TIE KINETIX
total integrated e-commerce

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

TIE KINETIX
- full year 2020 performance -

Breukelen, the Netherlands, November 18, 2020, 08.00

**<u>Fiscal year 2020 (period Oct. 1, 2019 – Sept. 30, 2020</u>.**

| in € '1000 | consolidated * | |
|---|---|---|
| | 2020 | 2019 |
| SaaS | 10.427 | 8.945 |
| Maintenance and Support | 2.639 | 2.793 |
| Consultancy | 3.421 | 3.220 |
| License | 646 | 350 |
| Total Revenue | 17.134 | 15.307 |
| Direct Costs | (6.924) | (6.735) |
| Gross Margin | 10.209 | 8.573 |
| Operating Expenses | (7.564) | (8.279) |
| EBITDA | 2.645 | 294 |
| Transaction Result | 5.945 | - |
| Depreciation and Amortization | (1.929) | (1.298) |
| EBIT | 6.661 | (1.004) |
| Interest | (34) | (57) |
| Tax | (156) | (254) |
| Net profit/(Loss) | 6.471 | (1.315) |

- The numbers in this table are unaudited and deviate from IFRS 5 (Discontinued Operations). The business divested in 2020 has been included up to the moment of divestment (TCMA until August 22, 2020 and TIE International BV until August 1, 2020). Tables presented in the annex are in compliance with IFRS 5 and exclude TIE International BV for FY 2020 and 2019 (restated).

CEO Jan Sundelin: “there can be no doubt that 2020 has been a memorable year. The pandemic has impacted the everyday life of billions of people. At the same time, the pandemic also emphasized the necessity for companies to adopt a  digitization strategy to enable and facilitate working remotely and safely. As a frontrunner of digitization TIE Kinetix has suspended working from its office locations and staff have been working remotely throughout the course of the pandemic. Our order intake in 2020 came in below the record setting 2019 year. But given the pandemic restrictions on travel and meeting, which has affected somewhat our sales to large enterprise level customers, we are satisfied that we have a base for solid growth in 2021. The year 2020 was also the year in which we divested out TCMA business and our GoogleAdwordsForChannel business. Although these applications generated a healthy cash flow, we considered them as no longer instrumental to our business going forward. TIE Kinetix is now focused on solutions to fully digitalize the supply chain with the tools we have in our FLOW platform: EDI, Pdf conversion and our e-invoicing portal solution. Some of the proceeds from the divestiture will be used to invest in our operations and to finance organic growth. At this stage we are prioritizing the creation of a strong basis for growth over bottom line performance“.

TIE Kinetix, the leading provider of Software as a Service managed solutions for supply chain digitization with EDI, pdf conversion and e-invoicing today released the results for its fiscal year 2020, covering the period October 1, 2019 – September 30, 2020. In its fiscal year 2020 financial statements the company mandatorily adopts IFRS 16 for the first time. The first time adoption of IFRS 16 results in FY 2020 opening balance sheet adjustments and adjustments in the FY 2020 income statement, for which reference is made to the annual report form more detailed information.

FLOW is a SaaS based Partner Automation solution that supports organizations with exchanging trading information/documents with their suppliers and with selling through partners. FLOW consists of a platform with applications for EDI, pdf conversion and e-invoicing supported with various Analytics applications.

From time to time, connecting and setting up customers and trading partners to the FLOW portal may require certain (limited) mapping and other set-up activities. Such ‘set-up’ revenues historically have been reported under Consultancy Revenue, recognized with the set-up work performed. As from FY 2019, with the mandatory first time adoption of IFRS 15, set-up revenues are allocated to SaaS revenue and recognized over time with the duration of the SaaS contract (typically 3 years).

In 2020, total revenue (consisting of applications in EDI, Demand Generation and Analytics) amounted to € 17.134k (2019: € 15.307k) included SaaS revenue of € 10.427k (2019: € 8.945k), and maintenance revenue of € 2.639k (2019: € 2.793k). SaaS revenue and maintenance revenue are both subscription-based with 1, 3 or 5 year subscription contracts. FLOW consists of a set of applications, generating fully subscription based revenue. Since the introduction of FLOW in 2016, the company has increased the % of subscription based revenue to over 75%.

Included in the FY 2020 revenue of € 17.134k is an amount of € 2,3 mln. in revenue (approx. 11 months) which the company divested for a consideration of € 6 mln.. The consideration of € 6 million was paid for in cash € 3 mln. upon closing (August 21, 2020) and € 3 mln. was provided as a one year - 10% - fully secured vendor loan to the buyer.

In 2020 we have completed migration programs in France and have further progressed our US migrations with the aim to migrate all of our customers worldwide to the FLOW SaaS offering.

In 2020 our order intake amounted to € 12,4 mln., or € 3 mln. below 2019 levels (€ 15,6 mln.), primarily caused by:

- Divestiture of the TCMA/GoogleAdwordsForChannel business (decrease of € 500k);
- Lower order intake for Analytics/search business (decrease of € 800k). Our Analytics and search business consists of reselling third party applications in SaaS plus consultancy hours to tailor the applications to our customers' businesses. This business is primarily Germany based and run from our München office. In 2020 the net growth of the business was limited and we have re-trained our consultants to the applications for EDI, pdf conversion and e-invoicing, anticipating higher business volumes.
- Decrease of Integration orders in 2020 (decrease of € 1.800k) compared to record year 2019 in which several high profile enterprise level customers were signed. In the first wave of the pandemic it proved difficult to complete sales cycles with enterprise level customers. Enterprise level customers typically have a variety of stakeholders and decision makers involved in the buying decision and often require physical meetings to complete the buyers journey. In the pandemic travel and physical meetings were restricted which has most likely lead to a delay in decision making for sales opportunities at the enterprise level. Subsequent to our financial year end several enterprise level opportunities closed and sizable orders were booked again.

Consultancy revenue increased to € 3,4 mln (2019: € 3,2 mln) primarily following projects for large customers in Germany and the US. In the divestiture of the TCMA business in the US some operational staff was included. In 2021 we are backfilling vacant positions and we will be strengthening our operations in the US, in France and in the Netherlands.

| FTE per department | 2020 | 2019 |
| --- | --- | --- |
| Research and Development * | 8 | 8 |
| Sales and Marketing | 25 | 32 |
| Consulting and Support | 41 | 47 |
| General and Administrative | 18 | 16 |
| **Total** | **92** | **103** |

* excluding development in operations / off shore development

FLOW is principally run in a SaaS model. Only rarely certain FLOW modules are sold as a license. FLOW license revenue amounted to € 646k (2019: € 350k), and somewhat increased through sales in the US market.

In financial year 2020, the Company reported the following highlights:

**31-10-2019** TIE Kinetix introduces PDF conversion tool for e-invoicing

**07-11-2019** TIE Kinetix presents Fall Release of FLOW platform

**20-11-2019** Q4 update and Full Year 2019 performance

**04-12-2019** PEPPOL AS-4 certification

**12-12-2019** TIE Kinetix publication annual report 2019

**20-12-2019** Introduction 100% factoring on e-invoicing

**04-02-2020** TIE Kinetix presents Winter Release of FLOW Platform

**14-02-2020** Tie Kinetix agreement on divestiture of TCMA and Google Adwords for Channel

**14-02-2020** Convocation Annual General Meeting of Shareholders

**16-03-2020** COVID-19: measures to improve continuity of your business processes

**15-04-2020** Sale of business line to Impartner postponed

**30-04-2020** TIE Kinetix presents Spring Release of FLOW Platform

**13-05-2020** Interim Financial Statements first half year 2020

**22-06-2020** Sale of business line to Impartner postponed

**15-07-2020** Trading Update Q3

**28-07-2020** TIE Kinetix presents Summer Release of FLOW Platform

**22-08-2020** Sale of business line to Impartner for € 6 million

**Country report:**

Country operations 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. For all segment reporting, the same accounting rules have been applied as mentioned in our accounting policies. The Group evaluates segment performance on the basis of profit or loss from operations calculated in accordance with IFRS. Inter-segment sales are only monitored by the company on a CGU level and not for the purpose of business line segment reporting. Segment items included in the Segment Statement of Financial Position as of September 30, 2020 or further details of items in the segment Statement of Income account are:

TIE Netherlands: in FY 2020 revenue growth was achieved in SaaS and consultancy revenue from e-invoicing to Government, however in the pandemic with meeting and office and restrictions, onboarding smaller suppliers to the FLOW platform proved difficult. BtG revenue grew steadily but came in below projections. Around year end several larger e-invoicing deals have been closed supporting the assumption that 2021 will show stronger growth in this segment. The Netherlands operations are robust with an EBITDA performance of > 45%. We intend to further grow both the BtB and BtG business in the Netherlands in 2021 on the back of investments in our operations.

TIE France: in FY 2020 TIE France reported revenue growth based on strong SaaS revenue following the implementation of various new customers. EBITDA margin increased to > 40% with lower indirect costs. In the mid-term we are planning to grow our French operations. We intend to sign up with more BtB customers and provide our FLOW SaaS proposition increasing the revenue per customer. We intend to invest in our French operations and growth. Our French team to be able to successfully manage the intended growth.

TIE Germany (DACH): the Business to Government market in Germany opens up slowly but surely. During the year we have been busy implementing the 2019 GiZ contract and have not taken any new enterprise level BtG customers on board in Germany. Around year end we have won a large BtG tender which we will be implementing in the first half of 2021. We intend to sign more such contracts from our pipeline in 2021. EBITDA came in around breakeven in line with plan.

TIE Commerce (US): our US operations historically combined EDI/Integration business and Demand Generation customers. As from August 22, 2020 the Demand Generation business and staff have been divested. Going forward our US operations therefore will be fully focused to EDI/Integration only. Our legacy US EDI product Evision is going end of life and customers are migrations to our worldwide TieSmartBridge (TSBX) – part of FLOW - solution. We are investing in our US operations with more senior staff and consultants to support the growth of our customers base. In 2021 top line growth will be achieved through customer migrations and new business. However, this effect will be mitigated by the divestiture of the Demand Generation business driving US revenue down with some $ 600k annually.

**Cash Position and solvency:**

During FY 2020 the Company generated cash in operations amounting to € 3.410k (2019: € 2.967k) and on September 30, 2020 the Company held a cash position of € 5.886k (2019: € 2.041k). Shareholders' Equity amounts to € 9.872k on September 30, 2020 (2019: € 3.490k). 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:**

Country operations 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 as well. For all segment reporting, the same accounting rules have been applied as mentioned in our accounting policies. The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS. Inter-segment sales are only monitored by the company on a CGU level and not for the purpose of business line segment reporting.

Segment items included in the Segment Statement of Financial Position as of September 30, 2020 or further details of items in the segment Statement of Income account are: TIE Netherlands, TIE France, TIE Commerce (US), TIE Germany and 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 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 management has assessed 10 year cumulative cash flow of CGU Germany and impaired 100% of the Goodwill of TIE Germany (amounting to € 2,282k), since the estimated future cash flows of TIE Germany, discounted at a WACC of 12% was insufficient to cover the carrying value of goodwill. In FY 2020 the Company converted a German Holding company (TIE TFT Holding GmbH) into an Operating Company called TIE Kinetix DACH GmbH to house new contracts for the Integration business. CGU TIE Germany has no intangible assets for which impairment testing is applicable.

**CGU TIE Netherlands:**

In FY 2020 TIE has grown it coverage in the e-invoicing to government market in the Netherlands and in Germany. With our SaaS based service our clients, municipalities and banks, insurance companies and government bodies are able to receive electronic invoices from their suppliers through connecting with our portal on the FLOW platform. 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 FY 2020 the supplier onboarding program suffered from COVID-19 restrictions. Connecting, and actually sometimes, contacting, suppliers proved sometimes difficult with many companies closed down or working remotely. The use of the platform by suppliers depends on the suppliers' willingness to migrate from conventional billing towards e-invoicing. In FY 2020 the use of the platform is below our expectations and our revenue for e-invoicing to government is slightly below plan. However, the Company intends to step up its supplier onboarding program and at the same time expects to win landmark contracts in the Netherlands and Germany in FY 2021. Management assesses that future revenue growth provides sufficient assurance to satisfy the impairment model. In FY 2021 more municipality contracts will be awarded in the German market and the Netherlands market may be expected to grow with more companies requiring access to PEPPOL. The company will further invest in marketing, sales and onboarding expenses to grow this business.

The future growth of the Business to Government operation is estimated to be around 50% in the period 2020-2022 and flat thereafter. It is assessed that the 10 Year Cumulative Cashflow includes sufficient headroom over the carrying value of Goodwill.

**CGU others:**

For the other cash generating units TIE France, TIE US and TIE Product Development there are no specific topics to report on. They have all been accessed and 10 years Cumulative Cashflow includes sufficient headroom over the carrying value of goodwill.

**Income Taxes:**

The carrying value of the Deferred Tax Asset in the US amounts to € 267k ($ 313k) in the US (2019: € 299k / $ 327k). The carrying value of the Deferred Tax Liability in the Netherlands amounts to € 10k (2019 5k).

**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.

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 2019 annual report and have not changed during Financial Year 2020.

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**
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: TIE), and has offices in the Netherlands, France, Germany, Australia, and the United States. For more information, visit www.TIEKinetix.com, and follow us on Linkedin, Twitter, Facebook, Xing and YouTube.

**Unaudited condensed Full Year 2020**

**Financial Statements**

TIE KINETIX
total integrated e-commerce

## 1. Consolidated income statement*
## Fiscal 2020 (October 1, 2019 – September 30, 2020)

| Revenues (€ x 1,000) | | 2020 | | Restated 2019 |
|---|---|---|---|---|
| Licences | 646 | | 350 | |
| Maintenance and Support | 2.639 | | 2.793 | |
| Consultancy | 2.991 | | 2.911 | |
| Software as a Service | 9.275 | | 8.267 | |
| Revenues subtotaal | | 15.551 | | 14.321 |
| EU projects | | 0 | | - |
| Other income | | 4 | | 42 |
| **Total Revenue** | | **15.555** | | **14.364** |
| Third party hire | | (338) | | (389) |
| Direct Employee Costs | | (3.484) | | (3.699) |
| Direct Purchase Costs | | (2.314) | | (2.137) |
| **Total Gross Margin** | | **9.418** | | **8.138** |
| **Operating Expenses** | | | | |
| Employee Benefits | (4.939) | | (4.875) | |
| Acquisition Costs and Other Items | - | | (52) | |
| Depreciation and amortization | (1.929) | | (1.298) | |
| Impairment | (298) | | - | |
| Other Operating Expense | (2.171) | | (2.883) | |
| **Total Operating Expenses** | | **(9.336)** | | **(9.107)** |
| **Operating Income/(loss)** | | **82** | | **(970)** |
| Interest and Other Financial Income | | 25 | | (2) |
| Interest and Other Financial Expense | | (62) | | (55) |
| **Income/(loss) before Tax** | | **45** | | **(1.027)** |
| Coporate Income Tax | | (156) | | (254) |
| **Net Income/(loss) from Continued Operations** | | **(111)** | | **(1.282)** |
| **Net Income from Discontinued Operations** | | **6.582** | | **(33)** |

| Comprehensive Income | 2020 | 2.019 |
|---|---|---|
| Net Income/(loss) | 6.471 | (1.315) |
| Exchange differences on translating of foreign operations | (31) | 23 |
| **Total Comprehensive Income/(loss) net after Tax** | 6.439 | (1.292) |

*compliant with IFRS 5 (Discontinued Operations), these numbers are excluding TIE International BV for 2020 and 2019.

## 2. Segment reporting

## Fiscal 2020 (October 1, 2019 – September 30, 2020)

2020

| Revenues (€ x 1,000) | TIE NL | TIE US | TIE France | TIE Germany | TIE Product Development | Holding and Eliminations | Total |
|---|---|---|---|---|---|---|---|
| Licences | 39 | 537 | 47 | 23 | - | - | 646 |
| Maintenance and Support | 324 | 1.802 | 181 | 333 | - | - | 2.639 |
| Consultancy | 1.505 | 656 | 459 | 801 | - | - | 3.421 |
| Software as a Service | 5.104 | 3.402 | 805 | 1.112 | - | - | 10.423 |
| **Revenues** | **6.972** | **6.397** | **1.492** | **2.268** | **-** | **-** | **17.129** |
| Other Income | 1 | 2 | - | 1 | - | - | 4 |
| Intercompany Sales | 75 | 118 | - | 36 | - | (229) | - |
| **Total Revenue** | **7.048** | **6.517** | **1.492** | **2.305** | **-** | **(229)** | **17.133** |
| Cost of Sales | (2.297) | (3.011) | (364) | (1.481) | - | 228 | (6.924) |
| **Gross Margin** | **4.751** | **3.507** | **1.128** | **824** | **-** | **(1)** | **10.209** |
| | | | | | | | |
| Operating Expenses | | | | | | | |
| Employee Benefits | (1.100) | (704) | (340) | (426) | (448) | (2.189) | (5.207) |
| Other Operating expense | (1.467) | (1.982) | (373) | (544) | 439 | 1.569 | (2.358) |
| **Total Operating Expenses** | **(2.567)** | **(2.686)** | **(713)** | **(970)** | **(9)** | **(620)** | **(7.564)** |
| **EBITDA** | **2.184** | **821** | **415** | **(146)** | **(9)** | **(621)** | **2.645** |

2019

| Revenues (€ x 1,000) | TIE NL | TIE US | TIE France | TIE Germany | TIE Product Development | Holding and Eliminations | IFRS 15 | Total |
|---|---|---|---|---|---|---|---|---|
| Licences | 18 | 218 | 67 | 47 | - | - | - | 350 |
| Maintenance and Support | 341 | 1.995 | 165 | 292 | - | - | - | 2.793 |
| Consultancy | 1.507 | 781 | 407 | 1.126 | - | - | (601) | 3.220 |
| Software as a Service | 3.909 | 3.129 | 660 | 1.118 | - | - | 112 | 8.929 |
| **Revenues** | **5.776** | **6.123** | **1.298** | **2.583** | **-** | **-** | **(489)** | **15.291** |
| Other Income | 1 | - | 3 | 12 | - | - | - | 16 |
| Intercompany Sales | 38 | 155 | - | 6 | - | (199) | - | - |
| **Total Revenue** | **5.815** | **6.277** | **1.301** | **2.601** | **-** | **(199)** | **(489)** | **15.307** |
| Cost of Sales | (1.880) | (2.962) | (363) | (1.903) | - | 208 | 166 | (6.734) |
| **Gross Margin** | **3.935** | **3.315** | **938** | **699** | **-** | **9** | **(323)** | **8.573** |
| | | | | | | | | |
| Operating Expenses | | | | | | | | |
| Employee Benefits | (1.072) | (453) | (480) | (765) | (213) | (2.169) | - | (5.151) |
| Other expenses | - | - | (52) | - | - | 26 | - | (26) |
| Other Operating expense | (1.499) | (2.134) | (453) | (754) | 82 | 1.656 | - | (3.102) |
| **Total Operating Expenses** | **(2.571)** | **(2.587)** | **(985)** | **(1.518)** | **(131)** | **(487)** | **-** | **(8.279)** |
| **EBITDA** | **1.364** | **727** | **(47)** | **(820)** | **(131)** | **(478)** | **(323)** | **294** |



The 2020 numbers stated in this press release are unaudited

TIE KINETIX
total integrated e-commerce

## 3. Consolidated statement of financial position
## As at September 30, 2020

### Assets

€ * 1000

| Non Current Assets | 2020 | | 2019 | |
|---|---|---|---|---|
| Intangible fixed assets | | | | |
| Goodwill | 2.245 | | 2.278 | |
| Other Intangible Fixed Assets | 3.056 | | 3.673 | |
| | | 5.300 | | 5.951 |
| Tangible Fixed Assets | | | | |
| Property, Plant and Equipment | 979 | | 107 | |
| | | 979 | | 107 |
| Financial Fixed Assets | | | | |
| Deferred Tax Asset | 267 | | 299 | |
| Contract Asset | 344 | | 139 | |
| | | 611 | | 438 |
| Total Non Current Assets | | **6.890** | | **6.497** |
| **Current Assets** | | | | |
| Trade Debtors | 1.470 | | 2.156 | |
| Income Tax Receivable | 43 | | 46 | |
| Taxation and Social Security | 63 | | 66 | |
| Contract Asset (Current) | 471 | | 127 | |
| Other Receivables and Prepayments | 649 | | 665 | |
| Loan Receivable | 3.000 | | - | |
| | | 5.697 | | 3.060 |
| Cash and Cash Equivalents | 5.886 | | 2.041 | |
| Total Current Assets | | **11.583** | | 5.100 |
| **Total Assets** | | **18.473** | | **11.597** |

### Equity and Liabilities

| Equity | 2020 | | 2019 | |
|---|---|---|---|---|
| Shareholders' Equity | 9.872 | | 3.490 | |
| **Total Equity** | | **9.872** | | **3.490** |
| **Non Current Liabilities** | | | | |
| Deferred Tax Liability | 10 | | 5 | |
| Provisions | 1.175 | | 184 | |
| Provisions | 170 | | 184 | |
| Lease Liability | 609 | | | |
| **Total Non Current Liabilities** | | **1.069** | | **744** |
| **Current Liabilities** | | | | |
| Trade Creditors | 857 | | 797 | |
| Deferred Revenue (Current) | 3.589 | | 4.807 | |
| Taxation and Social Security, Income Tax | 540 | | 352 | |
| Other Payables and Accruals | 2.150 | | 1.407 | |
| Lease Liability (Current) | 396 | | | |
| **Total Current Liabilities** | | **7.531** | | **7.363** |
| **Total Equity and Liabilities** | | **18.473** | | **11.596** |

## 4. Consolidated statement of changes in equity

**Fiscal 2020 (October 1, 2019 – September 30, 2020)**

| (€ x 1,000) | Share Capital (incl Surplus) | Retained Earnings | Foreign Currency translation reserve | Shareholders Equity | Convertible Bonds | Total Equity |
|---|---|---|---|---|---|---|
| **Balance per September 30. 2018** | **61.393** | **(56.577)** | **53** | **4.870** | **45** | **4.915** |
| IFRS 15 adjustment opening balance | | (159) | | (159) | - | (159) |
| **Adjusted balance at October 1, 2018** | **61.393** | **(56.735)** | **53** | **4.711** | **-** | **4.711** |
| Foreign Currency translation reserve | | | 23 | 23 | - | 23 |
| Net Income | - | (1.314) | | (1.314) | (45) | (1.359) |
| **Total Comprehensive Income (loss)** | **-** | **(1.314)** | **23** | **(1.291)** | **(45)** | **(1.336)** |
| Shares issued and Share Premium | 70 | - | - | 70 | - | 70 |
| **Balance per September 30, 2019** | **61.464** | **(58.049)** | **76** | **3.491** | **-** | **3.491** |
| IFRS 16 adjustment openning balance | - | (97) | - | (97) | - | (97) |
| **Adjusted balance at October 1, 2019** | **61.464** | **(58.146)** | **76** | **3.394** | **-** | **3.394** |
| Foreign Currency translation reserve | | | (31) | (31) | - | (31) |
| Net Income | - | 6.471 | | 6.471 | - | 6.471 |
| **Total Comprehensive Income (loss)** | **-** | **6.471** | **(31)** | **6.440** | **-** | **6.440** |
| Discountinued operations | (20) | - | - | (20) | - | (20) |
| Shares issued and Share Premium | 59 | - | - | 59 | - | 59 |
| **Balance per September 30, 2020** | **61.502** | **(51.674)** | **45** | **9.873** | **-** | **9.873** |

TIE KINETIX
total integrated e-commerce

## 5. Consolidated cash flow statement
## Fiscal 2020 (October 1, 2019 – September 30, 2020)

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Income before tax** | | 6.471 | | -1.061 |
| (€ x 1,000) | | | | |
| *Adjustments:* | | | | |
| Depreciation and amortization | 1.929 | | 1.298 | |
| Impairments | 298 | | - | |
| Foreign exchange gains / losses | 30 | | - | |
| (Increase) decrease non-current assets | (173) | | - | |
| Increase (decrease) provisions | (9) | | - | |
| Gain on sale of discontinued operation, net of tax | (6.001) | | - | |
| | | **(3.926)** | | **1.298** |
| *Working Capital Movements* | | | | |
| (Increase) decrease in debtors and other receivables | 363 | | 862 | |
| (Decrease) increase in deferred revenue | (1.495) | | 1.975 | |
| (Decrease) increase in current liabilities | 1.996 | | (106) | |
| | | **865** | | **2.730** |
| Cash generated (applied) in operations | | **3.410** | | **2.967** |
| Rent expense | | (608) | | (15) |
| Interest received | | 25 | | - |
| Income tax paid | | (95) | | (451) |
| **Net Cash flow from operating activities** | | **2.732** | | **2.501** |
| Investments in intangible fixed assets | (1.003) | | (1.073) | |
| Disposal of discontinued operation, net of cash disposed of | 2.156 | | - | |
| Investments in tangible fixed assets | (21) | | (46) | |
| **Net Cash flow generated / (used) in investing activities** | | **1.132** | | **(1.119)** |
| Issue of new shares | 49 | | 70 | |
| Net Cash flow generated / (used) by financing activities | | **49** | | **70** |
| **Net increase (decrease) in Cash and Cash Equivalents** | | **3.913** | | **1.452** |
| Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents | | -68 | | 10 |
| Opening balance Cash and Cash Equivalents | | 2.041 | | 580 |
| **Closing balance Cash and Cash Equivalents** | | **5.886** | | **2.041** |

**For further information, please contact:**

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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: TIE), and has offices in the Netherlands, France, Germany, Australia, and the United States. For more information, visit www.TIEKinetix.com, and follow us on Linkedin, Twitter, Facebook, Xing and YouTube.

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, 2019 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 2020 has been authorized for issue by both the Supervisory Board and the Executive Board on November 16, 2020.

**Auditor's Involvement**

The financial report has not been audited by our external auditors. The Annual General Meeting of shareholders has appointed BDO on March 27, 2020 as external auditor for the year commencing on October 1, 2019.

**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, 2020. 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, 2020 and of the results of the Group's operations and cash flow in the period October 1, 2019 – September 30, 2020.

**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, 2019. As from October 1, 2019, the company has implemented IFRS 16. Details of the impact of these new accounting standards will be given in the annual report 2020. In the 2020 financial statements IFRS 16 is applied on a consolidated basis. 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 2020.

**Risks and Risk Management**

In the Annual Report 2019 (pages 46-47) 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 2020. We will continue to monitor the key risks closely and manage our internal control systems as new risks may emerge and current risks may change.

**COVID-19**

We initially prepared an emergency program to limit the impact of the COVID-19 effects on our business, but decided not to currently effectuate this program in light of the limited downside impact COVID-19 seemed to have on our business. Management has assessed the impact of COVID-19 on its operations and financials where possible. We have reviewed our sales processes, both in the SME segment and the large enterprise segment, our on boarding processes, our receivable positions, the valuation of our assets, and the effect on our operating costs. We have assessed that the first wave of COVID-19 has not effected the valuation of assets and did not lead to a significant deterioration of our receivables position. Sales to our large enterprise level customers may have been effected negatively by the travel and meeting restrictions imposed, although around year end we have seen some large sales opportunities materializing. If anything the first ramifications are that the effect of COVID-19 are 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.

<u>Notes to the consolidated Financial Position as at September 30, 2020</u>

**Divestitures 2020**

The Company decided to strategically divest the business lines Demand Generation and Google Adwords for Channel. The solutions, including Intellectual Property Rights, customer contracts and staff were sold for a consideration of € 6 million. The basis for this decision was the desire to free up resources to invest in our focus on 100% digitization of documents with EDI and e-Invoicing solutions. Financial close of the transaction was postponed twice due to the worldwide COVID-19 measures taken and associating insecurities affecting business outlooks worldwide. The transaction financially closed in August 2020. The consideration of € 6 million was paid with € 3 million in cash, and € 3 million in a one year 10% vendor loan. The vendor loan matures on the first anniversary of the transaction (August 22, 2021) and the interest due on the vendor loan is paid in 12 monthly installments. The loan is fully secured with first right pledges on the transferred business (IP, customer contracts and the shares of

TIE International BV). The divestiture of business line Demand Generation was an asset sale for which an Asset Purchase Agreement was made. These assets, staff and Intellectual Property Rights did not comprise a separate profit and loss account or balance sheet. The divestiture of Google Adwords for Channel was a share transaction covering the sale of TIE International BV

**Intangible Assets**

Intangible Assets of the company consist of goodwill and acquired customer base amounting to € 2.245k (2019: € 2.278k), and software, capitalized development costs and trade concepts amounting to € 3.056k (2019: € 3.673k).

**Tangible Assets**

Tangible Assets of the company consist of leasehold improvements, furniture and fixtures, and office equipment/computer equipment amounting to € 978k (2019: € 108k).

**Cash**

On September 30, 2020 the Company held a cash position of € 5.886k (September 30, 2019 € 2.041k).

Cash generated in operations in FY 2020 amounted to € 3.410k (2019: € 2.967k).

**Options**

In FY 2020 an amount of 3.700 options have been exercised for a consideration of € 37.000 in cash.

**Equity and solvency**

In FY 2020 5.384 shares have been issued. The total number of issued shares amounts to 1.632.665 as at September 30, 2020. Shareholders' Equity amounts to € 9.873k (or € 6,05 per share) on September 30, 2020 (2019: € 3.490k, or € 2,14 per share). TIE Kinetix is fully equity financed and does not use any loans or debts from credit institutions.

Breukelen, November 16, 2020

M. Wolfswinkel
J.B. Sundelin
Executive Board