

PRESS RELEASE

Keyware records a solid third quarter

Brussels, Belgium – 12 November 2015 – Keyware (EURONEXT Brussels: KEYW) discloses today the financial results for the third quarter of 2015 ended as at 30 September 2015.

Despite lower activity during the summer period the results of the third quarter of 2015 are significantly better than those of 2014. The net profit of the third quarter and the first nine months of 2015 respectively amount to 1,253 kEUR and 3,617 kEUR which is more than three times the amounts of the comparable periods of 2014.

Keyware records a net profit of 3,617 kEUR compared to a net profit of 1,018 kEUR for the first nine months of 2014 which is an increase of 255%. The profit margin (net profit / revenues) amounts to 38.97% compared to 15.34% for the same period in 2014.

As in the former quarters the result of the third quarter of 2015 comprises a deferred tax revenue of 212 kEUR, which relates to the recognition of an additional deferred tax asset on the tax losses, in accordance with IFRS principles. This represents an income of 636 kEUR for the first nine months of 2015 whilst this was not yet accounted for in 2014.

During the first nine months of 2015 EBITDA amounts to 3,455 kEUR which represents an increase of 2,034 kEUR or 143% compared to the same period in 2014. EBITDA margin (EBITDA / revenues) amounts to 37.23% compared to 21.41% during the same period in 2014. However, the comparable period of 2014 comprised the cost relating to the warrant scheme of 2014 amounting to 230 kEUR, which has reduced EBITDA and net profit by the same amount.

The third quarter of 2015 records revenues of 2,807 kEUR compared to 2,371 kEUR last year. Hence, revenues record an increase of 436 kEUR or 18.39% compared to the same period in 2014. Generally revenues during the third quarter are impacted by the holiday period in the summer months during which fewer contracts can be signed.

The solid performance in the third quarter generates revenues for the first nine months of 2015 amounting to 9,281 kEUR compared to 6,636 kEUR for the same period in 2014, which reflects an increase of 2,645 kEUR or 39.86%. The latter is the main driver of the significantly higher EBITDA and profit numbers in 2015.

Besides the positive impact of the asset deal the increase in revenues has been generated by a further improvement of the market share throughout the year 2015. The increase is recorded both in the division of rental revenues as in the division of authorisation revenues. As a result it can be expected that revenues would reach the threshold of 12,000 kEUR in 2015. With respect to the delayed payment of the asset deal the initial estimate of 198 kEUR is still fairly stated. The settlement is expected before 1 January 2016.

The numbers

Key figures for the period ending on 30 September	Nine months ended at		3 rd quarter ended at	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	kEUR	kEUR	kEUR	kEUR
	(non audited)	(non audited)	(non audited)	(non audited)
Revenues	9,281	6,636	2,807	2,371
Profit / (loss) before taxes	2,983	1,018	1,041	387
Net profit/(loss)	3,617	1,018	1,253	387
EBITDA	3,455	1,421	1,230	515
Net cash flow	4,623	1,814	1,621	590
<i>Gross profit margin (profit before taxes / revenues) (%)</i>	<i>32.14</i>	<i>15.34</i>	<i>37.09</i>	<i>16.32</i>
<i>Net profit margin (net profit / revenues) (%)</i>	<i>38.97</i>	<i>15.34</i>	<i>44.63</i>	<i>16.32</i>
<i>EBITDA margin (EBITDA / revenues) (%)</i>	<i>37.23</i>	<i>21.41</i>	<i>43.82</i>	<i>21.72</i>

The key figures for the first nine months and the third quarter of 2015 can be summarized as follows.

First nine months of 2015:

- the Group's revenues amount to 9,281 kEUR compared to 6,636 kEUR for the same period in 2014, which represents an increase in revenues of 2,645 kEUR or 39.86%;
- the operational cashflow (EBITDA) for the first nine months amounts to 3,455 kEUR compared to 1,421 kEUR for the first nine months of 2014. The comparative period of 2014 comprised however the cost related to the warrant scheme of 2014 amounting to 230 kEUR. Excluding this cost EBITDA amounts to 1,651 kEUR. Compared to such EBITDA of 1,651 kEUR, the during the first nine months of 2015 recorded EBITDA is 1,804 kEUR higher or 109.27%;
- the profit before taxes of the period amounts to 2,983 kEUR compared to 1,018 kEUR as at 30 September 2014, which is 1,965 kEUR higher. Not taking into account the above mentioned cost of 230 kEUR linked to the warrant scheme the profit before taxes of the period in 2014 is 1,248 kEUR, so that the profit before taxes of the period in 2015 is 1,735 kEUR higher or 139.02%;
- the net profit of the period amounts to 3,617 kEUR compared to a net profit of 1,018 kEUR as at 30 September 2014, which represents an increase of 2,599 kEUR or 255.30%. The comparison between both periods is impacted by on the one hand the in 2015 recorded deferred tax revenue of 636 kEUR and on the other hand the in 2014 recorded cost related to the warrants of 230 kEUR. On aggregate this accounts for a difference of 866 kEUR;
- the net cash flow amounts to 4,623 kEUR compared to 1,814 kEUR as at 30 September 2014 which is an increase of 2,809 kEUR or 154.85%;
- the gross profit margin (gross profit / revenues) amounts to 78.02% compared to 76.99% as at 30 September 2014.

REGULATED INFORMATION

Third quarter of 2015:

- the Group has generated revenues of 2,807 kEUR compared to 2,371 kEUR for the same period in 2014, which represents an increase in revenues of 436 kEUR or 18.39%;
- the operational cash flow (EBITDA) for the third quarter of 2015 amounts to 1,230 kEUR compared to 515 kEUR for the third quarter of 2014. In that third quarter of 2014 the cost related to the warrant scheme of 2014 was recorded for 230 kEUR. Not taking this cost into account EBITDA would then amount to 745 kEUR. Compared to such EBITDA of 745 kEUR the during the third quarter of 2015 recorded EBITDA is 485 kEUR higher or 65.10%;
- the profit before taxes of the third quarter amounts to 1,041 kEUR compared to 387 kEUR in 2014, which is an increase of 654 kEUR or 168.99%. Without taking the above mentioned cost of 230 kEUR linked to the warrant scheme into account, the profit before taxes of the third quarter in 2014 would rather be 617 kEUR, so that as a result the profit before taxes of the third quarter of 2015 is 424 kEUR higher or 68.72%;
- the net profit of the period amounts to 1,253 kEUR compared to a net profit of 387 kEUR in the third quarter of 2014, which is an improvement of 866 kEUR or 223.77%. The comparison between both periods is however impacted by on the one hand the in 2015 recorded deferred tax revenue of 212 kEUR and on the other hand the in 2014 recorded cost related to the warrant scheme of 230 kEUR. On aggregate this results in an impact of 442 kEUR for the third quarter alone;
- the net cash flow amounts to 1,621 kEUR compared to 590 kEUR in the third quarter of 2014, which represents an increase of 1,031 kEUR or 174.75%;
- the gross profit margin (gross profit / revenues) amounts to 84.15% compared to 79.33% for the third quarter of 2014. The increase is accounted for by a more profitable product mix with respect to the rental revenues and by higher authorisation revenues.

About Keyware

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

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