

## PRESS RELEASE

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## Revenues, EBITDA and net profit increase for the entire product and service range

**Brussels, Belgium – 26 August 2022 – Keyware Technologies (EURONEXT Brussels: KEYW) today announces its financial results for the first half of 2022, which ended on 30 June 2022.**

### The financial overview for the first semester of 2022 summarized

Key figures For the period ending on	1 <sup>st</sup> semester			
	30.06.2022	30.06.2021	Difference	Diff.
	kEUR <i>(unaudited)</i>	kEUR <i>(unaudited)</i>	kEUR	%
<b><u>Result indicators</u></b>				
Revenues	12,211	8,521	3,690	43.3
EBIT	802	303	499	164.7
EBITDA	2,475	1,859	616	33.1
Profit before taxes for the period	1,015	508	507	99.8
Net profit for the period	856	438	418	95.4
<b><u>Balance sheet figures</u></b>				
	30.06.2022	31.12.2021	Difference	
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Long and short terms financial debt and loans	1,912	982	930	
Cash and cash equivalents	2,599	1,718	881	

### COMMERCIAL PART

The substantial increase in the results of the first half of 2022 is based on a positive trend across the entire product and service range: payment terminals, authorizations and software. In addition, the acquisition of Payment Solutions provides an additional increase in revenues, EBITDA and net profit.

Revenues increase by 43.3% compared to the first half of 2021, while net profit and EBITDA increase by 95.4% and 33.1% respectively compared to the same period of 2021.

The growth in the payment terminals segment (37.3%) is largely due to the acquisition of Payment Solutions. As a result, Keyware can propose a wider range of payment solutions and also approach new market segments, creating additional synergies.

The authorizations segment experienced the largest increase in revenues, namely 58.9%. Three important factors play a role in this: the successful completion of the migration to a new payment partner, the recovery of consumer spending since COVID-19 and the changed commercial approach. This makes it possible to respond faster and more efficiently to market demand.

The software segment sees its revenues grow by 35.5%. The results are driven by an increasing demand for payment applications like split payment as well as the expansion of the offering with order and payment kiosks.

*Guido Van der Schueren, CEO Keyware Technologies: "These strong results are a result of both external and internal factors, with maximum efforts to create synergies between the various teams and entities. Our new commercial structure is closer to the customer, can respond flexibly to changing payment solution needs and ensures a smooth integration of new products and services into the sales channel. This lays a new foundation for our future development."*

## FINANCIAL PART

### KEY FIGURES

#### Key result indicators

Key figures for the period ending 30 June	1st semester (6 months)			
	30.06.2022	30.06.2021	Difference	Diff.
	kEUR ( <i>unaudited</i> )	kEUR ( <i>unaudited</i> )	kEUR	%
Revenues	12,211	8,521	3,690	43.3
EBIT	802	303	499	164.7
EBITDA	2,475	1,859	616	33.1
Profit before taxes for the period	1,015	508	507	99.8
Net profit for the period	856	438	418	95.4
<i>Gross profit margin (profit before tax / revenues) (%)</i>	8.3	6.0		
<i>Profit margin (net profit / revenues) (%)</i>	7.0	5.1		
<i>EBITDA margin (EBITDA / revenues) (%)</i>	20.3	21.8		

#### Revenues and gross margin

- the Group generated revenues of kEUR 12,211 compared to kEUR 8,521 for the same period in 2021, representing an increase of kEUR 3,690 or 43.3% compared to the first semester of 2021;
- a large part of this growth is attributable to the authorizations segment, which experienced a growth of kEUR 1,496 (+58.9%) to kEUR 4,034 as at 30 June 2022. The rise is due to the migration to the new payment partner, which extended throughout the entire previous year. As a result, the first semester of 2022 started with an almost complete migration. The acquisition of Payment Solutions also impacted these revenues, but to a more limited extent;
- the payment terminal segment records an increase of kEUR 1,373 (+37.3%) to kEUR 5,052 as at 30 June 2022, mainly as a result of the acquisition of Payment Solutions;
- the software segment also records a revenues growth of kEUR 857 (+35.5%), mainly in the field of order app;
- the contribution of Payment Solutions to revenues at 30 June 2022 amounts to kEUR 2,162 and mainly relates to the payment terminals segment

Figures in kEUR	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022
	Terminals	Authorizations	Software	Intersegment	Conso
Segment data	( <i>unaudited</i> )	( <i>unaudited</i> )	( <i>unaudited</i> )	( <i>unaudited</i> )	( <i>unaudited</i> )
Revenues	5,052	4,034	3,269	(144)	12,211
Cost of sales	(1,346)	(2,648)	(456)	144	(4,306)
<b>Gross margin</b>	<b>3,706</b>	<b>1,386</b>	<b>2,813</b>	-	<b>7,905</b>
<i>Share of revenues (%)</i>	41.4	33.0	26.8	(1.2)	100.0

Figures in kEUR	30.06.2021	30.06.2021	30.06.2021	30.06.2021	30.06.2021
	Terminals	Authorizations	Software	Intersegment	Conso
Segment data	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues	3,679	2,538	2,412	(108)	8,521
Cost of sales	(838)	(1,710)	-	108	(2,440)
<b>Gross margin</b>	<b>2,841</b>	<b>828</b>	<b>2,412</b>	-	<b>6,081</b>
<i>Share of revenues (%)</i>	<i>43.2</i>	<i>29.8</i>	<i>28.3</i>	<i>(1.3)</i>	<i>100.0</i>

The consolidated gross margin is not a representative measure as it does not include the main component of the direct cost price for the software segment, namely the personnel costs. In absolute terms, the gross margin is up from kEUR 6,081 on 30 June 2021 to kEUR 7,905 on 30 June 2022, with the increase of kEUR 1,824 (+30.0%) across all segments. Payment Solutions' contribution to the gross margin amounts to kEUR 1,057.

#### *Profitability indicators*

- the **operating profit (EBIT)** for the first semester of 2022 amounts to KEUR 802 compared to KEUR 303 for the first semester of 2021, which is an improvement of KEUR 499 (or 164.7%). The improvement in EBIT is triggered by a higher gross margin of kEUR 1,824 that is offset by higher other expenses (+kEUR 1,047), higher personnel costs (+kEUR 447) and higher allowances on current assets (+kEUR 211). On the other hand, the following items depict a decrease: depreciations and amortizations (- KEUR 96) as well as provisions (- KEUR 250). Payment Solutions' contribution to EBIT is kEUR 398;
- in the first semester the **EBITDA** increases by kEUR 616 (+33.1%) from kEUR 1,859 as at 30 June 2021 to kEUR 2,475 as at 30 June 2022. The EBITDA contribution of Payment Solutions represents a portion of kEUR 441 in the overall increase of kEUR 616. For the rest, the EBITDA increase is largely attributable to the authorization segment;
- the **profit before taxes** amounts to KEUR 1,015 compared to KEUR 508 for the first semester of 2021, which is a rise of KEUR 507 (or 99.8%). This improvement can be attributed to the EBIT increase mainly as the financial result does not indicate major fluctuations between the two semesters;
- a **net profit** of KEUR 856 is recorded on 30 June 2022 compared to a net profit of KEUR 438 for the first semester of 2021, or a growth of KEUR 418 (or 95.4%). With respect to deferred taxes, the decrease of kEUR 124 is explained by the integration of Payment Solutions in the Group, as a result of which deferred tax charges are recorded on the recognised financial lease revenues.

## MANAGEMENT REPORT ON THE FIRST SEMESTER OF 2022

### Management discussion and analysis of the results

The financial information in this management report should be read in conjunction with the condensed consolidated interim financial report and the consolidated annual accounts of 31 December 2021. This condensed consolidated interim report has *not been audited, nor has it been subject to a limited review by the auditor, EY Bedrijfsrevisoren*.

The trends of the individual items of the income statement for the **first semester of 2022** can be summarized as follows:

- **consolidated revenues** for the first semester of 2022 amount to kEUR 12,211 compared to kEUR 8,521 for the same period in 2021, which is an increase of kEUR 3,690 (43.3%). As previously explained, the increase is mainly observed in the area of authorizations and software, as well as the contribution of Payment Solutions (mainly payment terminals);
- **cost of sales** as at 30 June 2022 amounts to kEUR 4,306 compared to kEUR 2,440 as at 30 June 2021. The growth of kEUR 1,866 (76.5%) is mainly attributable to the authorization segment, which sees its costs fluctuate in line with its revenues. Part of the increase can be attributed to the payment terminals (through the acquisition) as well as to software (sales of kiosks);
- **gross margin** increases in absolute terms by kEUR 1,824 (or 30.0%) compared to the first semester of 2021, as stated mainly triggered by the authorization segment, but also to the two other segments;
- **personnel costs** amount to kEUR 1,996 as at 30 June 2022 compared to kEUR 1,549, for which the rise of kEUR 447 (+28.9%) can be explained by new hirings and a portion resulting from the acquisition;
- **depreciation and amortization** amount to kEUR 619 compared to kEUR 715 as at 30 June 2021, the decrease is explained by the impairment test of EasyOrder performed at the end of 2021. As a result, all fixed assets have been depreciated and amortized so that no regular depreciation / amortization need to be recorded since then;
- **allowances on current assets** amount to kEUR 1,133 compared to kEUR 922 for the same period in 2021, which represents an increase of kEUR 211 (or 22.9%) that is mainly due to higher allowances on receivables recorded in the software segment;
- **other expenses** amount to kEUR 3,795 compared to kEUR 2,748 for the same period in 2021, representing a higher cost of kEUR 1,047 or 38.1%. In addition to the impact of the acquisition (kEUR 561 portion of the global increase), third party fees, developer costs and marketing expenses also increased;
- **financial income** increases by kEUR 9 as at 30 June 2022, from kEUR 258 to kEUR 269, triggered by the growth of the leased payment terminals base through the acquisition;
- **financial charges** are in line with the first semester of 2021;
- **income taxes** mainly relate to the payment terminals segment and the software segment, and amount on aggregate to kEUR 213 as at 30 June 2022 compared to kEUR 248 as at 30 June 2021;
- **deferred taxes** depict a decrease of kEUR 54 compared to kEUR 178 as at 30 June 2021. As a result of the acquisition, new finance lease contracts were recognised. Consequently, deferred tax charges are recorded on the recognised IFRS revenues

## Management discussion and analysis of the financial position

The main points for attention with respect to the **financial position as at 30 June 2022** are:

Key figures for the period ending on	30.06.2022	31.12.2021
	kEUR	kEUR
	(unaudited)	(audited)
Shareholders' equity	28,748	27,892
Long-term and short-term financial debts and loans	1,912	982
Cash and cash equivalents	2,599	1,718
Total liabilities	39,148	36,276
<i>Shareholders' equity / total liabilities (%)</i>	73.4	76.9
<i>Long-term and short-term financial debt and loans / shareholders' equity (%)</i>	6.7	3.5

- shareholders' equity amounts to kEUR 28,748 and represents 73.4% of the liabilities. The decrease in this percentage is due to the stronger increase in the balance sheet total compared to the increase in equity. The change in shareholders' equity is solely triggered by the net profit of the first semester 2022;
- financial debts and loans increase by kEUR 930 compared to 31 December 2021, growing as a result to kEUR 1,912 at 30 June 2022. During the first semester of 2022, 2 new loans were raised for a total amount of kEUR 1,400 (to finance the acquisition and one for corporate taxes) while the existing debts were reimbursed for kEUR 469. During the comparative semester of 2021, an amount of kEUR 1,305 was reimbursed. This mainly included reimbursements of the loan contracted to finance the acquisition of Magellan, which was fully served by 30 September 2021;
- cash and cash equivalents amount to kEUR 2,599 as at 30 June 2022 compared to kEUR 1,718 as at 31 December 2021, or increase of kEUR 881

## Migration to the new payment partner

The termination of the contract with the previous payment partner was initiated in the spring of 2020 and came into full swing in 2021. As mentioned earlier, a substantial part of the increase in revenues can be attributed to authorizations. This is explained by the migration, which was almost fully completed by the end of 2021:

Migration to new partner	30-06-2020	31-12-2020	30-06-2021	31-12-2021
Progress %	14.6	63.8	86.7	97.0

Hence, at the beginning of 2022 the park was almost fully migrated, whereas in 2021 the progress rate started at 63.8% and reached only 86.7% by 30 June 2021.

### Impact of COVID-19 and the war in Ukraine

The COVID-19 pandemic has of course also had an impact on Keyware's results, but mainly on those of the 2021 comparative first semester.

The impact of COVID-19 was explained in the previous press release regarding the interim and annual results of 2021. When analysing the comparative figures, one should bear the following in mind:

- the impact on the payment terminals segment was rather limited as personnel were no longer temporarily unemployed compared to other lockdown periods, and the merchants became more and more accessible;
- the impact on the authorizations segment was significant as a great number of customers had no or only few payment transactions. The recovery of the consumer spending is therefore a gradual process. Some improvement was noted in May 2021 when the catering industry was able to open its doors again;
- the impact on the software segment was mainly impacted by an increased demand for the EasyOrder payment app as its clients are mostly active in catering. The delivery and takeaway formulas saw a boom since the outbreak of the pandemic

With regard to the first semester of 2022, the impact of the COVID-19 pandemic has become smaller compared to 2021. Merchants were continuously accessible during this period and the order app also recorded a higher demand. As far as the authorizations segment is concerned, the first semester of 2022 saw a further recovery in consumer spending, which benefited the commissions.

As at 30 June 2022, the goodwill should not be subject to any impairment. The goodwill relates to the cash-generating units payment terminals and the separate cash-generating unit Magellan. Their realised figures for the first 6 months of 2022 did not reveal any impairment indicators that would lead to an adjustment of goodwill. For the sake of completeness, we repeat that for the cash-generating unit EasyOrder the goodwill had already been fully impaired as at 31 December 2020.

Regarding the war in Ukraine, there is no impact for Keyware.

### Significant events during the first semester of 2022 and after 30 June 2022

The most important event of the first semester of 2022 was the acquisition of Payment Solutions BV, a company also active in the rental and sale of payment terminals and related services. As the acquisition took place on 6 January 2022, it has a maximum impact on the figures of the first semester of 2022.

The acquisition was financed to the extent of kEUR 1,000 by a bank loan, which will be reimbursed in 60 monthly instalments of kEUR 17 and which expires on 14 February 2027.

**The contribution of this acquisition to the half-year results of 2022** can be summarized as follows:

Figures in kEUR ( <i>unaudited</i> )	Payment Solutions contribution	Keyware <i>excluding</i> acquisition of PS	Consolidated 30.06.2022
Revenues	2,162	10,049	12,211
EBIT	398	404	802
EBITDA	441	2,034	2,475
Profit before taxes	413	602	1,015
Net profit	296	560	856

There are no significant events to mention that occurred after 30 June 2022.

## Outlook

The further impact of COVID-19 after 30 June 2022 is difficult to estimate accurately and will depend on various factors including a possible new wave and/or new lockdown. The risk seems less than one year ago but remains nonetheless.

As stated, at the start of 2022, an almost fully migrated park to the new payment partner was in place. From now on, the further development of authorization revenues will strongly depend on the development of the customer base itself as well as on the further recovery of consumer spending. An important issue here is the impact of increased energy prices and the cost of living in general on the consumption spending patterns of citizens.

As far as the payment terminal segment is concerned, it is important to sign a sufficient number of new contracts to preserve the installed base. The price pressure in this mature market does, however, makes this goal difficult to achieve, but through the acquisition of Payment Solutions, Keyware Group is able to expand its product range and strengthen its presence in certain regions of Flanders and Brussels. The possibility to sign new contracts also correlates with a sufficiently large sales force.

Finally, regarding the software segment, it can be said that the demand for order apps and payment solutions is sufficiently present in the market. For example, there is an increasing demand for the SPLIT application among traders ('*retail*'). However, as stated earlier, in order to achieve growth it is important to hire additional sales representatives, which is one of the priorities for the coming months just like in the payment terminals segment.

## Lexicon

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<b>APM</b>	Alternative Performance Measures
<b>EBIT</b>	Earnings Before Interest and Taxes Is seen as the operating result, i.e. operating profit / loss
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciations and Amortizations Is defined as operating result (EBIT) + depreciation and amortization + allowances on inventories + allowances on receivables + impairments Realized losses on receivables are part of EBIT and are therefore not part of EBITDA
<b>IFRS</b>	International Financial Reporting Standards
<b>KEUR</b>	Thousands of euros
<b>KPI's</b>	Key Performance Indicators
<b>LT</b>	Long term
<b>PS</b>	Payment Solutions
<b>ST</b>	Short term

**APM**

The reconciliation between EBIT and EBITDA is as follows:

EBIT – EBITDA	30.06.2022	30.06.2021
	kEUR	kEUR
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Operating profit / operating loss (EBIT)</b>	<b>802</b>	<b>303</b>
Depreciations and amortizations	619	715
Net allowances on inventories, trade and lease receivables, adjusted for the losses relating to revenues recognized during the period	1,054	841
<b>EBITDA</b>	<b>2,475</b>	<b>1,859</b>
<i>EBITDA margin (%)</i>		
EBITDA	2,475	1,859
Revenues	12,211	8,521
<i>EBITDA margin (%): EBITDA / revenues</i>	<i>20.3</i>	<i>21.8</i>

**About Keyware**

Keyware (EURONEXT Brussels: KEYW) is a leading provider of electronic payment solutions and processing of transactions, as well as a software developer for payment solutions. Keyware is based in Zaventem, Belgium. More information is available on [www.keyware.com](http://www.keyware.com).

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