

PRESS RELEASE

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## **Keyware owner of French fintech company Magellan** *Payment specialist pays 6 million for remaining 60% of shares*

Brussels, Belgium – 30 June 2017 – Keyware (EURONEXT Brussels: KEYW) has fully acquired French tech company Magellan SAS. The payment specialist already owned 40 percent of the shares, but is announcing today that it also acquires the remaining 60 percent. As a result, Keyware fully owns promising technology for split payments for consumer purchases, tokenization of sensitive data files and complex payment transaction platforms for acquirers and network service providers. As a result of this acquisition and the one of EasyOrder, Keyware becomes one of the fintech industry's important software developers.

The transaction in a nutshell:

- ✓ Acquisition of company according to French law Magellan SAS
- ✓ On 30 September 2016, a first tranche of 40% of the shares was acquired at the price of kEUR 4,000
- ✓ Keyware is exercising its purchase option on the remaining 60% of the shares for kEUR 6,000, as a result of which Keyware holds all shares on 30 June 2017
- ✓ Financing without capital increase: the price is partly paid using Keyware's own funds (EUR 1.5 million) and partly via a bank loan (EUR 4.5 million)
- ✓ In 2016, Magellan generated revenues of EUR 3.3 million, EBITDA of EUR 0.6 million, and net result of EUR 0.2 million respectively
- ✓ Investment in new complementary technological solutions such as revolving credits (SPLIT) and protection of critical data (S-TOKEN)
- ✓ Keyware and Magellan management will continue working together (20 people working for Magellan)
- ✓ Recent orders indicate a promising outlook: Magellan's products are sold in France, Spain, Belgium, Germany, Eastern Europe, and French overseas territories

Thanks to the acquisition of Magellan, Keyware owns advanced e-commerce and m-commerce software, so that it evolves from a fully service rendering company into a company that, in addition to rendering services, also invests in software. Consequently, it's not just able to expand its service package for its current clients, but also to attract new clients using a Software-as-a-Service model. Magellan has the in house technology required to process transactions and to secure mobile payments. In addition, it offers a technology which enables consumers to easily split or postpone their payments without having to use their credit cards.

*"The SPLIT technology will soften the impact of expensive car maintenance or the purchase of a washing machine on your bank account, by spreading the payment into three portions — and this without any risk for the merchant who is offering it. SPLIT is already a hit in France and a comparable system is common practice in countries such as for example Sweden. The full takeover of Magellan enables us accelerate the rollout in Belgium, Spain, and Germany as well."* Stéphane Vandervelde, CEO of Keyware

In France, companies such as Volkswagen, Audi, Seat, Skoda, Porsche, and, more recently, Renault have been using the principle of split payments for car maintenance and repairs. Extensions have already been ordered for Belgium, Germany, and Eastern European countries.

### **Immediate return**

Keyware's investment in French company Magellan SAS, as a software developer in the fintech industry, is part of the Zaventem-based electronic payments expert's wider growth strategy, which also seeks to approach complementary technologies and synergies. Earlier this year, Keyware already announced it was taking over software developer EasyOrder BVBA (EUR 0.7 million). The full takeover of Magellan is another confirmation of this diversification strategy.

Magellan is a profitable SME. In 2016, the enterprise generated revenues of EUR 3.3 million, EBITDA of EUR 0.6 million and net result of EUR 0.2 million. In contrast to EasyOrder BVBA, which is a start-up, Magellan is a mature company for which immediate return can be expected.

By this acquisition, Keyware has gained access to new and complementary software technologies the company wishes to integrate into its own payment solutions for both the Belgian and the German market. Conversely, it can also implement the technology of subsidiary EasyOrder via Magellan's partners.

### **Financing**

Financing is in line with financing for the first EUR 4 million tranche: a payment by own funds combined with bank financing, in order to avoid any dilution for existing shareholders. Keyware's objective is to invest the past years' profits in growth.

The first EUR 4 million tranche could be summarized as follows:

- the price for 40% of the shares amounted to kEUR 4,000
- 75% of the price was paid in cash (kEUR 3,000) by a bank loan and 25% in Keyware Technologies NV shares (equivalent to kEUR 1,000)
- the closing took place on 30 September 2016

The current acquisition of the second EUR 6 million tranche can be summarized as follows:

- the price for 60% of the shares amounts to kEUR 6,000
- 75% of the price was paid in cash (kEUR 4,500) by means of a bank loan and 25% by Keyware Technologies NV in cash (own funds of kEUR 1,500)
- the closing took place on 30 June 2017

The transaction's impact for Keyware Technologies is as follows:

- as of 30 June 2017, Keyware will consolidate this company according to the full consolidation method, including the results and the balance sheet position in the consolidation as a result
- the figures of the fourth quarter of 2016 and the first quarter of 2017 are recorded on the basis of the equity method
- Magellan's inclusion will have a positive impact on the Group's cash and cash equivalents given Magellan's cash position of over 3 million
- on aggregate, the bank loan amounts to EUR 7.5 million, of which EUR 5.5 million will be reimbursed in 48 monthly instalments starting in October 2017 and of which EUR 2 million will be reimbursed as a bullet loan no later than 30 June 2019; for the first EUR 3 million tranche, a standstill clause was negotiated with no reimbursements during the first year until September 2017 included. The bank loan for the second tranche was granted with the same market conditions as for the first tranche
- the bank loans will be reimbursed in full by 30 September 2021
- of the total purchase price of EUR 10 million, a portion of EUR 0.4 million has already been recovered through the received dividends

## **Magellan SAS**

Magellan SAS, a profitable company under French law, has been active on the French market for more than 17 years, offering innovative solutions for electronic transaction management and to facilitate electronic payments. The company has processed over 10 billion transactions and has an extensive client portfolio. Through Keyware's participation, Magellan will get direct access to new geographical markets such as Belgium and Germany.

Magellan's customers include such organizations as Crédit Agricole, Société Générale, SNCF, Orange Business Services, E. Leclerc, Carrefour, Décathlon, BMW, Midas, Point S, Promod, Connexion, Conforama, Prudence Créole, Banque de Tahiti, Air France, etc. Magellan also holds a large market share in the French overseas territories (DROM-COM).

Current management of Magellan will remain in function. Shareholder Galileo, which is now selling its shares to Keyware, will also remain in the Board of Keyware Technologies. Magellan currently employs 20 people, but Keyware intends to expand the teams of developers and sales.

## Magellan

On the basis of the latest financial statements of 2016, presented in accordance with French accounting principles, the key figures of Magellan SAS are as follows:

- net equity:	kEUR	10,599
- revenues:	kEUR	3,257
- EBITDA:	kEUR	617
- net result:	kEUR	249 (profit)
- staff:	FTEs	16

## Glossary:

DROM-COM	French overseas regions and territories, such as Guadeloupe, French Polynesia, and Réunion
EBITDA	Earnings Before Interest, Taxes, Depreciations and Amortizations. Is defined as the Earnings Before Interest and Taxes (EBIT) + amortizations + depreciations on working stock + depreciations on debtors + impairments. Losses realized on debtors fall under EBIT and therefore not under EBITDA
FTE	Full-time equivalents
kEUR	thousands of euros
SaaS	Software as a Service, with installation, maintenance, and management ensured

## About Keyware

Keyware is a leading supplier of electronic payment solutions, loyalty systems, identity applications and related transaction management. Keyware is based in Zaventem, Belgium.

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