

Keyware Technologies N.V-

Valuation update as of 30.06.2016

September 22, 2016

- This memorandum brings the main updates regarding Keyware Technologies N.V's (hereinafter 'Keyware' or the 'Company') valuation report as of June 30, 2016 (hereinafter: "Memo date) with respect to the main report from December 31, 2014 (hereinafter: "Report") and all of the following updates published during 2015 and latest update as of March 31, 2016.
- This memorandum includes the main changes in the valuation parameters used in the Report and the effect on Keyware's value, as of the Memo date.
- This memorandum is an unseparated and an integral part of the Report and shall not be read or used with disregarding the Report.
- This memorandum is subjected to the disclaimer attached and should not be read or used without regarding the attached disclaimer.

A. financial highlights- 30.06.2016

- **¹Revenues**- the revenues generated for the first six months of 2016, amounted to 9,251€ thousands, compared to 8,892€ thousands in the same period in 2015. The increase is due to the continuing growth of Keyware as presented in 2015 results compared to previous years, with an emphasis on the authorizations' revenues.
- **EBITDA margin and operating margin** - the EBITDA margin in the first six months of 2016 amounted to about 30% compared to about 34% in the same period of 2015. The operating margin for the first six months of 2016 amounted to about 20% compared to about 25% in the same period of 2015.
- **Income before tax and financial expenses (hereinafter 'IBTFE')** - the Company recognizes a revenue in the PT segment according to IAS 17-Leases. Therefore, a significant key factor in Keyware's financials is the financial income recognized from leasing contracts. The IBTFE to revenues ratio for the first six months of 2016 amounted to about 26% compared to about 33% in the same period of 2015.
- **Profit margin**- the profit margin for the first six months of 2016 amounted to about 20%, compared to about 37% in the same period in 2015. The reason for this decrease is a deferred tax charge of 438€ thousands compared to a deferred tax income of 422€ thousands triggered by the recognition of additional deferred tax assets relating to tax losses in the first six months of 2015.

¹We note that as from January 1, 2016, the Company has modified the presentation of the revenues in its financial statements. Thus, the revenues related to the first six months of 2015 mentioned above are different from the revenues of the same period mentioned in the 31.03.2015 valuation update. For further information please refer to page 2 in the press release of the Company's results for the first six months of 2016 from August 18, 2016.

Valuation update analysis

- the estimation of Keyware's fair value was updated due to several main financial and operational key indicators which were selected by us, due to our understanding Keyware's activity and materiality
- The main key indicators that were updated, in each business segment, are described as follow:

1. PT segment model

- **Contracts IB- the IB** was updated due to the IB as of June 30,2016;
- **Revenues-** the revenues of 2016 were calculated for the remaining 6 months, as well as the discount period factor;
- **Income tax-** the income taxes were updated due to the updated tax asset balance as of the Memo date.
- **WACC-** the WACC was updated due to changes in risk free rate, beta and debt structure of Keyware as of the Memo date.

2. TS segment model

- **Revenues-** the revenues of 2016 were calculated for the remaining 6 months, as well as the discount period factor;
- **WACC-** the WACC was updated due to changes in risk free rate, beta and debt structure of Keyware as of the Memo date.
- **Breakdown of Brokering model and Spread Income model contracts-** We have updated the revenue forecast due to the updated contracts with authorization revenues, including the updated breakdown between the old model and new model of revenues

Another update was made due to the change in net debt balance as of the Memo date

The following table summarizes the results of the update of the valuation report as of the Memo date:

<i>Currency: 000'€</i>	31.12.2015	31.03.2016	30.06.2016	Maximum estimated effect
Net Debt	3,277	3,522	3,407	25
WACC	11.9%	12.2%	11.4%	6,328
Carry forward tax losses balance 30.06.2016	9,886	9,136	8,604	(142)
*IB as of 30.06.2016	16,947	17,246	17,628	907
Enterprise value	62,960	64,466	71,469	
Financial debt, net	(3,277)	(3,522)	(3,407)	
Equity value	59,683	60,944	68,062	7,118

*Including the effect on both PT and TS segments, as well as time factor update effect

Based on our analysis, the fair value of Keyware was estimated within the range of € 58,604 thousands and € 81,794 thousands, with an average of € 68,062 thousands

Benchmark data

- The following table presents selected financial key indicators as of the Memo date of Keyware and comparable companies:

Comparable name	Ticker	Country	Share price (€)	Market cap (Millions €)**	EBITDA margin	P/E***	Profit margin
INGENICO	ING FP	France	105.1	6,410	NA	NA	NA
WIRECARD	WDI GR	Germany	39.5	4,878	29.1%	19.5	54.0%
WORLDLINE*	WLN FP	France	26.3	3,471	NA	NA	NA
GLOBAL PAYMENTS	GPN US	United States	64.5	9,927	17.1%	34.3	5.0%
TOTAL SYSTEM SERVICES	TSS US	United States	48.0	8,807	20.9%	26.7	6.1%
FISERV	FISV US	United States	98.2	21,831	34.0%	29.5	15.6%
MI-PAY GROUP	MPAY LN	UK	0.3	12	NA	NA	NA
SHENZHEN XINGUODU TECHNOLOGIES	300130 CH	China	4.2	969	0.0%	86.3	8.6%
KEYWARE**	KEYW BB	Belgium	3.2	36	30.0%	12.9	18.6%

*Worldline's wasn't taken into account as a comparable company for the WACC calculation, due to the fact that Worldline is not traded enough time and using its trading data would result a significant inaccuracy.

** Keyware's EBITDA as of the Memo Date was taken from the press release from August 2016. The share price of keyware presented in this table is based on the derived share price from this updated value of Keyware as of June 30 2016, while the comparable companies share price presented is according to the quoted share price as of the Memo Date.

***Both the P/E multiple and market cap of Keyware are based on the quoted share price as of the Memo date and not on the derived share price from Keyware's fair value estimation as of June 30,2016

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