

Update and full year financial statements
Financial information in this press release is unaudited

TIE KINETIX update and full year 2018 performance

Breukelen, the Netherlands, November 21, 2018 at 08.00 AM CET

Fiscal year 2018 (period Oct. 1, 2017 – Sept. 30, 2018).

- total revenue of € 16.892k (2017: € 18.855k)
- SaaS and hosting revenue of € 9.420k (2017: € 9.980k)
- EBITDA of € 1.737k; 10,3% (2017: € 1.575k; 8,3%)
- EBIT of € 508k (2017: € - 2.128k)
- Net result of € 184k (2017: € - 2.533k)

TIE Kinetix (hereinafter “TIE”), the leading provider of cloud-managed Business Integration, E-Commerce, Demand Generation, and Business Analytics services today released the results for full fiscal year 2018 (Oct 1, 2017 – Sept 30, 2018) as follows:

Business Line performance

In € x 1.000 Year-to-date	Integration		E-Commerce		Optimization		Generation		Eliminations		Total Operation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Licenses and hardware	423	572	-	-	2	-	-	3	(10)	-	415	575
Maintenance and support	2.789	3.095	24	12	-	-	(30)	-	15	(146)	2.798	2.960
Consultancy and Implementation	2.395	2.267	150	523	1.291	1.434	310	1.033	(8)	(271)	4.138	4.987
Software as a service	5.577	4.904	657	1.079	1.267	1.449	1.905	2.454	14	95	9.420	9.980
Other income and intercompany	15	4	23	52	113	336	203	255	(340)	(620)	14	29
Total Revenue	11.199	10.842	854	1.666	2.673	3.219	2.388	3.745	(329)	(942)	16.785	18.531
Total cost of sales	(3.788)	(3.619)	(201)	(457)	(2.168)	(2.463)	(1.712)	(2.317)	614	560	(7.255)	(8.298)
Gross margin	7.411	7.223	653	1.209	505	756	676	1.428	285	(383)	9.530	10.233
<i>Gross Margin %</i>	<i>66%</i>	<i>67%</i>	<i>76%</i>	<i>73%</i>	<i>19%</i>	<i>23%</i>	<i>28%</i>	<i>38%</i>	<i>-87%</i>	<i>41%</i>	<i>57%</i>	<i>55%</i>
Wages and salaries											(5.244)	(5.298)
Other operating expenses											(2.982)	(3.471)
Total Operating expenses											(8.226)	(8.769)
EBITDA											1.304	1.464
Depreciation, amortization and impairment											(1.229)	(3.702)
EBIT											75	(2.238)

Total performance

In € x 1.000 Year-to-date	Operation		EU projects		Consolidated	
	2018	2017	2018	2017	2018	2017
Licenses and hardware	415	575	-	-	415	575
Maintenance and support	2.798	2.960	-	-	2.798	2.960
Consultancy and Implementation	4.138	4.987	-	-	4.138	4.987
Software as a service	9.420	9.980	-	-	9.420	9.980
Other income and intercompany	14	29	107	324	121	353
Total Revenue	16.785	18.531	107	324	16.892	18.855
Total cost of sales	(7.255)	(8.298)	(130)	(254)	(7.385)	(8.551)
Gross margin	9.530	10.233	(23)	70	9.507	10.303
Gross Margin %	57%	55%	-21%	22%	56%	55%
Employee Benefits	(5.244)	(5.298)	1	103	(5.243)	(5.195)
Other operating expenses	(2.982)	(3.471)	455	(62)	(2.527)	(3.533)
Total Operating expenses	(8.226)	(8.769)	456	41	(7.770)	(8.728)
EBITDA	1.304	1.464	433	111	1.737	1.575
Depreciation, amortization and impairment	(1.229)	(3.702)	0	(1)	(1.229)	(3.703)
EBIT	75	(2.238)	433	110	508	(2.128)

In 2018 our focus was to establish and build a strong sales focused organization in all our markets. Significant investments were made in marketing and in sales. Additional new sales staff were hired, more partner conferences were attended and additional investments were made in advertisement. Using our most favored applications (internally called the 'killer apps') we have been trying to penetrate markets in which we see potential to roll out our suite of products called "FLOW".

Our approach to the Business-to-Government market in the Benelux was quite successful. Dutch cities and government bodies are choosing for our FLOW platform and we expect to connect over 30.000 users of FLOW in the Benelux alone. Other European markets (France, Germany) may be expected to follow in the near future.

The performance of our Google offerings (Analytics, Adwords-for-Channel) in 2018 was disappointing and as both products came in below plan in 2018. For Analytics this is due to Google's pricing and positioning strategy that Google subsequently changed and has led to some improvement in the second half of 2018. Building a market for our solution called 'Google-Adwords-for-Channel' proved challenging. While our existing clients are happy with the product and prolong their usage for more campaigns it turned out that scaling this product to a larger customer base requires a different approach. We have changed our go to market strategy as a result.

For 2019 we intend to consolidate our investments in marketing and sales. We will further build on the pipeline accumulated in 2018 and we are re-aligning our sales teams to generate more enterprise level sales. At the same time we will launch a major upgrade program in our US customer base and prepare our customers to move to our worldwide FLOW SaaS offering. The FLOW offering will bring new sources of revenues from existing clients by combining connectivity with suppliers and connectivity with sales channel partners

on one platform. To our customers this brings the unique possibility of combining supply side information with sales and marketing information. This will enable users to optimize their supply chain by generating more revenues with lower costs.

The company reports full year revenue of € 16.892k (2017: € 18.855k), including an adverse currency effect of € 520k (caused by the weakening dollar). Full year 2018 EBITDA amounted to € 1.737k or 10,3% (2017: € 1.576k or 8,2%), including an adverse currency effect of € 104k.

As in 2017, also in 2018 the company discontinued certain non-core businesses, unrelated to FLOW. These are EU projects, the hosting of portals in Germany and with TMobile. The 2018 revenue of these discontinued businesses was € 1,7 million (2017: € 3,3 million). For FY 2019 the company anticipates a further decline of these businesses to around € 0,3 million. This effect restricts overall top line growth in FY 2019.

In 2018, FLOW revenue (consisting of applications in Integration, Demand Generation and Analytics) amounted to € 15.498k (2017: € 16.471k) included FLOW SaaS revenue of € 8.152k (4% increase versus € 7.831k in 2017). Since our FLOW proposition requires less consultancy efforts to onboard customers our consultancy/support revenue declined to € 6.928k (2017: € 8.052k). FLOW is principally run in a SaaS model. Only rarely certain FLOW modules are sold as a license. FLOW license revenue declined to € 415k (2017: € 575k).

The company constantly takes measures to align costs with the changing product mix. The purpose is to counter any adverse effects of lower volumes of consultancy work and maintain healthy overall company performance. As a consequence thereof staff performance is monitored closely and changes are made if and when necessary. However, caution should be taken as there are limits as to minimum staff levels required to safeguard product maintenance, customer support and sufficiently skilled project staff. The company intends to consolidate further investments in FLOW sales and marketing staff in FY 2019 as it builds on existing sales and marketing efforts.

FTE by department	2018	2017
Research and Development	8	8
Sales and Marketing	35	33
Consulting and Support	51	56
General and Administrative	18	19
Total	112	116

In 2018 the Order Intake in FLOW applications from existing and new customers amounted to € 11,2 million (2017: € 12,5 million) a decrease of 10% compared to FY 2017. This decrease is largely caused by the effect of a very large order in 2017 (with customer Parker Hannifin in excess of \$ 1 million) with no equivalent large order in 2018. Total order intake is split between FLOW and Non FLOW as follows:

	2018	2017	Growth	Growth%
FLOW ISP	11.243	12.451	-1.208	-10%
Non-FLOW ISP	589	2.578	-1.989	-77%
Total	11.832	15.029	-3.197	-21%

Jan Sundelin (CEO) said:

“For 2018 we decided to step up our investments in marketing and sales. We hired additional sales staff and invested in additional marketing programs. All in all I am satisfied with the outcome. The additional investments have laid a foundation for the future as we have seen our sales funnel grow in 2018. Even with these additional investments our EBITDA is on track with 10% and we came in on plan. As planned, also in 2018, our non-FLOW business declined from € 3,3 mln (2017) to € 1,7 mln (2018). Our FLOW SaaS growth cannot compensate for this and as a consequence our top line revenue came in below 2017 level. For 2019 we plan to consolidate our investments and focus on running an efficient and lean product suite company with healthy margins.”

In financial year 2018, the Company reported the following highlights:

11-10-2017 Contract with Rotterdam for e-Invoicing on FLOW platform

12-10-2017 Launch of Google Adwords for Channel

18-10-2017 Strategy update

31-10-2017 Launch of E-invoicing to Government for Unit4Wholesale users

15-11-2017 Full Year financial statements

30-11-2017 Strategy update

04-01-2018 contract with Haarlem and ministry of Justice for e-invoicing on FLOW platform

15-01-2018 Supervisory Board resigns

29-01-2018 Publication of Annual Report 2017

30-01-2018 TIE Kinetix becomes Oracle Gold Partner

16-05-2018 Trading Update First Half Year 2018

31-05-2018 TIE Kinetix nominates new Supervisory Board

13-07-2018 Extra-Ordinary General Meeting of shareholders appoints new Supervisory Board

20-07-2018 contract with Tilburg for e-invoicing on FLOW platform

09-08-2018 TIE Kinetix launches digital transformation program with Google

27-09-2018 contract with Rijksdienst voor het Wegverkeer for e-invoicing on FLOW platform

Country report:

Business Lines are the primary reporting segment, and the company applies intercompany 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 statutory reporting and tax reporting country segments are used. Readers are cautioned that the intercompany pricing may complicate comparison with prior year country segments.

TIE Netherlands: reported 24% higher SaaS revenue generated with both existing and new accounts. Consultancy revenue remains solid with high chargeability ratios and good hourly rates.

TIE Mambo 5: T-Mobile contract ended in April and new Business to Government contracts have been concluded with various Dutch cities and government departments for the provisioning of e-invoicing. It may be expected that in FY 2019 more e-invoicing for government contracts may be concluded. Revenue from such contracts is usage based fees for e-invoices. Onboarding the suppliers to our FLOW portal is critical for the validity our business model. Onboarding that, without sufficient support from the city involved can prove to be challenging.

TIE France: TIE France has upgraded its legacy customers to the latest version of our products, driving consultancy revenue at a higher level, while SaaS revenue remained flat. This has placed our French operation in a better position to sell FLOW in its installed base and to new customers in FY 2019.

TIE Germany (DACH): our German operation historically has a strong Analytics profile combined with certain non-FLOW business. (Google) Analytics sales came in below plan caused by Google product pricing issues that have only been solved in the course of 2018. Non-FLOW sales have been further scaled down, while at the same time investments were made to build FLOW business. The first integration customers were signed and we expect to have more integration business in FY 2019. In FY 2019 we also expect the German business to government market to open up. Initial conversations are being held with several larger German cities for the provisioning of e-invoicing.

TIE Commerce (US): the US operation is a combination of primarily integration business and demand generation customers. In FY 2018 we have succeeded in adapting our core integration suite to the US standards and have implemented this suite with our landmark customer Chanel. Hence, our legacy US integration product will be phased out over the coming years. Due to this technical transition our capabilities to implement new customers was limited restraining revenue growth. Bottom line performance grew strongly caused by sales mix effects. In FY 2019 we expect to launch an upgrade program to start replacing our legacy integration stack.

Cash Position and solvency:

During FY 2018 the Company generated cash in operations amounting to € 631k (2017: € 1.455k) and on September 30, 2017 the Company held a cash position of € 580k (2017: € 1.538k). Shareholders' Equity amounts to € 4.916k on September 30, 2018 (2017: € 4.755k).

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

Credit Agreement

The Company has an unused € 1,25 million senior revolving credit facility with RABO Bank. 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.

Segments and Impairment testing:

Cash generating units are identified in line with the way management monitors, and will continue to monitor, the business. This is based on the internal reporting to the Executive Board as main decision making body in the company. Our planning and reporting is based on business line segments, as well as using country segments. All revenues, direct costs and fee earning staff are allocated to business lines. To avoid arbitrary and volatile allocation, indirect costs and non-fee earning staff are not allocated directly to business lines, but rather allocated to country operations (or holding functions).

TIE Kinetix has four business lines (Integration, E-Commerce, Demand Generation and A&O) and country operations in the Netherlands, in the US, in Germany, and in France. This leads to the following cash generating units:

- TIE Nederland+International
- TIE France
- TIE US
- TIE Germany
- TIE E-Commerce
- TIE Product Development

Management has conducted annual impairment testing and assessed that for all cash generating units the Value in Use [IAS 36.30-57] exceeds Carrying Value [IAS 36.8-9]. Furthermore, management has no indications that individual assets other than CGU TIE Germany of any cash generating units may be impaired.

CGU TIE Germany

TIE Germany was acquired by TIE Kinetix in December 2013. As at acquisition date TIE Germany was acquired for a consideration including Goodwill. At year end 2017 100% of the Goodwill of TIE Germany (amounting to € 2.286k) was impaired.

CGU Mambo 5:

TIE Kinetix has won several landmark tender processes for e-invoicing with city of Amsterdam, city of Rotterdam, city of Haarlem and city of Tilburg. Under these contracts their suppliers will be connecting to TIE to be able to electronically send their invoices to the cities. TIE receives revenue both for the onboarding of suppliers to our FLOW portal as well as a usage based fee per message sent over the portal.

In the TIE Group of companies, Mambo 5 is the company that possesses the technical know-how and expertise to be delivering these services. Mambo 5 has set up a task force called 'de regiekamer' in which a team of specialists are dedicated to onboarding suppliers.

Income Taxes:

The carrying value of the Deferred Tax Asset in the US amounts to € 372k (\$431k) in the US (2017: € 458k / \$ 541k). The carrying value of the Deferred Tax Liability in Germany amounts to € 2k (2017: € 26k) and in the Netherlands € 6k (2017: 8k).

Order Intake/ 'ISP'

	License		SaaS		Maintenance		Consultancy		Other Income		Total	
	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17
FLOW ISP	478	652	6.451	6.893	177	282	4.104	4.621	34	2	11.243	12.451
as % of Total ISP	4%	5%	57%	55%	2%	2%	36%	37%	0%	0%	100%	100%
Non-FLOW ISP	0	0	467	1.893	0	0	121	676	0	9	589	2.578
as % of Total ISP	0%	0%	79%	73%	0%	0%	21%	26%	0%	0%	100%	100%

The company focuses on long term value creation with FLOW and strives to increase the % of FLOW SaaS ISP in its total FLOW ISP. In FY 2018 total FLOW ISP amounted to € 11.243k, with 57% SaaS (2017: 12.451k with 55% SaaS), in line with our SaaS ISP growth strategy.

Annual Accounts:

The financial results of TIE presented here are unaudited. The audit of the Financial Statements will not be completed until the publication thereof (latest at the end of January 2018).

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' risk management strategy are detailed in the 2017 annual report and have not changed during Financial Year 2018.

Forward looking statement/Guidance

The forward looking statements, which can form a part of this document / report refer to future events and may be expressed in a variety of ways, such as 'expects', 'projects', 'anticipates', 'intends' or similar words. TIE Kinetix NV (the Company) has based these forward looking statements on its current expectations and projections about future events. This document / report may contain expectations about the financial state of affairs and results of the activities of the Company as well as certain related plans and objectives. Such expectations for the future are naturally associated with risks and uncertainties to factors that are beyond the Company's ability to control or estimate precisely, because they relate

to future events, and as such depend on certain circumstances that may or 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 the Company in important markets, change in future market and economic conditions, the behavior of other market participants, changes in customer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, statutory changes and changes in financial markets, in the EU grant regime, in the salary levels of employees, in future borrowing costs, in exchange rates, in tax rates, in future divestitures and the pace of technological developments. The Company therefore cannot guarantee that the expectations or forward looking statements will be realized and denies any obligation to update statements made in this document / report.

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, Australia, UK, Spain, Germany, Austria and Switzerland.

**Unaudited condensed
Full Year 2017
Financial Statements**

30 September 2018

1. Consolidated statement of financial position As at September 30, 2018

Assets (€ x 1,000)	Notes	30 September 2018	30 September 2017
Non Current Assets			
Intangible fixed assets	1)		
Goodwill		2.250	2.242
Other intangible fixed assets		<u>3.772</u>	<u>3.587</u>
			6.022
Tangible fixed assets	2)		
Property, Plant and Equipment		<u>176</u>	<u>246</u>
			176
Financial fixed assets	3)		
Loans and Receivables		13	83
Deferred Tax Asset		<u>372</u>	<u>458</u>
			385
Total Non Current Assets		<u>6.583</u>	<u>541</u>
Current Assets			
Trade Debtors		2.901	2.769
Income Tax Receivable		-	30
Taxation and Social Security		95	119
Other Receivables and Prepayments		<u>957</u>	<u>1.377</u>
			3.953
Cash and Cash Equivalents		<u>580</u>	<u>1.538</u>
Total Current Assets		<u>4.533</u>	<u>5.833</u>
Total Assets		<u>11.116</u>	<u>12.449</u>
Equity and Liabilities			
Equity			
Shareholders' Equity		4.871	4.710
Convertible Bonds		<u>45</u>	<u>45</u>
Total Equity		<u>4.916</u>	<u>4.755</u>
Non Current Liabilities			
Loans		-	8
Deferred Tax Liability		8	35
Deferred Revenue		25	149
Contingent Consideration		-	-
Provisions		<u>184</u>	<u>374</u>
Total Non Current Liabilities		<u>217</u>	<u>566</u>
Current Liabilities			
Trade Creditors	7)	812	1.080
Deferred Revenue		3.133	3.411
Taxation and Social Security, Income tax		658	704
Other Payables and Accruals		<u>1.380</u>	<u>1.933</u>
Total Current Liabilities		<u>5.983</u>	<u>7.129</u>
Total Equity and Liabilities		<u>11.116</u>	<u>12.449</u>

2. Consolidated income statement
Fiscal 2018 (October 1, 2017 – September 30, 2018)

(€ x 1,000)	2018	2017
Revenues		
Licenses	415	575
Maintenance and Support	2.798	2.960
Consultancy	4.138	4.987
Software as a Service	9.420	9.980
Revenues	<u>16.771</u>	<u>18.502</u>
EU Projects	107	324
Onetime income	14	28
Total Revenue	<u>16.892</u>	<u>18.854</u>
Third party hire	(482)	(523)
Direct Employee Costs	(4.212)	(4.826)
Direct Purchase Costs	(2.691)	(3.202)
Gross Margin	<u>9.507</u>	<u>10.303</u>
Operating Expenses		
Employee Benefits	5.243	5.195
Acquisition costs and onetime expenses	(403)	139
Depreciation and Amortization	1.229	1.416
Impairments	0	2.287
Other Operating Expenses	2.930	3.394
Total Operating Expenses	<u>8.999</u>	<u>12.432</u>
Operating Income/(loss)	<u>508</u>	<u>(2.129)</u>
Interest and other Financial Income	2	1
Interest and other Financial Expense	34	41
Income/(loss) before Tax	<u>544</u>	<u>(2.087)</u>
Corporate Income Tax	(360)	(446)
Net Income/(loss)	<u>184</u>	<u>(2.533)</u>
Comprehensive Income	2018	2017
Net Income/(loss)	18	(2.533)
Exchange differences on translating of foreign operations	(22)	(86)
Total Comprehensive Income/(loss) net after Tax	<u>162</u>	<u>(2.619)</u>
Attributable to Shareholders of TIE:	2018	2017
Income after Tax	184	(2.533)
Comprehensive Income net after Tax	162	(2.619)
Net result per share – basic	0,11	(1,58)
Weighted average shares outstanding – basic (thousands)	1.617	1.607
Net result per share – diluted	0,09	(1,57)
Weighted average number of shares fully diluted (thousands)	1.953	1.612

3. Consolidated statement of changes in equity Fiscal 2018 (October 1, 2017 – September 30, 2018)

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share-holders Equity	Convertible Bonds	Total Equity
Balance per September 30, 2016	61.187	(54.226)	161	7.123	45	7.168
Foreign currency translation reserve	-	-	(86)	(86)	-	(86)
Net Income	-	(2.533)	-	(2.533)	-	(2.533)
Total Comprehensive Income (loss)	-	(2.533)	(86)	(2.619)	-	(2.619)
Shares issued and Share Premium	206	-	-	206	-	206
Other movements	-	-	-	-	-	-
Balance per September 30, 2017	61.393	(56.759)	75	4.710	45	4.755
Foreign currency translation reserve	-	-	(22)	(22)	-	(22)
Net Income	-	184	-	184	-	184
Total Comprehensive Income (loss)	-	184	(22)	162	-	162
Balance per September 30, 2018	61.393	(56.575)	53	4.871	45	4.916

4. Consolidated cash flow statement
Fiscal 2018 (October 1, 2017 – September 30, 2018)

(€ x 1,000)	Note	2018	2017
Income before tax		544	(2.087)
<i>Adjustments:</i>			
Share based payments expense		-	146
Depreciation and amortization		1.229	1.416
Impairments		-	2.287
Increase (decrease) provisions		<u>(190)</u>	<u>(129)</u>
		1.039	3.720
<i>Working Capital Movements</i>			
(Increase) decrease in debtors and other receivables		342	922
(Decrease) increase in deferred revenue		(402)	(741)
(Decrease) increase in current liabilities		<u>(892)</u>	<u>(359)</u>
		(952)	(178)
Cash generated (applied) in operations		<u>631</u>	<u>1.455</u>
Interest paid		(4)	(6)
Interest received		2	2
Income tax paid		(229)	(341)
Net Cash flow from operating activities		399	1.109
Investments in intangible fixed assets		(1.302)	(1.477)
Acquisition of subsidiary net of cash acquired		-	-
Investments in tangible fixed assets		<u>(41)</u>	<u>(28)</u>
Net Cash flow generated / (used) in investing activities		(1.343)	(1.505)
Increase (decrease) long term loans		(8)	(34)
Net Cash flow generated / (used) by financing activities		<u>(8)</u>	<u>26</u>
Net increase (decrease) in Cash and Cash Equivalents		(953)	(370)
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		(6)	21
Opening balance Cash and Cash Equivalents		<u>1.538</u>	<u>1.887</u>
Closing balance Cash and Cash Equivalents		<u>580</u>	<u>1.538</u>

About TIE Kinetix

TIE Kinetix (Euronext Amsterdam: TIE) transforms the digital supply chain by providing Total Integrated E-commerce solutions. These solutions maximize revenue opportunities by minimizing the energy required to market, sell, deliver, and analyze online. Customers and partners of TIE Kinetix constantly benefit from innovative, field-tested, state-of-the-art technologies, which are backed by over 30 year of experience and prestigious awards. TIE Kinetix makes technology to perform, such that customers and partners can focus on their core business. For more information visit www.TIEKinetix.com.

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Notes to the UNAUDITED 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 UNAUDITED Consolidated Financial report of the company for the year ended on September 30, 2018 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 UNAUDITED Consolidated Financial report for the financial year 2018 has been authorized for issue by both the Supervisory Board and the Management Board on November 15, 2018.

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 30, 2018 as external auditor for the year commencing on October 1, 2017.

Statement of Compliance

This UNAUDITED Consolidated Financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at September 30, 2018.

We consider the accounting policies applied to the effect that the UNAUDITED condensed consolidated financial statements give a true and fair view of the Group’s assets, liabilities and financial position as at September 30, 2018 and of the results of the Group’s operations and cash flow in the period October 1, 2017 – September 30, 2018.

General Accounting Principles

The accounting policies used in the preparation of the UNAUDITED Consolidated Financial report are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended September 30, 2018. This 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.

Segment Information

The company uses Business Lines as primary reporting segment. With the introduction of Business Lines, the company applied an intercompany transfer pricing mechanism to account for the various roles country operations have in the value chain towards its 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. However, for statutory reporting and tax reporting country segments will continue to be used. Readers are cautioned that the intercompany pricing mechanism complicates comparison of FY 2017 with FY 2018 country segments.

Risks and Risk Management

In the Annual Report 2017 (pages 79-81) 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 2018. 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.

Notes to the consolidated Financial Position as at September 30, 2018

Business Combinations

No acquisitions have been made in FY 2018.

Intangible Assets

Intangible Assets of the company consist of goodwill and acquired customer base amounting to € 2.250k (2017: € 2.242k), and software, capitalized development costs and trade concepts amounting to € 3.772k (2017: € 3.587k).

Tangible Assets

Tangible Assets of the company consist of leasehold improvements, furniture and fixtures, and office equipment/computer equipment amounting to € 176k (2017: € 246k).

Cash

On September 30, 2017 the Company held a cash position of € 580k (September 30, 2017 € 1.538k).

Cash generated in operations in FY 2018 amounted to € 631k (2017: €1.455k).

Options

During the reporting period no movements occurred.

Equity and solvency

In FY 2018 no shares have been issued. The total number of issued shares amounts to 1.617.281 as at September 30, 2018. Shareholders' Equity amounts to € 4.916k (or € 3,04 per share) on September 30, 2018 (2017: € 4.710k, or € 2,91 per share).

TIE Kinetix is fully equity financed and does not use any loans or debts from credit institutions.

Notes to the consolidated Statement of Comprehensive Income

Segment information

For financial year 2018:

2018 (€ x 1,000)	The Netherlands incl. International		TIE MamboFive		North America		France		DACH		Product Development		Holding and Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues																
Licenses	1	109	-	-	314	319	51	74	49	73	-	-	-	-	415	575
Maintenance and Support	388	458	17	24	1.992	2.103	168	162	232	212	-	-	-	-	2.798	2.960
Consultancy	1.081	1.208	194	466	994	1.172	402	326	1.468	1.814	-	-	-	-	4.138	4.987
Software as a Service	3.401	3.334	575	904	2.906	2.956	763	728	1.774	2.059	-	-	-	-	9.419	9.980
Revenues	4.871	5.108	787	1.394	6.206	6.551	1.384	1.290	3.524	4.159	-	-	-	-	16.771	18.502
EU Projects & Other Income	111	339	12	-	693	691	(2)	15	404	543	536	568	(1.633)	(1.804)	121	352
Total Revenue	4.982	5.447	799	1.394	6.899	7.242	1.382	1.306	3.928	4.702	536	568	(1.633)	(1.804)	16.892	18.854
Total Cost of Sales	(2.256)	(2.480)	-249	(483)	(2.863)	(3.178)	(444)	(510)	(2.488)	(3.085)	(665)	(575)	1.580	1.760	(7.385)	(8.551)
Gross Margin	2.726	2.967	550	911	4.037	4.064	938	796	1.439	1.617	-129	(7)	(53)	(44)	9.507	10.303
Operating Expenses																
Employee Benefits	(1.183)	(806)	36	65	(1.172)	(1.208)	(589)	(592)	(846)	(792)	433	238	(1.923)	(2.100)	(5.243)	(5.195)
Other Operating Expenses	(821)	(1.546)	(125)	(413)	(1.981)	(1.640)	(355)	(77)	(801)	(1.416)	(341)	(337)	1.898	1.896	(2.527)	(3.533)
Total Operating expenses	(2.004)	(2.352)	(89)	(348)	(3.153)	(2.848)	(944)	(669)	(1.647)	(2.207)	92	(99)	(25)	(204)	(7.770)	(8.728)
EBITDA	722	615	461	563	884	1.216	(6)	127	(208)	(590)	(37)	(106)	(78)	(249)	1.737	1.575
Depreciation, amortization and impairment															(1.229)	(3.703)
EBIT															508	(2.128)
Interest and other Financial Expense/Income															36	42
Income/(loss) before Tax															544	(2.086)
Corporate Income Tax															(360)	(446)
Net Income/(loss)															184	(2.532)

Personnel

The total number of FTE's by department is:

FTE by department	2018	2017
Research and Development	8	8
Sales and Marketing	35	33
Consulting and Support	51	56
General and Administrative	18	19
Total	112	116

Breukelen, November 20, 2018

M. Wolfswinkel
J.B. Sundelin
Executive Board