

Press release interim consolidated financial statements TIE KINETIX N.V.
 Financial information in this interim report is unaudited

TIE KINETIX: first half year 2019

Breukelen, the Netherlands, May 15th, 2019

First half year results (period Oct, 1, 2018 – March 31, 2019).

- Total revenue amounts to € 7.706k (2018: € 8.803k)
- SaaS and hosting revenues amounts to € 4.276k (2018: € 4.808k)
- EBITDA amounts to € 228k (2018: € 403k)
- EBIT amounts to € -388k (2018: € -250k)
- FLOW order intake of € 6.5 mln. (2018: € 4.8 mln)

Highlights:

First half year segment reporting*:

€ x 1,000	Netherlands (incl MamboFive & Europe)		International		North America		DACH		France		Holding (incl Product development + Elimination)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues														
Licenses	11	2	-	-	104	231	35	26	50	37	-	-	200	297
Maintenance and Support	176	223	-	1	1.020	945	139	111	81	86	-	-	1.415	1.366
Consultancy	639	666	70	5	356	533	546	786	192	255	-	-	1.804	2.245
Software as a Service	1.548	2.097	238	98	1.471	1.369	665	875	354	368	-	-	4.276	4.808
Revenues	2.374	2.989	308	104	2.951	3.078	1.384	1.799	677	745	-	-	7.694	8.715
Other Income & EU	4	88	-	-	292	291	68	255	3	-	(356)	(546)	12	88
Total Revenue	2.378	3.077	308	104	3.243	3.369	1.452	2.054	680	745	(356)	(546)	7.706	8.803
Total Cost of Sales	(683)	(1.190)	(197)	(99)	(1.465)	(1.353)	(1.016)	(1.336)	(181)	(207)	99	282	(3.443)	(3.904)
Gross Margin	1.695	1.887	110	5	1.779	2.016	436	718	499	538	(257)	(264)	4.262	4.899
Operating Expenses														
Employee Benefits	(398)	(551)	-136	(73)	(501)	(714)	(497)	(346)	(221)	(276)	(745)	(768)	(2.498)	(2.729)
Other Operating Expenses	(290)	(511)	(56)	(54)	(672)	(581)	(247)	(236)	(126)	(141)	(145)	(244)	(1.536)	(1.766)
Total Operating expenses	(688)	(1.062)	(192)	(127)	(1.172)	(1.294)	(744)	(581)	(348)	(417)	(890)	(1.013)	(4.034)	(4.495)
EBITDA	1.007	824	(81)	(123)	606	721	(309)	136	151	121	(1.147)	(1.276)	228	404
Depreciation and amortization													(616)	(653)
EBIT													(388)	(249)
Interest and other financial expenses													(23)	12
Income/(loss) before Tax													(410)	(238)
Corporate Income Tax													(126)	-
Net Income/(loss)													(537)	(238)

*Segment reporting has changed following a change in internal reporting to the Chief Operating Decision Maker of TIE Kinetix NV. In prior (annual) financial statements the basis of segmentation consisted of business line segments as well as country segments based on the internal reporting to the Executive Board. As from October 1, 2018 reporting is based on country segments only, while business line segments are no longer used. The recognition of revenue, direct costs and indirect costs, as well as the allocation mechanisms allocating central costs to the country segments have not been changed compared to prior year financial reporting.

TIE Kinetix, the leading provider of Software as a Service managed solutions for Integration, Analytics, Demand Generation and E-Commerce today released interim results for the first half year of its fiscal year 2019, covering the period October 1, 2018 – March 31, 2019.

First half year 2019 revenue reflects the transition towards focus on integrated EDI/e-invoicing and Demand Generation business (called FLOW). All non-integrated business activities were discontinued in the first half of 2019 resulting in a decline in first half year 2019 revenue compared to first half year 2018. The first half year 2018 revenue of these discontinued businesses amounted to € 1.162k (of which € 826k in SaaS revenue).

We consolidated our investments in marketing and sales and built on the pipeline accumulated in 2018 and our sales teams have been aligned to generate more enterprise level sales. We have initiated an upgrade program in the US as we are migrating our customers to our worldwide FLOW SaaS offering. The company strategy includes selling at the enterprise account level, and using enterprise accounts to connect their medium sized suppliers [our 'Hub-Spoke' model].

In the first half year of 2019 order intake increased with 36% compared to 2018, driven by:

- more orders in the Netherlands for our EDI/e-invoicing offering,
- higher order intake for our Google Adwords offering,
- early effects of the newly established corporate account team selling integrated EDI/e-invoicing and Demand Generation (our FLOW offering) at enterprise level customers.

TIE closed H1 2019 with revenue amounting to € 7.706k, and EBITDA of € 228k (3%).

Jan Sundelin (CEO) said: *“TIE Kinetix made the turn after 3 years of changing the business from a hosting/outscoring and EU funded business to a focused SaaS integration company. We now see the turnaround in commitment of orders and sales pipeline in to our new core business FLOW Supply-chain focus business. Realizing that we have to take the company through a revenue dip due to discontinued businesses, we are pleased with our increased order intake. On top of increased order intake we now have a sales funnel that is some 65% higher than in the same period in 2018. These are signals that our revenue will increase in the second half of 2019. TIE has captured a strong position in the e-invoicing to government market and is on-boarding ten thousands of – mostly retail - government suppliers, onto its e-invoicing platform. Once on-boarded onto our platform, these retail suppliers can also easily exchange documents and invoice each other, creating additional business for TIE. The first effects of this approach have become visible in the first half of 2019. Our Google-Adwords-for-Channel business is still modest and below plan with new customers still weary to sign up in the scale that we projected. Our challenge is to build out our operations and grow the business with the limited investment potential provided by our operational cash flow. Without additional investment capital realizing meaningful growth will continue to be a challenge.”*

The company constantly monitors its cost base and takes measures to align costs with the development of its product mix. The purpose is to counter any adverse effects of lower volumes of consultancy work and maintain healthy overall company performance. As a consequence thereof staff performance is monitored closely and changes are made if and when necessary. However, caution should be taken as there are limits as to minimum staff levels required to safeguard product maintenance, customer support and sufficiently skilled project staff.

FTE by department	31-March-19	31-March-18
Research and Development	8	8
Sales & Marketing	31	33
Consulting and Support	45	56
General Administrative	18	20
Total	101	116

First half year Order Intake/ 'ISP'

In HY1 of FY 2019 the Order Intake in FLOW applications from existing and new customers amounted to € 6,5 million (2018: € 4,8 million) an increase of 36% compared to HY1 of FY 2018. This increase is caused by higher order intake for EDI/e-invoicing in the Netherlands, the upgrade program in the US, higher order intake for our Google Adwords product. Total order intake is split between FLOW and Non FLOW as follows:

	2019	2018	Growth	Growth%
FLOW ISP	6.545	4.813	1.732	36,0%
Non/FLOW ISP	200	485	-286	-58,9%
Total	6.745	5.298	1.446	27,3%

TIE Kinetix focuses on long term value creation and strives to increase the % of SaaS ISP in its FLOW offering. In the first half of FY 2019 FLOW ISP amounted to € 6.545k, with 66% SaaS (2018: € 4.813k with 46% SaaS).

	License		SaaS		Maintenance		Consultancy		Other Income		Total	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
FLOW ISP	186	356	4.351	2.234	172	136	1.826	2.075	12	13	6.545	4.813
as % of Total ISP	3%	7%	66%	46%	3%	3%	28%	43%	0%	0%	100%	100%
Non-FLOW ISP	0	0	162	408	0	0	38	77	0	0	200	485
as % of Total ISP	0%	0%	81%	84%	0%	0%	19%	16%	0%	0%	100%	100%

EU projects

'EU projects' are projects for which TIE Kinetix claimed, and periodically received, EU Development grants. Depending of the Development Grant Regime in which the projects are executed, these grants are intended to cover direct staff costs incurred plus a limited compensation for overhead. All costs incurred and development grants claimed are separated out from the ordinary operations and reflected under 'EU Projects'.

In the first half year of 2019 EU projects generated revenue of € 0k (H1 2018: €89k). As per December 2017, the company has seized its participation in EU projects.

Corporate income tax

The deferred tax movements represent non-cash movements of temporary differences predominantly for goodwill and deferred revenue between commercial books (in accordance with IFRS) and the US tax books. As at the end of March 2019, the deferred tax position has not been recalculated at its actual value as the US tax position will only be recalculated at year end. Taxes are paid in France and in the US. The income tax charge relates to normal taxes paid on local profitable income.

Development activities

In H1, 2019 the company capitalized € 567k (H1 2018: € 620k) on the development of the FLOW applications and FLOW portal and on the onboarding tool 'validator'.

Liquidity and cash flow

Operating cash flow in HY1 of FY 2019 amounted to € 490k (H1 2018: € -31k), but needed to be applied to fulfilling tax payments (€ 407k). The cash position at the end of March 2019 was positive € 561k (March 2018: € 891k).

The company is fully equity financed and has no short term or long term debt.

Credit Agreement

The Company has a € 1,25 million senior revolving credit facility with RABO Bank, which is used from time to time. The facility includes a pledge on all receivables, has an indefinite term and bears interest at a rate of EURIBOR plus a margin. No drawings are scheduled, although the Company intends to use any funds borrowed under the Credit Facility from time to time for general corporate purposes, which may include working capital needs, capital expenditures, and satisfaction of other obligations of the Company.

Highlights announced

As from October 1, 2018 up to now, TIE Kinetix has reported the following highlights:

02-11-2018: FLOW partner Automation platform recognized by independent research firm;

21-11-2018: Update and full year 2018 performance;

04-12-2018: Publication of Annual Report 2018;

08-01-2019: TIE Kinetix adds Artificial Intelligence to its FLOW Partner automation platform;

15-01-2019: TIE Kinetix adds Blockchain capabilities to its FLOW Partner Automation platform;

14-02-2019: Convocation Annual General Meeting of Shareholders;

19-03-2019: TIE Kinetix achieves Oracle Partner Network Cloud Standard designation;

28-03-2019: Full integration with Microsoft Dynamics ERP through co-operation;

Management Board Responsibility statement

The Executive Board hereby declares that, to the best of their knowledge:

The half year financial statements give a true and fair view of the assets, liabilities, financial position as per March 31, 2019 and the profit for the half-year ended March 31, 2019 of the Company and its consolidated entities. The half year Executive Board report for the first six months of the financial year 2019 includes a true and fair review of the position as per March 31, 2019 and of the development and performance during the first six months ended March 31, 2019 of the Company and its consolidated entities, of which the information is included in the interim financial statements. In addition, the interim report gives a true and fair review of the expected developments, investments and circumstances of which the development of revenue and profitability depend.

Forward looking statement/Guidance

This report contains information as referred to in the articles 5:59 jo. 5:53, 5:25d and 5:25 w of the Dutch Financial Supervision Act (Wet op het financieel toezicht). Forward looking statements, which can form a part of this report refer to future events and may be expressed in a variety of ways, such as

'expects', 'projects', 'anticipates', 'intends' or similar words. The Company has based these forward looking statements on its current expectations and projections about future events.

Risks and uncertainties

Risks and TIE Kinetix's risk management strategy are detailed in the 2018 annual report and have not changed during the first half of 2019.

This document may contain expectations about the financial state of affairs and results of the activities of TIE Kinetix as well as certain related plans and objectives. Such expectations for the future are naturally associated with risks and uncertainties because they relate to future events, and as such depend on certain circumstances that may not arise in future. Various factors may cause real results and developments to deviate considerably from explicitly or implicitly made statements about future expectations. Such factors may for instance be changes in expenditure by companies in important markets, in statutory changes and changes in financial markets, in the EU grant regime, in the salary levels of employees, in future borrowing costs, in future take-overs or divestitures and the pace of technological developments. TIE Kinetix therefore cannot guarantee that the expectations will be realized. TIE Kinetix also refuses to accept any obligation to update statements made in this document.

For further information, please contact:

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About TIE Kinetix

TIE Kinetix transforms the digital supply chain by providing Total Integrated E-commerce solutions. These solutions maximize revenue opportunities by minimizing the energy required to market, sell, deliver and optimize online.

Customers and partners of TIE Kinetix constantly benefit from innovative, field tested, state-of-the-art technologies, which are backed by over 32 years of experience and prestigious awards. TIE Kinetix makes technology to perform, such that customers and partners can focus on their core business.

TIE Kinetix has offices in the United States, the Netherlands, France, Germany, United Kingdom and Australia.

Unaudited interim condensed
Consolidated financial statements

March 31, 2019

1. Interim consolidated statement of financial position.
As at March 31, 2019

Assets (€ x 1,000)	Notes	31 March 2019	30 September 2018
Non Current Assets			
Intangible fixed assets			
Goodwill		2.265	2.250
Other intangible fixed assets		<u>3.795</u>	<u>3.772</u>
			6.060
Tangible fixed assets			
Property, Plant and Equipment		<u>132</u>	<u>176</u>
			132
Financial fixed assets			
Loans and Receivables		30	13
Deferred Tax Asset		<u>385</u>	<u>372</u>
			415
Total Non Current Assets		<u>6.607</u>	<u>6.583</u>
Current Assets			
Trade Debtors			
		2.632	2.901
Income Tax Receivable			
		-	-
Taxation and Social Security			
		64	95
Other Receivables and Prepayments		<u>947</u>	<u>957</u>
			3.643
Cash and Cash Equivalents			
		<u>561</u>	<u>580</u>
Total Current Assets		<u>4.204</u>	<u>4.533</u>
Total Assets		<u>10.811</u>	<u>11.116</u>

Equity and Liabilities (€ x 1,000)	Notes	31 March 2019	30 September 2018
Equity			
Shareholders' Equity			
		4.422	4.871
Convertible Bonds		<u>45</u>	<u>45</u>
Total Equity		<u>4.467</u>	<u>4.916</u>
Non Current Liabilities			
Deferred Tax Liability			
		8	8
Deferred Revenue			
		55	25
Provisions		<u>184</u>	<u>184</u>
Total Non Current Liabilities		<u>247</u>	<u>217</u>
Current Liabilities			
Trade Creditors			
		844	812
Deferred Revenue			
		3.624	3.133
Taxation and Social Security, Income tax			
		356	658
Other Payables and Accruals		<u>1.273</u>	<u>1.380</u>
Total Current Liabilities		<u>6.097</u>	<u>5.983</u>
Total Equity and Liabilities		<u>10.811</u>	<u>11.116</u>

2. Interim consolidated income statement.
For the 6 month period ending March 31, 2019

(€ x 1,000)	1 HY 2019	1 HY 2018
Revenues		
Licenses	200	297
Maintenance and Support	1.415	1.366
Consultancy	1.804	2.245
Software as a Service	4.276	4.808
Revenues	7.695	8.716
EU Projects		89
Onetime income	11	(1)
Total Revenue	7.706	8.804
Third party hire	(217)	(250)
Direct Employee Costs	(1.909)	(2.233)
Direct Purchase Costs	(1.318)	(1.422)
Gross Margin	4.262	4.899
Operating Expenses		
Employee Benefits	(2.495)	(2.728)
Depreciation and Amortization	(616)	(653)
Other Operating Expenses	(1.539)	(1.768)
Total Operating Expenses	(4.650)	(5.149)
Operating Income/(loss)	(388)	(250)
Interest and other Financial Expense	(23)	12
Income/(loss) before Tax	(411)	(238)
Corporate Income Tax	(126)	-
Net Income/(loss)	(537)	(238)
Comprehensive Income	1 HY 2019	1 HY 2018
Net Income/(loss)	(537)	(238)
Exchange differences on translating of foreign operations	18	15
Total Comprehensive Income/(loss) net after Tax	(519)	(223)
Attributable to Shareholders of TIE:	1 HY 2019	1 HY 2018
Income after Tax	(537)	(238)
Comprehensive Income net after Tax	(519)	(223)
Net result per share – basic	(0,33)	(0,15)
Weighted average shares outstanding – basic (thousands)	1.619	1.617
Net result per share – diluted	(0,33)	(0,15)
Weighted average number of shares fully diluted (thousands)	1.624	1.622

3. Interim consolidated statement of changes in equity.
For the 6-month period ending March 31, 2019

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Shareholder Equity	Convertible Bonds	Total Equity
Balance per September 30, 2017	61.393	(56.759)	75	4.710	45	4.755
Foreign currency translation reserve	-	-	15	15	-	15
Net Income	-	(238)	-	(238)	-	(238)
Total Comprehensive Income (loss)	-	(238)	15	(223)	-	(223)
Balance per March 31 2018	61.393	(56.997)	90	4.487	45	4.532
Foreign currency translation reserve	-	-	(37)	(37)	-	(37)
Net Income	-	422	-	422	-	422
Total Comprehensive Income (loss)	-	422	(37)	385	-	385
Balance per September 30, 2018	61.393	(56.575)	53	4.871	45	4.916
Foreign currency translation reserve	-	-	18	18	-	18
Net Income	-	(537)	-	(537)	-	(537)
Total Comprehensive Income (loss)	-	(537)	18	(519)	-	(519)
Shares issued and Share Premium	70	-	-	70	-	70
Balance per March 31, 2019	61.463	(57.112)	71	4.422	45	4.467

4. Interim consolidated statement of cash flows.
For the 6-month period ending March 31, 2019

(€ x 1,000)	1HY 2019	1HY 2018
Income before tax	(411)	(238)
<i>Adjustments:</i>		
Share based payments expense	-	-
Depreciation and amortization	616	653
Impairments	-	-
Increase (decrease) provisions	-	-
	<u>616</u>	<u>653</u>
<i>Working Capital Movements</i>		
(Increase) decrease in debtors and other receivables	352	400
(Decrease) increase in deferred revenue	470	(135)
(Decrease) increase in current liabilities	(121)	(700)
	<u>701</u>	<u>(435)</u>
Cash generated (applied) in operations	<u>906</u>	<u>(20)</u>
Interest paid	(9)	(11)
Interest received	-	-
Income tax paid	(407)	-
Net Cash flow from operating activities	490	(31)
Investments in intangible fixed assets	(567)	(563)
Acquisition of subsidiary net of cash acquired	-	-
Investments in tangible fixed assets	(17)	(90)
Net Cash flow generated / (used) in investing activities	(584)	(653)
Increase (decrease) long term loans	-	(8)
Net Cash flow generated / (used) by financing activities	<u>70</u>	<u>(8)</u>
Net increase (decrease) in Cash and Cash Equivalents	(24)	(692)
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents	5	15
Opening balance Cash and Cash Equivalents	<u>580</u>	<u>1.538</u>
Closing balance Cash and Cash Equivalents	561	861
	(19)	(677)

Notes to the interim consolidated financial report

General Information

TIE Kinetix N.V. is a public limited company established and domiciled in the Netherlands, with its registered office and headquarters at De Corridor 5d, 3621 ZA in Breukelen. The Interim Consolidated Financial report of the company for the half year ended on March 31, 2019 include the company and all its subsidiaries (jointly called "TIE Kinetix"). The financial year of TIE Kinetix commences on October 1 and closes on September 30. The Interim Consolidated Financial report for the six months has been authorized for issue by the Executive Board on May 11, 2019.

Auditor's Involvement

The interim financial report has not been audited by our external auditors. The Annual General Meeting of shareholders has appointed BDO on March 31st, 2018 as external auditor for the year commencing on October 1, 2018.

Statement of Compliance

The Executive Board has considered and approved the interim condensed consolidated financial statements for the period October 1, 2018 – March 31, 2019.

The Interim Consolidated Financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Consolidated Financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at September 30, 2018.

We consider the accounting policies applied to the effect that the interim condensed consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at March 31, 2019 and of the results of the Group's operations and cash flow in the period October 1, 2018 – March 31, 2019.

General Accounting Principles

The accounting policies used in the preparation of the Interim Consolidated Financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended September 30, 2018. The Interim Consolidated Financial report is presented in € x 1.000 unless otherwise indicated.

Accounting Estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the determination of results and the reported contingent assets and liabilities. For a list of the judgments, estimates and assumptions, reference is made to the financial statements for 2018. No important changes occurred in the first six months of financial year 2019.

Segment Information

The segment reporting in these Interim consolidated Financial Statements are aligned with the internal reporting to the Executive Board as Chief Operating Decision Maker in the Company. Reporting is primarily based on country segments. All revenue, direct costs and fee earning staff are allocated to country operations (or holding functions).

Country operations are the reporting segment for internal reporting and externally for statutory reporting purposes. In preparing this segment information, the accounting principles applied reflect the same as those in the preparation of the Consolidated Statement of Financial Position and Consolidated Statement of Income. Any transactions between reporting segments are accounted for at cost. These items are adjusted for the segment information presented under Eliminations.

Risks and Risk Management

In our Annual Report 2018 (pages 54-55) we have outlined the strategic, operational and financial risks we face; the risk management and control mechanisms we have in place; and the risk analysis and assessments we conduct regularly. We believe that the nature and potential impact of these risks have not materially changed in the first half of 2019. We will continue to monitor the key risks closely and manage our internal control systems as new risks may emerge and current risks may change in the second half of 2019.

Seasonal Effects

There are little seasonal effects on the operations and therefore the results of the Company. Despite the holiday season, the second half year (April-September) sales have proven to be strong during this period over the last few years. Due to the increased importance of SaaS, the company's revenue and results have become less vulnerable for seasonal effects. However there may be some effect on Consultancy and R&D development as a result of the holiday's season. Therefore the Company may face some impact on the results of the second half year.

Intangible Assets

The capitalization of development costs amounts to € 567k (H1 2018: € 620k).

Tangible Assets

The investment in tangible assets amounts to € 17K (H1 2018: € 90k).

Cash

On March 31, 2019 the Company held a net positive cash position of € 561k (March 31, 2018 € 861k) as follows:

The net cash flow from operating activities in HY1 2019 amounted to € 490k (H1 2019: €-31k).

Options

During the reporting period no movements occurred.

Equity

Equity (number of shares)	2019	2018
Balance as of October 1	1.617.281	1.617.281
Issued	10.000	-
Balance as of March 31	1.627.281	1.617.281

In 1HY 2019 10.000 shares have been issued following the conversion of warrants.

Personnel

The total number of FTE of the Company by country is:

FTE by country	31-March-19	31-March-18
NL	45	47
US	28	30
DACH	18	28
France	10	11
Total	101	116

Breukelen, May 15, 2019

M. Wolfswinkel
J.B. Sundelin
Executive Board