

## **Revenues from financial software increase from 13.6% to 16.2% Interim dividend to be distributed**

**Brussels, Belgium - 29 August 2019 – Keyware (EURONEXT Brussels: KEYW) today publishes its financial results over the first six months of 2019, ending on 30 June 2019.**

*Fintech specialist Keyware sees its overall turnover decline in the first half of 2019, mainly due to a lesser second quarter. While the traditional segments of payment terminal rentals and transaction revenues declined, sales increased in the financial software segment. The share of this strategically important component has now increased from 13.6% to 16.2% of the total revenues.*

The following points require attention.

<b>The financial overview of the first half of 2019 can be summarised as follows</b>
<ul style="list-style-type: none"> <li>✓ <b>Net profit amounts to kEUR 438 compared to kEUR 325 in 2018 (+ kEUR 113)</b></li> <li>✓ <b>EBITDA decreases from kEUR 1,953 in 2018 to kEUR 1,525 in 2019 (- kEUR 428)</b></li> <li>✓ <b>Revenues amount to kEUR 9,131 compared to kEUR 9,742 in 2018 (- kEUR 611)</b></li> <li>✓ <b>Profit before tax amounts to kEUR 542 compared to kEUR 660 in 2018 (- kEUR 118)</b></li> <li>✓ <b>The financial debts on 30 June 2019 amount to kEUR 5,572 compared to kEUR 6,450 on 31 December 2018</b></li> </ul>
<b>Decision to distribute a gross interim dividend of kEUR 0.04 per share instead of kEUR 0.03</b>

### **Commercial**

*The figures reaffirm the strategic decision to convert Keyware from a company specialised in the rental of payment terminals to a Fintech specialist. Both the price pressure in the traditional segments and the general market conditions are resulting in lower revenues compared to the first half of 2018. However, revenues from the financial software segment are increasing, both on a national and international level.*

*In the first half of 2019, the software department generated revenues of kEUR 1,477 compared to kEUR 1,322 over the same period in 2018, an increase of 11.7%. This increase was largely achieved by EasyOrder, the ordering and payment app which customers can use to place orders with retailers such as bakeries, as well as pubs, restaurants and hotels. A substantial part of the investments in EasyOrder are primarily aimed at the further internationalisation of the customer base.*

*Stéphane Vandervelde, CEO: “Our investments in the software department are bearing fruit. It is important to note that EasyOrder, S-Token and Split are at the beginning of the product life cycle, with a clear potential for the coming years. We therefore expect a further shift of our figures towards purely fintech-related results.”*

**Financial**

Main result indicators for the first half of 2019:

Key figures	1st half year (6 months)	
	30.06.2019	30.06.2018
	kEUR	kEUR
For the period ending on 30 June	(unaudited)	(unaudited)
Revenues	9,131	9,742
Profit before taxes for the period	542	660
Profit for the period	438	325
EBITDA	1,525	1,953
Gross profit margin (profit before tax / revenues) (%)	5.94	6.78
Profit margin (net profit / revenues) (%)	4.80	3.33
EBITDA margin (EBITDA / revenues) (%)	16.70	20.04

#### Revenues and gross profit

- the Group realised revenues of kEUR 9,131 compared to kEUR 9,742 for the same period in 2018, which comes down to a decrease in revenues by kEUR 611 or 6.3% compared to the first six months of 2018;
- the revenues for the first half of 2019 respectively consist of kEUR 3,517 of income relating to payment terminals (compared to kEUR 4,039 at 30 June 2018), kEUR 4,137 of income relating to authorisations (compared to kEUR 4,381 at 30 June 2018) and kEUR 1,477 of income relating to software activities (compared to kEUR 1,322 at 30 June 2018). The traditional segments are responsible for the decline in revenues;
- in the payment terminal segment, the decrease of kEUR 522 or 12.9% is explained by a lower number of new contracts signed in the first half of 2019 compared to 2018 with a similar product mix in favour of cheaper terminals;
- the authorisations segment also saw a decrease of kEUR 244 or 5.6% due to lower commissions and a decrease in the number of contracts that generate authorisation income;
- the software activities segment recorded a kEUR 155 growth, or 11.7%, mainly generated by EasyOrder;
- the gross profit margin of the first semester of 2019 amounts to 60.9% compared to 59.0% for the first semester of 2018. The increasing importance of software has a positive impact on gross profit margins, added to the higher gross profit margin from the traditional segments

Figures in kEUR	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019
	Terminals	Authorisations	Corporate	Software	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment data					
Revenues	3,517	4,137	-	1,477	9,131
Cost of sales	(402)	(3,142)	-	(27)	(3,571)
<b>Gross profit</b>	<b>3,115</b>	<b>995</b>	<b>-</b>	<b>1,450</b>	<b>5,560</b>
<b>Gross profit margin %</b>	<b>88.6</b>	<b>24.1</b>	<b>-</b>	<b>98.2</b>	<b>60.9</b>
<b>Share in revenues %</b>	<b>38.5</b>	<b>45.3</b>	<b>-</b>	<b>16.2</b>	<b>100.0</b>

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Figures in kEUR	30.06.2018	30.06.2018	30.06.2018	30.06.2018	30.06.2018
	Terminals	Authorisations	Corporate	Software	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	4,039	4,381	-	1,322	9,742
Cost of sales	(572)	(3,372)	-	(46)	(3,990)
<b>Gross profit</b>	<b>3,467</b>	<b>1,009</b>	-	<b>1,276</b>	<b>5,752</b>
<b>Gross profit margin %</b>	<b>85.8</b>	<b>23.0</b>	-	<b>96.5</b>	<b>59.0</b>
<b>Share in revenues %</b>	<b>41.4</b>	<b>45.0</b>	-	<b>13.6</b>	<b>100.0</b>

### Profitability indicators

- operating profit (EBIT) for the first half-year amounts to kEUR 276 compared to kEUR 294 for the first half of 2018, i.e. a decrease of kEUR 18 or 6.1%. The reduction in EBITDA (see below) is offset by lower allowances on stocks and debtors (non-cash costs);
- EBITDA for the first half-year was kEUR 1,525 compared to kEUR 1,953 for the first half of 2018, i.e. a reduction of kEUR 428 or 21.9%. The decrease in EBITDA is the result of a lower gross profit, as well as higher personnel and overhead costs;
- the profit before tax amounts to kEUR 542 compared to kEUR 660 for the first half of 2018, i.e. a reduction of kEUR 118 or 17.9%, as a result of lower operating profit or EBIT (kEUR 18 lower) and lower financial result (kEUR 100 lower);
- net profit is kEUR 438 compared to kEUR 325 in the first half of 2018, which is an increase of kEUR 103 or 31.7%. The increase is due to a reduction of deferred tax liabilities in the first half of 2019, which results in a fiscal income recognised in the profit and loss account

### Main result indicators for the second quarter of 2019:

Key figures For the period ending on 30 June	2nd quarter (3 months)	
	30.06.2019	30.06.2018
	kEUR	kEUR
	(unaudited)	(unaudited)
Revenues	4,442	5,113
Pre-tax profit	(50)	206
Profit	70	80
EBITDA	515	915
<i>Gross profit margin (profit before tax / revenues) (%)</i>	<i>(1.1)</i>	<i>4.0</i>
<i>Profit margin (net profit / revenues) (%)</i>	<i>1.6</i>	<i>1.6</i>
<i>EBITDA margin (EBITDA / revenues) (%)</i>	<i>11.6</i>	<i>17.9</i>

### Revenues and gross profit

- during the second quarter the Group generated revenues of kEUR 4,442 compared to kEUR 5,113 for the same period in 2018, which represents a decrease in revenues of kEUR 671 or 13.1% compared to 2018;
- the revenues for the second quarter of 2019 consists of respectively kEUR 1,520 of income relating to payment terminals (compared to kEUR 2,077 at 30 June 2018), kEUR 2,197 of income relating to authorisations (compared to kEUR 2,290 at 30 June 2018), while the software activities represent a revenues of kEUR 725 (compared to kEUR 746 at 30 June 2018);

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- with regard to the payment terminal activity, the decrease of kEUR 557 or 26.8% in the second quarter cancelled out the small increase in the first quarter of 2019;
- the authorisation segment recorded a decrease of kEUR 93, or 4.1%, compared to the second quarter of 2018;
- the software activities decreased slightly by kEUR 21

### *Profitability indicators*

- the EBIT for the second quarter amounts to kEUR -174 (loss) compared to kEUR 25 for the second quarter of 2018, i.e. a reduction of kEUR 199 or 796%. The lower EBITDA (see below) was partly offset by lower allowances on stocks and debtors;
- the EBITDA for the second quarter amounts to kEUR 515 compared to kEUR 915 for the second quarter of 2018, i.e. a reduction of kEUR 400 or 43.7%. This decrease is mainly the result of the lower gross profit margin, higher overhead costs and personnel costs;
- the pre-tax result amounts to kEUR -50 (loss) compared to kEUR 206 for the second quarter of 2018, i.e. a decrease of kEUR 256 or 124.3%, mainly due to a lower operating result (kEUR 199 lower) and additionally a lower financial result (kEUR 57 lower);
- the net profit amounts to kEUR 70 compared to a net profit of kEUR 80 for the second quarter of 2018, which represents a decrease of kEUR 10 or 12.5% in comparison thereto. The decrease is due to the above-mentioned factors

The main points of attention in the **financial position on 30 June 2019** are:

Key figures For the period ending	30.06.2019	31.12.2018	30.06.2018
	kEUR	kEUR	kEUR
	(unaudited)	(audited)	(unaudited)
Net equity	28,466	27,592	27,949
Non-current and current financial liabilities and loans	5,572	6,450	7,897
Cash and cash equivalents	2,692	3,520	4,099
<i>Equity / total liabilities (%)</i>	66.9	64.3	67.1
<i>Non-current and current financial liabilities and loans/ equity (%)</i>	19.6	23.4	28.3

- net equity amounts to kEUR 28,466 and represents 66.9% of the liabilities. This increase in percentage results from the increase in shareholders' equity, which, in addition to the half-year result, is also results from a capital increase of kEUR 569 through the exercise of warrants;
- financial debts and loans drop by kEUR 878 compared to 31 December 2018. On 30 June 2019 these amount to kEUR 5,572. In this context, it should be noted that the bullet loan that expired on 30 June 2019 has been replaced by a higher monthly instalment over the remaining period of 24 months;
- cash and cash equivalents amount to kEUR 2,692 on 30 June 2019, compared to kEUR 3,520 on 31 December 2018. This decrease is due, among other things, to delayed collection of authorisation receivables

### **Changed perimeter**

In April 2019 the subsidiary under Luxembourg law Keyware SARL was incorporated. The contribution of this company to the figures of the first half of 2019 is limited because the company is in the start-up phase. Its activities resulted in a loss of kEUR 42.

## REGULATED INFORMATION

### Important events during the first six months of 2019

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#### KEYWARE SARL

As mentioned above the subsidiary under Luxembourg law Keyware SARL was incorporated. Its activity is focused on the Grand Duchy of Luxembourg, as well as on north-eastern France. The company is in the start-up phase. At the end of June 2019, it employed 4 people.

#### EXERCISE OF WARRANTS

During the first six months of 2019, 1,000,000 warrants of the Warrant Plan 2014 were exercised. The notarial deed was passed on 28 June 2019. Pursuant to the exercise of the warrants the capital and the issue premiums were respectively increased by kEUR 370 and kEUR 199. The exercise price is EUR 0.569. Because of this exercise, there are no more outstanding warrants.

### Important events after 30 June 2019

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To date, no major events have occurred after 30 June 2019.

#### **Share Buy-back Programme**

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In August 2018 the Board of Directors adopted a new Share Buy-back Programme. This programme was due to start on 1 October 2018 for a period of maximum one year, but the first purchases of treasury shares did not take place before January 2019.

The proposed target of EUR 1,000,000 will not be reached. Therefore, the Board of Directors has decided on 29 August 2019 (today) to extend the Programme with another year until 30 September 2020.

#### **Interim dividend**

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The Board of Directors of 29 August 2019 (today) has decided to grant an interim dividend in cash based on the half-yearly results of 30 June 2019 which were audited by Ernst & Young Bedrijfsrevisoren CVBA.

The gross interim dividend will amount to EUR 0.04 (four cents) per share, which corresponds to a gross dividend of kEUR 913, excluding treasury shares. According to the most recent information, the number of shares entitled to dividend amounts to 22,823,806. The net amount per share, where appropriate after deduction of the withholding tax (30%), is EUR 0.028. Belfius Bank NV acts as a centralising banking institution.

Compared to the previous financial year, this represents an increase from EUR 0.03 to EUR 0.04 per share.

The following calendar is defined:

Ex-dividend date:	11/09/2019
Record date:	12/09/2019
Payment date:	13/09/2019

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### Glossary

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<b>EBIT</b>	Earnings Before Interest and Taxes Regarded as the operating result or therefore operating profit/loss
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciations and Amortizations Defined as the Operating Result (EBIT) + Amortizations + depreciation of stocks + depreciations of debtors + impairments
<b>kEUR</b>	Realised losses of debtors form part of the EBIT and therefore not of the EBITDA Thousand euros

### About Keyware

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Keyware (EURONEXT Brussels: KEYW) is a leading supplier of electronic-payment solutions and software development. Keyware is located in Zaventem, Belgium, and more information is available on [www.keyware.com](http://www.keyware.com).

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