date have been taken into consideration until 31 March 2015.

The Group entered into an asset deal with GlobalPay NV whereby a number of purchase and lease contracts were taken over as of 1 January 2015. This price of the takeover was determined based on a number of parameters, including the number of active contracts. Indicatively it can be stated that the takeover represents an expansion of Keyware's terminal park of approximately 750 - 900 customers. This takeover was financed partially with own funds and partially with loans. ING Bank provided a loan of EUR 250 k. This amount will be repaid in 12 quarterly instalments, whereby the first repayment has taken place in March 2015. This loan will have been repaid by the end of 2017.

Subsequently, the transfer was settled in March 2015 regarding the administration of the rental contracts of Parfip Benelux NV in favour of Keyware Smart Card Division, with retroactive effect as from 1 July 2014. This settlement did not have a negative effect on the results.

In connection with the FOD Economy (see infra) complaint, the subsidiary Keyware Smart Card Division has been summoned to appear before the Court of First Instance on 30 April 2015.

(c) Relating to the annual financial statements for the first financial year 2013

Apart from that which is stated below, the Company does not have to report any important events after the balance sheet date, which have an impact on the presentation of the financial statements submitted. With respect to the information below, events which took place after the balance sheet date have been taken into consideration until 31 March 2014.

During the first quarter, the Group concluded a finance lease with ING Bank in the context of financing the expansion of its fleet. The amount was EUR 138 k, which will be repaid in 48 monthly instalments. The first repayment was made in April 2014.

(52) Pending disputes

(a) Complaint FOD Economy

On 17 December 2012, a complaint report was drawn up by the Federal body 'FOD Economy' against the subsidiary Keyware Smart Card Division NV and its criminal law representative "by virtue of unfair market practices vis-à-vis other persons than consumers and fraud, possibly in violation of Sections 96 and 97.2 of the Act of 6 April 2010 regarding market practices and consumer protection and Section 496 of the Penal Code." This report was passed on to the public prosecutor at the Court of First Instance in Brussels. According to Section 125 of the Act of 6 April 2010 concerning the market practices and consumer protection, those who intentionally violate the provisions of the aforementioned act will be fined with a cash fine of EUR 500 to EUR 20,000 (to be increased with the applicable surtaxes).

Without further investigation by the public prosecutions department, the subsidiary Keyware Smart Card Division NV was summoned to appear before the Court of First Instance on 30 April 2015. An interlocutory judgement was pronounced by the Court of First Instance on 4 December 2015, whereby the public prosecutions department was requested to investigate specific aspects of the organisation of Keyware Smart Card Division NV further. FOD Economy carried out this investigation in February and March 2016, with Keyware Smart Card Division NV giving its full cooperation. This additional information has to be added by the public prosecutor's office to the existing file, after which a new hearing will take place for counsels' pleading on 4 May 2016.

Keyware is of the opinion that this case is unfounded, partly in view of the intermediate judgement pronounced on 4 December 2015. Keyware therefore regards the risk as virtually non-existent. It has therefore only recorded a provision of EUR 25 k to cover the litigation costs.

(b) Kinepolis Group NV

In 2002, Keyware Smart Card Div. NV initiated a "descriptive attachment with respect to counterfeiting" action against Kinepolis Group NV, which resulted in an expert opinion. Keyware served a writ of summons dated 18 July 2002 to Kinepolis in order to obtain payment of provisional compensation for damages of EUR 930 k plus interest as from 1 January 2002 for alleged infringement of copyright by Kinepolis with regard to a number of computer programmes developed by Keyware (under reference to the expert opinion). Kinepolis demands the rejection of this claim and payment of compensation for damages of EUR 10 k. With the verdict of 6 June 2013, Keyware's claim was declared unfounded and Keyware was sentenced to the payment of compensation of legal expenses to Kinepolis. An appeal has been lodged and the case is pending for the Court of Appeal in Brussels.

(c) General

In addition to the above, there are currently a number of claims and legal proceedings pending against the Company and its subsidiaries, which in the opinion of the Group are of secondary importance and fall within the scope of normal business operations. According to the Board of Directors, it is unlikely that these individual claims or legal proceedings could have a substantial negative effect on the financial situation of the Company and its subsidiaries

(d) Suppliers

At the end of December 2015, the balance sheet contains a liability of EUR 346 k relating to two pending disputes with suppliers, the validity of which is disputed.

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2015

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory notes.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of the company Keyware Technologies NV for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of EUR 31,018 k and a consolidated income statement showing a consolidated profit for the year of EUR 5,291 k

Responsibility of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company Keyware Technologies NV give a true and fair view of the group's equity and financial position as at 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 25 April 2016
BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Koen De Brabander

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2014

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory notes.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of the company Keyware Technologies NV for the year ended 31 December 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of EUR 27,088 k and a consolidated income statement showing a consolidated profit for the year of EUR 1,910 k.

Responsibility of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company Keyware Technologies NV give a true and fair view of the group's equity and financial position as at 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 21 April 2015

BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Koen De Brabander

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2013

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion of the consolidated balance sheet as at 31 December 2013, the consolidated income statement for the financial year ended 31 December 2013 and the explanatory notes.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of the company Keyware Technologies NV for the financial year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of EUR 24,174 k and of which the consolidated income statement concludes with a profit for the financial year of EUR 1,029 k. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year ended on that date, as well as an overview of the main accounting principles for financial reporting applied and other disclosures.

Responsibility of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that provide a true and fair presentation in accordance with International Financial Reporting Standards, as well as for the implementation of the internal control that the management considers necessary for the preparation of consolidated financial statements that do not contain any material misstatement as a consequence of fraud or of errors.

Responsibility of the auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have performed our audit in accordance with international audit standards. These standards demand that we meet the theoretical requirements as well as plan and perform our audit in order to obtain a reasonable degree of certainty that the consolidated financial statements do not contain any misstatements of material importance.

An audit comprises activities to obtain audit information about the amounts and explanatory notes in the consolidated financial statements. The selection relating to the work performed depends on the assessment by the auditor, including his estimate of the risks of misstatements of material importance in the consolidated financial statements as a consequence of fraud or errors. When making a risk estimate, the auditor assesses the internal controls of the entity with reference to the preparation of consolidated financial statements that provide a true and fair representation, in order to set up audit activities that are suitable under the given conditions but are not intended to issue an opinion on the effectiveness of the internal control of the entity. An audit also comprises an evaluation of the appropriateness of the system applied to financial reporting, the reasonableness of the estimates made by the management, and the presentation of the consolidated financial statements as a whole.

We have obtained from the Board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company Keyware Technologies NV as at 31 December 2013 provide a true and fair representation of the financial situation of the consolidated group of companies as well as of its results and its cash flow for the financial year ended on that date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the international audit standards, it is our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 18 April 2014
BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Bert Kegels

STATUTORY INFORMATION

CONDENSED STATUTORY FINANCIAL STATEMENTS OF KEYWARE TECHNOLOGIES NV

This section contains a synthesis of the three financial years 2013, 2014 and 2015 as well as a condensed version of the statutory separate annual financial statements and annual report of Keyware Technologies NV for the financial years 2014 and 2015.

The complete version of the annual financial statements and the annual report for the financial year 2015 will be filed with the National Bank of Belgium and are also available on the Company's website (www.keyware.com). With regard to the statutory financial statements for the financial years 2013 and 2014, we refer you to the website of the National Bank of Belgium, where they can be consulted (www.nbb.be; a search can be made for Keyware Technologies NV or for 0458.430.512).

(1) Synthesis of the financial statements for the financial years 2013, 2014 and 2015

Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Assets			
■ **Non-current assets**	**9.782**	**9.799**	**9.755**
■ Property, plant and equipment	389	407	379
■ Financial fixed assets	9.393	9.392	9.376
■ **Current assets**	**917**	**281**	**308**
■ Trade receivables	217	39	155
■ Other receivables	237	170	115
■ Cash and cash equivalents	456	50	28
■ Deferred charges	7	22	10
Total assets	**10.699**	**10.080**	**10.063**
Equity and liabilities			
■ **Equity**	**7.811**	**5.936**	**6.752**
■ Issued capital	9.448	9.166	9.155
■ Issue premiums	2.017	1.887	1.880
■ Result carried forward	(5.117)	(4.283)	(3.422)
■ Result of the financial year	1.463	(834)	(861)
■ **Long term debts**	**288**	**408**	**410**
■ Lease debts	43	69	-
■ Financial debts	83	131	256
■ Other debts	162	208	154
■ **Short term debts**	**2.496**	**3.692**	**2.834**
■ Long term debts expiring during the year	220	195	215
■ Trade payables	834	847	1.026
■ Social and fiscal liabilities	14	17	41
■ Other liabilities	1.428	2.633	1.552
■ **Accrued expenses**	**104**	**44**	**67**
Total equity and liabilities	**10.699**	**10.080**	**10.063**

Income statement - Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Operating income	**2.375**	**2.087**	**2.058**
■ Revenue	1.854	1.663	1.683
■ Other operating income	521	424	375
Operating expenses	**(2.657)**	**(2.666)**	**(2.605)**
■ Goods for resale, raw materials and consumables	(12)	(33)	(53)
■ Services and other goods	(2.354)	(2.332)	(2.325)
■ Salaries, social security contributions and pensions	(97)	(104)	(93)
■ Amortisation and depreciation of formation expenses and on intangible and tangible fixed assets	(148)	(123)	(69)
■ Other operating costs	(46)	(74)	(65)
Operating profit/(loss)	**(282)**	**(579)**	**(547)**
Financial income	**2.085**	**57**	**-**
■ Income from financial fixed assets	2.050	-	-
■ Income from current assets	32	57	-
■ Other financial income	3	-	-
Financial expenses	**(340)**	**(312)**	**(314)**
■ Costs of debt	(329)	(305)	(173)
■ Impairments of current assets other than inventories, work in progress and trade receivables	-	-	(136)
■ Other financial costs	(11)	(7)	(5)
Profit/(loss) from ordinary operations before taxes	**1.463**	**(834)**	**(861)**
■ Extraordinary income	-	-	-
■ Extraordinary expenses	-	-	-
Profit/(loss) for the financial year before taxes	**1.463**	**(834)**	**(861)**
■ Tax on the result for the financial year	-	-	-
Profit/(loss) for the financial year	**1.463**	**(834)**	**(861)**

Distribution of the result - Amounts in kEUR	31.12.2015	31.12.2014	31.12.2013
Profit/(loss) balance to be appropriated	**(3.654)**	**(5.117)**	**(4.283)**
■ Profit/(loss) balance for the financial year	1.463	(834)	(861)
■ Profit/(loss) balance of the previous year carried forward	(5.117)	(4.283)	(3.422)
Withdrawal from shareholders' equity	**-**	**-**	**-**
Addition to shareholders' equity	**-**	**-**	**-**
Profit/(loss) to be carried forward	**(3.654)**	**(5.117)**	**(4.283)**
Profit available for distribution	**-**	**-**	**-**

KEYWARE TECHNOLOGIES

(2) Condensed annual financial statements for the financial year 2015, report of the Board of Directors, auditor's report

Condensed balance sheet - Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR
Assets		
▪ **Non-current assets**	**9.782**	**9.799**
▪ Intangible fixed assets	-	-
▪ Property, plant and equipment	389	407
▪ Financial fixed assets	9.393	9.392
▪ **Current assets**	**917**	**281**
▪ Trade receivables	217	39
▪ Other receivables	237	170
▪ Cash and cash equivalents	456	50
▪ Deferred charges	7	22
Total assets	**10.699**	**10.080**
Equity and liabilities		
▪ **Equity**	**7.811**	**5.936**
▪ Issued capital	9.448	9.166
▪ Issue premiums	2.017	1.887
▪ Result carried forward	(5.117)	(4.283)
▪ Result of the financial yearr	1.463	(834)
▪ **Long term debts**	**288**	**408**
▪ Lease debts	43	69
▪ Financial debts	83	131
▪ Other debts	162	208
▪ **Short term debts**	**2.496**	**3.692**
▪ Long term debts expiring within one year	220	195
▪ Trade payables	834	847
▪ Social and fiscal liabilities	14	17
▪ Other liabilities	1.428	2.633
▪ **Accrued expenses**	**104**	**44**
Total equity and liabilities	**10.699**	**10.080**

Condensed income statement - Amounts in kEUR	31.12.2015 kEUR	31.12.2014 kEUR
Operating income	**2.375**	**2.087**
▪ Revenue	1.854	1.663
▪ Other operating income	521	424
Operating expenses	**(2.657)**	**(2.666)**
▪ Goods for resale, raw materials and consumables	(12)	(33)
▪ Services and other goods	(2.354)	(2.332)
▪ Salaries, social security contributions and pensions	(97)	(104)
▪ Amortisation and depreciation of formation expenses and on intangible and tangible fixed assets	(148)	(123)
▪ Other operating costs	(46)	(74)
Operating profit/(loss)	**(282)**	**(579)**
Financial income	**2.085**	**57**
▪ Income from financial fixed assets	2.050	-
▪ Income from current assets	32	57
▪ Other financial income	3	-
Financial expenses	**(340)**	**(312)**
▪ Costs of debt	(329)	(305)
▪ Impairments of current assets other than inventories, work in progress and trade receivables	-	-
▪ Other financial costs	(11)	(7)
Profit/(loss) from ordinary operations before taxes	**1.463**	**(834)**
▪ Extraordinary income	-	-
▪ Extraordinary expenses	-	-
Profit/(loss) for the financial year before taxes	**1.463**	**(834)**
▪ Tax on the result for the financial year	-	-
Profit/(loss) for the financial year	**1.463**	**(834)**

Condensed distribution of the result - Amounts in kEUR	31.12.2015	31.12.2014
Profit/(loss) balance to be incorporated	**(3.654)**	**(5.117)**
▪ Profit/(loss) balance for the financial year to be incorporated	1.463	(834)
▪ Profit/(loss) balance of the previous year to be carried forward	(5.117)	(4.283)
Withdrawal from shareholders' equity	**-**	**-**
Addition to shareholders' equity	**-**	**-**
Profit/(loss) to be carried forward	**(3.654)**	**(5.117)**
Profit available for distribution	**-**	**-**

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

In accordance with Section 96 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period from 01 January 2015 to 31 December 2015.

1. Comments with respect to the financial statements

The Company acts as a holding company as well as a financing vehicle for the subsidiaries, for which it also provides management services and administrative assistance. All of the expenses connected with being listed on Euronext Brussels are recognised in the Company's profit and loss account.

Financial statements and important events

The financial year closed with a profit of EUR 1,463 k. As a result, the shareholders' equity amounts to EUR 7,811 k after incorporation of the result.

Comments relating to the main balance sheet items

Intangible fixed assets
This item comprises mainly the net book value in respect of the purchase of the ERP package (SAP).

Property, plant and equipment
The net book value comprises vehicles owned and lease agreements for vehicles that are fully leased to subsidiaries. Other tangible fixed assets primarily relate to furnishings and fixtures of the rented premises.

Financial fixed assets
The financial fixed assets comprise shareholdings with a net value of EUR 9,340 k. The balance of this item pertains to guarantees.

Trade receivables
The receivables comprise receivables from Group companies due to invoicing for operational expenses.

Other receivables over less than one year
The other receivables mainly concern the turnover tax to be reclaimed and expenses charged on of EUR 108 k.

Equity
The Company's net equity is influenced by the profit for the financial year of EUR 1,463 k and the capital increase by the exercise of warrants in December 2015. This translated into an increase in the authorised share capital and the issue premiums of EUR 281 k and EUR 130 k respectively. Equity came to around EUR 7,811 k at year-end 2015 and represents 73.0% of total assets.

Liabilities over more than one year
This item contains financial liabilities for an amount of EUR 245 k and leasing liabilities for an amount of EUR 43 k. At EUR 120 k, these liabilities have decreased compared to year-end 2014.

Debts over more than one year that expire during the year
This item concerns the short-term financial and lease liabilities in the amount of EUR 220 k.

Trade payables
The trade payables amounted to EUR 834 k and also represent amounts owed to members of the management team as well as other general expenses.

Social and fiscal liabilities
On 31 December 2015, Keyware Technologies employed two employees. The outstanding liabilities concern the related fiscal and social obligations.

Other liabilities
This item mainly contains the payments in current account received from subsidiaries. The decrease compared to the end of 2014 arises from the upstreaming of the interim dividend of EUR 2,050 k from Keyware Smart Card Division to Keyware Technologies, as a result of which it was possible to reduce the existing debt.

Comments relating to the main items of the income statement

Revenue and other operating income
The turnover of the Company consists of management fees and expenses billed to the subsidiaries. The increase is due to a larger number of costs that are charged on to the subsidiaries, including car costs.

Services and other goods
As was the case in previous years, the cost structure is mainly formed by the fees (EUR 1,335 k), the accommodation costs (EUR 161 k) as well as vehicle costs (EUR 277 k). This latter is largely invoiced on to the subsidiaries.

Salaries, social security contributions and pensions
As stated already above, there were in total two people working for the company in 2015 which corresponds to a general cost of EUR 97 k.

Financial results
Financial income amounted to EUR 2,085 k and mainly comprises the dividend from Keyware Smart Card Division of EUR 2.050 k in addition to the interest on current accounts of subsidiaries.

Financial expenses amounted to EUR 340 k and comprise mainly the costs of debts (EUR 158 k) and interest on current accounts of subsidiaries (EUR 182 k).

Taxes
Despite the profit for the financial year, no provision has to be made for taxes in view of the fiscal losses.

Proposed distribution of the result
The following proposal for incorporation of the loss balance for the financial year 2015 of EUR 3,654 k will be presented to the Shareholders' Meeting (in kEUR):

▪ Profit for the financial year to be distributed	1.463
▪ Loss from the previous financial year carried forward	(5.117)
▪ Loss to be incorporated	(3.654)
▪ Result to be carried forward to the next financial year	3.654

As a separate agenda point at the General Shareholders' Meeting of 27 May 2016, a vote will be proposed on an (improper) capital reduction by which the losses carried forward will be incorporated first of all in the issue premiums and the balance in the capital.

2. Justification of the application of valuation principles under the assumption of a going concern

The Company has losses carried forward on its balance sheet, therefore in accordance with Section 96 of the Belgian Company Code, a justification must be given for the application of the valuation rules under the going concern assumption. As of 31 December 2015, the loss carried forward comes to EUR 3,654 k.

On the basis of what is stated below, the Board of Directors concludes that application of the valuation rules under the assumption of a going concern can be maintained.

3. Going concern status of the Company and financing

The financial statements have been prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2015, the Company has incurred accumulated losses totalling EUR 3,654 k, which have been financed by group companies.

The Group's financing requirement for 2015 has been filled in as follows:

- During the first quarter of 2015, Belfius Lease NV provided a loan of EUR 107,000 to fund a vehicle fleet; This relates to three lease agreements;
- ING Bank NV provided a new investment loan of EUR 750,000 in 2014 with a term of four years, with a one year stand still. Repayments on this loan therefore do not start until 2016, and will be made in 12 quarterly instalments. This loan will be fully repaid by the start of 2019. EUR 298 k was taken up in 2014 and the balance of EUR 452 k in 2015;
- In the context of the financing of the asset deal with GlobalPay NV, an investment loan of EUR 250 k was obtained through ING Bank NV. This will be repaid in three years in 12 quarterly instalments. The end date is therefore 31 December 2019.
- 625,000 warrants were exercised in 2015, which represents a cash inflow of EUR 411 k. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 283 k and EUR 137 k respectively;

The loan from Parana Management Corp. was not taken up in full in 2014. The remaining tranche came to EUR 300 k, but was ultimately not utilised because there was no further need in 2015. Therefore, the loan has been reduced to EUR 1,200 k instead of EUR 1,500 k.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time, and it confirms the application of the valuation principles for a going concern.

The financial statements therefore do not therefore contain any adjustments to the hypothesis of the collectability and classification of the amounts booked as assets or the amounts and classification of the liabilities, which would be required if the company would no longer be to continue its activities as a going concern. The continuation of the Group as a going concern depends on its ability to generate sufficient cash flow to fulfil its obligations on time, to maintain adequate financing and to achieve successful and profitable operations.

On the basis of these measures, the Board of Directors proposes to the General Shareholders' Meeting to maintain the going concern status of the Company.

4. Information regarding significant events after the financial year

Apart from that which is stated below with regard to the going concern status, the Company does not have to report any significant events after the balance sheet date, which have an impact on the presentation of the present financial statements.

5. Information regarding activities in the area of research and development

Not applicable

6. Capital increases and capital decreases

During the financial year 2015, a capital increase took place on 23 December 2015 for Astrid De Wulf (lawyer). This concerned the exercising of 625,000 warrants from Plan 2012 and Plan 2014 at the exercise prices of EUR 0.70 and EUR 0.569 respectively, so that in total EUR 411 k in cash was raised.

As of 31 December 2015, the statutory subscribed capital of the Group amounted to 9,448 kEUR, representing 21,063,793 ordinary shares without nominal value.

No capital reductions were made in the financial year 2015.

7. Information regarding branch offices

Not applicable.

8. Own shares

The company does not own any of its own shares.

9. Decisions taken with application of legal procedures to avoid conflicts of interest

Section 523 of the Belgian Company Code provides for an extraordinary procedure in the event that a director, directly or indirectly, has an interest of a proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors.

Section 524, subsection 1, stipulates that the procedure specified in subsections 2 and 3 must be applied in advance for each decision taken or each transaction executed in connection with the implementation of a decision of a stock-listed company.

Article 524, paragraph 2, stipulates that all decisions, specified in paragraph 1, must be subject to the prior assessment of a committee of three independent directors. This committee is assisted by one or several independent experts appointed by the committee.

The committee describes the nature of the decision or transaction and assesses the commercial advantage or disadvantage for the company and its shareholders. It estimates the proprietary consequences and determines whether or not the decision or transaction is of such a nature that the company will suffer a disadvantage that is manifestly unlawful in the light of its corporate policy. If the committee does not consider the decision or transaction to be manifestly unlawful, but is nevertheless of the opinion that the decision or transaction is to the disadvantage of the company, the committee will make clear which advantages the decision or transaction brings into the equation to compensate for the aforementioned disadvantages.

The committee shall submit a substantiated advice to the Board of Directors, outlining each of the aforementioned assessment elements.

Article 524, paragraph 3, specifies that the Board of Directors, after taking note of the advice of the committee as stipulated in paragraph 2, proceeds to deliberate the proposed decision or transaction. Section 523 applies where appropriate.

The Board of Directors states in its minutes of the meeting whether the procedure described above was complied with, and, if this should be the case, on which grounds the committee's advice was departed from.

The auditor delivers an opinion on the correctness of the information stated in the committee's advice and in the minutes of the meeting of the Board of Directors. This opinion is attached to the minutes of the meeting of the Board of Directors.

The committee's decision, an extract from the minutes of the meeting of the Board of Directors and the auditor's opinion are printed in the annual report.

No transactions were executed during the financial year 2015 that would constitute a conflicting interest for the Company.

10. Risk factors

In accordance with Section 96, subsection 1, of the Belgian Company Code, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company. As the Company is a holding company and does not have any activities, the risk factors of the subsidiaries also effect the Company. The risk factors below therefore relate to the entire Keyware Group.

Products and markets
The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for frequent new products, many of which have an ever shorter life, as well as the changing industrial standards. Keyware has also offered Worldline terminals since 2013 following the partnership that it concluded with Worldline mid-2013. The financial years 2014 and 2015 were the first two years in which the impact of this expansion showed over a 12-month period.

The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to the changed context in time could have negative consequences for the results of the Company and its financial situation. This risk has been reduced due to the broadening of the product range.

Customer dependence
The Group now has over 17,000 active customers. The most important customer represents less than 1% of the turnover.

Supplier dependence
In addition to the two new agreements concluded with new suppliers of payment terminals in 2009, Keyware also concluded an agreement with Worldline in 2013. As a result, the risk of discontinuity in the supply of terminals has been reduced considerably. There are no changes to report for the financial year 2015.

Concentration of credit risks
The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

Legal proceedings
The Company and/or its subsidiaries are involved in a number of legal proceedings that can be regarded as contingent liabilities. For more information, see the Consolidated Annual Report "Pending disputes" as well as "Events after the balance sheet date", which can be found on the website of the Company (www.keyware.com).

Financial position
The Group obtained a limited amount of additional funding in 2015. This consisted on the one hand of the balance of unutilised funds under existing loans and on the other of new loans to finance the asset deal with GlobalPay and the fleet. At the end of the financial year, warrants were also exercised. In this context, we refer you to the Notes to the consolidated financial statements - Going concern or continuity and Important events after the balance sheet date, which can be found on the website of the Company (www.keyware.com).

Going concern
With regard to this item, we refer to that which is discussed below under III Going concern of the Company and also to that which is stated in the Consolidated Annual Report "Going Concern or continuity", which can be found on the website of the Company (www.keyware.com).

Information technology risk
The information technology risk is mainly located in the subsidiaries and contains a dual aspect:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in conjunction with the replacement of the hardware.
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will in principle have no influence on business operations and whereby, in the event of a combined discontinuity, all systems will be operational again with four working hours.

Environnement
The Group does not have any special comments to make with regard to environmental matters.

Personnel
The company employed two employees as at 31 December 2015. There are no disputes to report.

11. Directors
As at 31 December 2015, the Board of Directors has six members, three of whom are independent directors. The members of the Board of Directors are:

Director mandate financial year	Position	Main function	End date of after AGM of ending on
Guido Van der Schueren	Non-executive	Chairman	31 December 2017
Bruno Kusters	Independent	Director	31 December 2017
Pierre Delhaize	Non-executive	Director	31 December 2015
Sofia BVBA represented by Chris Buyse	Independent	Director	31 December 2015
Big Friend NV represented by Stéphane Vandervelde	Executive - CEO	Director	31 December 2015
Moirai Management BVBA represented by Johan Bohets	Independent	Director	31 December 2015

12. Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required professional qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions. He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at Unilever and Sita among other companies before helping to realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics. Chris Buyse also holds several directorships in other promising biotechnology companies such as Celyad SA, Promethera and Amakem.

In connection with the guideline regarding independence and financial expertise, Sofia BVBA, represented by Chris Buyse, meets the specified requirements.

Sofia BVBA, represented by Chris Buyse, is Chairman of the Audit Committee as of 1 January 2011.

13. Corporate governance statement

For the corporate governance statement, we refer to that which was discussed in the Annual Report 2015 - Corporate Governance Statement - which can be found on the Company's website (www.keyware.com).

14. Requests to the Shareholders' Meeting

The Board of Directors requests the General Shareholders' Meeting to:

- approve the financial statements for the year 2015 in toto as well as the proposal on the distribution of the results;
- discharge the directors with respect to the exercising of their mandates during the past financial year 2015;
- discharge the Auditor with respect to the exercising of its mandate during the past financial year 2015.

Prepared at Zaventem, on 19 April 2016

The Board of Directors

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2015

As required by law and the company's by-laws, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the annual accounts, as well as the required additional statements. The annual accounts include the balance sheet as at 31 December 2015, the income statement for the year then ended, and the disclosures.

Report on the annual accounts – unqualified opinion

We have audited the annual accounts of the company Keyware Technologies NV for the year ended 31 December 2015, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of 10.698.604 EUR and a profit for the year of 1.462.688 EUR.

Responsibility of the Board of Directors for the preparation of the annual accounts

The Board of Directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of annual accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the annual accounts.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the annual accounts of the company Keyware Technologies NV give a true and fair view of the company's net equity and financial position as at 31 December 2015 and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the company's by-laws.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- The Directors' report includes the information required by the law, is consistent with the annual accounts and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium
- The appropriation of results proposed to the general meeting complies with the relevant requirements of the law and the company's by-laws
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you

Zaventem, 25 April 2016

BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Koen De Brabander

(3) Condensed annual financial statements for the financial year 2014, report of the Board of Directors, auditor's report

Condensed balance sheet - Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Assets		
▪ **Non-current assets**	**9.799**	**9.755**
▪ Property, plant and equipment	407	379
▪ Financial fixed assets	9.392	9.376
▪ **Current assets**	**281**	**308**
▪ Trade receivables over more than one year	-	-
▪ Trade receivables	39	155
▪ Other receivables	170	115
▪ Cash and cash equivalents	50	28
▪ Deferred charges	22	10
Total assets	**10.080**	**10.063**
Equity and liabilities		
▪ **Equity**	**5.936**	**6.752**
▪ Issued capital	9.166	9.155
▪ Issue premiums	1.887	1.880
▪ Result carried forward	(4.283)	(3.422)
▪ Result of the financial year	(834)	(861)
▪ **Long term debts**	**408**	**410**
▪ Lease debts	69	-
▪ Financial debts	131	256
▪ Other debts	208	154
▪ **Short term debts**	**3.692**	**2.834**
▪ Long term debts expiring within one year	195	215
▪ Trade payables	847	1.026
▪ Social and fiscal liabilities	17	41
▪ Other liabilities	2.633	1.552
▪ **Accrued expenses**	**44**	**67**
Total equity and liabilities	**10.080**	**10.063**

Condensed income statement - Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Operating income	**2.087**	**2.058**
▪ Revenue	1.663	1.683
▪ Other operating income	424	375
Operating expenses	**(2.666)**	**(2.605)**
▪ Goods for resale, raw materials and consumables	(33)	(53)
▪ Services and other goods	(2.332)	(2.325)
▪ Salaries, social security contributions and pensions	(104)	(93)
▪ Amortisation and depreciation of formation expenses and on intangible and tangible fixed assets	(123)	(69)
▪ Other operating costs	(74)	(65)
Operating profit/(loss)	**(579)**	**(547)**
Financial income	**57**	-
Financial expenses	**(312)**	**(314)**
▪ Costs of debt	(305)	(173)
▪ Impairments of current assets other than inventories, work in progress and trade receivables	-	(136)
▪ Other financial costs	(7)	(6)
Profit/(loss) from ordinary operations before taxes	**(834)**	**(861)**
▪ Extraordinary income	-	-
▪ Extraordinary expenses	-	-
Profit/(loss) for the financial year before taxes	**(834)**	**(861)**
▪ Tax on the result for the financial year	-	-
Profit/(loss) for the financial year	**(834)**	**(861)**

Condensed distribution of the result - Amounts in kEUR	31.12.2014	31.12.2013
Profit/(loss) balance to be appropriated	**(5.117)**	**(4.283)**
▪ Profit/(loss) balance for the financial year	(834)	(861)
▪ Profit/(loss) balance of the previous year carried forward	(4.283)	(3.422)
Withdrawal from shareholders' equity	-	-
Addition to shareholders' equity	-	-
Profit/(loss) to be carried forward	**(5.117)**	**(4.283)**
Profit available for distribution	-	-

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2014

In accordance with Section 96 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period from 1 January 2014 to 31 December 2014.

1. Comments with respect to the financial statements

The Company acts as a holding company as well as a financing vehicle for the subsidiaries, for which it also provides management services and administrative assistance. All of the expenses connected with being listed on Euronext Brussels are recognised in the Company's profit and loss account.

Financial statements and important events

The financial year closed with a loss after taxes of EUR 834 k, the shareholders' equity therefore amounts to EUR 5,936 k after incorporation of the result.

Comments relating to the main balance sheet items

Intangible fixed assets
This item comprises mainly the net book value in respect of the purchase of the ERP package (SAP)

Property, plant and equipment
The net book value comprises vehicles owned and lease agreements for vehicles that are fully leased to subsidiaries. Other tangible fixed assets primarily relate to furnishings and fixtures of the rented premises.

Financial fixed assets
The financial fixed assets comprise shareholdings with a net value of EUR 9,350 k. The balance of this item pertains to guarantees.

Trade receivables
The receivables comprise receivables from Group companies due to invoicing for operational expenses.

Other receivables over less than one year
The other receivables mainly concern the to be claimed VAT of EUR 97 k.

Equity
The net equity was negatively influenced by the loss of the financial year in the amount of EUR 834 k. The capital and the issue premiums were increased in 2014 by EUR 11 k and EUR 6 k respectively by the exercising of 25,000 warrants of the Plan 2012.

Liabilities over more than one year
This item contains financial liabilities for an amount of EUR 339 k and leasing liabilities for an amount of EUR 69 k.

Debts over more than one year that expire during the year
This item concerns the short-term financial and lease liabilities in the amount of EUR 195 k.

Trade payables
The trade payables amounted to EUR 847 k and also represent amounts owed to members of the management team as well as other general expenses.

Social and fiscal liabilities
As of 31 December 2014, Keyware Technologies employed two employees. The outstanding liabilities concern the related fiscal and social obligations.

Other liabilities
This item mainly contains the advances in current account received from subsidiaries.

Comments relating to the main items of the income statement

Revenue
The turnover of the Company consists of management fees and expenses billed to the subsidiaries.

Services and other goods
As was the case in previous years, the cost structure is mainly formed by the fees (EUR 1,288 k), the accommodation costs (EUR 130 k) as well as vehicle costs (EUR 345 k). This latter is largely invoiced on to the subsidiaries.

Salaries, social security contributions and pensions
As stated already above, there were in total two people working for the company in 2014 which corresponds to a general cost of EUR 104 k.

Financial results
Financial income amounted to EUR 57 k and comprises interest on current accounts with subsidiaries. Financial expenses amounted to EUR 311 k and comprise mainly the costs of debts (EUR 169 k) and interest on current accounts of subsidiaries (EUR 136 k). The comparable year 2013 contained an impairment of EUR 136 k in connection with the write off of a taken over receivable from Neosys NV, which has in the mean time been dissolved and settled.

Proposed distribution of the result
The following proposal for incorporation of the loss for the financial year 2014 will be presented to the General Shareholders' Meeting (in kEUR):

■ Loss for the financial year	(834)
■ Carried forward losses	(4.283)
■ Loss to be appropriated	(5.117)
■ Result to be carried forward to the next financial year	(5.117)

2. Justification of the application of valuation principles under the assumption of a going concern

The Company has incurred a loss during two consecutive financial years, therefore in accordance with Section 96 of the Belgian Company Code, a justification must be given for the application of the valuation rules under the going concern assumption. As at 31 December 2014, the loss to be carried forward is EUR 5,117 k.

On the basis of what is stated below, the Board of Directors concludes that application of the valuation rules under the assumption of a going concern can be maintained.

3. Going concern status of the Company and financing

The financial statements have been prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2014, the Company has incurred accumulated losses totalling EUR 5,117 k, which have been financed by group companies.

The Group's financing requirement for 2014 has been filled in as follows:

- During the first quarter of 2014, ING Lease NV provided a loan of EUR 114,000 to fund the vehicle fleet;
- Parana Management Corp. BVBA provided a loan of EUR 1,500,000 and EUR 100,000 with maturity dates of 31 December 2019 and 31 December 2015 respectively;
- Big Friend NV provided a loan of EUR 250,000 also for a term of five years that ends on 31 December 2019;
- Iquess Consulting BVBA provided a loan of EUR 100,000 for a term of one year, repayable on 30 June 2015;

- 25,000 warrants were exercised in 2014, which represents a cash inflow of EUR 18,000. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 11 and EUR 7 respectively;
- ING Bank NV provided a new investment loan of EUR 750,000 in 2014 with a term of four years, with a one year stand still. Therefore, this loan does not have to be repaid before 2016;
- The straight loan provided by Belfius Bank NV was reduced to EUR 1,000,000 and was converted at year-end 2014 into an investment loan with a term of five years with 31 December 2019 as the end date;
- Finally, during the financial year 2014, the Group concluded short-term bridge loans with Parana Management Corp. BVBA and with Big Friend NV for EUR 250,000 and EUR 100,000 respectively and these loans were repaid before the end of the same year.

It should be mentioned that the loans provided by Parana Management Corp. BVBA and the investment loan provided by ING Bank NV were not fully drawn down in 2014. The amounts that can still be drawn down amount to EUR 300,000 and EUR 452,000 respectively. These amounts will be drawn down in 2015.
For the further growth and realisation of the 2014-2018 strategic plan, the Group will require additional financing in 2015, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions. The Group will make use of the higher stated not yet taken up amounts for this.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time, and it confirms the application of the valuation principles for a going concern.

The financial statements therefore do not therefore contain any adjustments to the hypothesis of the collectability and classification of the amounts booked as assets or the amounts and classification of the liabilities, which would be required if the company would no longer be to continue its activities as a going concern. The continuation of the Group as a going concern depends on its ability to generate sufficient cash flow to fulfil its obligations on time or to maintain adequate financing and finally on realising successful operations.

On the basis of these measures, the Board of Directors proposes to the General Shareholders' Meeting to maintain the going concern status of the Company.

4. Information regarding significant events after the financial year

Apart from that which is stated below with regard to the going concern status, the Company does not have to report any significant events after the balance sheet date, which have an impact on the presentation of the present financial statements.

5. Information regarding activities in the area of research and development

Not applicable

6. Capital increases and capital decreases

Capital increases in 2014 were limited compared to 2013. During the financial year 2014, only one capital increase took place for Astrid De Wulf. This concerned the exercising of 25,000 warrants for the exercise price of EUR 0.70 so that in total EUR 18 k in cash was raised.

As of 31 December 2014, the statutory subscribed capital of the Group amounted to EUR 9,166 k, representing 20,438,793 ordinary shares without nominal value.

7. Information regarding branch offices

Not applicable

8. Own shares

The company does not own any of its own shares.

9. Decisions taken with application of legal procedures to avoid conflicts of interest

Section 523 of the Belgian Company Code provides for an extraordinary procedure in the event that a director, directly or indirectly, has an interest of a proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors.

Section 524, subsection 1, stipulates that the procedure specified in subsections 2 and 3 must be applied in advance for each decision taken or each transaction executed in connection with the implementation of a decision of a stock-listed company.

Article 524, paragraph 2, stipulates that all decisions, specified in paragraph 1, must be subject to the prior assessment of a committee of three independent directors. This committee is assisted by one or several independent experts appointed by the committee.

The committee describes the nature of the decision or transaction and assesses the commercial advantage or disadvantage for the company and its shareholders. It estimates the proprietary consequences and determines whether or not the decision or transaction is of such a nature that the company will suffer a disadvantage that is manifestly unlawful in the light of its corporate policy. If the committee does not consider the decision or transaction to be manifestly unlawful, but is nevertheless of the opinion that the decision or transaction is to the disadvantage of the company, the committee will make clear which advantages the decision or transaction brings into the equation to compensate for the aforementioned disadvantages.

The committee shall submit a substantiated advice to the Board of Directors, outlining each of the aforementioned assessment elements.

Article 524, paragraph 3, specifies that the Board of Directors, after taking note of the advice of the committee as stipulated in paragraph 2, proceeds to deliberate the proposed decision or transaction. Section 523 applies where appropriate.

The Board of Directors states in its minutes of the meeting whether the procedure described above was complied with, and, if this should be the case, on which grounds the committee's advice was departed from.
The auditor delivers an opinion on the correctness of the information stated in the committee's advice and in the minutes of the meeting of the Board of Directors. This opinion is attached to the minutes of the meeting of the Board of Directors.

The committee's decision, an extract from the minutes of the meeting of the Board of Directors and the auditor's opinion are printed in the annual report.

No transactions were executed during the financial year 2014 that would constitute a conflicting interest for the Company. However, various transactions were concluded between, on the one hand, Parana Management Corp. BVBA, Big Friend NV and Iquess Consulting BVBA and, on the other hand, a subsidiary of Keyware Technologies, Keyware Smart Card Division NV, whereby we refer to the annual report of the entity concerned for more information.

10. Risk factors

In accordance with Section 96, subsection 1, of the Belgian Company Code, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company. As the Company is a holding company and does not have any activities, the risk factors of the subsidiaries also effect the Company. The risk factors below therefore relate to the entire Keyware Group.

Products and markets
The Group operates in a market that is developing very rapidly with regard to

technology. These developments concern the changing needs of customers, the need for the frequent development of new products, many of which have a short life as well as the changing industrial standards. The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to this changed context in time can have negative consequences for the results of the Company and its financial situation. On the other hand, the signing of a partnership with Atos Worldline opens new perspectives as a result of the distribution of Atos terminals.

Customer dependence
The Group now has over 15,000 active customers. The most important customer represents less than 1% of the turnover.

Supplier dependence
Since the conclusion of the partnership in 2013 with Worldline, there are no other significant facts to report. Since the initial collaboration with Hypercom NV, three new agreements were concluded with three new suppliers of payment terminals, which substantially reduces the risk of discontinuity with respect to the delivery of terminals.

Concentration of credit risks
The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

Legal proceedings
The Company and/or its subsidiaries are involved in a number of legal proceedings that can be regarded as contingent liabilities. For more information, see the Consolidated Annual Report "Pending disputes" as well as "Events after the balance sheet date", which can be found on the website of the Company (www.keyware.com).

Financial position
Due to the improved profitability and liquidity, the need for additional funding is decreasing. In this context, we refer to that which was discussed under III. Continuity of the company and also to that which is stated in the consolidated financial statements under Notes to the consolidated financial statements - "Going concern or continuity" and "Important events after the balance sheet date", which can be found on the website of the Company (www.keyware.com).

Going concern
With regard to this item, we refer to that which is discussed below under III Continuity of the Company and also to that which is stated in the Consolidated Annual Report "Going Concern or continuity", which can be found on the website of the Company (www.keyware.com).

Information technology risk
The information technology risk is mainly located in the subsidiaries and contains a dual aspect:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in conjunction with the replacement of the hardware.
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will in principle have no influence on business operations and whereby, in the event of a combined discontinuity, all systems will be operational again with four working hours.

Environnement
The Group does not have any special comments to make with regard to environmental matters.

Personnel
The company employed two employees as at 31 December 2014. There are no disputes to report.

11. Directors

As at 31 December 2014, the Board of Directors has seven members, three of whom are independent directors. The members of the Board of Directors are:

Director mandate financial year	Position	Main function	End date of after AGM of ending on
▪ Guido Van der Schueren	Non-executive	Chairman	31 December 2014
▪ Bruno Kusters	Independent	Director	31 December 2014
▪ Pierre Delhaize	Non-executive	Director	31 December 2015
▪ Drupafina NV represented by Guido Wallebroek	Non-executive	Director	31 December 2014
▪ Sofia BVBA represented by Chris Buyse	Independent	Director	31 December 2015
▪ Big Friend NV represented by Stéphane Vandervelde	Executive - CEO	Director	31 December 2015
▪ Johan Bohets BVBA represented by Johan Bohets	Independent	Director	31 December 2015

12. Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required professional qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions. He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at Unilever and Sita among other companies before helping to realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics. Chris Buyse also holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Promethera and Amakem.

In connection with the guideline regarding independence and financial expertise, Sofia BVBA, represented by Chris Buyse, meets the specified requirements.

Sofia BVBA, represented by Chris Buyse, is Chairman of the Audit Committee as of 1 January 2011.

13. Corporate governance statement

For the corporate governance statement, we refer to that which was discussed in the Annual Report 2014 - Corporate Governance Statement - which can be found on the Company's website (www.keyware.com).

14. Requests to the Shareholders' Meeting

The Board of Directors requests the General Shareholders' Meeting to:

- approve the financial statements for the year 2014 in toto;
- discharge the directors with respect to the exercising of their mandates during the past financial year 2014;
- discharge the Auditor with respect to the exercising of its mandate during the past financial year 2014.

Prepared at Zaventem, on 21 April 2015

The Board of Directors

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2014

As required by law and the company's by-laws, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the annual accounts, as well as the required additional statements. The annual accounts include the balance sheet as at 31 December 2014, the income statement for the year then ended, and the disclosures.

Report on the annual accounts - unqualified audit opinion

We have audited the annual accounts of the company Keyware Technologies NV for the year ended 31 December 2014, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of 10,080,042 EUR and a loss for the year of 833,696 EUR.

Responsibility of the Board of Directors for the preparation of the annual accounts

The Board of Directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of annual accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the annual accounts.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the annual accounts of the company Keyware Technologies NV give a true and fair view of the company's net equity and financial position as at 31 December 2014 and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Report regarding other statutory and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Directors' report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the company's by-laws.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- The Directors' report includes the information required by the law, is consistent with the annual accounts and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium
- The appropriation of results proposed to the general meeting complies with the relevant requirements of the law and the company's by-laws
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you

Zaventem, 21 April 2015

BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Koen De Brabander

KEYWARE
TECHNOLOGIES