TIE KINETIX

Half Year Report: First six months 2022 on plan

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About TIE Kinetix

At TIE Kinetix, we help companies of all sizes achieve their digitalization goals. From 1% to 100% or anywhere in between, our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, enabling our customers to focus on three corporate initiatives that drive true organizational change: business process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward. More than 2,500 companies have chosen TIE Kinetix to support their EDI, e-invoicing, and general digitalization projects, and we proudly facilitate the exchange of over 1 billion documents through FLOW each year—the equivalent of 100,000 trees saved.

Founded in 1987, TIE Kinetix is a public company (Euronext: TIE) with offices in the Netherlands (HQ), France, Germany, Australia, and the United States. For more information, please visit www.TIEKinetix.com

Financial calendar

Date	Event
3 August 2022	Publication of Q3 2022 Trading update
16 November 2022	Publication of 2022 Full year results press release

Notice

This half year press release and the accompanying interim consolidated financial statements are unaudited.

All figures in this press release are stated in thousands of euro, unless indicated otherwise.

2 First six months 2022 on plan

Breukelen, 11 May 2022, 08.00 CEST – TIE Kinetix, a leader in 100% supply chain digitalization, announces its interim financial results for the first half year of FY 2022 today.

Message from Jan Sundelin, CEO

In the first half year of 2022, we have embarked on our high growth plan. The plan calls for increased investments in marketing and staff and in new indirect sales channels to step up SaaS growth beyond historical growth rates. I am delighted to see that we have been able to bring a significant influx of new staff over the first half year. Our customer success teams and new business teams have been formed and will drive us in our operations as a true SaaS-company. Obvisouly, it will take time for us to see the effects of new business sales in our order intake. Our marketing teams are executing ambitous marketing plans in the Netherlands and Germany and our channel strategy is shored up with alliances with major ERP vendors Microsoft and Oracle. This will drive SaaS growth to unprecedented levels in the near future. Furthermore, we are excited to explore non-organic growth options in the German (and later on) in the French markets. All with the aim to scale the use of our excellent FLOW platform towards many more customers and their trading partners. Especially in the European markets we see an increased demand for digitalization as this immediately contributes to our customers' carbon dioxde reduction ambitions. Our paperless and inkless solutions not only support such environmental goals but also achieve the highest security standards of our customers. I am also happy that we can continue our push for further operating efficiencies with the centralization of business processes around customer implementation and set-up.

In our Annual Report 2021 I wrote to you that TIE Kinetix is in pole position in the race for 100% digitalization. Well, I can report to you now that this race has started and that I am proud to say that we are in the lead.

Key developments

Investing in organic growth

2022 Plan: investing to accelerate growth of our 100% SaaS business

Effective October 1, 2021 (the start of the Company's financial year) management has decided to direct the Company's business model entirely to the delivery and use of its SaaS solution called FLOW. This strengthens the position of the Company as a 100% SaaS company with a focus on long term subscription contracts and annual recurring revenue. As a consequence of this direction, the Company will step up its 2022 expenditures and investments in new staff, in marketing programs, and in sales and onboarding to lay the foundation to accelerate growth in all of its markets. This is geared towards one thing: **accelerating organic revenue growth**.

The focus on SaaS has also been reflected in the internal organization of the Company with the introduction of new roles and teams:

» Customer success, focusing on driving the successful deployment of FLOW with our current customers as well as maintaining and growing customer relationships; and
» New business, being fully dedicated to acquisition of new customers.

To add to our goal of accelerating organic revenue growth, we will be expanding our indirect sales channel. The spearhead of our indirect sales strategy will be our worldwide partnerships with major ERP vendors. In addition, we will be partnering with local ERPs in Europe and North America.

First six months results delivered on 2022 plan

Management is proud to be able to report that the expansion of the Company's staff and resources is on plan. In the first half year, staff levels increased with 20% from 104 FTE to 124 FTE as at 31 March 2021. The Company has actively recruited and attracted top talent in a very tight labor market. All new staff is trained through the modules in our FLOW Academy upon entry in the Company. In a very early stage the actions of the customer success teams are already becoming visible in higher account revenue in the accounts managed by these teams. We are planning for increased new business sales in 2023.

In the first six months we have focussed our channel activity on Microsoft (and affiliated companies) and Oracle. We are happy to report that as a result, FLOW has gained the status of preferred solution for use with Microsoft's Dynamics 365 ERP system in Microsoft's AppSource. In addition, TIE Kinetix has been nominated Oracle's strategic partner for supply chain digitialization, with FLOW being sold through Oracle's Cloud Marketplace. Management is planning to step up channel sales in the second half of 2022 and beyond.

Built in the Microsoft Azure cloud and operated largely with standard processes for onboarding customers and their suppliers, the FLOW platform provides a sheer endless scaling capacity with no limit to the number of potential customers and suppliers. This scalability perfectly complements these major partnerships.

Laying the foundation for non-organic growth

In addition to its organic growth plans, the Company has formulated acquisitive growth targets. The aim of acquisitive growth is to strengthen our operations within our current geographical footprint (the Netherlands, US, Germany and France) with additional customers that can be brought onto the FLOW platform. Management is actively looking for opportunities in the German market that will provide a greater customer base access to the benefits provided by our SaaS solutions.

Capital market communication

As stated in our Investor Relations policy, we aim for transparent communication and provide detailed, clear and timely information to all financial market participants. We aim to expand our communication to capital markets by disclosing more information in a transparent manner as well as increasing the frequency of our disclosures.

Our efforts to step up capital market communication are visible in:

» Investment research by Edison Group (their publications can be found on the Analyst Coverage page of our IR website);
» Quarterly trading updates on key aspects of our performance such as (SaaS) revenue growth;
» Our first Capital Markets Day (March 2022) including outlook and strategy update; and
» Expansion of disclosures in our 2021 Annual Report.

We are confident that this improved communication strategy is appreciated by capital markets and hope to welcome new investors that share our vision of 100% digitalization.

Other important developments

Operational and financial efficiencies

The Company's operations have been further streamlined with a second phase of centralization. In addition to the first phase - in which non-primary business processes such as finance, billing and marketing were centralized - the second phase centralizes certain primary business processes around setting up new customers and supplier onboarding. For example, building mappings to connect suppliers now takes place centrally in the Netherlands.

Additional operational and cost efficiencies have been realized by migrating our internal business applications and systems to the Azure-cloud, improving speed, security and availability.

The Company has largely continued working digitally even after COVID-19 government measures were lifted in the jurisdictions we operate in. As a result, less office space was needed for our operations. From April onwards, approximately 1/3rd of the floor space of the Breukelen head office has been subleased, reducing the cost pro-rata. The lease of our office in Germany has ended in FY 2021 and has not been renewed, with German employees working fully remote. With the lease of our Tewksbury office in the U.S. ending in summer 2022, we do not plan on renewing this lease as our U.S. employees continue to work fully remote.

Given the Company's ample cash reserves, the undrawn € 1.2m working capital facility was terminated, adding to the cost savings. The Company furthermore has taken swift benefit from the sudden strengthening of the US dollar over the past quarter and converted nearly all its US dollar cash balances to euro.

'First-ever' dividend payment / Dividend policy
After shareholder approval at the AGM of 25 March 2021, the Company has paid its first-ever dividend of € 0.50 per share on 29 April 2022. Shareholders had a choice of receiving this FY 2022 interim dividend either in shares or in cash. With this first dividend payment, the Company has paved the way for its new dividend policy: to strive for a stable dividend payout, with the aim of distributing at least 40% of net profit. We aim to grow the dividend payment percentage to the 50% level in the coming years. Management considers that such a dividend policy is backed by the very high recurring business (80%+) in its business model. To underscore management's confidence in the growth strategy the Company opted to distribute the 2022 interim dividend from its reserves, in the absence of sufficient net profit.

Should a similar situation prevail in the near future, the Company may opt for a similar dividend distribution from its reserves. The optional dividend enables TIE Kinetix to realize a higher pay-out while maintaining a strong balance sheet for the roll-out of its strategy and possible acquisitions. This is a good fit with, and expresses management's confidence in, our growth strategy.

On the interim consolidated statement of financial position as at 31 March 2022, a liability has been recognized for the dividend distribution. Reference is made to the note Dividend payable, starting on page 23 of the interim consolidated financial statements.

Shareholders representing 65% of shares opted to receive the dividend in shares. As a consequence, on 29 April 2022 a total of 34,252 new shares was issued at a fair value of € 18.05 per share (totaling to € 618k). The remaining 35% opted for a cash dividend, resulting in a total cash payment of € 335k, which was paid to the shareholders on 29 April 2022 after deduction of dividend withholding taxes.

Key figures

(€ x 1,000)

	HY 2022	HY 2021	Variance (%)
Total Revenues	7,172	7,426	-3%
of which: SaaS Revenues	5,366	4,716	14%
EBITDA	31	1,643	-98%

Financial highlights HY 2022

- H1 Order intake amounts to € 5,360k, compared to € 5,096k for H1 2021 (increase of 5%);
- SaaS revenue growth on plan from € 4,716k (H1 2021) to € 5,366k (increase of 14%);
- Total revenue down from € 7,426k (H1 2021) to € 7,172k (decrease of 3%), in line with planned strategic changes in revenue recognition, refer to 'Revenues' below under the section Company performance, starting on page 5;
- EBITDA down from € 1,643k (H1 2021) to € 31k (in line with plan 2022 EBITDA, as impacted by strategic changes in revenue recognition and strategy-induced increased expenditures);
- Reduction of US$-exposure by exchanging $ 4.5 million in cash to euros;
- Working capital facility cancelled given liquidity position.

Company performance

Revenues

With the focus on 100% SaaS revenue, our US operations are completing the End-of-Life program of our legacy US on-premises solution. Such on-premises solutions in the past have been sold as license product with an annual maintenance fee. The End-of-Life program therefore leads to a - planned - reduction of US maintenance revenue. At the same time, with on-premises customers not requiring support we will be planning for the associating cost reductions. The decline in maintenance revenue in HY 2022 versus HY 2021 is entirely attributable to the US End-of-Life program. In the future some maintenance revenue will remain with a limited amount of customers asking for FLOW functionality in an on-premises license model.

Following the 100% focus on SaaS delivery, the Company has revisited its consultancy activities to prioritize activities that support SaaS growth. As a result, the Company has reclassified certain activities previously reported under consultancy revenue to (future) SaaS revenue, as reported in our Q1 report. The reclassification is a presentation matter where revenue (and costs) of certain consultancy activities are presented under SaaS revenue, and recognized over 36 months (and costs amortized accordingly). This time allocation does not lead to lower or different revenue/margins over the life of the contract. To illustrate this effect, out of € 2,278k invoiced to customers on active consultancy projects in H1 2022 (H1 2021: € 1,795k), an amount of € 1,678k shall be allocated to SaaS revenue (H1 2021: € 206k). As at 31 March 2022, a total amount of € 930k (or € 26k SaaS revenue per month) is accumulated within the deferred revenue position on the balance sheet related to setup fees for projects awaiting completion.

The focus on SaaS is becoming visible in the growth of our SaaS revenues, showing a strong year-on-year growth. The decreases in maintenance and support revenues as well as license revenues are fully expected as outlined above and consistent with this strategy.

Due to accounting effects described above, which have also lead to a decrease in the consultancy revenues, total revenues for the first half year are down compared to last year, despite the considerable increase in SaaS revenues.

At the end of Q2 (March, effective April) the Company decided to increase all its customer pricing to adjust for increased inflation. Hourly rates were increased with 5%, subscription prices with 7.2% and overage with 5%. This is a company-wide policy applied on all customers effective immediately.

Analysis of revenues
(€ x 1,000)

	HY 2022	HY 2021	Variance (%)
Software as a Service	5,366	4,716	14%
Maintenance and Support	630	1,019	-38%
Consultancy	1,117	1,509	-26%
Licences	59	182	-67%
Total Revenues	**7,172**	**7,426**	**-3%**

Expenses

In the first half year of 2022, the Company incurred higher expenses in line with plan. Costs for hosting and traffic have grown given the growth of the FLOW platform and increased usage thereof. This is visible in the cost of sales. The significant increase in staff (refer to the paragraph Personnel, starting on page 7) has translated to both higher cost of sales as well as higher operating expenses (higher payroll costs and recruitment costs). The Company has stepped up its marketing efforts signficantly across all channels leading to higher expenditures.

Comparing the expenses to the first half year of 2021, these increases are visible in the cost of sales and selling & marketing expenses line items, while general & administrative and research & development expenses have remained relatively stable.

Analysis of expenses

(€ x 1,000)

	HY 2022	HY 2021	Variance (%)
Cost of Sales	(3,199)	(2,828)	13%
Gross Margin	**3,973**	**4,598**	**-14%**
Gross Margin (% of Revenues)	55%	62%	-7%
Operating expenses			
Research & Development	(632)	(750)	-16%
Selling & Marketing	(1,823)	(1,252)	46%
General & Administrative	(2,266)	(2,262)	0%
Total Operating Expenses	**(4,721)**	**(4,263)**	**11%**

EBITDA

Our planned investments in future growth (signficant marketing expenditures, additional payroll expenses and recruitment fees due to the significant influx of new personnel) have resulted in an increase of expenses in the first half year of 2022, and have affected YTD EBITDA. In addition, when comparing to prior year, EBITDA for the first half year of 2021 was positively impacted by a one-off gain of € 455k, related to a corona-related government grant in the United States.

Cash flows and cash position

The Company's cash position increased from € 9.9 million as at 30 September 2021 to € 10.1 million as at 31 March 2022.

The planned step-up in expenditure has resulted in a decrease in operational cash flow compared to 2021. Investment cash outflows increased compared to the first half of 2021 with higher investments in (capitalized) research and development and higher investments in hardware. The latter is caused by the move of our internal IT systems to the cloud, as a result of which we have invested in state-of-the-art new computers for our developers and other staff. Financing cash flows were positive, following the conversion of outstanding warrants in the second quarter, leading to a cash inflow for newly issued shares. Cash flows are detailed in the Interim consolidated statement of cash flows, starting on page 18.

Order intake

We have realized a solid order intake for the first half year of 2022. The order intake surpassed the first half year of 2021, during which the Company was able to sign many new contracts which had been delayed because of the COVID-19 pandemic.

(€ x 1,000)

	HY 2022	HY 2021	Variance (%)
ISP	5,360	5,096	5%

Personnel

As outlined earlier, the Company has invested significantly in bringing in new staff in the first half year of 2022. While the majority of new staff has joined the new business or customer success teams, teams have been strenghtened across the board. This is also visibile in the table below, representing the number of full-time-equivalents by territory.

FTE by country

	31 March 2022	30 September 2021	Delta
The Netherlands	65	55	10
United States	34	25	9
Germany	10	12	(2)
France	15	12	3
Total	**124**	**104**	**20**

Segment performance

The following tables detail the segments' results for the first half year and the comparative half year. A reconciliation of the segment information to the interim consolidated statement of comprehensive income can be found in the note Segment information, starting on page 20 in the interim consolidated financial statements.

HY 2022 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	2,288	1,858	561	659	-	-	5,366
Maintenance and Support	117	429	70	15	-	-	630
Consultancy	518	313	60	224	-	2	1,117
Licences	32	25	1	1	-	-	59
Total Revenues	**2,955**	**2,624**	**692**	**899**	**-**	**2**	**7,172**
Other Income	-	-	-	-	-	-	-
Intercompany Sales	9	-	-	-	486	(495)	-
Total Income	**2,964**	**2,624**	**692**	**899**	**486**	**(493)**	**7,172**
Cost of Sales	(947)	(1,318)	(214)	(724)	(471)	475	(3,199)
Gross Margin	**2,017**	**1,306**	**478**	**175**	**15**	**(18)**	**3,973**
Operating Expenses							
Employee Benefits	(421)	(524)	(191)	(24)	-	(1,321)	(2,481)
Other Operating Expenses	(937)	(1,151)	(302)	(317)	-	1,245	(1,462)
Total Operating Expenses	**(1,357)**	**(1,675)**	**(493)**	**(341)**	**-**	**(76)**	**(3,942)**
EBITDA	**659**	**(368)**	**(14)**	**(166)**	**15**	**(95)**	**31**

HY 2021 Segment information
(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	2,065	1,647	457	547	-	-	4,716
Maintenance and Support	144	682	81	112	-	-	1,019
Consultancy	663	255	230	318	-	43	1,509
Licences	27	132	4	18	-	-	182
Total Revenues	**2,899**	**2,716**	**772**	**996**	**-**	**43**	**7,426**
Other Income	3	455	-	-	-	-	458
Intercompany Sales	9	-	-	-	426	(435)	-
Total Income	**2,911**	**3,171**	**772**	**996**	**426**	**(392)**	**7,884**
Cost of Sales	(774)	(1,231)	(192)	(640)	(437)	446	(2,828)
Gross Margin	**2,137**	**1,940**	**580**	**356**	**(11)**	**54**	**5,056**
Operating Expenses							
Employee Benefits	(370)	(316)	(217)	(234)	-	(1,177)	(2,315)
Other Operating Expenses	(807)	(1,010)	(292)	(207)	-	1,217	(1,098)
Total Operating Expenses	**(1,177)**	**(1,326)**	**(509)**	**(441)**	**-**	**39**	**(3,413)**
EBITDA	**960**	**614**	**72**	**(85)**	**(11)**	**93**	**1,643**

All segments show similar developments in the results, as planned and in line with the Company's strategy. SaaS revenues show strong growth in all segments. Consultancy revenues are impacted by deferral over a longer period of time and reclassification to SaaS revenues as from FY 2022 (refer to the heading 'Revenues' under the section Company performance, starting on page 5). This results in a planned decrease in both revenue and EBITDA comparing to prior year in all segments. The impact of the End-of-Life of our legacy product eVision is visible in the US in decreasing maintenance revenues. License sales have been minimized across all segments in line with our SaaS-strategy.

From a cost perspective the segments also show similar developments: The significant increase in staff has translated to both higher cost of sales and higher operating expenses (higher employee benefits expenses and recruitment costs). The only exception to this is a reduction of the employee benefits expenses in Germany which is the only segment with lower staff levels than in prior period. Finally, the increased marketing activities across all channels contributed to higher operating expenditures. EBITDA is on plan for the year across all segments.

Risk management

In the chapter Risk Management & Control of our Annual Report 2021 (pages 43 to 51) 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 2022 and therefore will still apply to the second half of 2022. 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 2022.

Press releases issued

The following table details the press releases issued by TIE Kinetix since 1 October 2021 up until the date of this press release, that have or are reasonably expected to have financial relevance.

HY 2022 key press releases

Date	Topic
26 October 2021	TIE Kinetix earns Microsoft Co-Sell Ready status
28 October 2021	Rabobank deploys FLOW Partner Automation to achieve a 100% digital supply chain
1 November 2021	Dutch Employee Insurance Agency (UWV) deploys FLOW Partner Automation to support STAP budget execution
17 November 2021	TIE Kinetix reports full year 2021 performance
18 November 2021	TIE Kinetix partners with EDI Support LLC to maximize customer value via EDI integration in any ERP
1 December 2021	Publication of Annual Report 2021
1 December 2021	Partinc Capital Invests in Dutch SaaS company TIE Kinetix
20 December 2021	TIE Kinetix concludes major E-Invoicing contract in Germany
22 December 2021	TIE Kinetix expands its partner network in the DACH region
18 January 2022	TIE Kinetix earns ISO 27017 and ISO 27018 certifications
2 February 2022	Publication of Q1 2022 Trading Update
10 February 2022	Convocation of Annual General Meeting of shareholders
2 March 2022	TIE Kinetix Capital Markets Day
21 March 2022	TIE Kinetix issued share capital
24 March 2022	TIE Kinetix invests to accelerate SaaS growth
25 March 2022	Voting results Annual General Meeting of shareholders
30 March 2022	FY 2022 Interim dividend distribution
5 April 2022	TIE Kinetix sponsors Factuurcongres 2022 as Platinum Partner
25 April 2022	Majority of shareholders follow TIE Kinetix in its exciting journey towards higher growth; announcement FY 2022 interim dividend stock fraction
29 April 2022	TIE Kinetix issued share capital
5 April 2022	TIE Kinetix offers same-day, self-serve e-invoicing solution to SME suppliers

Per share information

For the earnings per share information, we refer to the note Earnings per share, starting on page 24 of the interim consolidated financial statements. The table below includes other non-GAAP per share information.

The net asset value per share reflected in the table already takes into account the FY 2022 interim dividend distribution in the amount of € 0.50 per share, which has been recognized as a liability on the interim consolidated statement of financial position as at 31 March 2022.

Per share information

	31 March 2022	30 September 2021
Number of shares outstanding (thousands)	1,907	1,679
Net asset value per share (€)	5.92	6.69
Cash and cash equivalents per share (€)	5.29	5.91
Share price (€)	19.00	22.20

Alternative performance measures

In this report, reference is made to several alternative performance measures (APMs), which are defined in the following table. Management believes these provide useful information to assess the company's performance and financial position both when comparing reporting periods and when comparing to a peer group. No separate reconciliations are provided for these APMs as the inputs may be directly derived from their definitions, the face of the interim consolidated financial statements, combined with other information provided, or the reconciliations are presented together with such APMs.

Alternative performance measure	Definition
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization, calculated as Operating Income/(Loss) per the Statement of Comprehensive Income, adding back Depreciation, Amortization and Impairment losses
EBIT	Earnings Before Interest and Taxes, calculated as Operating Income/(Loss) per the consolidated statement of comprehensive income
ISP	Intake Signed Proposals: Includes the gross sales value of all signed contracts in a period. Also referred to as "Order intake"
Net asset value per share	Group equity per balance sheet divided by number of outstanding shares at the balance sheet date
Cash and cash equivalents per share	Cash and cash equivalents per balance sheet divided by number of outstanding shares at the balance sheet date

Statement from the Executive Board

In accordance with the requirements outlined in article 5:25d of the Financial Supervision act, the Executive Board of TIE Kinetix N.V. declares that, to the best of its knowledge:

» The interim consolidated financial statements provide a true and fair view of the assets, liabilities and the financial position as of 31 March 2022 and of the results for the first half of FY 2022 of TIE Kinetix N.V. and of the companies included in the consolidation; and
» The half year press release of the Executive Board, included in this report, provides a faithful representation of the information as meant in article 5:25d, subsections 8 and, as far as applicable, subsection 9 of the Financial Supervision act ('Wet op het Financieel Toezicht').

Breukelen, 11 May 2022

J.B. Sundelin, CEO

M. Wolfswinkel, CFO

12 Contact and other information

For further information, please contact:

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About TIE Kinetix

At TIE Kinetix, we help companies of all sizes achieve their digitalization goals. From 1% to 100% or anywhere in between, our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, enabling our customers to focus on three corporate initiatives that drive true organizational change: business process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward. More than 2,500 companies have chosen TIE Kinetix to support their EDI, e-invoicing, and general digitalization projects, and we proudly facilitate the exchange of over 1 billion documents through FLOW each year—the equivalent of 100,000 trees saved.

Founded in 1987, TIE Kinetix is a public company (Euronext: TIE) with offices in the Netherlands (HQ), France, Germany, Australia, and the United States. For more information, please visit www.TIEKinetix.com, and follow us on LinkedIn, Twitter, Facebook, and YouTube.

Cautionary statement regarding forward-looking information

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, and may be expressed in a variety of ways, such as ‘expects’, ‘projects’, ‘anticipates’, ‘intends’ or similar words. TIE Kinetix has based these forward-looking statements on its current expectations and projections about future events. 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 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.

Interim consolidated financial statements

Interim consolidated statement of financial position

Assets

(€ x 1,000)

	Notes	30 March 2022	30 September 2021
Non-Current Assets			
Goodwill		2,270	2,250
Other Intangible Fixed Assets		2,695	2,648
Tangible Fixed Assets		760	818
Deferred Tax Asset		646	625
Contract Cost Asset		187	122
Total Non-Current Assets		**6,557**	**6,463**
Current Assets			
Trade Debtors		1,735	1,442
Income Tax Receivable		23	31
Contract Cost Asset (Current)		382	173
Other Receivables and Prepayments		524	257
Contract Asset		139	379
Cash and Cash Equivalents		10,096	9,921
Total Current Assets		**12,898**	**12,203**
Total Assets		**19,456**	**18,666**

Equity and Liabilities

(€ x 1,000)

	Notes	30 March 2022		30 September 2021	
Equity					
Share capital		191		168	
Share premium		60,039		58,462	
Foreign Currency Translation Reserve		184		27	
Retained Earnings		(49,130)		(47,431)	
Total Equity attributable to Shareholders	**9**		**11,284**		**11,225**
Non-Current Liabilities					
Deferred Tax Liability		2		2	
Deferred Revenue		729		571	
Provisions		115		190	
Lease Liability		251		385	
Total Non-Current Liabilities			**1,097**		**1,147**
Current Liabilities					
Trade Creditors		966		833	
Deferred Revenue (Current)		3,207		2,992	
Taxation and Social Security Payable		266		475	
Income Tax Payable		11		101	
Other Payables and Accruals		1,287		1,512	
Lease Liability (Current)		385		380	
Dividend Payable	10	954		-	
Total Current Liabilities			**7,074**		**6,294**
Total Equity and Liabilities			**19,456**		**18,666**

Interim consolidated statement of comprehensive income

(€ x 1,000)

	Notes		HY 2022		HY 2021
Revenues					
Software as a Service		5,366		4,716	
Maintenance and Support		630		1,019	
Consultancy		1,117		1,509	
Licences		59		182	
Total Revenues	8		**7,172**		**7,426**
Cost of Sales			(3,199)		(2,828)
Total Gross Margin			**3,973**		**4,598**
Other Income			-		458
Operating Expenses					
Research & Development		(632)		(750)	
Selling & Marketing		(1,823)		(1,252)	
General & Administrative		(2,266)		(2,262)	
Total Operating Expenses			**(4,721)**		**(4,263)**
Operating Income/(Loss)			**(748)**		**793**
Interest and Other Financial Income			8		151
Interest and Other Financial Expense			(18)		(11)
Income/(Loss) before Tax			**(758)**		**933**
Corporate Income Tax			13		(62)
Net Income/(Loss)			**(745)**		**871**
Other Comprehensive Income					
Items which may be recycled to profit or loss (net of tax)					
Exchange differences on translation of foreign operations			158		(58)
Total Comprehensive Income attributable to shareholders			**(588)**		**813**

Earnings per share	**Notes**	**HY 2022**	**HY 2021**
Basic earnings/(loss) per share (€)	11	(0.43)	0.53
Diluted earnings/(loss) per share (€)	11	(0.42)	0.48

Interim consolidated statement of changes in equity

(€ x 1,000)

	Notes	Share Capital	Share Premium	Foreign Currency Translation Reserve	Retained Earnings	Group equity
Balance as at October 1, 2020		**163**	**58,305**	**45**	**(48,591)**	**9,922**
Net Income		-	-	-	871	871
Other Comprehensive Income		-	-	(58)	-	(58)
Total Comprehensive Income		**-**	**-**	**(58)**	**871**	**813**
Shares Issued	9	1	17	-	-	18
Other		-	-	-	(45)	(45)
Balance as at March 31, 2021		**164**	**58,322**	**(13)**	**(47,765)**	**10,708**
Balance as at October 1, 2021		**168**	**58,462**	**27**	**(47,431)**	**11,225**
Net Loss		-	-	-	(745)	(745)
Other Comprehensive Income		-	-	158	-	158
Total Comprehensive Income		**-**	**-**	**158**	**(745)**	**(588)**
Shares Issued	9	23	1,577	-	-	1,600
Dividend Declared	10	-	-	-	(954)	(954)
Balance as at March 31, 2022		**191**	**60,039**	**184**	**(49,130)**	**11,284**

Interim consolidated statement of cash flows

(€ x 1,000)

	Notes	HY 2022		HY 2021	
Income before tax from continuing operations			**(758)**		**933**
Adjustments for:					
Depreciation and Amortization		779		850	
Interest and unrealised exchange income and expenses		56		(140)	
Increase (decrease) in provisions		(75)		15	
Total Adjustments			**761**		**725**
Working Capital Movements					
(Increase) decrease in debtors, contract (cost) assets and other receivables		(560)		302	
(Decrease) increase in deferred revenue		328		(191)	
(Decrease) increase in current liabilities		(257)		(1,335)	
Total Working Capital Movements			**(489)**		**(1,223)**
Cash generated from (used in) operations			**(486)**		**435**
Interest paid			(18)		(20)
Interest received			-		151
Income tax paid			(84)		(5)
Net cash flow from (used in) operating activities			**(587)**		**561**
Investments in intangible fixed assets		(608)		(416)	
Investments in tangible fixed assets		(79)		(25)	
Net cash flow from (used in) investing activities			**(687)**		**(441)**
Lease payments		(220)		(196)	
Issue of new shares	9	1,600		18	
Net cash flow from (used in) financing activities			**1,380**		**(178)**
Net increase (decrease) in Cash and Cash Equivalents			**105**		**(58)**
Opening balance of Cash and Cash Equivalents			**9,921**		**5,886**
Net increase (decrease) in Cash and Cash Equivalents			105		(58)
Currency exchange differences			69		(7)
Closing balance Cash and Cash Equivalents			**10,096**		**5,820**

Notes to the interim consolidated financial statements

1 General information

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address at De Corridor 5d, Breukelen (Dutch Chamber of Commerce number: 34072305 0000, LEI code: 724500IS1M4H9S4SDD39). Subsidiaries are located in France, Germany, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam (EAM: TIE). In these interim consolidated financial statements, the names “TIE Kinetix”, “the Company” or “the Group” will be used to refer to TIE Kinetix N.V. and its various subsidiaries.

TIE Kinetix develops, sells, and distributes software as a service around the world through a network of subsidiaries and resellers. The Company has been active not only in the software development but in the standardization process as well.

The interim consolidated financial statements for the six-month period ending March 31, 2022 are authorized for issuing through a resolution of the Executive Board dated May 11, 2022. The interim consolidated financial statements are presented in Euros, and all values are rounded to the nearest thousand (€ x 1,000), unless stated otherwise.

2 Basis of preparation

The interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the EU. The interim consolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2021.

3 Accounting policies

The accounting policies used in the preparation of the Interim Consolidated Financial report are consistent with those applied in the preparation of the Company’s annual financial statements for the year ended September 30, 2021.

New standards, amendments and interpretations applicable ot the Company as of 1 October 2021

The Company has adopted the following amendments with a date of initial application of 1 October 2021:

» Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021;
» Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2.

The Company has determined that these amendments had no current impact on the interim consolidated financial statements of the Company, but nonetheless may impact future periods.

Standards and amendments not mandatorily applicable to the company as of 1 October 2021

The standards, amendments and interpretations that are issued, but not yet effective up to the date of issuance of the interim consolidated financial statements are disclosed below, insofar that they are expected to be relevant to the Company. The Company intends to adopt these, if applicable, when they become effective and have been endorsed by the European Union.

» Amendments to IFRS 3 Business combinations: Reference to the Conceptual Framework for Financial Reporting (endorsed and effective as of FY 2023);
» Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (endorsed and effective as of FY 2023);
» Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract (endorsed and effective as of FY 2023);
» Annual Improvements 2018-2020 (endorsed and effective as of FY 2023);
» Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (expected to be effective as of FY 2024 when endorsed);
» Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (endorsed and effective as of FY 2024);
» Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting

Estimates (endorsed and effective as of FY 2024);
» Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (expected to be effective as of FY 2024 when endorsed).

These amendments are not expected to have a material impact on the financial statements of the Company, though the amendments to IAS 1 related to disclosure of accounting policies – which require an entity to disclose its material accounting policies rather than its significant accounting policies – may lead to a reduced number of accounting policies disclosed in the Company's annual financial statements when adopted.

4 Use of estimates and judgments

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 2021 consolidated financial statements.

5 Significant events and transactions

During the first half year of 2022, the following significant events and transactions occurred:

- The Company issued share capital for the exchange of warrants. Further details are disclosed in the note Equity, starting on page 23.
- During the Annual General Meeting on 25 April 2022, the shareholders approved the Company's first-ever dividend payment of € 0.50 per share, for which a financial liability was recognized. Further details are disclosed in the note Dividend payable, starting on page 23.

There have been no other significant events or individually significant transactions requiring disclosure.

6 Seasonality

There are little seasonal effects on the operations and the results of the Company. Despite the summer holiday season, the second half year (April to 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 to seasonal effects. However, there may be some effect on consultancy revenue and capitalized R&D as a result of the summer holiday season. Therefore, the Company may face some seasonality impact on the results of the second half year.

7 Segment information

The segment reporting in these interim consolidated financial statements is aligned with the internal reporting to the Executive Board as Chief Operating Decision Maker of the Company. Reporting is based on country segments. All revenue, direct costs and fee earning staff are allocated to country operations (or holding functions). The Company applies intercompany transfer pricing to account for the various roles country operations have in developing, marketing, selling and delivering our products to the customers. As the case may be, the Company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain.

For segment reporting purposes, the Company applies the accounting policies as applied to these interim consolidated financial statements. The Executive Board evaluates segment performance on the basis of EBITDA. Inter-segment sales are only monitored by the Executive Board on a CGU level and not for the purpose of segment reporting. Information on segment assets and liabilities is not regularly provided to the Executive Board.

Segment highlights are reported in the section Segment performance, starting on page 7. The tables on the following pages detail the segment information as well as the reconciliations of such segment information to profit or loss as per the Interim consolidated statement of comprehensive income, starting on page 16.

HY 2022 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	2,288	1,858	561	659	-	-	5,366
Maintenance and Support	117	429	70	15	-	-	630
Consultancy	518	313	60	224	-	2	1,117
Licences	32	25	1	1	-	-	59
Total Revenues	**2,955**	**2,624**	**692**	**899**	**-**	**2**	**7,172**
Other Income	-	-	-	-	-	-	-
Intercompany Sales	9	-	-	-	486	(495)	-
Total Income	**2,964**	**2,624**	**692**	**899**	**486**	**(493)**	**7,172**
Cost of Sales	(947)	(1,318)	(214)	(724)	(471)	475	(3,199)
Gross Margin	**2,017**	**1,306**	**478**	**175**	**15**	**(18)**	**3,973**
Operating Expenses							
Employee Benefits	(421)	(524)	(191)	(24)	-	(1,321)	(2,481)
Other Operating Expenses	(937)	(1,151)	(302)	(317)	-	1,245	(1,462)
Total Operating Expenses	**(1,357)**	**(1,675)**	**(493)**	**(341)**	**-**	**(76)**	**(3,942)**
EBITDA	**659**	**(368)**	**(14)**	**(166)**	**15**	**(95)**	**31**

HY 2022 Reconciliation of total segments EBITDA to profit or loss

(€ x 1,000)

	HY 2022
EBITDA	**31**
Depreciation and amortization	(779)
EBIT	**(748)**
Interest and Other Financial Income	8
Interest and Other Financial Expense	(18)
Income/(Loss) before Tax	**(758)**
Corporate Income Tax	13
Net Income/(Loss)	**(745)**

HY 2021 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	2,065	1,647	457	547	-	-	4,716
Maintenance and Support	144	682	81	112	-	-	1,019
Consultancy	663	255	230	318	-	43	1,509
Licences	27	132	4	18	-	-	182
Total Revenues	**2,899**	**2,716**	**772**	**996**	**-**	**43**	**7,426**
Other Income	3	455	-	-	-	-	458
Intercompany Sales	9	-	-	-	426	(435)	-
Total Income	**2,911**	**3,171**	**772**	**996**	**426**	**(392)**	**7,884**
Cost of Sales	(774)	(1,231)	(192)	(640)	(437)	446	(2,828)
Gross Margin	**2,137**	**1,940**	**580**	**356**	**(11)**	**54**	**5,056**
Operating Expenses							
Employee Benefits	(370)	(316)	(217)	(234)	-	(1,177)	(2,315)
Other Operating Expenses	(807)	(1,010)	(292)	(207)	-	1,217	(1,098)
Total Operating Expenses	**(1,177)**	**(1,326)**	**(509)**	**(441)**	**-**	**39**	**(3,413)**
EBITDA	**960**	**614**	**72**	**(85)**	**(11)**	**93**	**1,643**

HY 2021 Reconciliation of total segments EBITDA to profit or loss

(€ x 1,000)

	HY 2021
EBITDA	**1,643**
Depreciation and amortization	(850)
EBIT	**793**
Interest and Other Financial Income	151
Interest and Other Financial Expense	(11)
Income/(Loss) before Tax	**933**
Corporate Income Tax	(62)
Net Income/(Loss)	**871**

8 Revenues

Further background on the Company's revenue streams and associated performance obligations can be found in the significant accounting policies in the consolidated financial statements as part of the Annual Report 2021. Disaggregated information on revenues by type of revenue as well as by geographical region is disclosed in the Segment information, starting on page 20. In addition, the table below shows the disaggregation of revenues by timing of transfer of services to customers. Revenue that is recognized at a point in time regards to license revenue.

Disaggregation of revenues by timing of recognition
(€ x 1,000)

	HY 2022	HY 2021
At a point in time	59	182
Over time	7,113	7,244
Total Revenues	**7,172**	**7,426**

9 Equity

During the first six months of FY 2022, the Company issued 228,568 new shares for a total consideration of € 1.6 million (HY 2021: 1,600 new shares issued for a total consideration of € 18k), following the conversion of warrants. This brings the total number of outstanding shares as at 31 March 2022 to 1,907,286 (30 September 2021: 1,678,718).

As at 31 March 2022, there are 67,160 warrants outstanding (30 September 2021: 295,728 warrants outstanding).

The retained earnings were reduced for an amount of € 954k related to the interim dividend that was declared on 25 March 2022. For details reference is made to the disclosure note below.

10 Dividend payable

At the Annual General Meeting of shareholders, held on 25 March 2022, the Company's shareholders approved the distribution of an interim dividend for the financial year 2022 from the Company's equity reserves, in the amount of € 0.50 per share. Given the total number of 1,907,286 outstanding ordinary shares, the total dividend declared amounted to € 954k.

Because shareholders had a choice between receiving the dividend in shares or in cash, the full amount has been reclassified from equity (retained earnings) to the current liabilities as at the balance sheet date. The dividend declaration did not lead to any cash outflow yet in the first six months of FY 2022.

After the balance sheet date, on 29 April 2022, the dividend payable was derecognized upon distribution of the interim dividend. A gross cash dividend of € 335k was paid in cash to the shareholders after deduction of dividend withholding taxes. The cash dividend was distributed from the Company's retained earnings and the stock dividend from the Company's share premium. To settle the stock dividend, 34,252 new ordinary shares were issued at a fair value of €18.05 per share (totaling to € 618k). An amount of € 3k was recognized in share capital for the nominal value of the newly issued shares (€ 0.10 per share) with a corresponding charge to share premium.

11 Earnings per share

Diluted earnings per share take into effect the dilutive effect of warrants upon exercise. There are no other instruments with dilutive effects. The following table details the calculation of basic and diluted earnings per share.

Basic earnings per share is calculated by dividing net income by the weighted average number of outstanding shares during the period. Diluted earnings per share is calculated by dividing net income by the weighted average number of outstanding shares during the period on a fully diluted basis.

Basic and diluted earnings per share

	HY 2022	HY 2021
Net income/(loss) (€ * 1,000)	(745)	871
Weighted average number of shares outstanding (thousands)	1,718	1,633
Dilutive effect of warrants (thousands)	45	180
Weighted average number of shares outstanding (thousands) - fully diluted	1,763	1,814
Basic earnings/(loss) per share (€)	**(0.43)**	**0.53**
Diluted earnings/(loss) per share (€)	**(0.42)**	**0.48**

12 Financial risk management

In the Consolidated Financial Statements included in our Annual Report 2021, pages 82 to 86, we have disclosed and analysed the financial risks that the Company faces and the risk management and control mechanisms we have in place. These financial risks include credit risk, liquidity risk and market risk (including currency exchange risk and interest rate risk).

We believe that the nature and potential impact of these risks have not materially changed in the first half of FY 2022. We will continue to monitor such risks closely and manage our internal control systems accordingly.

13 Fair value

The fair values of financial instruments carried at amortised cost, which include trade debtors, other receivables, trade creditors and other payables have been assessed to be in line with their carrying values due to the short-term nature of such items and applicable market interest rates.

Such fair value measurements are classified as level 2 of the fair value hierarchy of IFRS 13. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments. Such transfers may occur where directly observable prices may become available or where market data from independent sources may no longer be available.

There are no items in the statement of financial position at the end of either period presented in these interim consolidated financial statements that are carried at fair value on a recurring or non-recurring basis.

14 Subsequent events

Interim dividend distribution

After the balance sheet date, on 29 April 2022, the FY 2022 interim dividend in the amount of € 954k was distributed to the shareholders. This consisted of a cash dividend of € 335k which was distributed from the Company's retained earnings, as well as a stock dividend of 34,252 newly issued shares representing a fair value of in total € 618k. The nominal value of these newly issued shares amounted to € 3k which was charged to the Company's share premium reserve.

For further details, reference is made to the note Dividend payable, starting on page 23.

TIE KINETIX