

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

TIE KINETIX: very strong first half year 2020

Breukelen, the Netherlands, May 13th, 2020

First half year results (period Oct, 1, 2019 – March 31, 2020)

in euro '000	HY1 excl IFRS 15 ad.		growth	HY 1 incl IFRS 15 adj		growth
	FY 2020	FY 2019		FY 2020	FY 2019	
total revenue	€ 8.997	€ 7.706	17%	€ 8.686	€ 7.338	18%
Subscription based	€ 6.609	€ 5.691	16%	€ 6.672	€ 5.803	15%
EBITDA	€ 1.337	€ 228	486%	€ 1.167	€ -7	
EBIT	€ 585	€ -388		€ 464	€ -623	
Net income	€ 496	€ -537		€ 375	€ -772	

First half year segment reporting*:

€ x 1,000	Netherlands		International		North America		DACH		France		Holding (incl elimination)		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues														
Licenses	18	11	-	-	239	104	16	35	18	50	-	-	290	200
Maintenance and Support	165	176	-	-	960	1.020	180	139	84	81	-	-	1.389	1.415
Consultancy	627	639	282	70	528	356	419	546	243	192	-	-	2.098	1.804
Software as a Service	1.899	1.548	723	238	1.686	1.471	525	665	387	354	-	-	5.220	4.276
Revenues	2.709	2.374	1.005	308	3.413	2.951	1.139	1.384	731	677	-	-	8.997	7.694
Other Income & EU	35	4	-	-	76	292	-	68	-	3	(111)	(356)	-	12
Total Revenue	2.744	2.378	1.005	308	3.489	3.243	1.139	1.452	731	680	(111)	(356)	8.997	7.706
Total Cost of Sales	(777)	(683)	(478)	(197)	(1.620)	(1.465)	(749)	(1.016)	(177)	(181)	111	99	(3.690)	(3.443)
Gross Margin	1.967	1.695	527	110	1.869	1.779	390	436	554	499	-	(257)	5.307	4.262
Operating Expenses														
Employee Benefits	(545)	(398)	-161	-136	(335)	(501)	(255)	(497)	(164)	(221)	(984)	(745)	(2.444)	(2.498)
Other Operating Expenses	(683)	(290)	(112)	(56)	(950)	(672)	(324)	(247)	(209)	(126)	752	(145)	(1.526)	(1.536)
Total Operating expenses	(1.228)	(688)	(273)	(192)	(1.285)	(1.172)	(579)	(744)	(373)	(348)	(232)	(890)	(3.970)	(4.034)
EBITDA	739	1.007	254	(81)	584	606	(189)	(309)	181	151	(232)	(1.147)	1.337	228
Depreciation, amortization and impairment													(752)	(616)
EBIT													585	(388)
Interest and other Financial Expense													(24)	-23
Income/(loss) before Tax													561	(410)
Corporate Income Tax													(65)	(126)
Net Income/(loss)													496	(537)

* Segment reporting is excluding the current year effects of IFRS 15.

TIE Kinetix delivered a very strong first half year 2020. Both revenue as well as EBITDA came in significantly higher than 2019 numbers. In the Netherlands, the US and France strong order intake in FY 2019 has provided many new projects in FY 2020, driving both Consultancy revenue (+16%) and SaaS revenue (+22%) to higher levels. With flat operating costs, a significantly higher EBITDA was achieved (+486%).

Revenue and margin increase in the first half year of FY 2020 are on plan and in line with the company strategy to convert customers to the FLOW platform SaaS offering. The company strategy is based on the ‘Hub-Spokes’ model and focusses on selling at enterprise level accounts (so-called ‘Hubs’), to connect their medium sized suppliers (the ‘Spokes’).

TIE Kinetix reports H1 2020 with revenue (incl IFRS 15 adjustments) amounting to € 8.686k (2019: €7.338k), and EBITDA (incl. IFRS 15 adjustments) of € 1.167k (2019: € -7k), generating a 13% EBITDA margin (2019: 0%). Net income grew from €- 772k (HY1 FY 2019) to € 375k (HY1 FY 2020).

Jan Sundelin (CEO) said: “The turnaround towards selling FLOW SaaS that we have completed in 2019 is now materializing in top line growth and higher margins. Our focus on FLOW SaaS and 100% digitization – a topic that is top of mind with most companies and governments in these days – is paying off. The order intake generated in 2019 was high and provided a very strong base to generate healthy business. We have welcomed many new customers to our FLOW offering and at the same time we saw a solid demand for the latest version of our SaaS offerings from our existing customers. In the first half year of FY 2020, our Google-Ad-Words-for-Channel business has grown very profitably and continues to perform well. The Covid-19 measures in the various countries in which we operate have not affected our HY 1 numbers, but we do expect some effects in HY 2, FY 2020. Although our SaaS business model has proven to be robust in volatile economic conditions, we expect that certain of our customers will be hurt significantly by the COVID-19 measures and that this will affect their ability to commit earlier planned investments. We are also planning for customers wanting to extend payment terms. However, our cash position is robust and our strong HY1 performance provides a good foundation to encounter such issues in the second half year. We have temporarily paused planned investments in growth, and plan to go forward with these investments this summer, provided the economic conditions do not deteriorate significantly.”

Maintaining an efficient cost base has always been a priority of TIE Kinetix. The company monitors its cost base per segment and, if and when necessary to align with income, measures are taken to assure costs are in line with the development of the business. In HY 1 FY 2020 higher costs have been incurred in the Netherlands to support the roll out of the BtG proposition. In the US operating costs were well below FY 2019 levels caused by lower infrastructure costs, and lower SG&A costs. A significant cost reduction was achieved in Germany with almost 40%, caused by lower staff and support costs. TIE France came in with a 20% cost reduction caused by lower staff and support costs.

FTE by country	31-March-20	31-March-19	Delta
NL	51	45	6
US	31	28	3
DACH	14	18	-4
France	11	10	1
Total	107	101	6

First half year Order Intake/ ‘ISP’

In HY1 of FY 2020, the FLOW Order Intake from existing and new customers amounted to € 5,8 million (2018: € 6,7 million) an 14% decrease compared to HY1 of FY 2019. This decrease is attributable to TIE Netherlands (€ 1.173k lower) and TIE Germany (€ 436k lower). In the Netherlands

lower orders were signed up following a very high order intake in FY 2019, as a result of which the consultancy and implementation capacity was fully committed HY1 FY 2020. Consequently, new orders have been phased to accommodate capacity availability. In Germany lower orders were signed up since the non FLOW orders booked in HY1 FY 2019, have not been repeated in HY1 FY 2020.

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 2020 FLOW ISP amounted to € 5.774k, with 56% SaaS (2019: € 6.745k with 48% SaaS).

	License		SaaS		Maintenance		Consultancy		Other Income		Total	
	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
ISP	365	186	3.258	4.513	147	172	1.985	1.864	19	12	5.774	6.745
as % of Total ISP	6,3%	5,4%	56,4%	48,3%	2,5%	2,2%	34,4%	29,4%	0,3%	0,3%	100,0%	100,0%

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 2020, 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, 2020 the company capitalized € 510k (H1 2019: € 567k) 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 2020 amounted to € 713k (H1 2019: € 490k). The cash position at the end of March 2020 was positive € 2.221k (March 2019: € 561k).

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 unused. 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, 2019 up to now, TIE Kinetix has reported the following highlights:

31-10-2019: TIE Kinetix launches Pdf-2-FLOW solution;

07-11-2019: Fall Release of the FLOW Platform;

20-11-2019: Update and Financial Year 2019 Performance;

04-12-2019: TIE Kinetix awarded PEPPOL AS4 certification;

12-12-2019: Publication of Annual Report 2019;

20-12-2019: TIE Kinetix introduces 100\$ factoring for e-invoicing through FLOW

04-02-2020: Winter Release of the FLOW Platform;

14-02-2020: TIE Kinetix announces sale of TCMA/PRM part for € 6 million

14-02-2020: Convocation Annual General Meeting of Shareholders 2020;

16-03-2020: COVID-19 measures to assure continuity of your company processes;

01-04-2020: Voting results AGM;

15-04-2020: Sale of Business Line TCMA/PRM postponed;

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, 2020 and the profit for the half-year ended March 31, 2020 of the Company and its consolidated entities. The Executive Board report for the first six months of the financial year 2020 includes a true and fair review of the position as per March 31, 2020 and of the development and performance during the first six months ended March 31, 2020 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 2019 annual report and have not changed during the first half of 2020.

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 and deliver online. Customers and partners of TIE Kinetix constantly benefit from innovative, field tested, state-of-the-art technologies, which are backed by over 25 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 is a public company (NYSE Euronext: TIE Kinetix), and has offices in the United States, the Netherlands, France, Germany and Australia.

Unaudited interim condensed
Consolidated financial statements

March 31, 2020

1. Interim consolidated statement of financial position.
As at March 31, 2020

Assets (€ x 1,000)	Notes	31 March 2020	30 September 2019	
Non Current Assets				
Intangible fixed assets				
Goodwill		2.274		2.278
Other intangible fixed assets		<u>3.522</u>	<u>5.797</u>	<u>3.673</u>
				5.951
Tangible fixed assets				
Property, Plant and Equipment		<u>83</u>	<u>83</u>	<u>107</u>
				107
Financial fixed assets				
Deferred Tax Asset		297		299
Contract Asset		<u>180</u>	<u>477</u>	<u>139</u>
				438
Total Non Current Assets			6.357	6.496
Current Assets				
Trade Debtors				
		2.493		2.156
Income Tax Receivable				
		-		46
Taxation and Social Security				
		67		65
Contract Asset (Current)				
		193		127
Other Receivables and Prepayments				
		<u>762</u>	<u>3.515</u>	<u>664</u>
				3.059
Cash and Cash Equivalents				
			<u>2.221</u>	<u>2.041</u>
Total Current Assets			5.736	5.100
Total Assets			12.093	11.596

Equity and Liabilities (€ x 1,000)	Notes	31 March 2020	30 September 2019	
Equity				
Shareholders' Equity				
		3.980		3.490
Total Equity			3.980	3.490
Non Current Liabilities				
Loans				
		0		-
Deferred Tax Liability				
		10		5
Deferred Revenue				
		468		555
Provisions				
		<u>184</u>	<u>663</u>	<u>184</u>
Total Non Current Liabilities				744
Current Liabilities				
Trade Creditors				
		708		797
Deferred Revenue				
		5.323		4.807
Taxation and Social Security, Income tax				
		450		352
Other Payables and Accruals				
		<u>971</u>	<u>7.451</u>	<u>1.407</u>
Total Current Liabilities				7.362
Total Equity and Liabilities			12.093	11.596

2. Interim consolidated income statement.
For the 6 month period ending March 31, 2020

(€ x 1,000)	1 HY 2020	1 HY 2019
Revenues		
Licenses	290	200
Maintenance and Support	1.391	1.415
Consultancy	1.725	1.336
Software as a Service	5.281	4.388
Revenues	8.686	7.338
Onetime income	-	11
Total Revenue	8.686	7.349
Third party hire	(36)	(217)
Direct Employee Costs	(1.882)	(1.909)
Direct Purchase Costs	(1.633)	(1.318)
Gross Margin	5.135	3.905
Operating Expenses		
Employee Benefits	(2.442)	(2.373)
Acquisition costs and onetime expenses	9	
Depreciation and Amortization	(703)	(616)
Other Operating Expenses	(1.535)	(1.539)
Total Operating Expenses	(4.671)	(4.528)
Operating Income/(loss)	464	(623)
Interest and other Financial Expense	(24)	(23)
Income/(loss) before Tax	440	(646)
Corporate Income Tax	(65)	(126)
Net Income/(loss)	375	(772)
Comprehensive Income		
Net Income/(loss)	375	(772)
Exchange differences on translating of foreign operations	115	18
Total Comprehensive Income/(loss) net after Tax	489	(754)
Attributable to Shareholders of TIE:		
Income after Tax	375	(772)
Comprehensive Income net after Tax	489	(754)
Net result per share – basic	0,23	(0,48)
Weighted average shares outstanding – basic (thousands)	1.619	1.619
Net result per share – diluted	0,19	(0,40)
Weighted average number of shares fully diluted (thousands)	1.939	1.944

3. Interim consolidated statement of changes in equity.
For the 6-month period ending March 31, 2020

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share-holders Equity	Convertible Bonds	Total Equity
Balance per September 30, 2018	61.393	(56.575)	53	4.871	45	4.916
IFRS 15 adjustment		(159)		(159)		(159)
Balance per October 1, 2018	61.393	(56.734)	53	4.712	45	4.757
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	(57.271)	71	4.263	45	4.308
Foreign currency translation reserve			5	5		5
Net Income		(778)		(778)		(778)
Total Comprehensive Income (loss)	-	(778)	5	(773)	-	(773)
Conversion of Convertible Bonds					(45)	(45)
Balance per September 30, 2019	61.463	(58.049)	76	3.490	-	3.490
Foreign currency translation reserve			115	115		115
Net Income		375		375		375
Total Comprehensive Income (loss)	-	375	115	489	-	489
Shares issued and Share Premium	-			-		-
Balance per March 31, 2020	61.463	(57.674)	190	3.979	-	3.979

4. Interim consolidated statement of cash flows.
For the 6-month period ending March 31, 2020

(€ x 1,000)	Note	1HY 2020	1HY 2019
Income before tax		440	(411)
<i>Adjustments:</i>			
Depreciation and amortization		<u>703</u>	<u>616</u>
		703	616
<i>Working Capital Movements</i>			
(Increase) decrease in debtors and other receivables		(391)	352
(Increase) decrease in contract asset		(107)	
(Decrease) increase in deferred revenue		429	470
(Decrease) increase in other liabilities		65	
(Decrease) increase in current liabilities		<u>(388)</u>	<u>(121)</u>
		(391)	701
Cash generated (applied) in operations		<u>752</u>	<u>906</u>
Interest paid		-	(9)
Income tax paid		(39)	(407)
Net Cash flow from operating activities		713	490
Investments in intangible fixed assets		<u>(469)</u>	(567)
Investments in tangible fixed assets		<u>(55)</u>	<u>(17)</u>
Net Cash flow generated / (used) in investing activities		(524)	(584)
Net Cash flow generated / (used) by financing activities		-	<u>70</u>
Net increase (decrease) in Cash and Cash Equivalents		189	(24)
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		(9)	5
Opening balance Cash and Cash Equivalents		<u>2.041</u>	<u>580</u>
Closing balance Cash and Cash Equivalents		<u>2.221</u>	<u>561</u>

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, 2020 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 12, 2020.

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, 2019 as external auditor for the year commencing on October 1, 2019.

Statement of Compliance

The Executive Board has considered and approved the interim condensed consolidated financial statements for the period October 1, 2019 – March 31, 2020.

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, 2019.

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, 2020 and of the results of the Group’s operations and cash flow in the period October 1, 2019 – March 31, 2020.

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, 2019. 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 2020.

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 2019 (pages 45-46) 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 2020. 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 2020.

Seasonal Effects / COVID-19

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.

The company expects that effects of the COVID-19 crisis and the measures taken by various countries in which TIE Kinetix is active, will start to become visible in the second half year of FY 2020. Management considers that adverse effects on its order intake and its customers' ability to pay will be very likely to occur. At this stage, however, it is not possible to estimate the impact on TIE Kinetix yet. Management has taken various precautionary measures, such as a temporary suspension of all new hires and a temporary suspension of marketing programs. Where applicable TIE Kinetix has requested, and may continue to request, government support to mitigate the effect of COVID-19 crisis and the measures taken by various countries.

Intangible Assets

The capitalization of development costs amounts to € 510k (H1 2019: € 567k).

Tangible Assets

The investment in tangible assets amounts to € 55k (H1 2019: € 17k).

Cash

On March 31, 2020 the Company held a net positive cash position of € 2.221k (March 31, 2019 € 561k).

The net cash flow from operating activities in HY1 2020 amounted to € 752k (H1 2019: €490k).

Equity

Equity (number of shares)	2020	2019
Balance as of October 1	1.627.281	1.617.281
Issued		10.000
Balance as of March 31	1.627.281	1.627.281

In 1HY 2020 no shares have been issued.

Personnel

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

FTE by country	31-March-20	31-March-19	Delta
NL	51	45	6
US	31	28	3
DACH	14	18	-4
France	11	10	1
Total	107	101	6

Breukelen, May 13, 2020

M. Wolfswinkel
J.B. Sundelin
Executive Board