

# Half year press release and Interim consolidated financial statements

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## About TIE Kinetix

At TIE Kinetix, we deliver Software as a Service (SaaS) solutions to companies, governmental institutions, and their suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. FLOW Partner Automation, our software platform, empowers its users to engage in smart business exchanges and streamline communication through seamless integration with any existing system.

Since 1987, we have supported all EDI and e-invoicing standards and communication methods worldwide. Today, our global team of experts share their knowledge with our 2,500+ customers, facilitating the exchange of over 1 billion documents through FLOW each year. TIE Kinetix is a public company (Euronext Amsterdam: TIE), and has offices in the Netherlands, France, Germany and the United States.

## Financial calendar

<b>August 4, 2021</b>	Q3 Trading update FY2021
<b>November 17, 2021</b>	Publication of annual results FY2021

## Notice

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

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

# Very strong first half year 2021

TIE KINETIX N.V. – INTERIM REPORT 2021

*Breukelen, 12 May 2021, 08.00 – TIE Kinetix, the leading provider of Software as a Service managed solutions for supply chain digitization with EDI, announces its half year interim financial results for FY 2021 today.*

## Key figures

(€ * 1000)	HY 2021	HY 2020*	Variance (%)
Total Revenues	7,426	7,185	+3%
Of which: Subscription-based:	5,735	5,413	+6%
EBITDA	1,643	1,099	+50%
EBIT	793	171	+365%
<b>Net income from continuing operations</b>	<b>871</b>	<b>71</b>	<b>+1,119%</b>

\* HY 2020 key figures are restated for the following:

- To exclude results from TIE International B.V. that was sold during FY 2020 (classified as discontinued operations);
- The table 'Key Figures' also **excludes** results from the Demand Generation business that was sold during FY 2020. Please note that the FY 2020 and HY 2020 continued operations in the FY 2020 annual report and HY 2021 interim consolidated financial statements (pages 11 and onwards of this report) **include** results from the Demand Generation business in FY 2020 and HY 2020 respectively as part of continuing operations. Please refer also to section 'Use of alternative performance measures' on page 8; and
- To include the effects of the new lease accounting standard IFRS 16.

Reference is made to notes 5 and 8 of the interim consolidated financial statements.

## Financial highlights HY 2021

- Organic revenue growth from € 7,185k (HY 2020) to € 7,426k (increase of 3%);
- EBITDA margin increase with 7% points from 15% (HY 2020) to 22%;
- Net income from continuing operations increased from € 71k (HY 2020) to € 871k (increase of 1,119%);
- EBITDA and net income positively impacted by corona-related U.S. government grant of € 455k;
- Positive operating cash flows from continuing operations of € 561k (HY 2020: € 681K).

## Jan Sundelin, CEO:

“In the first half year TIE Kinetix has successfully concluded several large deals in the Business-to-business market as well as in the Business-to-government market. At the same time, we have a solid pipeline of orders that we expect to come in in the second half year. These orders with new and existing customers are the proof of a strong demand for our products and services focussing on 100% digitalization of the supply chain. The increased awareness for 100% digitalization is only strengthened in the pandemic and lockdown measures taken in the countries of our operations. With our costs under control, the company operates well ahead of plan for the year.”

### 3 Company performance

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#### Revenues

(€ * 1000)	HY 2021	HY 2020 Adjusted*	Variance (%)
Software as a Service	4,716	4,022	+17%
Maintenance and Support	1,019	1,391	-27%
Consultancy	1,509	1,482	+2%
Licenses	182	290	-37%
<b>Total Revenues</b>	<b>7,426</b>	<b>7,185</b>	<b>+3%</b>

\* HY 2020 figures are restated, see note to table 'Key figures' on the previous page.

Revenues for the first half year of FY 2021 have grown organically by 3% to € 7,426k compared to € 7,185k in the first half year of FY 2020, when excluding the Demand Generation and Google AdWords for Channel business lines that were sold in the second half of 2020. SaaS revenues grew by 17% with the increased usage of services from our cloud-based FLOW platform. As customers are migrating to our FLOW platform, maintenance and licenses revenue of on premises solutions decreased.

#### Cost base

(€ * 1000)	HY 2021	HY 2020 Adjusted*
<b>Cost of Sales</b>		
Third party hire	-8	-30
Direct Employee Costs	-1,783	-1,882
Direct Purchase Costs	-1,037	-1,080
<b>Total Cost of Sales</b>	<b>-2,828</b>	<b>-2,992</b>
<b>Gross Margin</b>	<b>5,056</b>	<b>4,193</b>
Gross margin (% of revenues)	68%	58%
<b>Operating expenses</b>		
Employee Benefits	-2,315	-1,871
Acquisition Costs and Other Items	44	9
Depreciation and amortization	-850	-928
Other Operating Expense	-1,142	-1,232
<b>Total Operating Expenses</b>	<b>-4,263</b>	<b>-4,022</b>

\* HY 2020 figures are restated, see note to table 'Key figures' on the previous page.

### **Cost base (continued)**

Maintaining an efficient cost base has always been a priority of the Company. The Company monitors its cost base per operating segment and, if and when necessary to align with income or for other reasons, measures are taken to assure that costs are in line with the development of the business.

In the first half of 2021, the Company was able to reduce its cost of sales, with cost savings in direct purchase costs and direct employee costs as a consequence of the more streamlined product offering as from 2021. The Company deploys a public cloud strategy focussed on the delivery of its products and services using the Microsoft Azure cloud, therewith replacing the use of private cloud services where possible. This has resulted in a decrease of cost of sales of 5% while revenues have increased with 3% as noted above.

Operating expenses increased by 6%. Notable drivers behind this increase are additional hires to strengthen the operation and prepare the company for further growth, after disposal of the Demand Generation and Google AdWords for Channel business lines. As such, the company's total number of employees was not reduced significantly. The resulting increased employee benefits are offset against reduced other operating expenses, such as lower marketing spend and significantly reduced travel and accommodation expenses. These COVID-19 related expense reductions are partly offset by higher professional services fees incurred.

### **EBITDA**

Group EBITDA for the first half of FY 2021 has increased sharply by 50% to € 1,643 compared to € 1,099k in the first half of FY 2020 (excluding the Demand Generation and Google AdWords for Channel business lines). In addition to increased revenues, this increase was attributable to developments in the cost base (see section 'cost base' above) and other income of € 455k resulting from a US government grant.

### **Cash flows and cash position**

Operating cash flows were positive at € 561k compared to € 969k in the first half of FY 2020. The decrease is mainly due to significant reductions in the current liabilities. In addition, in the first half of FY 2020 the discontinued operation contributed to the cash flows from operating activities.

Cash outflows from investing activities amounted to € 441k and are largely in line with those in the first half of FY 2020, being € 524k. The same applies to the cash outflows from financing activities, which amounted to € 178k compared to € 257k in the first half year of FY 2020.

The Group's cash position as of 31 March 2021 is € 5,8 million compared to € 5,9 million on 30 September 2020. The Company is expecting to receive the repayment of the Vendor Loan provided to Impartner from the sale of the Demand Generation and Google AdWords for Channel business lines (€ 3 million) in the second half of the year.

## Order intake

In the first half year of FY 2021, the FLOW Order Intake (or 'ISP') from existing and new customers amounted to € 5,1 million compared to € 4,2 million in the first half year of FY 2020 (excluding the Demand Generation and Google AdWords for Channel business lines), representing a 22% increase. The increase is attributable to several large new customers in the Business-to-business market and in the Business-to-Government market. Large contracts were signed in the Netherlands with the Dutch Home Office/Ministry of Internal Affairs, UWV and Intratuin, in Germany with DGUV and in the U.S. with CGS. The increase in Order Intake is fully attributable to increased SaaS order intake – in line with the company's strategic focus on SaaS.

(€ * 1000)	SaaS		Maintenance		Consultancy		Licenses		Other Income		Total	
	HY21	HY20*	HY21	HY20*	HY21	HY20*	HY21	HY20*	HY21	HY20*	HY21	HY20*
ISP	2,931	1,957	180	146	1,773	1,686	203	364	9	19	5,096	4,172
As % of Total ISP	57.5%	46.9%	3.5%	3.5%	34.8%	40.4%	4.0%	8.7%	0.2%	0.5%		

\* HY 2020 ISP is restated to exclude the business lines Demand Generation and Google AdWords for Channel that were sold during the second half of FY 2020.

## Segment performance

HY 2021 (€ * 1000)	TIE Netherlands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Eliminations	Total Continuing Operations
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
Licenses	27	132	4	18	-	-	182
<b>Revenues</b>	<b>2,899</b>	<b>2,716</b>	<b>772</b>	<b>996</b>	<b>-</b>	<b>43</b>	<b>7,426</b>
Other income	3	455	-	-	-	-	458
Intercompany Sales	9	-	-	-	426	-435	-
<b>Total income</b>	<b>2,911</b>	<b>3,171</b>	<b>772</b>	<b>996</b>	<b>426</b>	<b>-392</b>	<b>7,884</b>
Cost of Sales	-774	-1,231	-192	-640	-437	446	-2,828
<b>Gross Margin</b>	<b>2,137</b>	<b>1,941</b>	<b>580</b>	<b>356</b>	<b>-11</b>	<b>54</b>	<b>5,057</b>
Employee Benefits	-370	-316	-217	-234	-	-1,177	-2,315
Other Operating Expense	-807	-1,010	-292	-207	-	1,217	-1,098
<b>Total Operating Expenses</b>	<b>-1,177</b>	<b>-1,326</b>	<b>-509</b>	<b>-441</b>	<b>-</b>	<b>39</b>	<b>-3,413</b>
<b>EBITDA</b>	<b>960</b>	<b>615</b>	<b>72</b>	<b>-85</b>	<b>-11</b>	<b>93</b>	<b>1,643</b>

## Segment performance (continued)

HY 2020*	TIE Netherlands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Eliminations	Total Continuing Operations**
(€ * 1000)							
Software as a Service	1,919	1,702	388	525	-	-	4,534
Maintenance and Support	165	963	84	180	-	-	1,391
Consultancy	479	362	227	419	-	-	1,487
Licenses	18	239	18	16	-	-	290
<b>Revenues</b>	<b>2,580</b>	<b>3,266</b>	<b>717</b>	<b>1,139</b>	<b>-</b>	<b>-</b>	<b>7,702</b>
Intercompany Sales	34	77	-	-	261	-372	-
<b>Total income</b>	<b>2,614</b>	<b>3,342</b>	<b>717</b>	<b>1,139</b>	<b>261</b>	<b>-372</b>	<b>7,702</b>
Cost of Sales	-718	-1,543	-174	-749	-378	489	-3,073
<b>Gross Margin</b>	<b>1,896</b>	<b>1,799</b>	<b>543</b>	<b>390</b>	<b>-117</b>	<b>117</b>	<b>4,629</b>
Employee Benefits	-506	-335	-164	-250	-	-948	-2,203
Other Operating Expense	-683	-876	-199	-281	-	804	-1,234
<b>Total Operating Expenses</b>	<b>-1,190</b>	<b>-1,211</b>	<b>-362</b>	<b>-531</b>	<b>-</b>	<b>-144</b>	<b>-3,438</b>
<b>EBITDA</b>	<b>706</b>	<b>589</b>	<b>181</b>	<b>-141</b>	<b>-117</b>	<b>-27</b>	<b>1,191</b>

\* HY 2020 figures are restated, see note to table 'Key figures' on page 2. However, please note that the segment performance is not restated to exclude the Demand Generation business line. As such, the figures presented above reconcile to the IFRS comparative information presented in the interim consolidated financial statements, and does not reconcile to comparative information presented in the section 'Key figures' of this press release.

\*\* For comparative information relating to discontinued operations, reference is made to note 8 to the interim consolidated financial statements.

SaaS revenues for continuing operations have increased, coupled by a notable consultancy revenues growth in the Netherlands. These revenue increases have resulted from both sales to new customers as well as increased sales to existing customers. Revenues of the US segment have decreased mainly as a result of the sale of the Demand Generation business line, which is included in continuing operations in the HY 2020 comparative figures. On the other hand, the US segment benefited from a corona-related government grant, presented on the 'other income' line. All segments profited from a relative reduction of cost of sales. Employee benefit expenses were reduced by the sale of the Demand Generation business line, offset against increases from new hires to strengthen the operations of the company. The reduction in other operating expenses is driven by COVID-19 related lower marketing spend and lower travel and accommodation expenses in the first half of FY 2021, partly offset by higher professional services fees incurred.

As noted, the comparative segment information includes the income and expenses attributable to the TCMA or Demand Generation business line. Approximately 70% of these Demand Generation results are included in the TIE US segment, 25% in the TIE Netherlands segment and 10% in the TIE Germany segment for the first half year of FY 2020. Reference is made to note 8 to the interim consolidated financial statements for summarized financial information related to this business line including a reconciliation to the comparative financial information that excludes this business line.

## Personnel

The Group's workforce is monitored and managed on a continuous basis to ensure timely roll-out of the FLOW platform to new customers and service and support existing customers to our high-quality standards, while maintaining a healthy productivity. Total FTE per segment is disclosed in the table below. Reductions are caused by the sale the Demand Generation and Google AdWords for Channel in 2020, offset with new hires to strengthen the operations.

FTE by Country	31 March 2021	31 March 2020	Delta
Netherlands	54	51	+3
United States	27	31	-4
Germany	13	14	-1
France	10	11	-1
<b>Total</b>	<b>104</b>	<b>107</b>	<b>-3</b>

## Risk management

In our Annual Report 2020 (pages 18 to 20) 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 2021 and therefore will still apply to the second half of 2021. 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 2021.

## Press releases issued

As from October 1, 2020 up to now, TIE Kinetix has issued the following press releases that have or will have financial impact:

- 14 October 2020: Full year 2020 Trading Update;
- 18 November 2020: Full year 2020 Performance;
- 28 December 2020: Publication of Annual Report 2020;
- 25 January 2021: Dutch Employee Insurance Agency (UWV) chooses TIE Kinetix;
- 3 February 2021: TIE Kinetix and CGS enter strategic Value-Added Reseller Agreement;
- 12 February 2021: Convocation Annual General Meeting of Shareholders 2021;
- 24 February 2021: Municipality of Amsterdam extends contract with TIE Kinetix;
- 5 March 2021: TIE Kinetix helps Intratuin achieve next level p2p automation;
- 26 March 2021: AGM Voting results;
- 1 April 2021: TIE Kinetix wins major contract with Dutch Central Government;
- 20 April 2021: TIE Kinetix helps Dutch Ministry of the Interior & Kingdom Relations to advance government-wide e-procurement.

## Per share information

For the earnings per share information, we refer to note 10 of the interim consolidated financial statements. The table below includes other non-GAAP per share information:

	31 March 2021		30 September 2020	
Number of shares outstanding (thousands)		1,635		1,633
Number of shares on a fully diluted basis (thousands)		1,951		1,951
Net asset value per share (€)	€	6.5	€	6.1
Net asset value per share (€) - fully diluted	€	5.5	€	5.1
Cash and cash equivalents per share (€)	€	3.6	€	3.6
Cash and cash equivalents per share (€) - fully diluted	€	3.0	€	3.0
Share price (€)	€	19.7	€	15.3

## Use of alternative performance measures

In this report alternative performance measures (APMs) are presented. The comparative information on revenues, costs, and EBITDA as derived from the interim consolidated financial statements has been adjusted to exclude the financial information related to TCMA, otherwise known as the 'Demand Generation' business line. This also applies to the comparative ISP information. Such adjustments were made in the sections 'Key Figures', 'Revenues', 'Cost base', 'EBITDA' and 'Order intake' of this press release.

According to management, such adjustments to the comparatives provide an improved basis for comparison of the performance of the continued business lines. Comparative figures reported on an IFRS basis are included in the interim consolidated financial statements. Summarized financial information on TCMA including a reconciliation of these figures to the IFRS comparative figures is included in note 8 to the interim consolidated financial statements.

Moreover, in this report, reference is made to several other APMs, which are defined on the next page. 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.



## Use of alternative performance measures (continued)

### Definitions

Subscription-based revenues	Sum of SaaS revenues and Maintenance and Support revenues
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation, calculated as Operating Income/(Loss) per the Income Statement, adding back Depreciation, Amortisation and Impairment losses
EBIT	Earnings Before Interest and Taxes, calculated as Operating Income/(Loss) per the Income Statement
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 balance sheet date
Cash and cash equivalents per share	Cash and cash equivalents per balance sheet divided by number of outstanding shares at balance sheet date

# Statement from the Executive Board

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TIE KINETIX N.V. – INTERIM REPORT 2021

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 2021 and of the results for the first half of FY 2021 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, 12 May 2021

J.B. Sundelin, CEO

M. Wolfswinkel, CFO

# 11 Contact and other information

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For further information, please contact:

TIE Kinetix N.V.

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## **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 HY 2021

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# 13 Interim consolidated statement of financial position

TIE KINETIX N.V. – INTERIM REPORT 2021

## Assets

(€ * 1000)	31 March 2021	30 September 2020
<b>Non-Current Assets</b>		
<i>Intangible fixed assets</i>		
Goodwill	2,245	2,245
Other Intangible Fixed Assets	2,811	3,056
	5,056	5,301
<i>Tangible Fixed Assets</i>		
Property, Plant and Equipment	943	1,019
	943	1,019
<i>Financial Fixed Assets</i>		
Deferred Tax Asset	267	267
Contract Cost Asset	75	140
	342	407
<b>Total Non-Current Assets</b>	<b>6,341</b>	<b>6,727</b>
<b>Current Assets</b>		
Trade Debtors	1,245	1,470
Income Tax Receivable	43	43
Taxation and Social Security	63	63
Contract Cost Asset (Current)	151	181
Other Receivables and Prepayments	354	345
Loan Receivable	3,000	3,000
Contract Asset	310	303
	5,166	5,405
Cash and Cash Equivalents	5,820	5,886
<b>Total Current Assets</b>	<b>10,986</b>	<b>11,291</b>
<b>Total Assets</b>	<b>17,327</b>	<b>18,019</b>

## Equity and Liabilities

(€ * 1000)	31 March 2021	30 September 2020
<b>Equity</b>		
Share Capital	164	163
Share Premium	58,322	58,305
Foreign Currency Translation Reserve	(13)	45
Retained Earnings	(47,765)	(48,591)
<b>Total Equity attributable to Shareholders</b>	<b>10,708</b>	<b>9,922</b>
<b>Non-Current Liabilities</b>		
Deferred Tax Liability	10	10
Deferred Revenue	327	484
Provisions	185	170
Lease Liability	525	609
<b>Total Non-Current Liabilities</b>	<b>1,047</b>	<b>1,273</b>
<b>Current Liabilities</b>		
Trade Creditors	536	857
Deferred Revenue (Current)	2,858	2,891
Taxation and Social Security, Income Tax	440	540
Other Payables and Accruals	1,351	2,140
Lease Liability (Current)	387	396
<b>Total Current Liabilities</b>	<b>5,572</b>	<b>6,823</b>
<b>Total Equity and Liabilities</b>	<b>17,327</b>	<b>18,019</b>

# 15 Interim consolidated statement of comprehensive income

TIE KINETIX N.V. – INTERIM REPORT 2021

(€ x 1,000)	Notes	HY2021	HY2020 Restated
<b>Revenues</b>	<b>8</b>		
Software as a Service		4,716	4,534
Maintenance and Support		1,019	1,391
Consultancy		1,509	1,487
Licenses		182	290
<b>Revenues</b>		<b>7,426</b>	<b>7,702</b>
Other income	<b>6</b>	458	-
<b>Total income</b>		<b>7,884</b>	<b>7,702</b>
Third party hire		-8	-30
Direct Employee Costs		-1,783	-1,882
Direct Purchase Costs		-1,037	-1,161
<b>Total Gross Margin</b>		<b>5,056</b>	<b>4,629</b>
<b>Operating Expenses</b>			
Employee Benefits		-2,315	-2,203
Acquisition Costs and Other Items		44	9
Depreciation and amortization		-850	-928
Other Operating Expense		-1,142	-1,243
<b>Total Operating Expenses</b>		<b>-4,263</b>	<b>-4,366</b>
<b>Operating Income/(Loss)</b>		<b>793</b>	<b>263</b>
Interest and Other Financial Income		151	-
Interest and Other Financial Expense		-11	-35
<b>Income/(Loss) before Tax</b>		<b>933</b>	<b>228</b>
Corporate Income Tax		-62	-65
<b>Net Income/(Loss) from Continuing Operations</b>		<b>871</b>	<b>163</b>
<b>Net Income from Discontinued Operations</b>	<b>5</b>	<b>-</b>	<b>233</b>
<b>Net Income/(Loss) attributable to shareholders</b>		<b>871</b>	<b>396</b>
<b>Other Comprehensive Income</b>			
<i>Items which may be recycled to profit or loss (net of tax)</i>			
Exchange differences on translation of foreign operations		-58	115
<b>Total Comprehensive Income attributable to shareholders</b>		<b>813</b>	<b>511</b>
<b>Earnings per share</b>	<b>10</b>		
Net income/(loss) from continuing operations		871	163
Weighted average shares outstanding (thousands)		1,633	1,619
Basic earnings per share from continuing operations (€)		<b>0.53</b>	<b>0.10</b>
Weighted average shares outstanding (thousands) - fully diluted		1,951	1,939
Diluted earnings per share attributable to continuing operations (€)		<b>0.45</b>	<b>0.08</b>

# Interim consolidated statement of changes in equity

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TIE KINETIX N.V. – INTERIM REPORT 2021

(€ x 1,000)				Foreign Currency Translation Reserve	Retained earnings	Group equity
	Notes	Share capital	Share premium			
<b>Balance at 30 September 2019</b>		<b>163</b>	<b>58,256</b>	<b>76</b>	<b>(55,005)</b>	<b>3,490</b>
IFRS 16 restatement opening balance	5	-	-	-	(97)	(97)
<b>Restated balance at 1 October 2019</b>		<b>163</b>	<b>58,256</b>	<b>76</b>	<b>(55,102)</b>	<b>3,393</b>
Net income (loss)		-	-	-	396	396
Other comprehensive income		-	-	115	-	115
<b>Total Comprehensive Income (Loss)</b>		<b>-</b>	<b>-</b>	<b>115</b>	<b>396</b>	<b>511</b>
<b>Balance at 31 March 2020</b>		<b>163</b>	<b>58,256</b>	<b>191</b>	<b>(54,706)</b>	<b>3,904</b>
<b>Balance at 1 October 2020</b>		<b>163</b>	<b>58,305</b>	<b>45</b>	<b>(48,591)</b>	<b>9,922</b>
Net income (loss)		-	-	-	871	871
Other comprehensive income		-	-	(58)	-	(58)
<b>Total Comprehensive Income (Loss)</b>		<b>-</b>	<b>-</b>	<b>(58)</b>	<b>871</b>	<b>813</b>
Shares issued	9	1	17	-	-	18
Other		-	-	-	(45)	(45)
<b>Balance at 31 March 2021</b>		<b>164</b>	<b>58,322</b>	<b>(13)</b>	<b>(47,765)</b>	<b>10,708</b>



# 17 Interim consolidated statement of cash flows

TIE KINETIX N.V. – INTERIM REPORT 2021

(€ x 1,000)	Notes	HY2021	HY2020 Restated
<b>Income before tax</b>		<b>933</b>	<b>228</b>
<i>Adjustments for:</i>			
Depreciation and amortization	850	703	
Financial income & expense	(140)	35	
Increase (decrease) in provisions	15	-	
		<b>725</b>	<b>738</b>
<i>Working Capital Movements:</i>			
(Increase) decrease in debtors, contract (cost) assets and other receivables	302	(266)	
(Decrease) increase in deferred revenue	(191)	98	
(Decrease) increase in current liabilities	(1,335)	(40)	
		<b>(1,223)</b>	<b>(208)</b>
<b>Cash generated from (used in) operations</b>		<b>435</b>	<b>758</b>
Interest paid		(20)	(36)
Interest received		151	-
Income tax paid		(5)	(39)
<b>Net cash flow from (used in) operating activities for continuing operations</b>		<b>561</b>	<b>681</b>
Net cash flow from (used in) operating activities for discontinued operations	5	-	288
<b>Net cash flow from (used in) operating activities</b>		<b>561</b>	<b>969</b>
Investments in intangible fixed assets	(416)	(469)	
Investments in tangible fixed assets	(25)	(55)	
<b>Net cash flows from (used in) investing activities</b>		<b>(441)</b>	<b>(524)</b>
Repayment of lease liabilities	(196)	(257)	
Issue of new shares	9	18	-
<b>Net Cash flow generated / (used) by financing activities</b>		<b>(178)</b>	<b>(257)</b>
<b>Net increase (decrease) in cash and cash Equivalents</b>		<b>(58)</b>	<b>188</b>
Opening balance of cash and cash equivalents		5,886	2,041
Net increase (decrease) in cash and cash equivalents		(58)	188
Exchange differences		(7)	(8)
<b>Closing balance Cash and Cash Equivalents</b>		<b>5,820</b>	<b>2,221</b>

# Notes to the interim consolidated financial statements

# 18

TIE KINETIX N.V. – INTERIM REPORT 2021

## 1. General information

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address of De Corridor 5d, Breukelen (chamber of commerce number: 34072305 0000). Subsidiaries are located in Asia-Pacific, France, Germany, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam (EAM: TIE). In the following pages, the name “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 and services 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 ended 31 March 2021 are presented in thousands of EUR, unless indicated otherwise. They have been authorized for issue by the Executive Board on May 12, 2021 and are unaudited.

## 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 financial statements for the year ended September 30, 2020.

## 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, 2020, with the exception of new standards and amendments applied and detailed below. Additionally, the following significant accounting policy has been applied to the six-month period ended 31 March 2021:

### *Government grants*

Grants from a government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Where governments grants become receivable as compensation for expenses or losses already incurred, they are recognised in profit or loss in the period in which they become unconditionally receivable.

*New standards, amendments and interpretations applicable to the Company as of 1 October 2020*

The Company has adopted the following amendments with a date of initial application of 1 October 2020:

- Amendments to IAS 1 and IAS 8: Definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3: Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;
- Amendment to IFRS 16: Leases Covid 19-Related Rent Concessions.

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 2020*

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 IAS 1: Classification of Liabilities as Current or Non-Current;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8: Definition of Accounting Estimates.

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 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 2020 annual financial statements. In addition, the following judgment has been applied in these interim consolidated financial statements:

*Presentation of government grants*

During the financial year, the Group has received a COVID-19 related government grant - refer to note 6. Where the Group had previously received government grants related to R&D activities in the Netherlands, income under such grants was presented net of the related expenses. The Group has determined, however, that the COVID-19 related grant is dissimilar in nature and conditions to earlier grants received. As such, the Group has elected to present income under this COVID-19-related grant as part of 'other income' as of the moment that such grant became unconditional.

## 5. Restatement of comparatives

The comparatives have been restated as a consequence of the events identified below:

### *Discontinued operations*

In the second half of FY2020, the Company decided to divest the business lines TCMA (also referred to as Demand Generation) and Google AdWords for Channel. For further details, reference is made to page 46 of the financial statements contained in the 2020 Annual Report of the Company.

The divestiture of Google AdWords for Channel was a share transaction covering the sale of TIE International B.V. and was classified as a discontinued operation. The results as per the statement of comprehensive income and the statement of cash flows for the period ended 31 March 2020 have been restated to reflect this discontinued operation. The effects on profit and loss were as follows:

	HY2020
Revenues attributable to discontinued operation	985
Expenses attributable to discontinued operation	-752
<b>Income before tax from discontinued operation</b>	<b>233</b>
Result from discontinued operation, net of tax	233

Even though it was sold in FY 2020, the Demand Generation business line is included in the continuing operations in the comparatives, in line with the presentation in the Annual Report 2020. Reference is made to note 8 for summarized financial information related to this business line.

### *IFRS 16 Leasing*

The interim financial statements for the period ended 31 March 2020, published on 13 May 2020, did not reflect the Company's adoption of the new lease accounting standard IFRS 16 per 1 October 2019. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees, requiring the lessee to recognize a Right-of-Use asset and a Lease Liability. For further details on the implementation of IFRS 16 by the Company, reference is made to pages 33 and 34 of the Annual Report 2020.

The restated statement of changes in equity shows a negative opening balance effect on equity as per 1 October 2019 of € 97k. The results as per the statement of comprehensive income for the period ended 31 March 2020 have been restated to reflect adoption of IFRS 16 as follows:

Statement of comprehensive income	HY 2020 Restated	IFRS 16	HY 2020 As reported
Employee benefits expense*	-2,203	78	-2,442
Depreciation and amortisation	-928	-225	-703
Other operating expense**	-1,243	180	-1,535
<b>Effect on Total Operating Expenses</b>		<b>32</b>	
Other financial expense	-35	-12	-23
<b>Effect on net income</b>		<b>20</b>	

\* Also includes a decrease in expenses of 161k related to discontinued operations;

\*\* Also includes a decrease in expenses of 112k related to discontinued operations.

The statement of cash flows for the period ended 31 March 2020 has been restated to reflect adoption of IFRS 16 as follows:

Statement of cash flows	HY2020 Restated	IFRS 16	HY2020 As reported
Cash flows from operating activities	969	257	712
Cash flows from financing activities	-257	-257	-
<b>Net effect on cash and cash equivalents</b>		<b>-</b>	

## 6. Significant events and transactions

### *COVID-19*

COVID-19 and the government measures to contain the virus have impacted the TIE Kinetix operations in HY 2021 in a limited way. Our offices have been closed, and travel was suspended. Working from home obviously continued to be more challenging for some than for others. The company is striving for a fair and flexible working environment offering its staff ample flexibility to maintain a healthy work-life balance. Some customers of the company continued to suffer from the COVID-19 measures imposed by governments. As the case may be such customers have been granted extended payment terms or other mechanisms to help them through this difficult period. In the first half of FY 2021 this occurred very limitedly. TIE Kinetix expects that more such customer situations may occur if the measures are prolonged in subsequent periods and/or governmental support programs are reduced. Potentially negative effects of decreasing GDP may hurt our customers' income and ability to pay our invoices or engage into new sales contracts. At the same time TIE Kinetix acknowledges that most of its customer base is in sectors that are robust in economically challenging times – such as retail, food, healthcare.

We have assessed that the first and second waves of COVID-19 have not affected the valuation of assets and did not lead to any deterioration of our receivables position. In prior year, new sales to large enterprise level customers and large governmental customers had been affected negatively by the travel and meeting restrictions imposed as well as customer personnel working from home. In the current year, however, we have seen large new sales opportunities materializing in both the business-to-business and the business-to-government market. If anything, the ramifications after a year of COVID-19 are that its effect is neutral to positive through increased customer awareness on the need for 100% digitization driving sales in combination with cost savings in travel, marketing and office costs.

### *US government grant*

During the financial year, the Group has received a COVID-19 related government grant. In FY 2020, TIE Commerce Inc had received a loan under the United States Payroll Protection Program (PPP). When relevant conditions were met, this loan was converted into a grant during the six-month period ended 31 March 2021. A gain of € 455k (\$ 550k) was recognised under 'Other income'.

## 7. Seasonality

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

## 8. 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.

### *Restatement of segment information HY 2020*

The comparative segment information for the period ended 31 March 2020 has been restated for the following effects:

- Discontinued operations presentation: As disclosed in note 5, TIE International B.V. was sold in the second half of FY 2020 and classified as a discontinued operation. The comparative segment information has been restated to reflect this.
- IFRS 15: During the second half of FY 2020, the information provided to the CODM was updated to include effects of IFRS 15 on revenue recognition. The segment information in the financial statements 2020 reflected this and accordingly, the comparative segment information for the first half of 2020 has been restated to also reflect this.
- IFRS 16: In accordance with restatement of the primary statements as disclosed in note 5, the comparative segment information has been restated to include effects of IFRS 16.

These restatements to the segment information reported in the HY 2020 interim consolidated financial statements are consistent with the segment information as included in the annual financial statements for FY 2021.

### Divestment of TCMA business line

The comparatives in the primary statements and segment information also include the TCMA (also referred to as ‘Demand Generation’) business line that was divested in the second half of FY 2020 (see also note 5). While this was not part of the TIE International discontinued operation and as such comparatives for this business line were not restated in the interim consolidated financial statements, it should be noted that this divested business line has the following effects on the comparative figures for the first half of FY 2020:

TCMA business line divested in FY 2020	HY 2020 per income statement	Attri- butable to TCMA	HY 2020 excl. TCMA
Revenues	7,702	517	7,185
Cost of Sales	-3,073	-81	-2,992
<b>Gross Margin</b>	<b>4,629</b>	<b>436</b>	<b>4,193</b>
Operating expenses (excl. depreciation and amortisation)	-3,438	-344	-3,094
<b>EBITDA</b>	<b>1,191</b>	<b>92</b>	<b>1,099</b>
<b>EBIT</b>	<b>263</b>	<b>92</b>	<b>171</b>
<b>Net income from continuing operations</b>	<b>163</b>	<b>92</b>	<b>71</b>

Approximately 70% of these Demand Generation results are included in the TIE US segment, 25% in the TIE Netherlands segment and 10% in the TIE Germany segment for the first half year of FY 2020.

### Segment information disclosures

HY 2021	TIE Nether- lands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Elimi- nations	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
Licenses	27	132	4	18	-	-	182
<b>Revenues</b>	<b>2,899</b>	<b>2,716</b>	<b>772</b>	<b>996</b>	<b>-</b>	<b>43</b>	<b>7,426</b>
Other Income	3	455	-	-	-	-	458
Intercompany Sales	9	-	-	-	426	-435	-
<b>Total income</b>	<b>2,911</b>	<b>3,171</b>	<b>772</b>	<b>996</b>	<b>426</b>	<b>-392</b>	<b>7,884</b>
Cost of Sales	-774	-1,231	-192	-640	-437	446	-2,828
<b>Gross Margin</b>	<b>2,137</b>	<b>1,941</b>	<b>580</b>	<b>356</b>	<b>-11</b>	<b>54</b>	<b>5,057</b>
<b>Operating Expenses</b>							
Employee Benefits	-370	-316	-217	-234	-	-1,177	-2,315
Other Operating Expense	-807	-1,010	-292	-207	-	1,217	-1,098
<b>Total Operating Expenses</b>	<b>-1,177</b>	<b>-1,326</b>	<b>-509</b>	<b>-441</b>	<b>-</b>	<b>39</b>	<b>-3,413</b>
<b>EBITDA</b>	<b>960</b>	<b>615</b>	<b>72</b>	<b>-85</b>	<b>-11</b>	<b>93</b>	<b>1,643</b>

The reconciliation of total segments EBITDA to profit or loss as per the income statement is presented on the next page.

<b>HY 2021 Reconciliation of total segments EBITDA to profit or loss</b>	<b>1,643</b>
Depreciation and amortization	-850
<b>EBIT</b>	<b>793</b>
Interest and Other Financial Income and Expense	140
<b>Income/(Loss) before Tax</b>	<b>933</b>
Corporate Income Tax	-62
<b>Net Income from Continuing Operations</b>	<b>871</b>
Net Income from Discontinued Operations	-
<b>Income/(Loss) before Tax</b>	<b>871</b>

Comparative segment information (restated for matters disclosed above) is presented below:

<b>HY 2020 Restated</b>	<b>TIE Netherlands</b>	<b>TIE US</b>	<b>TIE France</b>	<b>TIE Germany</b>	<b>TIE Product Development</b>	<b>Holding and Eliminations</b>	<b>Total Continuing Operations</b>	<b>TIE Int. (disc. ops.)</b>	<b>Total HY2020</b>
Software as a Service	1,919	1,702	388	525	-	-	4,534	703	5,237
Maintenance and Support	165	963	84	180	-	-	1,391	-	1,391
Consultancy	479	362	227	419	-	-	1,487	282	1,769
Licenses	18	239	18	16	-	-	290	-	290
<b>Revenues</b>	<b>2,580</b>	<b>3,266</b>	<b>717</b>	<b>1,139</b>	<b>-</b>	<b>-</b>	<b>7,702</b>	<b>985</b>	<b>8,687</b>
Intercompany Sales	34	77	-	-	261	-372	-	-	-
<b>Total income</b>	<b>2,614</b>	<b>3,342</b>	<b>717</b>	<b>1,139</b>	<b>261</b>	<b>-372</b>	<b>7,702</b>	<b>985</b>	<b>8,687</b>
Cost of Sales	-718	-1,543	-174	-749	-378	489	-3,073	-479	-3,552
<b>Gross Margin</b>	<b>1,896</b>	<b>1,799</b>	<b>543</b>	<b>390</b>	<b>-117</b>	<b>117</b>	<b>4,629</b>	<b>506</b>	<b>5,135</b>
<b>Operating Expenses</b>									
Employee Benefits	-506	-335	-164	-250	-	-948	-2,203	-161	-2,365
Other Operating Expense	-683	-876	-199	-281	-	804	-1,234	-112	-1,346
<b>Total Operating Expenses</b>	<b>-1,190</b>	<b>-1,211</b>	<b>-362</b>	<b>-531</b>	<b>-</b>	<b>-144</b>	<b>-3,438</b>	<b>-273</b>	<b>-3,711</b>
<b>EBITDA</b>	<b>706</b>	<b>589</b>	<b>181</b>	<b>-141</b>	<b>-117</b>	<b>-27</b>	<b>1,191</b>	<b>233</b>	<b>1,424</b>
<b>HY 2020 Reconciliation of total segments EBITDA to profit or loss</b>							<b>1,191</b>		
Depreciation and amortization							-928		
<b>EBIT</b>							<b>263</b>		
Interest and Other Financial Income and Expense							-35		
<b>Income/(Loss) before Tax</b>							<b>228</b>		
Corporate Income Tax							-65		
<b>Net Income from Continuing Operations</b>							<b>163</b>		
Net Income from Discontinued Operations							233		
<b>Income/(Loss) before Tax</b>							<b>396</b>		



SaaS revenues for continuing operations have increased, coupled by a notable consultancy revenues growth in the Netherlands. These revenue increases have resulted from both sales to new customers as well as increased sales to existing customers. Revenues of the US segment have decreased mainly as a result of the sale of the Demand Generation business line, which is included in continuing operations in the HY 2020 comparative figures. On the other hand, the US segment benefited from a corona-related government grant, presented on the 'other income' line (refer to note 6). All segments profited from a relative reduction of cost of sales. Employee benefit expenses were reduced by the sale of the Demand Generation business line, offset against increases from new hires to strengthen the operations of the company. The reduction in other operating expenses is driven by COVID-19 related lower marketing spend and lower travel and accommodation expenses in the first half of FY 2021, partly offset by higher professional services fees incurred.

## 9. Equity

During the first six months of FY 2021, the Company issued 1,600 new shares for a total consideration of € 18k (HY 2020: no new shares issued), following the conversion of warrants.

## 10. Earnings per share

Earnings per share information presented in the interim consolidated financial statements for the period ended 31 March 2020 has been restated to reflect the discontinued operation. For background, please refer to note 5.

	HY 2021	HY 2020 Restated
Net income/(loss) from continuing operations	€ 871	€ 163
Net income/(loss) from discontinued operations	€ -	€ 233
<b>Net income/(loss) from continuing and discontinued operations</b>	<b>€ 871</b>	<b>€ 396</b>
<b>Basic earnings per share information</b>		
Weighted average shares outstanding (thousands) - basic	1,633	1,619
Earnings per share from continuing operations	€ 0.53	€ 0.10
Earnings per share from discontinued operations	€ -	€ 0.14
Earnings per share from continuing and discontinued operations	€ 0.53	€ 0.24
<b>Diluted earnings per share information</b>		
Weighted average shares outstanding (thousands) - fully diluted	1,951	1,939
Earnings per share from continuing operations	€ 0.45	€ 0.08
Earnings per share from discontinued operations	€ -	€ 0.12
Earnings per share from continuing and discontinued operations	€ 0.45	€ 0.20

## **11. Financial risk management**

In our Annual Report 2020, pages 43 to 45, 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 2021. We will continue to monitor such risks closely and manage our internal control systems accordingly.

## **12. Fair value**

The fair values of financial instruments carried at amortised cost, which include trade debtors, other receivables, loans receivable, 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.

