Trading Update Q4 and full year financial statements
Financial information in this press release is unaudited

TIE Kinetix Q4 Trading Update and Full Year 2017 Performance

Breukelen, the Netherlands, November 15th, 2017

Fiscal year 2017 (period Oct. 1, 2016 – Sept. 30, 2017).

- **total revenue amounts to € 18.854k** **(2016: € 20.250k)**
- **SaaS and hosting revenue amounts to € 9.981k** **(2016: € 9.818k)**
- **EBITDA amounts to € 1.575k** **(2016: € 2.066k)**
- **EBIT (excl. impairment and one time charges) amounts to € 296k** **(2016: € 786k)**
- **EBIT (incl. goodwill impairment and one time charges) amounts to € - 2.129k**
- **FLOW order Intake € 12.5 mln.** **(2016: € 9.8 mln)**
- **FLOW SaaS Order intake at 55% of total order intake** **(2016: 45%)**
- **Recurring revenue of 72.5%** **(2016: 67.9%)**

Full year 2017 EBITDA of € 1.575k or 8.3% (2016: € 2.066k)

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 the fourth quarter and full fiscal year 2017 (Oct 1, 2016 – Sept 30, 2017) as follows:

Full year 2017 Business Line performance

In EURO x 1.000	Business Integration		E-Commerce		Business Analytics		Demand Generation		Eliminations		Total Operations	
Year-to date	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Licenses and hardware	572	899	0	-	-	-	3	7	-	-	575	906
Maintenance and Support	3.095	2.988	12	-	-	-	-	-	(146)	-	2.961	2.988
Consultancy and implementation	2.267	2.591	523	863	1.434	1.609	1.033	763	(271)	(32)	4.986	5.794
Software as a Service	4.904	4.427	1.079	1.131	1.449	1.184	2.454	3.083	95	(7)	9.981	9.818
Other Income and intercompany	4	42	52	257	336	487	255	522	(620)	(1.115)	27	192
Total income	**10.842**	**10.947**	**1.666**	**2.251**	**3.219**	**3.280**	**3.745**	**4.375**	**(942)**	**(1.154)**	**18.530**	**19.699**
Total cost of sales	**-3.619**	**-3.629**	**-457**	**-857**	**-2.463**	**-2.727**	**-2.317**	**-2.619**	**560**	**1.081**	**-8.298**	**-8.751**
Gross margin	**7.224**	**7.318**	**1.209**	**1.394**	**755**	**553**	**1.428**	**1.756**	**(382)**	**(73)**	**10.232**	**10.948**
Gross Margin %	*67%*	*67%*	*73%*	*62%*	*23%*	*17%*	*38%*	*40%*	*41%*	*6%*	*55%*	*56%*
Wages and salaries											(5.298)	(5.298)
Other operating expenses											(3.332)	(2.673)
Total Operating expenses											**(8.630)**	**(7.971)**
EBITDA (excl one-time expenses)											**1.602**	**2.977**
One time expenses											(139)	(22)
EBITDA											**1.463**	**2.955**
Depreciation, amortization and impairment											(3.702)	(1.280)
EBIT											**(2.239)**	**1.675**

Full year 2017 Total performance

In EURO x 1.000	Operations		EU projects		Consolidated		
Year-to date	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**Diff**
Licenses and hardware	575	906	-	-	575	906	(331)
Maintenance and Support	2.961	2.988	-	-	2.961	2.988	(27)
Consultancy and implementation	4.986	5.794	-	-	4.986	5.794	(808)
Software as a Service	9.981	9.818	-	-	9.981	9.818	163
Other Income and intercompany	27	192	324	552	351	743	(392)
Total income	**18.530**	**19.699**	**324**	**552**	**18.854**	**20.250**	**(1.395)**
Total cost of sales	**(8.298)**	**(8.751)**	**(254)**	**(765)**	**(8.551)**	**(9.515)**	**964**
Gross margin	**10.232**	**10.948**	**70**	**(213)**	**10.303**	**10.736**	**(431)**
Gross Margin %	*55%*	*56%*	*22%*	*-39%*	*55%*	*53%*	
Wages and salaries	(5.298)	(5.298)	103	(250)	(5.195)	(5.548)	353
Other operating expenses	(3.332)	(2.673)	(62)	(425)	(3.394)	(3.099)	(295)
Total Operating expenses	**(8.630)**	**(7.971)**	**41**	**(675)**	**(8.589)**	**(8.647)**	**58**
EBITDA (excl one-time expenses	**1.602**	**2.977**	**111**	**(888)**	**1.714**	**2.089**	**(373)**
One time expenses	(139)	(22)	-	-	(139)	(22)	(117)
EBITDA	**1.463**	**2.955**	**111**	**(888)**	**1.575**	**2.066**	**(490)**
Depreciation, amortization and impairment	(3.702)	(1.280)	(1)	(1)	(3.703)	(1.280)	(2.423)
EBIT	**(2.239)**	**1.675**	**110**	**(889)**	**(2.129)**	**786**	**(2.913)**

Q4 2017 Business Line performance

In EURO x 1.000	Business Integration		E-Commerce		Business Analytics		Demand Generation		Eliminations		Total Operations	
Year-to date	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Licenses and hardware	118	291	0	(0)	-	-	2	0	-	-	120	291
Maintenance and Support	410	739	7	-	-	-	-	-	327	-	745	739
Consultancy and implementation	491	590	56	213	335	300	455	157	(270)	(40)	1.066	1.221
Software as a Service	1.567	1.159	218	302	360	308	639	709	(380)	(8)	2.404	2.469
Other Income and intercompany	-	0	-	38	45	154	72	44	(118)	(165)	(1)	71
Total income	**2.586**	**2.779**	**281**	**552**	**740**	**762**	**1.168**	**911**	**(441)**	**(213)**	**4.334**	**4.792**
Total cost of sales	**(815)**	**(958)**	**(98)**	**(111)**	**(512)**	**(762)**	**(589)**	**(501)**	**42**	**154**	**(1.971)**	**(2.178)**
Gross margin	**1.772**	**1.821**	**183**	**441**	**228**	**(0)**	**579**	**410**	**(399)**	**(59)**	**2.363**	**2.614**
Gross Margin %	*69%*	*66%*	*65%*	*80%*	*31%*	*0%*	*50%*	*45%*	*90%*	*28%*	*55%*	*55%*
Wages and salaries											(1.213)	(944)
Other operating expenses											(657)	(499)
Total Operating expenses											**(1.870)**	**(1.443)**
EBITDA (excl one-time expenses)											**493**	**1.171**
One time expenses											(55)	(22)
EBITDA											**438**	**1.149**
Depreciation, amortization and impairment											(2.618)	(352)
EBIT											**(2.180)**	**797**

Q4 2017 Total performance

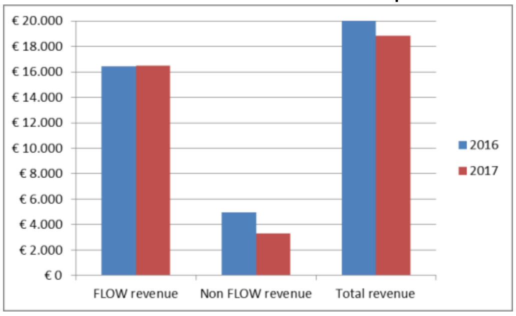
In EURO x 1.000	Operations		EU projects		Consolidated		
Year-to date	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**Diff**
Licenses and hardware	120	291	-	-	120	291	(172)
Maintenance and Support	745	739	-	-	745	739	6
Consultancy and implementation	1.066	1.221	-	-	1.066	1.221	(154)
Software as a Service	2.404	2.469	-	-	2.404	2.469	(66)
Other Income and intercompany	(1)	71	157	147	156	218	(61)
Total income	**4.334**	**4.789**	**157**	**147**	**4.491**	**4.939**	**(447)**
Total cost of sales	**(1.971)**	**(2.178)**	**(86)**	**(98)**	**(2.057)**	**(2.276)**	**219**
Gross margin	**2.363**	**2.614**	**71**	**49**	**2.434**	**2.663**	**(228)**
Gross Margin %	*55%*	*55%*	*45%*	*34%*	*54%*	*54%*	
Wages and salaries	(1.213)	(944)	13	(239)	(1.200)	(1.182)	(18)
Other operating expenses	(657)	(499)	(11)	(240)	(667)	(739)	72
Total Operating expenses	**(1.870)**	**(1.443)**	**2**	**(478)**	**(1.867)**	**(1.922)**	**54**
EBITDA (excl one-time expenses	**494**	**1.171**	**73**	**(429)**	**567**	**741**	**(174)**
One time expenses	(55)	(22)	(53)	-	(108)	(22)	(86)
EBITDA	**439**	**1.148**	**20**	**(429)**	**459**	**719**	**(260)**
Depreciation, amortization and impairment	(2.618)	(352)	(0)	0	(2.618)	(352)	(2.267)
EBIT	**(2.179)**	**797**	**20**	**(429)**	**(2.160)**	**368**	**(2.527)**

In 2017 the company made important steps in implementing the FLOW platform as its core strategic product offering. To TIE Kinetix, the FLOW offering brings new sources of revenues from existing and new accounts 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 enabling users to optimize their supply chain by generating more revenues with lower costs.
Along with the technical transition towards one technology platform, the company further optimized its sales organization and provided internal sales training to all sales staff. All local sales teams were subsequently split into a Customer Success Team – responsible for existing accounts, and a New Business Development team – responsible for developing new accounts.
In addition to existing partner Epicor, new partners (such as Google, Oracle, Exact, Unit4 and Syspro) were contracted to provide scalability and deeper penetration into certain vertical markets.
In the second half year of FY 2017, the following large new customers decided to implement our FLOW platform: Parker Hannifin, Chanel, city of Amsterdam and city of Rotterdam.

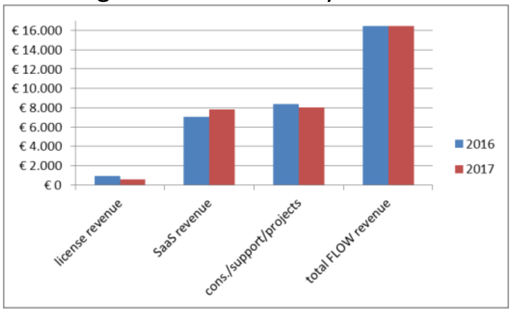
TIE closed the fourth quarter, with revenue amounting to € 4.491k, and EBITDA of € 567k (12,6%). The company reports full year revenue of € 18.854k (2016: € 20.250k) with an EBITDA (excl. one-time expenses) of € 1.714k (2016: € 2.066k).

In 2017, the company decided to discontinue investments in certain businesses, unrelated to FLOW. These are EU projects, the hosting of bespoke portals in Germany and with TMobile. The 2017 revenue of these discontinued businesses was € 3.3 million (2016: € 4.9 million). The company anticipates a further decline of these businesses to around € 1.8 - 2.0 million in FY 2018. This effect limits overall top line growth in FY 2018.

The chart below visualizes the top line revenue effects of the migration towards FLOW;



In 2017, FLOW revenue (consisting of applications in Integration, Demand Generation and Analytics) amounted to € 16.471k (2016: € 16.456k), included FLOW SaaS revenue of € 7.831k (11,1% increase versus € 7.047 in 2016). Since our FLOW proposition requires less consultancy efforts to onboard customers our consultancy/support revenue declined to € 8.052k (2016: € 8.397k). FLOW is principally run in a SaaS model. Only in incidental cases FLOW modules are sold as a license. Therefore FLOW license revenue declined to €573k (2016: € 898k). The chart below visualizes the top line revenue transition effect of the growing FLOW SaaS revenue and declining FLOW consultancy revenue.



The company has taken measures to reduce costs to counter the expected effect of the lower volumes of consultancy work and the lower amount of portal projects. As a consequence thereof several staff has been re-assigned and/or their contracts have been terminated. At the same time the company is building up sales resources to bring FLOW deeper into the existing markets. For FY 2018 this trend may be expected to continue.

By department	September 30, 2017	September 30, 2016
Research and Development	8	8
Sales & Marketing	33	28
Consulting and support	56	70
Management, General and Administrative	19	22
Total FTE	**116**	**128**

During 2017 the Order Intake in FLOW applications from existing and new customers amounted to € 12.5 million (2016: € 9.7 million) an increase of 27.5% compared to FY 2016. Total order intake is split between FLOW and Non FLOW as follows:

	2016		2017		growth	growth %
FLOW ISP	€	9.766	€ 12.451	€	2.685	27,5%
Non FLOW ISP	€	3.565	€ 2.578	€	-987	-27,7%
Total	€	13.331	€ 15.029	€	1.698	12,7%

Jan Sundelin (CEO) said:
"In 2017, we have also seen our non-FLOW business decline – as foreseen. Especially in the second half of 2017, the company was able to prove the viability of the FLOW strategy. The demand for our FLOW platform, combining highly rated back-end integration expertise with front end channel management functionality, is increasing as evidenced with strong Order Intake. We have signed up many new FLOW customers on our self-service platform. With our extended partner channel and expanded sales teams we will continue our investments in the roll out of FLOW in our markets. We intend to increase our marketing budgets to support these efforts. Higher sales and marketing costs can to some extend be mitigated by lower costs of delivery and implementation. However, in FY 2018 some margin pressure may be expected as a result of our increased marketing and sales efforts. Also the decline of non-FLOW business will continue in FY 2018.".

In financial year 2017, the Company reported the following highlights:

04-10-2016 Order intake in excess of €1 million

02-11-2016 Private offer for the business received

16-11-2016 TIE Kinetix rejects private offer

16-11-2016 Trading Update Q4 and Full Year Financial Statements

07-12-2016 TIE Kinetix files law suits against Plusserver

14-12-2016 Issue of shares under the Performance Share Plan

04-01-2017 Order intake in excess of €1 million

11-01-2017 Publication of Annual Report 2016

02-02-2017 TIE Kinetix becomes certified Google Analytics 360 Partner

03-02-2017 Order intake in excess of €1 million

15-02-2017 Interim Management Statement First Quarter, 2017

16-02-2017 TIE Kinetix is re-certified ISO 27002:2013 for Information Security Management

17-02-2017 Convocation Annual General Meeting of Shareholders

23-02-2017 TIE Kinetix and Trustweaver close partnership for worldwide e- invoicing

08-03-2017 TIE Kinetix recognized in Gartner guide with FLOW Partner Automation Platform
14-03-2017 Strategy Update

31-03-2017 Voting Results Annual General Meeting of Shareholders

04-04-2017 Order intake in excess of €1 million

13-04-2017 TIE Kinetix launches Business-to-Government e-Invoicing for Exact Software users

09-05-2017 Order intake in excess of €1 million

10-05-2017 TIE Kinetix announces sizable FLOW order

17-05-2017 First Half Year 2017 results

03-07-2017 TIE Kinetix contracts with the City of Amsterdam for e-Invoicing using FLOW Partner automation.

05-07-2017 Order intake of €2 million

16-08-2017 Q3 2017 results

Subsequent Events
03-10-2017 Significant increase of FLOW Order Intake

11-10-2017 TIE Kinetix contracts with the city of Rotterdam for e-Invoicing using FLOW Partner automation.

12-10-2017 TIE Kinetix successfully launches Google Adwords for Channel

18-10-2017 Strategy Update

31-10-2017 TIE Kinetix and Unti4 launch Business-to-Government e-Invoicing for Unit4 Wholesale users

<u>EU Projects and EC claim process</u>

The Company has not yet received any further EC claims following its extrapolation of audit findings sent to the EC on July 15, 2015. At this stage the company considers that it has taken adequate provisions for damages following the 2013 EC audit. As at September 30, 2017 the company only participates in project Accept (scheduled completion December 2017).

<u>Country report:</u>
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: the contract with T-Mobile may be expected to be terminated in FY 2018, and in anticipation of this T-Mobile has already insourced certain projects previously carried out by TIE Mambo 5 in FY 2017.
TIE France: actions to improve the performance of TIE France are bearing fruit. Higher sales are realized both in SaaS (+26%) and consultancy revenue (+8%).
TIE Germany: following the decision to discontinue certain non-FLOW businesses, TIE Germany suffered a loss in both SaaS revenue (-20%) and consultancy revenue (-12%). However, TIE Germany reported a FLOW Order Intake of € 2.4 million (2016: € 1.7 million) on the back of the introduction of various Google solutions in our FLOW proposition.
TIE Commerce (US): consultancy revenue came in well below 2016 levels following the decision of our main US reseller Epicor to insource certain customer implementation projects. This loss of consultancy revenue could not be compensated with growth in SaaS revenue. SaaS revenue grew only marginally with the loss of two large Demand Generation contracts (Avaya went out of business; non FLOW customer Hartfort discontinued one of TIE Kinetix' legacy products). Sizable new FLOW customer Parker Hannifin was implemented successfully at the end of Q4, 2017, with SaaS revenue commencing FY 2018.

Cash Position and solvency:

During FY 2017 the Company generated cash in operations amounting to € 1.466k (2016: € 1.572k) and on September 30, 2017 the Company held a cash position of € 1.538k (2016: € 1.887k). Shareholders' Equity amounts to € 4.710k on September 30, 2017 (2016: € 7.123k).
During FY 2017, the company repaid short term debt amounting to € 34k and redeemed the balance to nil.

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

As in past years we used a discounted cash flow model to determine the value in use, based on a 12% WACC and 10 years horizon. Management has assessed the assumptions used and has conducted sensitivity tests with WACC of 13% and 14%.

CGU TIE Germany

TIE Germany was acquired by TIE Kinetix in December 2013. As at acquisition date TIE Germany was involved in a number of separate businesses, including a business as reseller for various Google solutions (Search and Search related products, Analysis solutions, Dashboards), including a consultancy business with solutions providing Website Design, A/B testing and User Experience, and including a business providing hosting for news media portals and travel portals. In 2013, the main strategic goal of the acquisition was to gain access to the Google related expertise and to the relationship network within Google itself. Both were, and are, of key importance for TIE Kinetix Group to complete the FLOW product offering that was subsequently launched in 2016. Over the past years, TIE Germany played an important role in the design and delivery of Google expertise and Google solutions for FLOW. At the same time, TIE Kinetix has decided to strategically discontinue investing in certain non-FLOW related businesses such as hosting for news media portals and travel portals. Investments in sales were re-directed from selling hosting solutions for news media portals and travel portals towards selling core FLOW applications. As a consequence of these strategic choices the hosting for news media portals and travel portals business has gradually declined in the period 2015-2017. Simultaneously, the Google business and the Google related business within TIE Germany and within TIE Kinetix Group has flourished. Google solutions have evolved to become an integral part of the FLOW offering. Some of FLOW's applications are – in full or in part – based on technology provided by Google. TIE Germany staff plays an important role in the on-boarding and implementation of customers using such FLOW applications. Since not all such customers generate income in the books of TIE Germany directly, an intercompany charging mechanism is applied through which part of the customer revenue is brought back to TIE Germany. Over time therefore, the external hosting for news media portals and travel portals revenue has been replaced by consultancy revenue – in part charged Inter Company.

Taking into account the above information, management has assessed the impairment model for CGU TIE Germany. The outcome of the assessment is that 100% of the Goodwill of TIE Germany (amounting to € 2.282k) needs to be impaired, since the estimated future cash flows of TIE Germany, discounted at a WACC of 12% is insufficient to cover the carrying value of goodwill.

Management has further conducted annual impairment testing and assessed that for all other 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 of any cash generating units may be impaired.

CGU Mambo5: headroom considerations
Management recognizes that for Mambo 5 the headroom between value in use and carrying value is limited. The current contract with T-Mobile has recently been extended until May 2018.

In 2017, TIE has won two important – and potentially large - tender processes for e-invoicing. Both the municipality of Amsterdam and Rotterdam have issued tender processes to select a technology partner for connecting and provisioning their suppliers. Amsterdam has some 28.000 suppliers, and Rotterdam 15.000. All suppliers need to be offered the possibility to provide e-invoicing, either through EDI connections, or through portals, or by means of sending pdf invoices. After careful selection both the city of Amsterdam and the city of Rotterdam have decided to award these contracts to TIE. The structure is that both the city of Amsterdam and the city of Rotterdam will direct their suppliers to TIE to assure that the suppliers will be able to electronically send their invoices. These tender processes, and technical verification and approval of TIE's capabilities in a Proof Of Concept, were run in FY Q4, 2017. It is now up to the suppliers to contract with TIE for the implementation. The first batch of suppliers will be implemented FY Q1, 2018 and it is expected that in FY 2018 and FY 2019 the majority of suppliers will be on-boarded. Difficulty in assessing the exact revenue impact is due to nature of the connection (three different connectivity types with different pricing), and the volume of transactions per type and the spin off potential (support and consultancy hours required).

In the TIE Group of companies, Mambo 5 is the company that possesses the technical know how and expertise to be delivering these services. The technical expertise to deliver these projects largely stems from work performed for TMobile, with the design, build and operation of their 14 portals by Mambo5. Mambo5 has set up a task force called 'de regiekamer' in which a dedicated team of resources are focused on onboarding e-Invoicing customers for Amsterdam and Rotterdam.

This business may be expected to grow with new cities coming to TIE following successful implementation Amsterdam and Rotterdam.

Management has assessed that for Mambo 5 the headroom between currently estimated future cash flows and carrying value of goodwill is sufficient and may further increase in future.

Income Taxes:

The carrying value of the Deferred Tax Asset in the US amounts to $ 540k in the US (2016: $ 775k). The carrying value of the Deferred Tax Liability in Germany amounts to € 26k (2016: € 42k), and in the Netherlands € 89k (2016:€18k).

Order Intake/ 'ISP'

	License		SaaS		Maintenance		Consultancy		Other Income		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
FLOW	652	857	6.893	4.402	282	430	4.621	4.076	3	2	12.451	9.766
as % of total ISP	*5%*	*9%*	*55%*	*45%*	*2%*	*4%*	*37%*	*42%*	*0%*	*0%*	*100%*	*100%*
Non-Flow	0	0	1.893	2.293	0	18	676	1.254	9	1	2.578	3.565
as % of total ISP	*0%*	*0%*	*73%*	*64%*	*0%*	*1%*	*26%*	*35%*	*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 2017 total FLOW ISP amounted to € 12.451k, with 55% SaaS (2016: 9.766k with 45% SaaS), confirming 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 2016 annual report and have not changed during Financial Year 2017.

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.

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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 2017

TIE KINETIX
total integrated e-commerce

1. Consolidated statement of financial position
As at September 30, 2017

Assets (€ x 1,000)	30 September 2017		30 September 2016	
Non Current Assets				
Intangible fixed assets				
Goodwill	2.242		4.549	
Other intangible fixed assets	3.587		3.383	
		5.829		7.931
Tangible fixed assets				
Property, Plant and Equipment	246		362	
		246		362
Financial fixed assets				
Loans and Receivables	83		449	
Deferred Tax Asset	469		694	
		552		1.143
Total Non Current Assets		**6.627**		**9.436**
Current Assets				
Trade Debtors	2.769		2.833	
Income Tax Receivable	30		34	
Taxation and Social Security	119		57	
Other Receivables and Prepayments	1.377		1.861	
		4.295		4.785
Cash and Cash Equivalents		1.538		1.887
Total Current Assets		**5.833**		**6.672**
Total Assets		**12.460**		**16.108**

Equity and Liabilities (€ x 1,000)	30 September 2017		30 September 2016	
Equity				
Shareholders' Equity	4.710		7.123	
Convertible Bonds	45		45	
Total Equity		**4.755**		**7.168**
Non Current Liabilities				
Loans	8		8	
Deferred Tax Liability	35		60	
Contingent Consideration	-		55	
Deferred Revenue	149		562	
Provisions	385		514	
Total Non Current Liabilities		**577**		**1.199**
Current Liabilities				
Provisions	-		-	
Short term debt	-		34	
Bank overdraft	-		-	
Trade Creditors	1.080		826	
Deferred Revenue	3.411		3.676	
Taxation and Social Security, Income tax	704		872	
Other Payables and Accruals	1.933		2.333	
Total Current Liabilities		**7.128**		**7.741**
Total Equity and Liabilities		**12.460**		**16.108**

 The 2017 numbers stated in this press release are unaudited

2. Consolidated income statement
Fiscal 2017 (October 1, 2016 – September 30, 2017)

(€ x 1,000)		2017		2016
Revenues				
Licenses	575		906	
Maintenance and Support	2.961		2.988	
Consultancy	4.986		5.794	
Software as a Service	9.981		9.818	
Revenues		**18.503**		**19.507**
EU Projects		324		552
Onetime income and other income		27		192
Total Revenue		**18.854**		**20.250**
Third party hire		(523)		(730)
Direct Employee Costs		(4.826)		(5.430)
Direct Purchase Costs		(3.202)		(3.356)
Gross Profit		**10.303**		**10.734**
Operating Expenses				
Employee Benefits	(5.195)		(5.545)	
Acquisition costs and onetime expenses	(139)		(22)	
Depreciation and Amortization	(1.416)		(1.280)	
Impairments	(2.287)		-	
Other Operating Expenses	(3.394)		(3.099)	
Total Operating Expenses		**(12.432)**		**(9.949)**
Operating Income/(loss)		**(2.129)**		**786**
Interest and other Financial Income		2		29
Interest and other Financial Expense		41		(103)
Income/(loss) before Tax		**(2.086)**		**711**
Corporate Income Tax		(447)		(670)
Net Income/(loss)		**(2.533)**		**41**

Comprehensive Income	2017	2016
Net Income/(loss)	**-2.533**	**41**
Items that will be reclassified subsequently to profit and loss:		
Exchange differences on translating of foreign operations	(7)	20
Total Comprehensive Income/(loss) net after Tax	**(2.540)**	**61**

Attributable to Shareholders of TIE:	2017	2016
Income after Tax	(2.533)	41
Comprehensive Income net after Tax	(2.540)	61
Net result per share – basic	(1,58)	0,03
Weighted average shares outstanding – basic (thousands)	1.607	1.475

3. Consolidated statement of changes in equity
Fiscal 2017 (October 1, 2016 – September 30, 2017)

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share-holders Equity	Convertible Bonds	Total Equity
Balance per September, 2015	**58.431**	**(54.264)**	**141**	**4.308**	**45**	**4.353**
Foreign currency translation reserve	-	-	20	20	-	20
Net Income	-	41	-	41	-	41
Total Comprehensive Income (loss)	**-**	**41**	**20**	**61**	**-**	**61**
Shares issued and Share Premium	2.762	-	-	2.762	-	2.762
Costs of shares issued *)	(6)	-	-	(6)	-	(6)
Share based payments		5	-	5	-	5
Other movements		(7)	-	(7)	-	(7)
Balance per September 30, 2016	**61.187**	**(54.225)**	**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
Costs of shares issued *)		-	-	-	-	-
Share based payments		1	-	1	-	1
Other movements		(1)	-	(1)	-	(1)
Balance per September 30, 2017	**61.393**	**(56.758)**	**75**	**4.710**	**45**	**4.755**

4. Consolidated cash flow statement
Fiscal 2017 (October 1, 2016 – September 30, 2017)

(€ x 1,000)	2017		2016	
Income before tax		**(2.086)**		**711**
Adjustments:				
Share based payments expense	146		5	
Depreciation and amortization	1.416		1.280	
Impairments	2.287		-	
Release Contingent Consideration	-		-	
Reversal of Impairment CSP trade mark			-	
Increase (decrease) provisions	(129)		(7)	
		3.720		**1.278**
Working Capital Movements				
(Increase) decrease in debtors and other receivables	922		357	
(Decrease) increase in deferred revenue	(741)		170	
(Decrease) increase in liabilities	(349)		(944)	
		(168)		**(417)**
Cash generated (applied) in operations		**1.466**		**1.572**
Interest paid		(6)		(58)
Interest received		2		29
Income paid tax		(341)		(21)
Sales taxes paid		(11)		(22)
Net Cash flow from operating activities		**1.110**		**1.500**
Investments in intangible fixed assets	(1.389)		(1.522)	
Divestments of intangible fixed assets	-		-	
Acquisition of subsidiary net of cash acquired	-		-	
Investments in tangible fixed assets	(117)		(85)	
Net Cash flow generated / (used) in investing activities		**(1.506)**		**(1.607)**
Increase (decrease) loans	(34)		(1.157)	
Issue of new shares	60		2.457	
Net Cash flow generated / (used) by financing activities		**26**		**1.300**
Net increase (decrease) in Cash and Cash Equivalents		**(370)**		**1.193**
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		20		2
Opening balance Cash and Cash Equivalents		1.887		692
Closing balance Cash and Cash Equivalents		**1.537**		**1.887**

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, 2017 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 2017 has been authorized for issue by both the Supervisory Board and the Management Board on November 13, 2017.

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 31, 2017 as external auditor for the year commencing on October 1, 2016.

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, 2017.

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, 2017 and of the results of the Group’s operations and cash flow in the period October 1, 2016 – September 30, 2017.

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, 2017. 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 2017.

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 2016 with FY 2017 country segments.

Risks and Risk Management

In the Annual Report 2016 (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 2017. 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, 2017

Business Combinations

No acquisitions have been made in FY 2017.

Intangible Assets

Intangible Assets of the company consist of goodwill and acquired customer base amounting to € 2.417k, and software, capitalized development costs and trade concepts amounting to € 3.411k.

Tangible Assets

Tangible Assets of the company costs of leasehold improvements and furniture and fixtures amounting to € 110k, and office equipment and computer equipment amounting to € 136k.

Cash

On September 30, 2016 the Company held a cash position of € 1.538 (September 30, 2016 € 1.887k).

Cash generated in operations in FY 2017 amounted to € 1.466k (2016: €1.572k).

Options

During the reporting period no movements occurred.

Equity and solvency

In FY 2017 in total 24.577 shares have been issued, bringing the total number of issued shares to 1.617.281 as at September 30, 2017.
Shareholders' Equity amounts to € 4.710k (or € 2,91 per share) on September 30, 2016 (2016: € 7.125k, or € 4,47 per share).
During 2017, the company was fully equity financed using net cash from operations. The company did not use any loans or debts from credit institutions. In the same period any remaining current liabilities, short term debt and bank overdrafts, were redeemed from €34k to nil.

TIE KINETIX
total integrated e-commerce

Notes to the consolidated Statement of Comprehensive Income

Segment information

For financial year 2017:

2017 (€ x 1,000)	Netherlands incl. International		TIE MamboFive		North America		France		DACH/TFT		Product Development		and Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues																
Licenses	109	146	-	-	319	634	74	13	73	113	-	-	-	-	575	906
Maintenance and Support	458	628	24	23	2.103	2.064	162	162	212	112	-	-	-	-	2.960	2.988
Consultancy	1.208	1.248	466	884	1.172	1.295	326	313	1.814	2.055	-	-	-	-	4.987	5.794
Software as a Service	3.334	2.727	904	951	2.956	2.831	728	717	2.059	2.593	-	-	-	-	9.980	9.818
Revenues	**5.108**	**4.749**	**1.394**	**1.858**	**6.551**	**6.824**	**1.291**	**1.205**	**4.159**	**4.872**	**-**	**-**	**-**	**-**	**18.503**	**19.507**
EU Projects & Other Income	339	584	-	32	690	572	15	3	543	796	568	542	(1.804)	(1.785)	352	744
Total Revenue	**5.447**	**5.333**	**1.394**	**1.890**	**7.241**	**7.396**	**1.306**	**1.208**	**4.702**	**5.668**	**568**	**542**	**(1.804)**	**(1.785)**	**18.854**	**20.250**
Total Cost of Sales	(2.480)	(2.739)	(483)	(944)	(3.178)	(3.045)	(510)	(590)	(3.085)	(3.676)	(575)	(262)	1.760	1.739	(8.551)	(9.516)
Gross Profit	**2.967**	**2.595**	**911**	**945**	**4.064**	**4.350**	**796**	**619**	**1.617**	**1.991**	**(7)**	**280**	**(44)**	**(46)**	**10.303**	**10.734**
Operating Expenses																
Employee Benefits															(5.195)	(5.823)
Onetime expenses															(139)	(22)
Other Operating Expenses															(3.394)	(2.822)
Total Operating expenses															**(8.728)**	**(8.668)**
EBITDA															**1.575**	**2.066**
Depreciation, amortization and impairment															(3.703)	(1.280)
EBIT															**(2.129)**	**786**
Interest and other Financial (Expense)Income															43	(74)
Income/(loss) before Tax															**(2.086)**	**711**
Corporate Income Tax															(447)	(670)
Net Income/(loss)															**(2.533)**	**41**

Personnel

The total number of FTE's by department is:

By department	September 30, 2017	September 30, 2016
Research and Development	8	8
Sales & Marketing	33	28
Consulting and support	56	70
Management, General and Administrative	19	22
Total FTE	**116**	**128**

Breukelen, November 15, 2017

M. Wolfswinkel
J.B. Sundelin
Executive Board