

**Your n°1
payments
partner**

Investor's Guide



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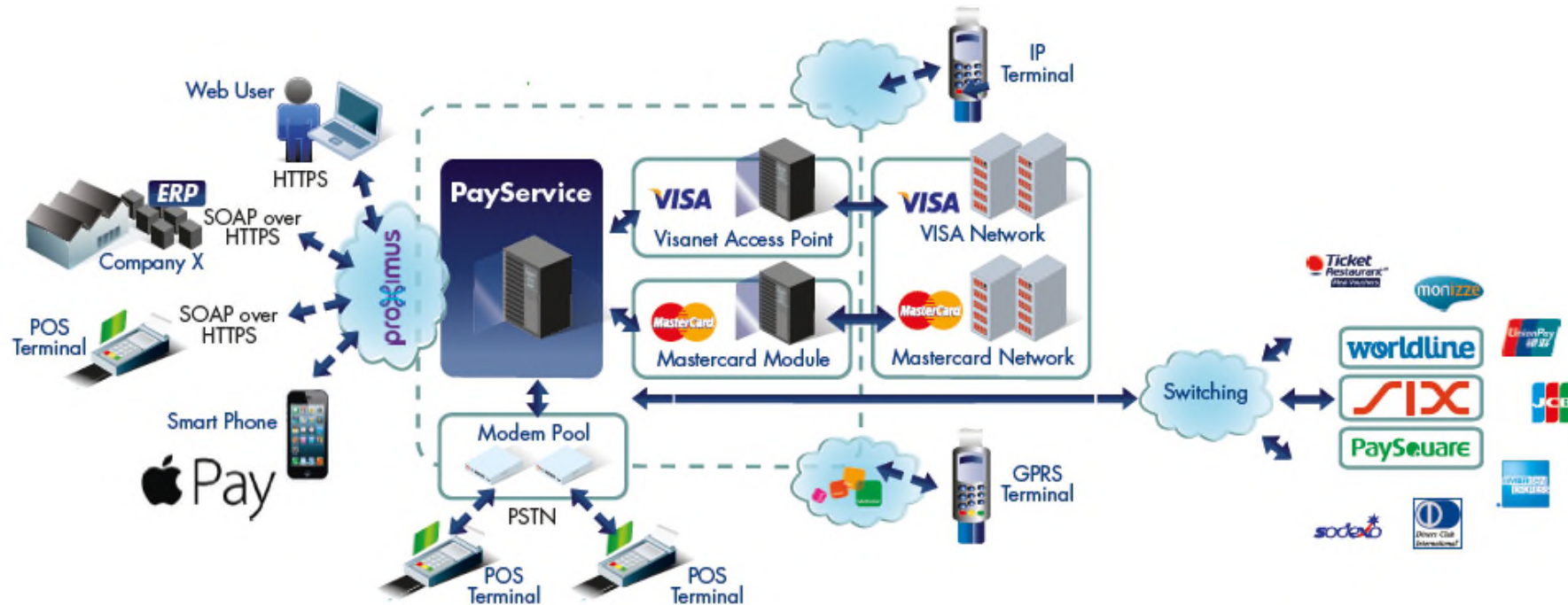
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Keyware is an Independent NSP

- Keyware is an independent electronic payment transactions NSP (Network Service Provider) and has
- its own transaction platform
 - with a selected number of strategic partners for
 - payment terminals
 - acquiring services
 - e-commerce & m-commerce
 - air time



Corporate Fact Sheet



Stéphane Vandervelde
President & CEO

- Keyware is public company since June 2000 (Nasdaq Europe : KEYW) and trades since 2003 on NYSE-Euronext, now Euronext (KEYW)
- statutory capital of Keyware Technologies : 7.857.344 €
- N° of shares : 21.233.793; fully diluted : 23.543.793
- CAGR of 21,23% (since 2011)
- EBITDA margin of 29,7% and 29,62% in FY-2015 and S1-2016 respectively
- N° of employees : 40 FTE (average) (Belgium)
- Subsidiary incorporated in Germany (June 2016) to become operational in Q4-2016
- Participation of 40% in the share capital of Magellan SAS, a profitable French innovator in electronic payment transactions software and solutions

Our vision :
to reduce the cost of cash by using electronic payment



Organisation



Daily Management Team



Stéphane Vandervelde, CEO

- over 30 years of experience in technology organisations
- co-founder of Keyware
- several positions as Board Member in multiple industries
- electronics engineer specialised in micro-electronics and chip design



Alain Hubert, CFO

- over 20 years of experience in finance
- former E&Y-director Transaction Advisory Services
- certified Auditor
- master in Applied Economics
- due diligence, quality & risk management specialisations
- @ Keyware since 2013

Wim Verfaillie, COO

- over 25 years of experience in streamlining operations
- extensive knowledge of retail, telco and payment technologies
- @ Keyware since 2007
- industrial engineer electricity

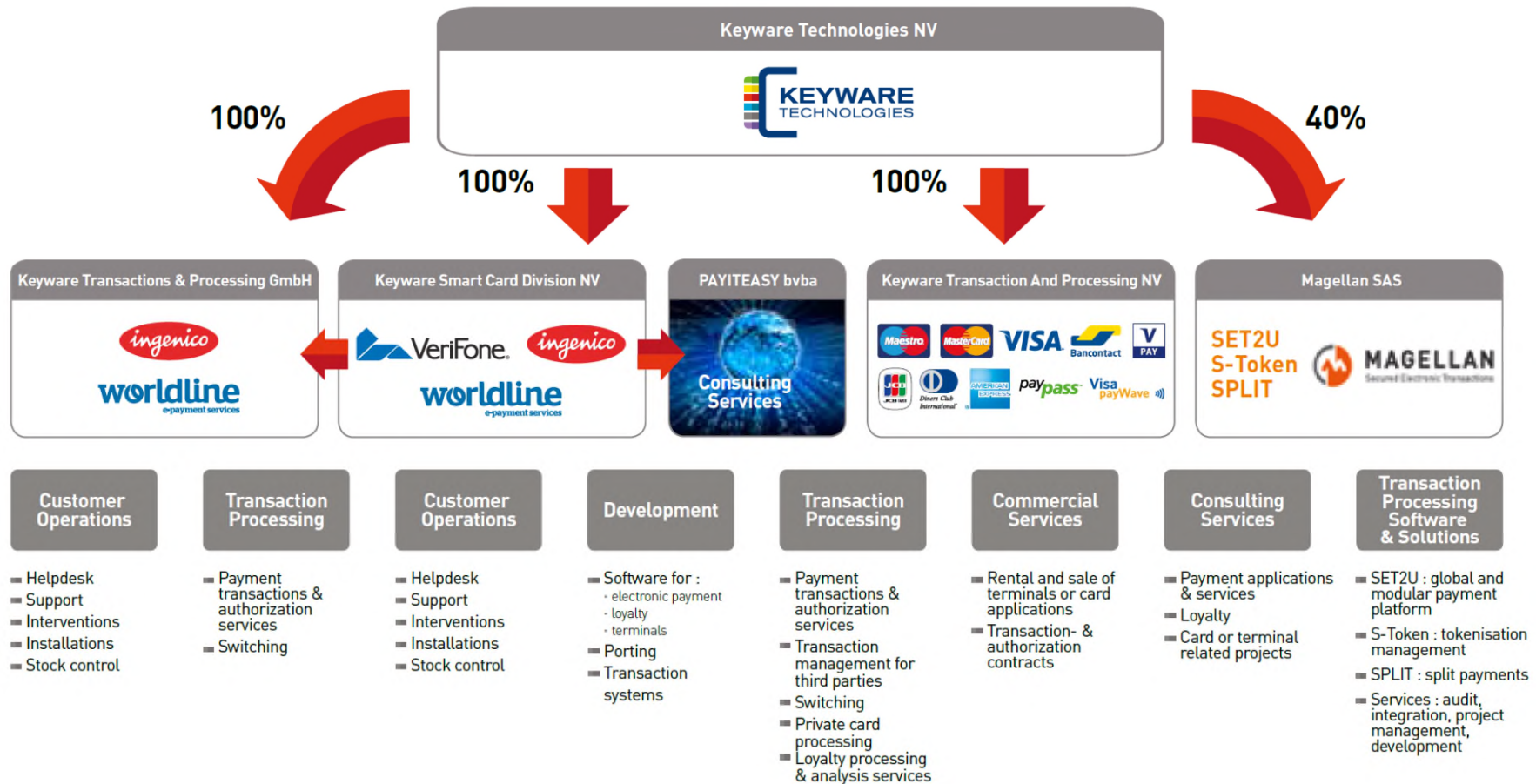


Joris Maes, CCO

- over 20 years of experience in international sales & marketing positions
- Master in Industrial Engineering
- MBA in General International Management
- @ Keyware since 2010



Organisational Structure

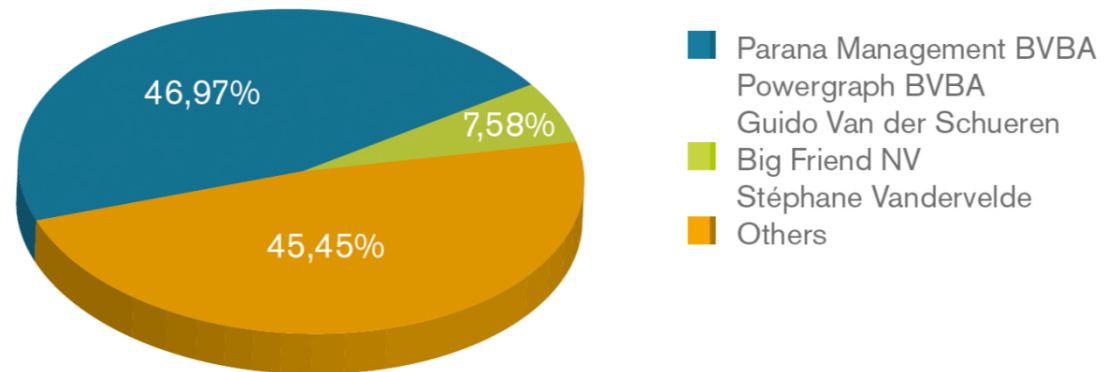


Shares and Shareholder Structure







► Shares

- Since the capital increase in June 2016 the actual number of shares has been increased to 21.188.793 shares
- All shares are entitled to a dividend and have the same par value
- This number can be further increased by 2.355.000 (11,11%) shares in case of the exercise of outstanding warrants. Fully diluted there are 23.543.793 shares

► Shareholder structure as at 30 June 2016



Board of Directors – Audit Committee – Remuneration Committee

Representative		Position	Membership
■ Guido Van der Schueren		Non-executive	Chairman of the Board Remuneration committee Audit committee
■ 3C Consulting BVBA represented by Bruno Kusters		Independent, non-executive	Director Chairman of the Remuneration committee
■ COFIRANS SA, represented by Pierre Delhaize		Non-executive	Director Audit committee
■ Sofia BVBA represented by Chris Buyse		Independent, non-executive	Director Remuneration committee Audit committee
■ Big Friend NV represented by Stéphane Vandervelde		Executive - CEO	President of the Management Committee Director
■ Moirai Management BVBA represented by Johan Behets		Independent, non-executive	Director



Milestones 2016



Milestones 2016

- Significant customer loyalty results in massive extensions of end-of-life cycle contracts to new long term contracts
- Break-through in the government sector : cities, municipalities, police departments, museums, regional and federal government
- Analysts from Arrowhead, Goldhar and Alphavalue issue valuation reports on Keyware with respective fair values of € 2,93, € 3,21 and € 2,94. Alphavalue has issued a buy recommendation in its report of September 2016
- Keyware signs an increasing number of major deals with multi-POS customers
- Keyware becomes a Bancontact certificate holder
- Keyware obtained adapted contractual conditions for the TP/SP agreement with Worldline (brokering)
- Keyware incorporates Keyware Transactions & Processing GmbH launching similar activities in Germany, to be operational in Q4-2016
- Keyware starts programme for purchase of own shares for maximum EUR 1 million
- Keyware to distribute dividends
- Keyware takes a participation of 40% in the share capital of Magellan SAS



Magellan

► French company with over 16 years of experience specialising in innovative software, solutions and services for electronic payment transactions management

- 2015 EBITDA : €1.109K or €1.200K excluding non-recurrent items
- 2015 turnover : €3.314K
- 16 FTE + 5 freelance workers

► Main software solutions :

- SET2U : a global, modular and future-proof platform for the management of electronic payment transactions
- S-Token : a tokenization management solution, PCI DSS and EMVCo compliant
- SPLIT : an easy to implement split payment solution for payment card holders

► Participation of 40% in the share capital of Magellan SAS

- 20% by means of a capital increase of € 2.000K in Magellan SAS
- 10% via purchase in cash for € 1.000K from Galileo SA
- 10% via purchase in shares of Keyware Technologies for a value of €1.000K from Galileo SA. Funded by a share buy back program launched on 29/08/2016
- no dilution for shareholders



Magellan : contribution

► Products, solutions and services

- enrichment of Keyware's portfolio in Belgium and Germany, bringing new and innovative solutions to these markets, hence entering new and highly profitable market segments
- optimisation and cost reduction for Keyware's PayItEasy transaction platform



Why Invest ?



Insights into Keyware's Attractiveness for Investors (1)

- Mature Group with diversified activities
 - ability to quickly adopt new technologies, partners, products and solutions (e.g. Keyware's PayService platform)
 - valuable partnerships with the world's industry leaders on terminals and payment transactions
 - participation in innovative and profitable payment solutions providers (e.g. Magellan)
- Robust financial results
 - increasing share of recognized/repeatable revenue
 - decreasing financial leverage in the coming years as the Group is increasingly generating cash
 - EBITA-margin stable at 29% of revenues
 - increasing weight of transactions generated revenues (highly profitable)
 - start of dividend policy
- High barriers to enter the market
 - economies of scale, capital requirements
 - brand identity
 - access to partners and distribution
 - development experience and costs
 - PCI/DSS compliancy, Bancontact certificate holder



Insights into Keyware's Attractiveness for Investors (2)

- Quests for growth by increasing market share
 - steadily increasing market share in electronic payments
 - seeking opportunities through acquisitions, e.g. the asset deal signed
 - grasping market opportunities abroad (France, Germany)
 - measuring and enhancing customer's satisfaction
 - need for local service providers in a globalized payment landscape
 - additional market growth by European laws and directions on prohibiting cash transactions in favor of electronic payments
 - accelerated potential for payment transactions by the young generation's adoption of new mobile payment devices, the growth of e-commerce and the use of electronic payment solutions for micro-payments
 - huge potential in terms of market penetration

- Low risk
 - future-proof developments, agile operational performance
 - experienced and well-balanced product development team
 - disruptive cost model



Financials

Consolidated Income Statement

Consolidated income statement	Fiscal year 2015	Semester 1 2015	Semester 1 2016
	2015	2015	2016
	(in 000)	(in 000)	(in 000)
	(audited)	(unaudited)	(unaudited)
Revenues	16 800	8 892	9 251
Other profits and losses	314	129	188
Raw materials and consumables	- 6 622	- 4 013	-3 842
Salaries and employee benefits	- 1 508	- 797	- 716
Depreciation	- 251	-123	-131
Net impairment of current assets	-1 785	- 675	- 828
Other expenses	-3 712	- 1 825	-2 101
Operating result	3 236	1 588	1 821
EBITDA	4 993	2 225	2 740
Financial income	1 141	546	593
Financial expenses	- 349	- 192	- 111
Result before taxes	4 028	1 942	2 303
Taxes on the result	1 263	422	- 438
Profit/(loss) for the period from cont. Operations	5 291	2 364	1 865
Result from Joint Ventures	0	0	0
Profit/(loss) for the period	5 291	2 364	1 865

IFRS Standards

Profitability KPIs

	Fiscal year ended at	Semester 1 2015	Semester 1 2016
	2015	2015	2016
	(audited)	(unaudited)	(unaudited)
Revenues	16 800	8 892	9 251
EBIT	3 236	1 588	1 821
EBITDA	4 993	2 225	2 740
Result before taxes	4 028	1 942	2 303
Net result	5 291	2 364	1 865
EBITDA / revenues (%)	29,7	25,0	29,6
Gross margin (%)	60,6	54,9	58,5
Operating results / revenues (%)	19,3	17,9	19,7

IFRS Standards

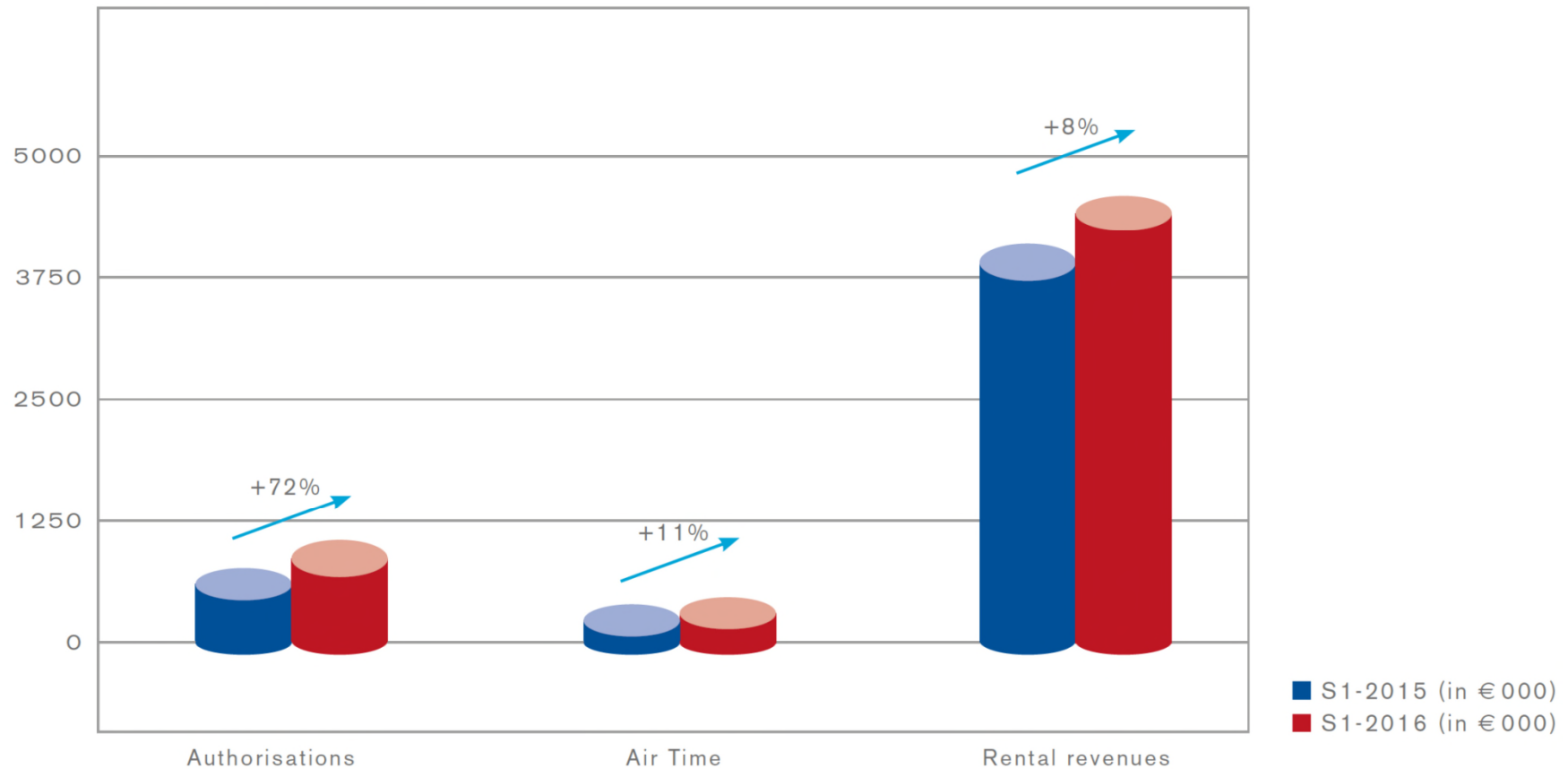
Gross Profit Margin by Activity

Breakdown per segment	Semester S1 2016	Semester S1 2015	Fiscal year ended at
	2016	2015	2015
	(in 000)	(in 000)	(in 000)
	(unaudited)	(unaudited)	(audited)
Revenues terminals	5 456	6 065	11 562
Cost of sales terminals	-875	-1 595	-2 313
Gross margin terminals	4 581	4 470	9 249
Revenues authorizations	3 795	2 827	5 238
Cost of sales authorizations	-2 967	-2 418	-4 309
Gross margin authorizations	828	409	929
Revenues	9 251	8 892	16 800
Cost of sales	-3 842	-4 013	-6 622
Gross margin	5 409	4 879	10 178
Gross profit margin terminals (%)	83,96	73,70	79,99
Gross profit margin authorizations (%)	21,82	14,47	17,74
Gross profit margin aggregate (%)	58,47	54,87	60,58

IFRS Standards

Revenue Breakdown

BE GAAP REVENUES



Consolidated Balance Sheet - Assets

Consolidated balance sheet	Semester 1 2015	Fiscal year ended at	Semester 1 2016
	30/06/15	31/12/15	30/06/16
	(in 000)	(in 000)	(in 000)
Assets	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	24 015	24 605	24 780
Goodwill	5 248	5 248	5 248
Intangible assets	255	200	175
Property, plant and equipment	454	428	546
Financial fixed assets	324	325	474
Deferred tax assets	2 109	3 058	2 621
Long term trade receivables	15 625	15 346	15 716
Current assets	4 184	6 413	6 781
Inventories	500	992	920
Financial lease receivables	2 866	3 806	4 294
Trade receivables an other receivables	435	626	1 110
Deferred charges and accrued income	124	8	85
Cash and cash equivalents	259	981	372
Total assets	28 199	31 018	31 561

IFRS Standards

Consolidated Balance Sheet - Liabilities

Consolidated balance sheet	Semester 1 2015	Fiscal year ended at	Semester 1 2016
	30/06/15	31/12/15	31/03/16
	(in 000)	(in 000)	(in 000)
Equity and liabilities	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Shareholder's equity	20 345	23 683	25 619
Issued capital	8 490	8 771	7 181
Share premiums	4 716	4 846	2 857
Reserve warrants	797	797	797
Retained earnings	6 342	9 269	14 784
Provisions	198	0	0
Provisions	198	0	0
Liabilities due after one year	3 224	2 718	2 252
Financial debts due after one year	3 134	2 675	2 160
Lease debts due after one year	90	43	92
Liabilities due within one year	4 432	4 617	3 690
Financial debts due within one year	1 621	1 514	1 440
Lease debts due within one year	44	26	87
Trade debts	2 038	2 252	1 399
Social and fiscal debts	268	322	318
Other liabilities	0	11	0
Deferred income and accrued charges	461	492	446
Total liabilities and shareholder's equity	28 199	31 018	31 561

IFRS Standards

Consolidated Cash Flow Statement

Consolidated cash flows	Semester 1 2015	Fiscal year ended at	Semester 1 2016
	30/06/15 (in 000) (unaudited)	31/12/15 (in 000) (audited)	30/06/16 (in 000) (unaudited)
Cash flow from operating activities			
Result for the period	2 364	5 291	1 865
Deferred taxes	- 424	- 1 373	436
Financial income	- 546	- 1 141	- 593
Financial expenses	192	349	111
Depreciations and amortisations	123	251	131
Impairment on finance lease receivables	505	1 224	645
Write-offs on inventories	170	561	183
Capital gains on the disposal of assets	-	-	-6
Operating cash flow before changes in working capital components	2 384	5 162	2 772
Decrease / (increase) of inventories	66	- 817	- 111
Decrease / (increase) of finance lease receivables	- 1 927	- 3 308	- 1 503
Decrease / (increase) of trade and other receivables	408	217	- 484
Decrease / (increase) of deferred charges and accrued income	- 105	11	- 77
Increase / (decrease) in provisions	198	-	-
Increase / (decrease) of trade debts	- 1 535	- 1 259	- 857
Increase / (decrease) in other liabilities	79	114	- 57
Changes in working capital components	- 2 816	- 5 042	- 3 089
Interest paid	- 192	- 337	- 111
Interest received	546	1 129	593
Cash flow from operating activities	- 78	912	165

IFRS Standards

Consolidated Cash Flow Statement ctd.

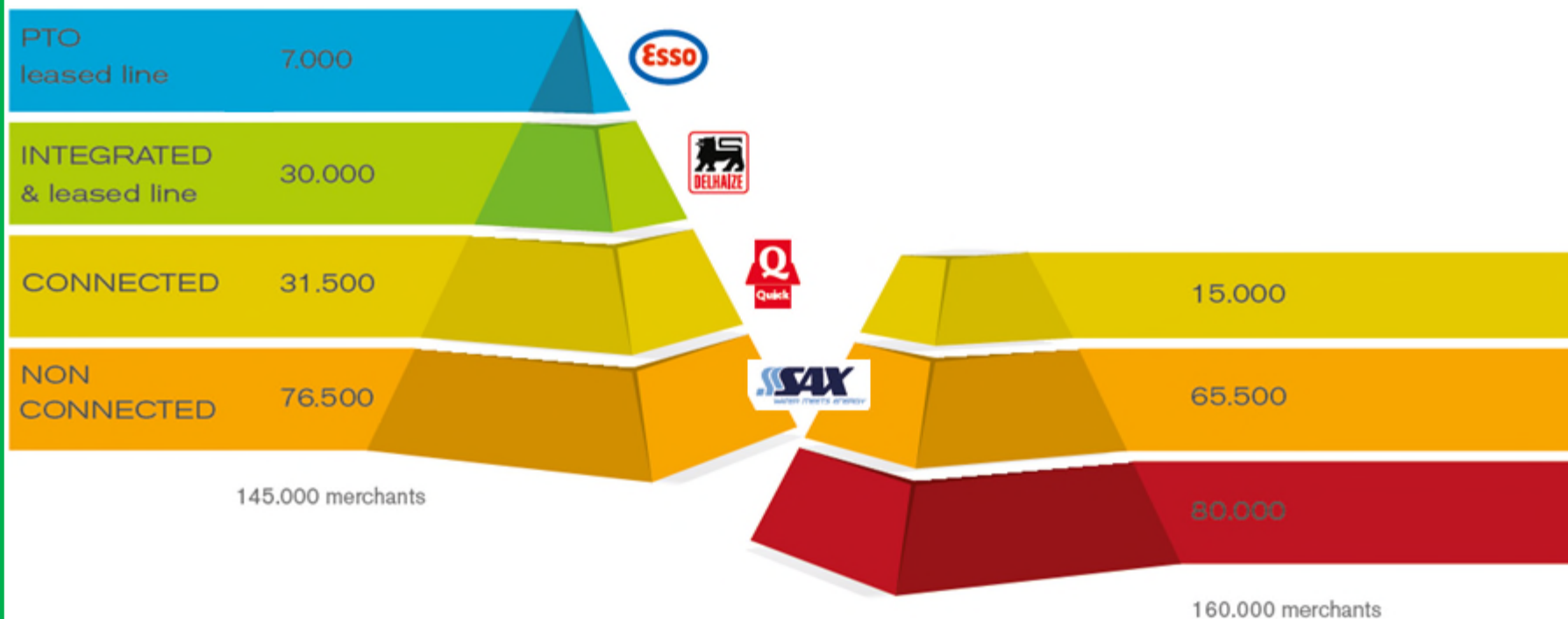
Consolidated cash flows	Semester 1 2015	Fiscal year ended at	Semester 1 2016
	30/06/15 <i>(in 000)</i> <i>(unaudited)</i>	31/12/15 <i>(in 000)</i> <i>(audited)</i>	30/06/16 <i>(in 000)</i> <i>(unaudited)</i>
Cash flow from operating activities	- 78	912	165
Net cash from investing activities			
Acquisition of intangible and tangible fixed assets (Capex)	- 333	- 380	- 245
Investments in financial fixed assets	- 250	- 250	- 150
Disposals of intangible and tangible fixed assets	-	-	28
(Increase)/decrease of issued warranties	-	-1	1
Cash flow from investing activities	- 583	- 631	- 366
Net cash from financing activities			
Capital increase	-	411	71
(Reimbursements) / Proceeds from borrowings	- 30	- 596	- 589
(Reimbursements) / Proceeds from lease debts	35	-30	110
Cash flow from financing activities	5	- 215	- 408
Net (decrease) / increase in cash and cash equivalents	- 656	66	- 609
Cash and cash equivalents at the beginning of the period	915	915	981
Cash and cash equivalents at the end of the period	259	981	372

IFRS Standards

Market Trend Belgium

Growth forecasts for terminals (Belgium):

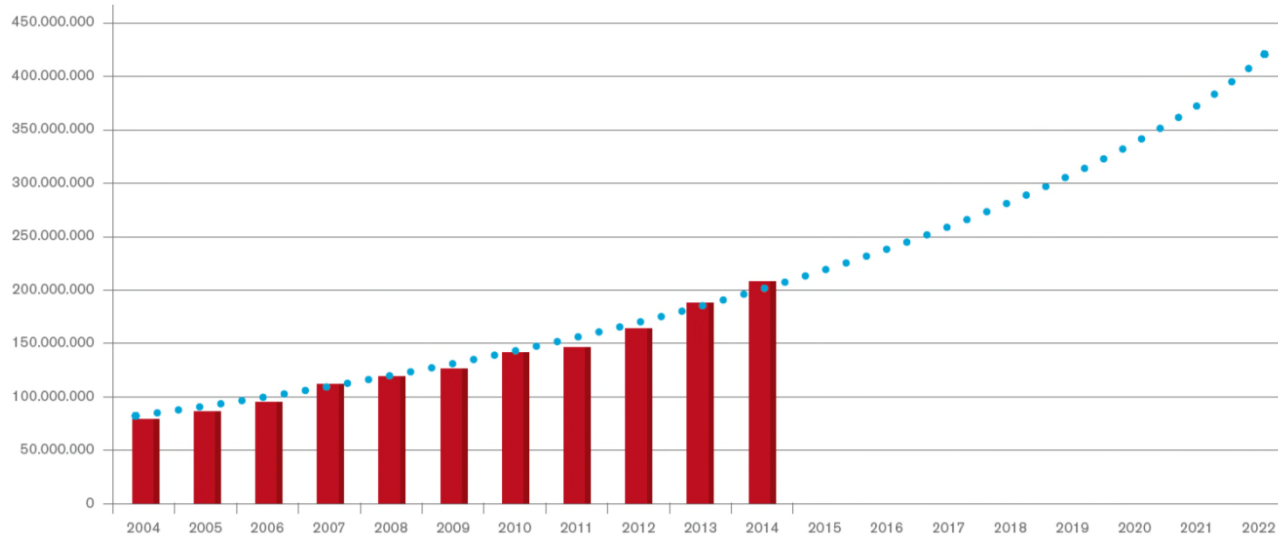
- + 15.000 connected
- + 65.500 non-connected
- + 80.000 new markets (electronic meal vouchers, m-payments,...)



Source : Worldline, Payment Update, Febelfin

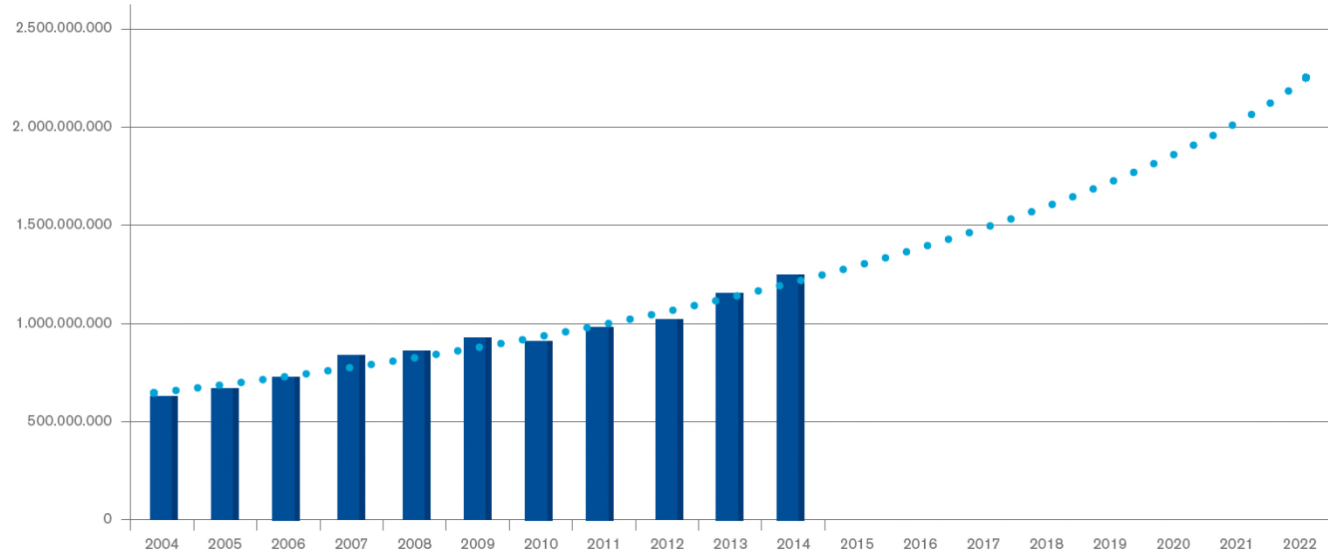


Market Trend Belgium



Growth in N° of credit card transactions

Growth in N° of debit card transactions



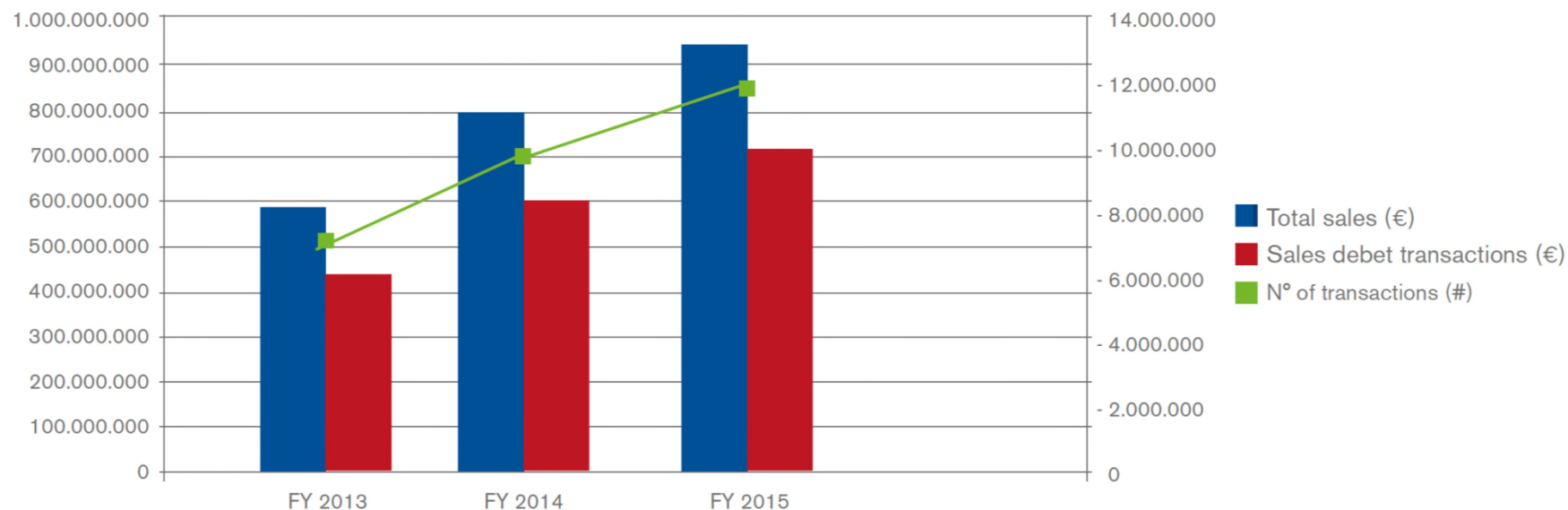
Source : Worldline, Payment Update, Febelfin, McKinsey, The Nilson Report



Keyware's Transaction Activity Trend

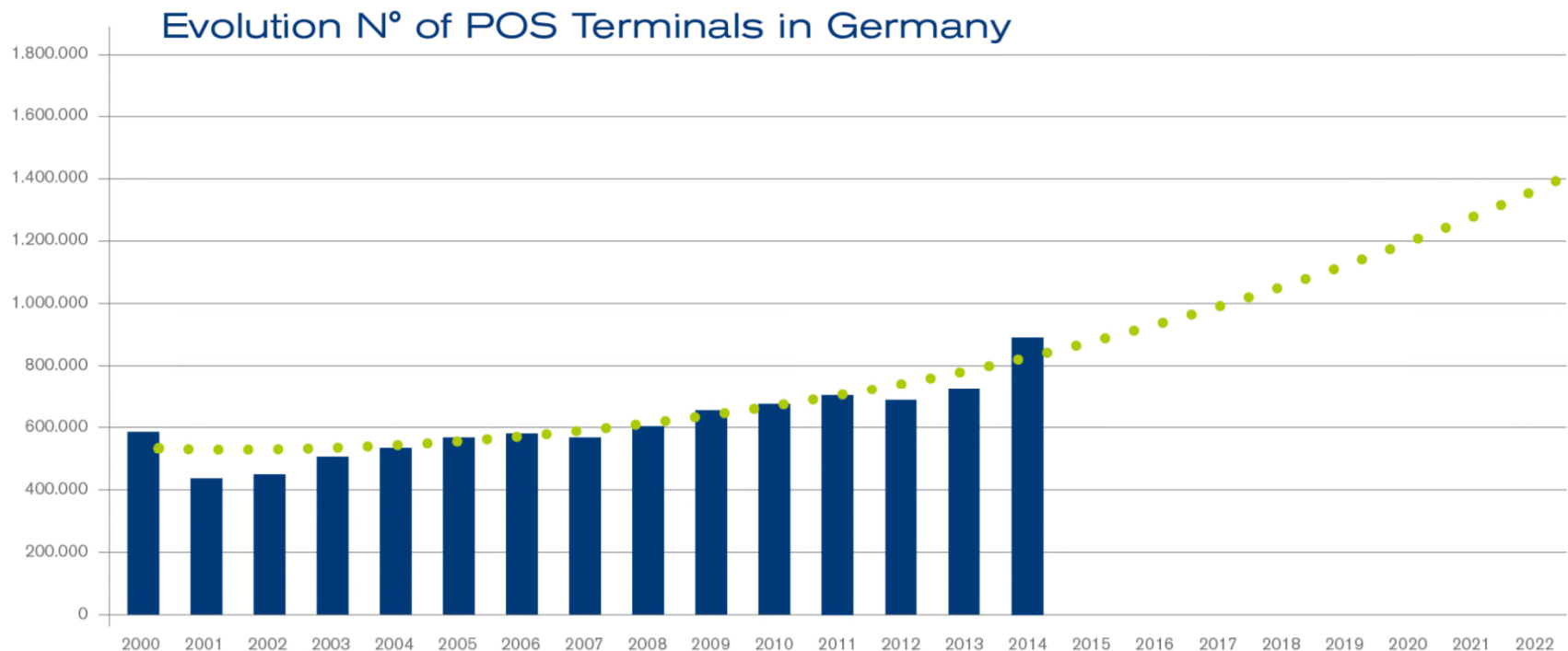
	FY 2013	FY 2014	FY 2015
Total sales (€)	592 000 000	802 000 000	938 000 000
Sales debit transactions (€)	429 000 000	599 000 000	725 000 000
N° of transactions (#)	7 135 000	9 965 000	11 792 000

KEYWARE'S NSP Activity



Market Trend Germany

Growth forecast for terminals

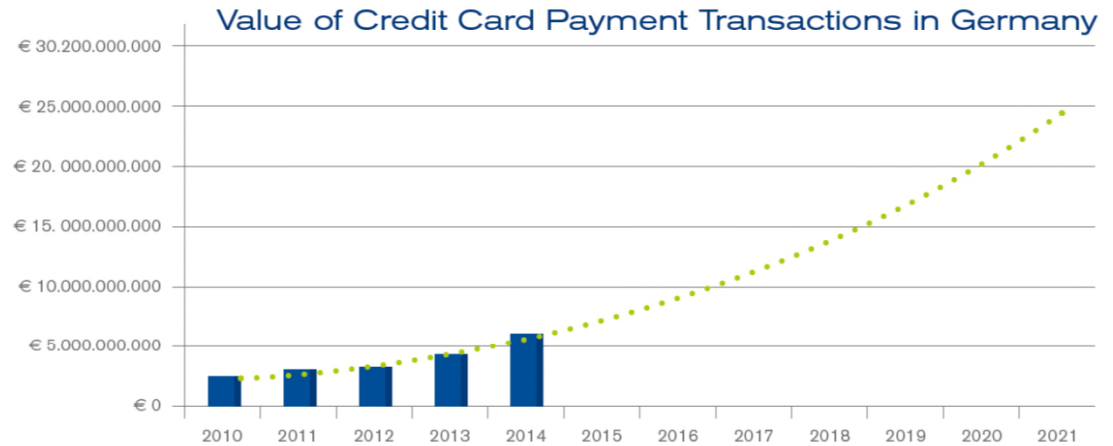


Source : ECB

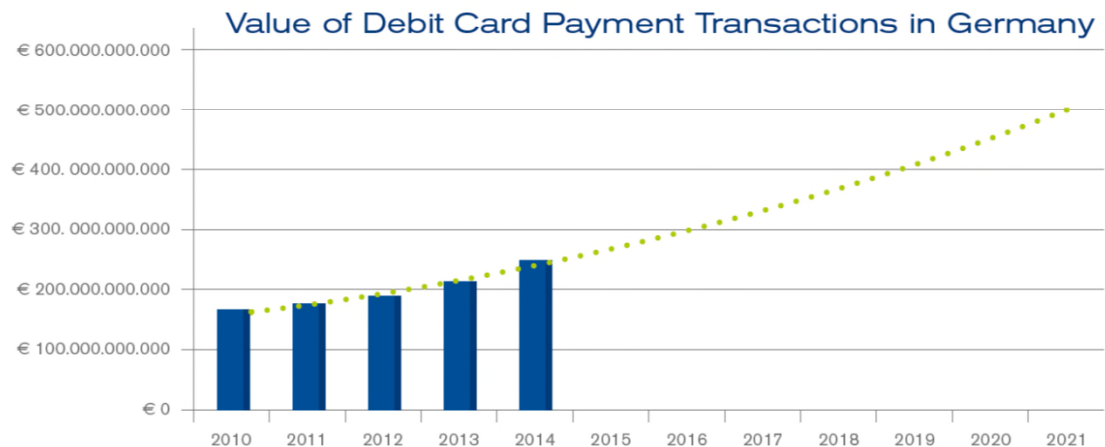


Market Trend Germany

Growth in volume
of credit card
transactions (€)



Growth in volume
of debit card
transactions (€)



Source : ECB



Operations



Organisation : Headcount

	BELGIUM	GERMANY (PLAN 2016)	FRANCE
SALES & MARKETING	21 FTE	7 FTE	1 FTE
DEVELOPMENT	2 FTE	-	15 FTE
ACCOUNTING, FINANCE & ADMIN	4 FTE	1 FTE	1 FTE
LEGAL & HR	2 FTE	-	1 FTE
CUSTOMER SUPPORT & INSTALLATIONS	11 FTE	- (*)	3 FTE
	<hr/> 40 FTE	<hr/> 8 FTE	<hr/> 21 FTE

(*) outsourced



Operational Excellence

SAP Backbone

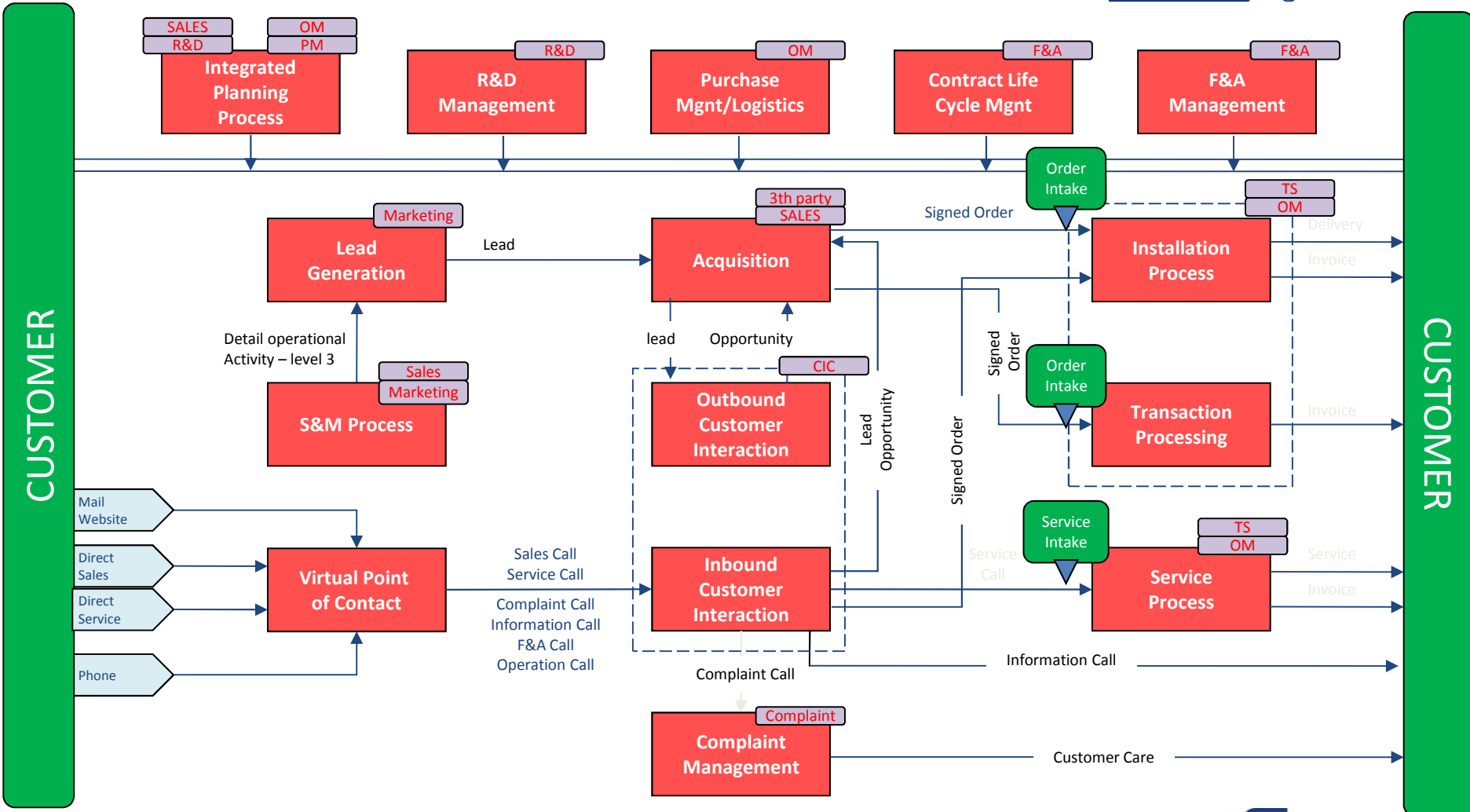


- ▶ Keyware has an end-to-end integrated business process based on SAP
- ▶ Advantages for our customers :
 - at any moment and for each division : up-to-date customer status
 - less overhead triggers lower operating costs, hence better prices
 - faster order and fulfillment process, reduced support and intervention time
 - substantial error reduction
- ▶ Advantages for Keyware :
 - ability to serve more customers in less time with better results
 - automation reduces stress and results in a positive customer interaction
 - reduction and better forecast of operational costs, thus better competitive positioning
 - fast, precise and effective integration of new services, terminals or partnerships
 - accurate forecasting
 - transparency on all levels : stock, sales, finance, support, installed base,...
 - complex processes are fully automated :
 - billing plans
 - depreciation / amortization tables
 - service and installation ticket allocation
 - easily replicated on other entities



Operational excellence

SAP Backbone ctd



Certificates



- PCI-DSS COMPLIANCE (Payment Card Industry Data Security Standards)
- a set of security standards for all organisations that manage and store credit and debit card information



Certificates



Bancontact

Certificate Holder - POS Gateway



Bancontact

Certificate Holder - Terminal Provider

Keyware is the only provider for Bancontact on APAX-terminals



electronic cash Netzbetreiber

Keyware provides an end-to-end solution for debit and credit card transactions



Customers



On our way to serve 20.000 customers...





Find us on youtube...



Da Pino
Lichtaart



Boretti
Boom



Traiteur
Pomodoro
Kortrijk



Frando
bvba
Anzegem



Benvolios
Herentals



Diet Centers
Group
Schoten



La Vita
et Bella
Deerlijk



Ducla
Lichtadvies
Rekkem



Proshop Jan
Verplancke
Sint-Martens
Latem



Restaurant
Asti
Liège



Street Wear
Frameries



Dienst
Toerisme
Knokke Heist



Six bvba
Izegem



Brasserie / Restaurant
Le Cambridge
Louvain-la-Neuve



Car & Truck
Charleroi



GSL Groupe
Charleroi



Jetaircenter
Horizon Oasis
Huy



Brasserie / Restaurant
Keyershof
Sinaai



Commune
Durbuy



Groupe
Literie Prestige
Beuzet



Martins
Visrestaurant
Zeebrugge



Stad
Ninove



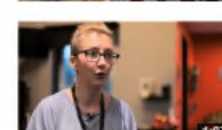
Taxi
Rousseau
Oudenaarde



Defrancq
Roeselare



Carlson
Wagonlit Travel
Liège



Newstyle Isa
Gesves



La Meridienne
Watermael
Boitsfort

Valuation

Arrowhead (based on S1 2016 figures)



➤ Report : www.keyware.com – Investor - Reports

- fair value : € 2,65 - € 3,21 ; average € 2,93
- P/E Keyware in 2016/2017 : 10,9 – 9,2
- P/E Peer group in 2016/2017 : 22,5 – 19,7

Goldhar & Associates (based on S1 2016 figures)



➤ Report : www.keyware.com – Investor - Reports

- fair value : € 2,77 - € 3,86 ; average € 3,21

AlphaValue (based on S1 2016 figures)



➤ Report : www.keyware.com – Investor - Reports

- fair value : (target price) € 2,94
- buy advice



Share Price Evolution 2016

Price Chart

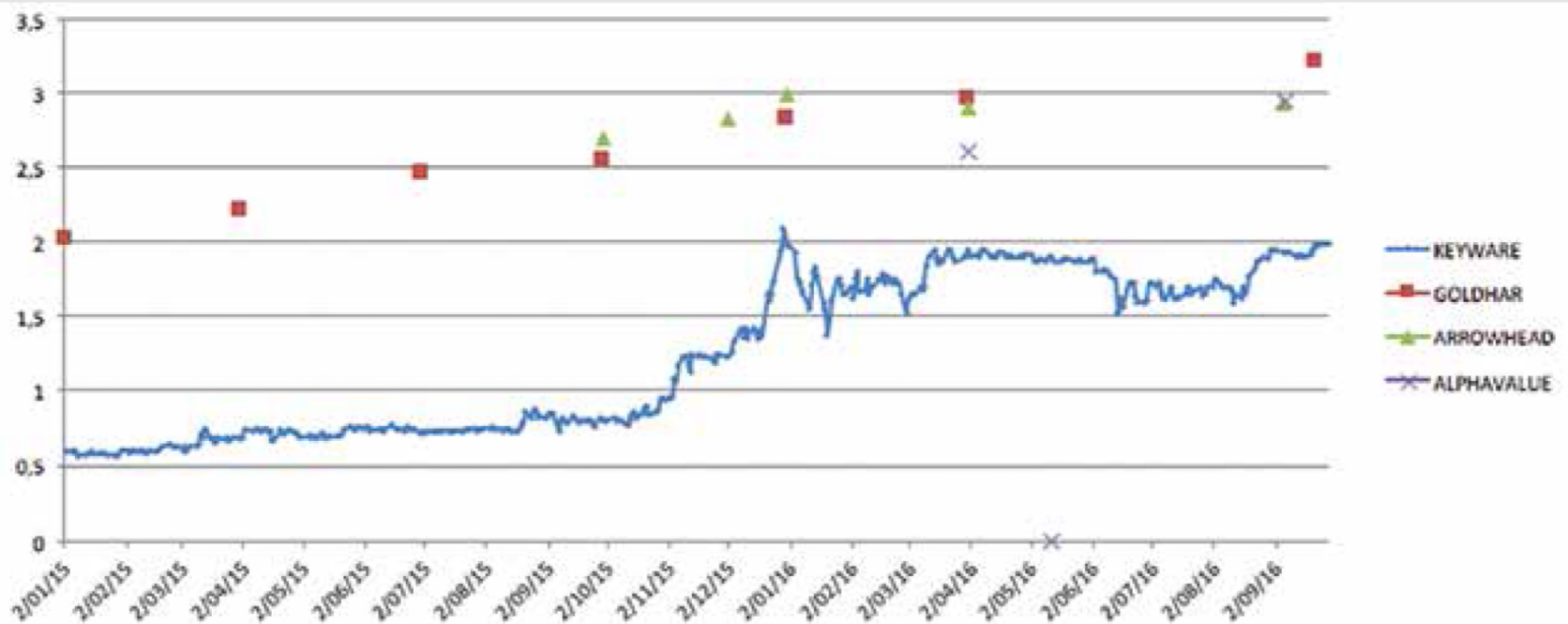
02/01/2015

-

29/09/2016

Price

Sept. 2016



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