

Keyware starts 2016 with 40% higher pre-tax profit and 15% higher revenues

Brussels, Belgium – 19 May 2016 – Keyware (EURONEXT Brussels: KEYW) today announces its financial results for the first quarter of 2016, which ended on 31 March 2016.

The main indicators for the first quarter of 2016, compared to the first quarter of 2015, can be summarized as follows:

Keyware's first quarter of 2016 summarized	
✓	Revenues surpass 4 million EUR
✓	EBITDA increases from 785 kEUR to 1,180 kEUR, an increase of 50.3%
✓	Pre-tax profit increases from 716 kEUR to 1,006 kEUR, which is an increase of 40.5%
✓	Net profit amounts to 749 kEUR compared to 926 kEUR
✓	Financial and trade and other debts decrease by respectively 291 kEUR and 699 kEUR compared to 31 December 2015

Main result KPI's for the first quarter of 2016:

- The Group has generated revenues of 4,021 kEUR compared to 3,918 kEUR over the same period in 2015, which is an increase of 103 kEUR. However, without taking into account the contribution of the GlobalPay asset deal the comparative revenues are in the range of 3,500 kEUR so that the increase amounts to 521 kEUR or 14.9% on a comparable basis;
- First quarter 2016 revenues are comprised of respectively 2,889 kEUR terminal related revenues (compared to 2,788 kEUR as at 31 March 2015) and 1,132 kEUR authorisation related revenues (compared to 1,130 kEUR as at 31 March 2015). Hence, the increase is mainly resulting from the terminal related activity;
- EBITDA (operational cashflow) for the first quarter of 2016 amounts to 1,180 kEUR compared to 785 kEUR for the first quarter of 2015 which is an improvement of 395 kEUR or 50.3%;
- The profit before taxes amounts to 1,006 kEUR compared to 716 kEUR for the first quarter of 2015, which is an improvement of 290 kEUR or 40.5%;
- The net profit amounts to 749 kEUR compared to 926 kEUR for the first quarter of 2015, which represents a decrease of 177 kEUR or 19.1%. The difference results from the fact that the first quarter of 2015 recorded deferred tax revenues of 212 kEUR whereas deferred tax charges of 255 kEUR have been recorded in the first quarter of 2016. As a result the profitability should be primarily assessed on the basis of the pre-tax results

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Key figures for the period ending on 31 March	31.03.2016	31.03.2015
	kEUR	kEUR
	(unaudited)	(unaudited)
Revenues	4,021	3,918
Profit/(loss) before taxes	1,006	716
Profit/(loss)	749	926
EBITDA	1,180	785
Net cash flow	1,152	1,161
<i>Gross profit margin (profit before tax / revenues) (%)</i>	25.02	18.27
<i>Profit margin (net profit / revenues) (%)</i>	18.63	23.63
<i>EBITDA margin (EBITDA / revenues) (%)</i>	29.35	20.04

Main conclusions on the financial position as at 31 March 2016:

- Net equity amounts to 24,432 kEUR and represents 79.46% of liabilities;
- Financial liabilities on aggregate decreased by 291 kEUR compared to 31 December 2015 and amount to 3,967 kEUR;
- Trade and other debts record a decrease of 699 kEUR compared to 31 December 2015 and amount to 1,875 kEUR compared to 2,574 kEUR

Key figures for the period ending on	31.03.2016	31.12.2015
	kEUR	kEUR
	(unaudited)	(audited)
Net equity	24,432	23,683
Non-current and current financial liabilities and loans	3,967	4,258
<i>Equity / total liabilities (%)</i>	79.46	79.35
<i>Non-current and current financial liabilities and loans / equity (%)</i>	16.24	17.98

Modified presentation of revenues and cost of sales

Up to financial year 2015 commissions from authorisation agreements were recorded as net sales amongst revenues. As a result of the significant increase of these authorisation agreements and in application of the IFRS principles these revenues are no longer presented in that way from financial year 2016 onwards. These amounts will be disaggregated in gross revenues and related costs components.

The European Commission had issued on 29 April 2015 the Interchange Fee Regulation ('IFR') (published in the Official Journal of the European Union of 19 May 2015 – n°2015/751). Various regulations come into force on various dates. Regulations with respect to interchange fees come into force on 9 December 2015 whereas the majority of the other regulations will not come into force before 9 June 2016.

As a result of the increased transparency of the various cost components related to payment transactions, an aggregate view of the costs has been obtained. Keyware has chosen for a separate

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presentation of the gross sales (which is the Merchant Service Charge) and all related charges in revenues and raw materials and consumables (cost of sales).

Income statement

Consolidated income statement for the period ending on 31 March	1 st quarter	
	31.03.2016	31.03.2015
	kEUR (unaudited)	kEUR (unaudited)
Continuing operations		
Revenues	4,021	3,918
Other gains and losses	92	77
Raw materials and consumables	(1,447)	(1,782)
Salaries and employee benefits	(375)	(387)
Depreciation	(62)	(60)
Net impairment losses on current assets	(368)	(287)
Other operating expenses	(1,084)	(930)
Operating profit /(operating loss)	777	549
Financial income	294	268
Financial expenses	(65)	(101)
Profit before taxes	1,006	716
Taxes	(257)	210
Profit/(loss) for the period from continued operations	749	926
Profit/(loss) for the period	749	926

- This modified presentation of authorization revenues and costs only affects the individual caption of gross profit of the first quarter of 2015, i.e. revenues and costs of sales (raw materials and consumables) which both increase by 935 kEUR

	1 st quarter 31.03.2016			1 st quarter 31.03.2015		
	Terminals	Authorizations	Total	Terminals	Authorizations	Total
Revenues	2,889	1,132	4,021	2,788	1,130	3,918
Cost of sales	(555)	(892)	(1,447)	(847)	(935)	(1,782)
Gross profit	2,334	240	2,574	1,941	195	2,136
Gross profit margin %	80.8	21.2	64.0	69.6	17.3	54.5

- the other captions of the income statement as at 31 March 2015 are not affected by the change;
- there is no impact on (opening) net equity as at 1 January 2016;
- there is neither any impact to be made to the balance sheet nor to the cash flow statement as at 31 March 2015



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About Keyware

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

For additional information, please contact:

Mr Stéphane Vandervelde
President & CEO
Keyware Technologies

Tel: +32 (0)2 346.25.23
ir@keyware.com
www.keyware.com

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