



TIE Kinetix N.V.
ANNUAL REPORT 2016



J.B. Sundelin (Jan)
Chief Executive Officer
TIE Kinetix



Dr. M. Wolfswinkel (Michiel)
Chief Financial Officer
TIE Kinetix





TIE Kinetix N.V.
ANNUAL REPORT 2016

Lost - Yesterday, somewhere
between sunrise and sunset,
two golden hours, each set with
sixty diamond minutes.
No reward is offered,
for they are gone forever.

Horace Mann (1796-1859)

(EUR in thousands except number of employees and per share amounts)

FINANCIAL RESULTS	2016	2015
Total Revenue	20,250	22,263
EBITDA	2,065	(134)
Depreciation and Amortization Expense	1,280	1,172
Impairment Gain (Loss)	-	84
Operating Result	786	(1,390)
Net Income	41	(2,366)
Cash Flow from operating activities	1,500	656
Net Cash Flow generated	1,194	58

SHARE PRICE

Last Trading Day in reporting period	9.35	7.12
Highest	11.74	8.30
Lowest	7.00	3.90

EMPLOYEES (expressed as full time equivalents)

Average Number of Employees	133	149
Average Revenue per Employee	152	149

EQUITY

Total Assets	16,108	15,851
Total Shareholders' Equity	7,123	4,308
Total Equity Instruments	45	45
Total Equity	7,168	4,353
Solvency Ratio	45%	27%

PER SHARE OF ORDINARY SHARES

Net Income	0.03	(1.93)
Shareholders' Equity	4.50	3.55
Number of Shares Outstanding at year-end (x 1,000)	1,593	1,227
Weighted Average Number of Shares Outstanding (x 1,000)	1,475	1,177
Weighted Average Number of Shares adjusted for diluted effect	1,830	1,182
Diluted earnings per share (x 1,000)	0.02	(2.00)

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TOTAL
REVENUE 2016:

€ 20,250k

2015: € 22,263k

NET INCOME
2016:

€ 41k

2015: € -2,366k

OPERATIONAL
CASH FLOW
2016:

€ 1,500k

2015: € 656k

SHAREHOLDER
EQUITY
2016:

€ 7,123k

2015: € 4,308k

NUMBER OF
OUTSTANDING SHARES
2016:

1,593k

2015: € 1,227k

AVERAGE
NUMBER OF
EMPLOYEES IN 2016:

133

2015: 149

SOLVENCY
RATIO 2016:

45%

2015: 27%

2016
MAINTENANCE AND
SUPPORT REVENUE

€ 2,988k

2015: € 3,019k

OTHER
INCOME 2016:

€ 744k

2015: € 2,363k

CONSULTANCY
REVENUE 2016:

€ 5,794k

2015: € 6,897k

SAAS
REVENUE

7%

2016: € 9,818k

2015: € 9,180k

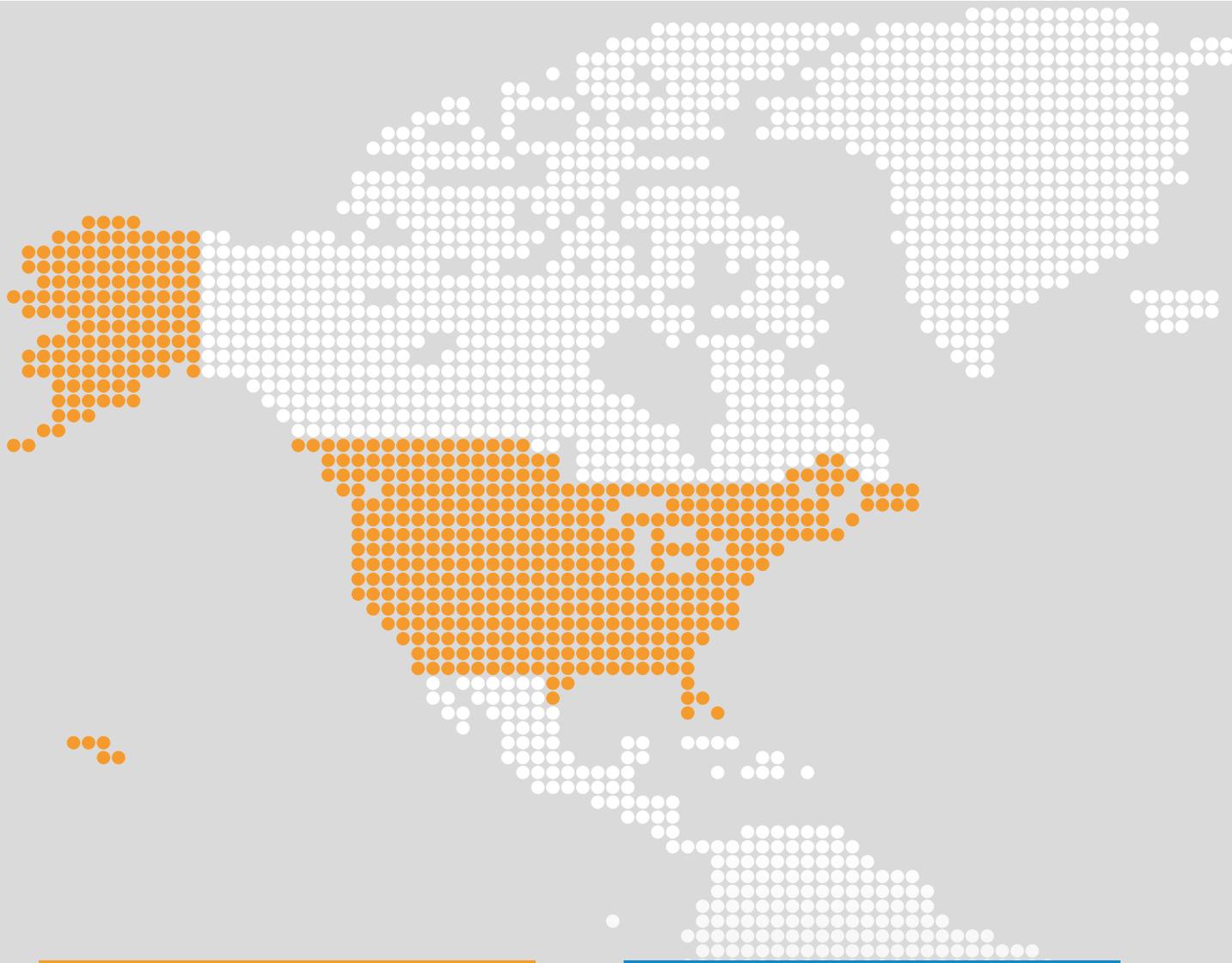
2016
SHAREHOLDER
EQUITY PER SHARE

€ 4.50

2015: € 3,55

Revenue type by Geographic Region

TIE KINETIX N.V. - ANNUAL REPORT 2016



North America	2016	2015
Licenses	634	468
Maintenance and Support	2,064	2,099
Consultancy	1,295	1,034
Software as a Service	2,831	2,477
Other Income	(1)	7
Total Revenue	6,823	6,085



The Netherlands & International	2016	2015
Licenses	146	135
Maintenance and Support	651	684
Consultancy	2,131	1,981
Software as a Service	3,678	3,305
Other Income	639	1,860
Total Revenue	7,246	7,965

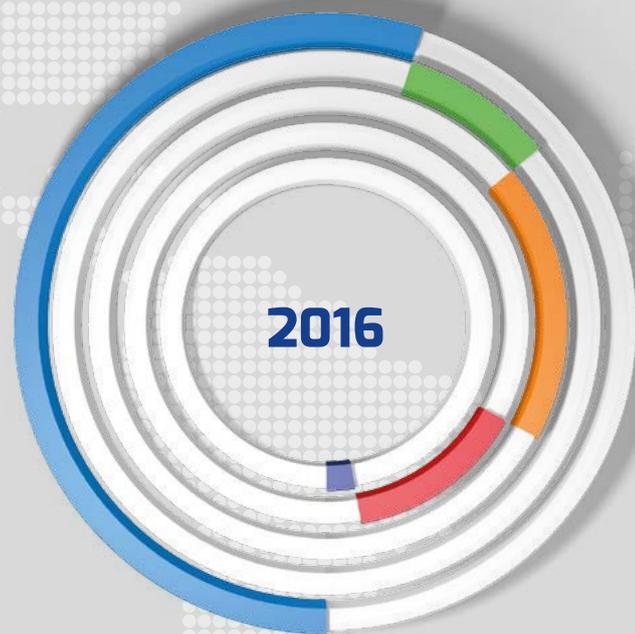


DACH	2016	2015
Licenses	113	121
Maintenance and Support	111	100
Consultancy	2,055	3,455
Software as a Service	2,593	2,809
Other Income	101	488
Total Revenue	4,973	6,973



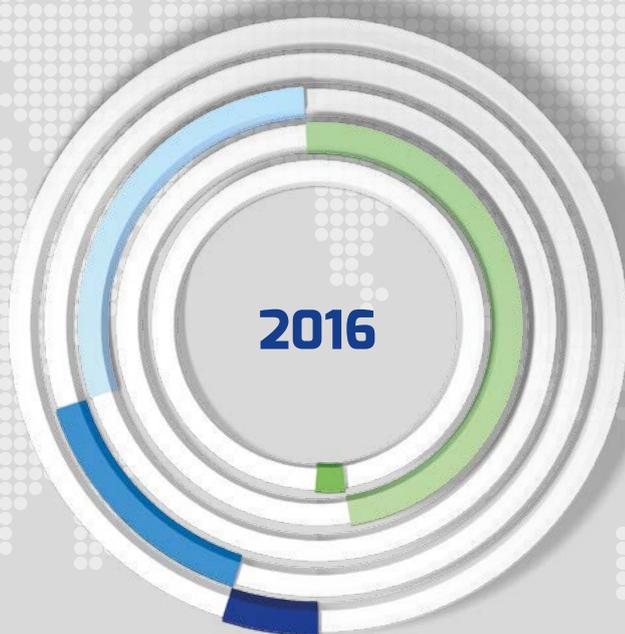
France	2016	2015
Licenses	13	80
Maintenance and Support	162	136
Consultancy	313	427
Software as a Service	717	589
Other Income	3	8
Total Revenue	1,208	1,240

Revenue per Business Line



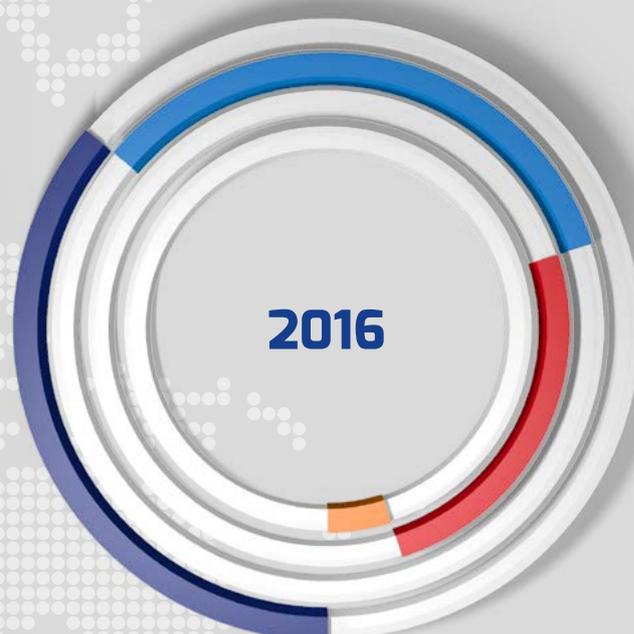
Revenue per Business Line	2016		2015	
■ Integration	11,082	55%	9,540	43%
■ E-Commerce	1,784	9%	3,145	14%
■ Demand Generation	3,853	19%	4,237	19%
■ Analytics & Optimization	2,787	14%	2,978	13%
■ EU & Other projects	743	4%	2,363	11%
Total Revenue	20,250	100%	22,263	100%

Revenue per Type



Revenue per Type	2016		2015	
■ Licenses	906	5%	804	5%
■ Maintenance and Support	2,988	15%	3,019	14%
■ Consultancy	5,794	29%	6,897	36%
■ Software as a Service	9,818	49%	9,180	39%
Revenues	19,507	96%	19,900	94%
■ Other Income	743	4%	2,363	6%
Total Revenue	20,250	100%	22,263	100%

Revenue per Region



Revenue per Region	2016		2015	
■ The Netherlands incl International	7,246	36%	7,965	36%
■ North America	6,823	34%	6,085	27%
■ France	1,208	6%	1,240	6%
■ DACH	4,973	25%	6,973	31%
Total Revenue	20,250	100%	22,263	100%

A man in a dark suit and white shirt is speaking at a podium. He is wearing a small microphone. Behind him is a large screen displaying a collage of black and white photos of people, likely athletes. The scene is dimly lit, focusing on the speaker and the screen.

Marc Lammers,
Olympic field hockey coach

“FLOW is not just something that you get easily. You have to work on a lot of details, combine all of the various elements & data and connect them. You have to make it 1 system, make it work together as one. Just like a team of players who work together to accomplish the common goal: become the best together.”

Key Headlines FY2016

Financial Press Releases

16-10-2015

TIE Kinetix and Leaseweb announce Strategic Partnership

18-11-2015

Trading update Q4 and full year financial Statements

01-12-2015

Order intake in excess of €1 million

09-12-2015

Issue of 50.000 shares following conversion of warrants

30-12-2015

Publication of Annual report 2015

31-12-2015

Issue of 170.536 shares

06-02-2015

Update on Reclaim EU Development Grants

05-01-2016

Order intake in excess of €1 million

04-02-2016

TIE Kinetix suspends Strategic Partnership with Leaseweb

16-02-2016

TIE Kinetix appointed as first 3-star partner of Optimizely

17-02-2016

Trading update: Profitable Operations, Strong Order intake and Losses on EU Projects

17-02-2016

Convocation Annual General Meeting of shareholders

04-03-2016

Order intake in excess of €1 million

17-03-2016

Business integration for Drabbe

29-03-2016

Issue of 144.791 shares

31-03-2016

TIE Kinetix launches FLOW: the world's First Self Service Partner Automation Platform

05-04-2016

Order intake in excess of €1 million

05-04-2016

Voting results of the Annual General Meeting of Shareholders

21-04-2016

TIE Kinetix and MarketLogic announce Strategic Partnership

26-04-2016

TIE Kinetix and Google announce Strategic Collaboration for Google AdWords

18-05-2016

Trading update First Half year FY 2016

04-07-2016

Order intake in excess of €1 million

02-08-2016

Order intake in excess of €1 million

17-08-2016

Trading Update Q3

Subsequent Events

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

14-12-2016

TIE Kinetix issues 16.007 new shares to Management under the Performance Share Plan

Letter from the Chief Executive Officer, Jan Sundelin

Dear reader,

In the company's history, the year 2016 will be looked back at as the year of conversion. With the introduction of FLOW Partner Automation all our offerings are brought together into one SaaS platform with a new and appealing user interface. Thanks to impressive efforts from both our Development Team and our Central Marketing Team a successful launch of FLOW was realized, in line with plan, in March. Our new product was very well received and the first commercial contracts for FLOW started coming in even ahead of plan.

In 2016 we have been able to realize further improvement of our bottom line by focusing on marketing and sales of our core strategic product suite, by focusing on value selling in our consultancy projects and by enhancing our back office efficiency. More work remains to be done to bring our performance to the next level to meet best in class market standards.

In 2016, the company also faced drawbacks; the largest one being the news that Google decided not to accept any more new orders for its licensed product Search Appliance (GSA), going to end of life in the medium term, anticipating the replacement of the current licenses hardware product to a hosted SaaS solution. New business that we had scheduled for 2016, particularly in Europe (Germany), suffered from this decision. In 2016 our EU projects team was further reduced, following completion of most of the EU projects. As from 2017 onwards TIE is only participating in one project which is scheduled to be completed at the end of 2018.

In 2017 we will make some significant changes to our Sales organization to bring FLOW to the market. To do this right and find new customers, we will focus on FLOW applications with a proven track record to bring in new accounts in and create dynamics in the Partner Automation market as follows:

For Integration we see a major growth in Business to Government modules and Purchase to Pay applications. FLOW is perfectly positioned for this: with the new set-up of onboarding suppliers and customers, this solution can be implemented for 80% by the customer itself (self-service), which will significantly improve implementation cycles. We will take advantage of this new opportunity in the coming years.



For Google AdWords (in the channel), operating in combination with our Demand Generation solution, we have experienced strong customer attraction with our initiative in co-operation with Google. In 2017, we will put extra focus in all our markets to this very promising revenue opportunity.

With Analytics and Optimization and the introduction of the Google Analytics 360 suite of 6 new products for Big Data, we are able to highlight the value of our solutions allowing us to upsell and cross sell our FLOW solutions. With tail wind generated by Google's marketing efforts, we will start in Germany and have planned further introductions in our key markets in 2017.

In the past, present and future TIE Kinetix nurtures its entrepreneurial environment, creating the agility to reap the benefits of the rapidly changing market for supply chain integration processes. We plan to grow our profitability in 2017 returning value to our shareholders. More rapid growth of FLOW will require investments in sales and marketing, preferably with equity. Clearly, our current position in the Dutch capital market, our limited access to capital funding and the lack of tradable securities to fund acquisitive growth, is restricting our ambitions with FLOW.

As always, we are very thankful to our shareholders, our strategic partners and customers and last but not least to our world class staff. We proudly look back to a successful launch of FLOW and we are keen to turn FLOW into commercial success in 2017.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

Our Corporate Story

TIE KINETIX N.V. - ANNUAL REPORT 2016

TIE Kinetix was founded in 1987 and started as an Electronic Data Interchange (EDI) provider focused on the food and distribution markets within the Netherlands.

2000 Initial Public Offering (IPO) and listing on the Amsterdam stock exchange as an Internet orientated company. Introduction of Extensible Markup Language (XML) support and one of the first companies to offer E-invoicing solutions to companies.

2003 Development of an advanced Catalog Management product together with an article verification system influenced by the introduction of Radio Frequency Identification (RFID) technology.

2006 Acquisition of Digital Channel (DC). DC's front-end marketing solution is in fact the predecessor of TIE Kinetix Content Syndication Platform. Before customers purchase a product, they orientate themselves based on product- and marketing information. This information is made available at the point of sale by using DC's solutions.

2008 Addition of E-Commerce functionality to the product range. This can be a shop in a shop, but can also be a separate shop. With this, TIE Kinetix became a 100% E-Commerce solutions provider.

2012 Acquisition of Light B.V., strengthening both commercial and development teams in portal related front-end technologies.

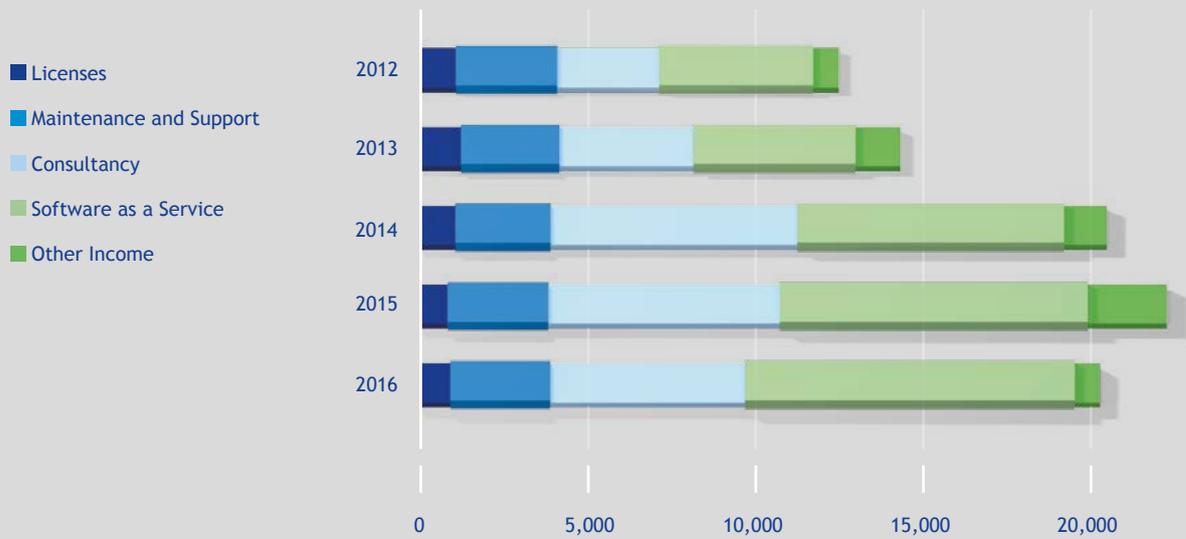
2012 Acquisition of ascention GmbH expanding geographical coverage and adding skills with respect to business intelligence solutions.

2014 Acquisition of Tomorrow Focus Technologies GmbH (TFT) expanding coverage in Germany with respect to web business performance, user experience, e-commerce strategy, consulting and hosting.

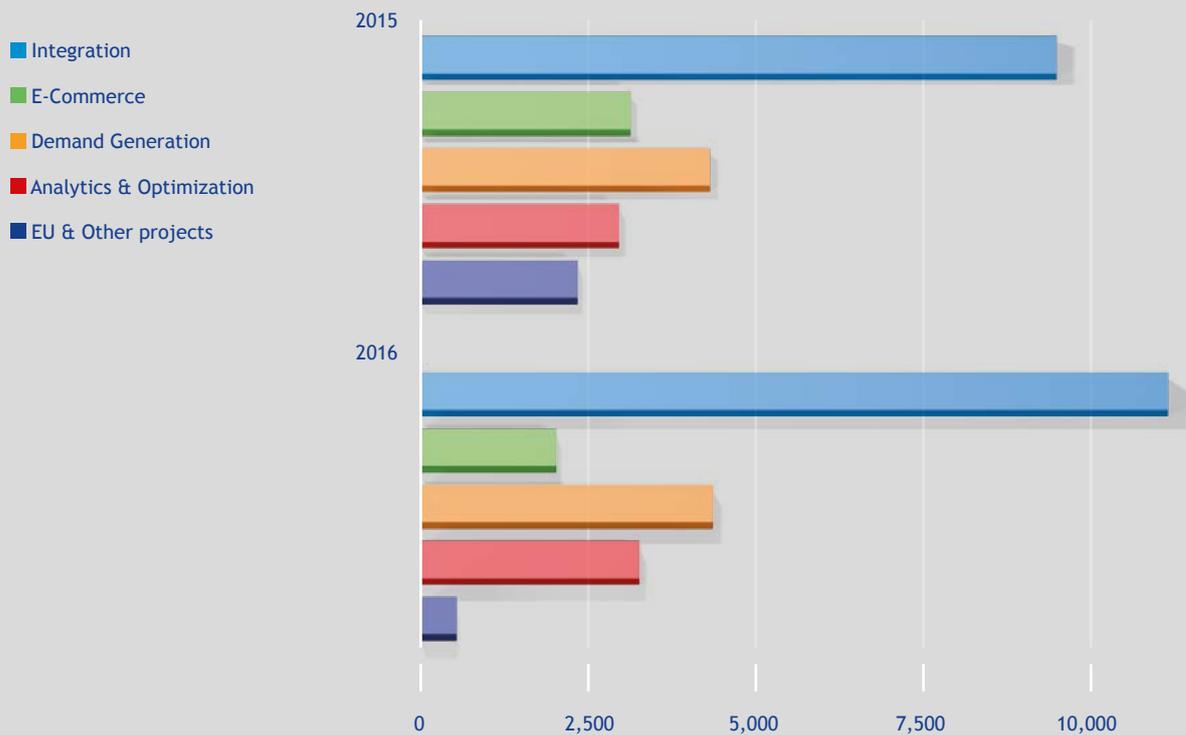
2016 Introduction of FLOW: the world's First Self Service Partner Automation Platform

Key Business Metrics – Financial Year 2016

Revenue Mix Total 2012-2016



Revenue per Business Line



Our Vision

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Market, Sell, Deliver and Optimize through the supply chain via the web

Our Total Integrated E-Commerce (T.I.E.) view on the digital world enables TIE Kinetix to develop and offer solutions that allow organizations to eliminate inefficient activities throughout their supply chain. Critical information needs to flow continuously and accurately through the supply chain via a number of channels. By automating and simplifying cumbersome steps in marketing, E-commerce and fulfillment

through indirect channel and supply chain, TIE Kinetix has developed software solutions allowing business to accomplish more with less. Our mantra to the customer is “Making Technology perform so you can focus on your business”.

The Total Integrated E-commerce solution is a proven technology combining our proprietary solutions for Demand Generation, E-commerce, Supply Chain oriented B2B Integration & Integration Brokerage and Analytics & Optimization.

Our Mission

We provide our customers with solutions that facilitate their web-based marketing, sales and fulfillment channel strategy through the supply chain. Leveraging our platforms, TIE Kinetix will be a leading global supplier in providing customers with integrated E-commerce software solutions to facilitate them to increase sales, facilitate productivity, and provide economic vitality to the supply chain.

TIE Kinetix transforms the digital supply chain by providing Total Integrated E-Commerce solutions. These integrated e-commerce solutions maximize revenue opportunities by minimizing the energy and cost needed to market, sell, deliver and analyze online. Customers and partners utilizing TIE Kinetix consistently benefit from innovative, field-tested technology and are able to remain focused on their core business. TIE Kinetix develops cloud based solutions, backed with over 25 years of proven technology and awards.

Within the TIE Kinetix approach, the company delivers software-based web-centric solutions. These solutions empower organizations to improve their supply chain efficiency and coordination. Our integrated FLOW platforms enable trading partners to work seamlessly together on the major business processes throughout the supply chain: market, sell, deliver, optimize.

TIE Kinetix minimizes the energy needed for the major business processes through the supply chain to maximize revenue and minimize cost. Our Demand Generation platform enables channel marketeers and executives to accelerate demand generation and sales conversion for and through their independent partner community. Our E-Commerce platform provides companies with solutions that facilitate their online sales and transactions. Our Integration

platform enables companies to effortlessly provide, share and control the fulfillment of transactions with trading partners through the supply chain. Our Analytics & Optimization solutions help our customers to optimize the value and revenue of their online business. In 2016 our solutions have converged under the name of FLOW: the world's First Partner Automation Platform, combining our supply chain integration solutions with our demand generation and E-commerce solutions on the same platform.

Our market focus is at specific markets where our solutions have been successful. These include Media and Publishing, Food Industry, Non Food, Telecom, IT hardware and software, Consumer Electronics, Industry & Home Improvement, Business Services and Office Supplies. Our solutions are sold in combination with strategic partners, through VARs and Distributors, and direct to end-users.

We have a longstanding historic involvement in the development of next generation technologies. Our Development is active in key topical areas such as SaaS, Cloud, Mobile, Semantics, and Interoperability in vital technologies.

Our Story

“We provide our customers with solutions that optimize their web-based marketing, sales and fulfillment strategy through the indirect channel and supply chain. Implementation of the FLOW platform will enhance productivity, increase demand and revenue, reduce cost and add to the bottom line.”

Our Company Values

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TIE KINETIX N.V. - ANNUAL REPORT 2016

TIE Kinetix has defined how it wants to achieve the goals:

- » Openness and Honesty.
- » Trust and Togetherness.
- » Competence and Quality.

Openness and Honesty

We can only excel as an organization if we work closely with all of our stakeholders on all matters. Working closely together also means that we need to be communicative and as an organization to be open and honest in our dialogue with colleagues, clients, suppliers and shareholders.

Trust and Togetherness

Only from openness and honesty, trust and togetherness arises. We believe that we need to form a team with our colleagues, clients and all other stakeholders in all of our operations, activities and initiatives. Trust and togetherness enable us to reach our common and individual goals together.

Competence and Quality

As a software based company, we continuously build our competence and our quality on an organizational and individual level. We believe with competence and quality, in addition to software solutions, we can add value to all of our stakeholders and further strengthen our competitive edge.

The next generation Supply Chain Integration

Our supply chain integration technology has transformed the digital supply chain for 30 years:

- » we enable the seamless integration of all data, documents, content and information through (independent) suppliers, trading partners and channel partners connected in any supply chain;
- » we ensure a seamless integration with the full technology stack of our customers;
- » our solutions maximize revenue potential with minimal efforts for channel partners.



FLOW

By TIE Kinetix

PARTNER
AUTOMATION™

Traditionally, supply chain integration solutions are focused on individual collaboration processes. Such solutions either minimize cost by integrating with partner' systems on the supply side OR they maximize revenue by integrating Marketing or Sales processes on the demand side. We recognized a growing demand for unified data and analytics across both sides of the supply chain with the purpose to BOTH minimize costs AND optimize revenue potential.

Our next generation supply chain integration solutions provide the seamless integration of AND data, including trading documents, product information, marketing information between trading partners. The added benefit is a full visibility of relevant customer data ready for commercial engagement.

The launch of FLOW Partner Automation from TIE Kinetix in April 2016 marks the next generation of Supply Chain Integration. It brings together BOTH supply side solutions AND demand side solutions in one unified open supply chain integration platform where all solutions work seamlessly together and integrate the supply chain processes for marketing, sales and fulfillment.

FLOW is a self-service portal in which customers can build their own community with partners and suppliers. Low cost, care free and easy to maintain.

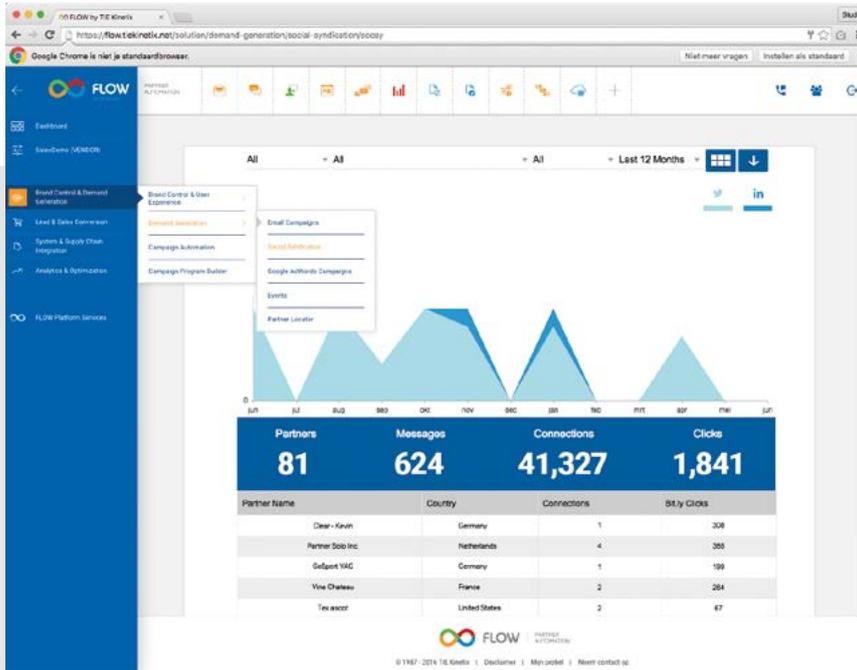
FLOW unifies all data, and analytics and intelligence to ensure optimized processes and both the demand side and the supply side of our customers' supply chain.

Our TIE Kinetix and FLOW Partner Automation clients



SIEMENS





FLOW Partner Automation offer End-to-End Partner Automation. It enables all independent channel and trading partners to seamlessly work together and lets them operate as if they are 1 company, optimizing the entire end user and buyers' journey.

FLOW Partner Automation offers more than 50 individual modules, standard connectors to all major ERP, Sales Automation, CRM, PRM, CMS and Marketing Automation systems and provides standard integrations with over 40,000 trading partners worldwide. Virtually, we can reach over 300.000 worldwide companies in our network.

FLOW is an open framework ensuring our customers that they can offer 3rd party solutions to their trading partners through the same platform.

FLOW's modularity is suitable for business of all sizes, is scalable and easily adaptable to changing requirements.

TIE Kinetix is recognized by major analysts for its vision, viability and the maturity of the solutions.

Gartner

Effective Vision of the Nexus of Forces.
Gartner Magic Quadrant of Integration Brokerage

SiriusDecisions

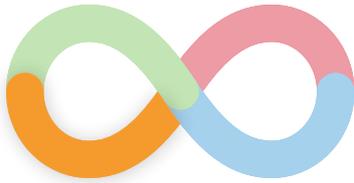
Long-Term Viability is Strong." SiriusView:
Channel Marketing and Management Platforms 2015

FORRESTER

Strong Performer". The Forrester Wave:
Through-Channel Marketing Automation Platforms

Our Partners





Brand Control & Demand Generation

Business Proposition

Channel partners are expected to represent your brand, actively market your products and generate demand. The simple truth is they can't due to limited time, skills and resources.

FLOW helps your team and partner community by automating content adoption, co-branding and marketing tactics like social, email, AdWords, campaigns and many others - all creating a seamless customer experience.

Revenue Model

SaaS & Consultancy (implementation)

Markets (& Geographies)

Telecom (Global)
IT (Software, Hardware) (Global)
Consumer Electronics (Global)
Home Goods (EMEA)
Insurance (US, EMEA)
Publishers (US, EMEA)

For the purpose of

Companies in the B2B E-Commerce market with large numbers of independent resellers.

Demand Generation



Email Campaigns



Google AdWords Campaigns



Social Media Syndication



Events



Partner Locator



Campaign Automation

Control Brand & User Experience



Campaign Program Builder



Showcase Syndication



Promotion Syndication



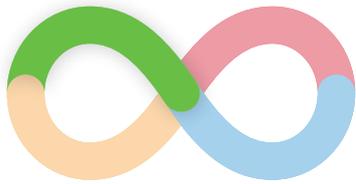
Solution Syndication



Asset Syndication



Marketing Collateral



Lead & Sales Conversion

Business Proposition

Converting leads into sales through partners is challenging. Your partners often have limited capabilities to follow up and convert.

FLOW enables partners to convert leads and sell more online by facilitating micro-shops for partners without an e-commerce presence. It helps partners to increase conversion in their existing web shops. FLOW also delivers your sales focused content and tools directly to partner rep mobile devices, desktops and intranets to facilitate the offline sale process.

Revenue Model

SaaS & Consultancy (implementation)

Markets (& Geographies)

Telecom (NL)
Fashion (NL)
Distribution (EMEA)
Retail (EMEA)

For the purpose of

Companies in B2B & B2C that sell online.

Lead Conversion



Lead Qualification



Lead Distribution



Lead Management



Sales Resource Center

Offline Sales Conversion



Buy Button Syndication



Inline Syndication



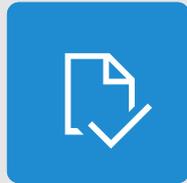
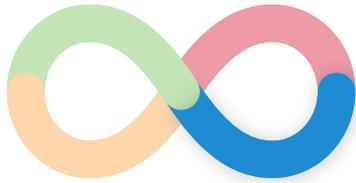
Explore Product Syndication



Upsell Syndication



Syndicated Webshop



System & Supply Chain Integration

Business Proposition

The fulfillment process through trading partners often leads to costly manual work, errors and too much paper. You and your partners have limited resources to optimize these processes.

FLOW automates inbound and outbound orders, invoices and other B2B and B2G documents between your company, your partners and customers. Easily connect your business systems (ERP, WMS and finance systems) with FLOW. Leverage a rich library of trading partner maps and application connectors to exchange EDI and invoice messages with your partner community.

Revenue Model

SaaS, License (in combination with Managed Services) & Consultancy

Markets (& Geographies)

Food & Beverage (US, EMEA)
Manufacturing (US, EMEA)
Construction (US, EMEA)
DIY (US, EMEA)
Health & Pharma (US, EMEA)
Retail (US, EMEA)
Government (NL)

For the purpose of

B2B and B2G companies that integrate and exchange electronic messages with their trading partners in the supply chain.

Business-to-Business Solutions



Business Document Validator



Electronic Data Interchange (EDI)



eInvoicing



Smart PDF



Trading Partner Connections

Trading Partner Connections

Business-to-Government Solutions



Business Document Validator



Electronic Data Interchange - PEPPOL



eGov Invoicing



Invoicing Portal



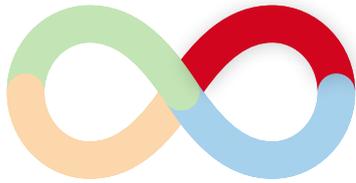
eArchiving

eArchiving

System Connectors



System Connectors



Analytics & Optimization

Business Proposition

From sales and marketing to IT, finance and operation, it's critical for all of your business stakeholders to understand what's happening throughout your partner ecosystem.

FLOW gives you a 360 degree view on what's influencing both sides of the demand and supply chain. Leverage actionable data and insights to constantly increase revenue and minimize cost for you and your partners.

Revenue Model

SaaS, License & Consultancy

Markets & Geographies

Across all existing markets.

For the purpose of

To optimize the value of TIE Kinetix solutions and 3rd party online solutions for our customers.

Optimization Tools



Google GSA



Optimizely



Searchmetrics



Google Analytics and Big Query



Integration Optimization Report

Analytics

Business Intelligence

Data Warehouse



Analytics



Business Intelligence



Data Warehouse

St. Paul

5

5

Boston

TIE Kinetix has offices worldwide, with our most important regions being:

- » The Netherlands
- » US
- » Germany/DACH Region
- » France

On October 1, 2016, TIE has about 133 employees, of which:

- » About 37% is based in the Netherlands.
- » About 25% is based in the US.
- » About 29% is based in Germany/Dach region.
- » About 6% is based in France.
- » About 2% is based in Rest of the World

TIE Kinetix has multiple offices over the world. Below the most important offices are listed, with the number of employees and the main activities described:

1

**TIE Nederland B.V. /
TIE International B.V. /
TIE Kinetix N.V.
The Netherlands (Breukelen)**

Number of employees: 54 FTE
Activities: Headquarters and central back office (finance/legal/administration) - Executive Board and Group Management - Sales and operations (Integration, Analytics & Optimization) - Development

The operations in The Netherlands are located in Breukelen, along the highway A2.

2

**TIE Kinetix DACH
Germany**

Number of employees: 41 FTE's
Activity: In Munich TIE Kinetix has an office servicing the German speaking markets in Germany, Austria and Switzerland. This office serves the German speaking market in Europe (DACH region) and is the worldwide headquarter for TIE Kinetix's Analytics and Optimization products.

3

**TIE Kinetix France SAS
France**

Number of employees: 10 FTE
Activity: In France TIE Kinetix has an office in Montpellier and satellite sales offices in Paris and Lille. The Montpellier office provides consultancy and customer support and sales.



4

TIE Kinetix UK
United Kingdom

Number of employees: 1 FTE
Activities: Representation office for the UK clients.

5

TIE Commerce Inc –
US (St. Paul and Boston)

Number of employees: 36 FTE
Activity: The St. Paul office provides product support and maintenance for our integration clients. The Boston office serves the E-Commerce and content syndication market in the US and harbors TIE Kinetix's sales and marketing and technical development team for the content syndication platform. Part of TIE Kinetix's management is also stationed in this office. The Boston office also manages the development activities taking place in our off shore development center (Vietnam).

6

TIE Kinetix Asia-Pacific Ltd.
Australia

Number of employees: 1 FTE
Activities: Representation office for the Asia-Pacific clients.

The Executive Board / TIE Kinetix Management Team



Chief Executive Officer:
Jan Sundelin



Chief Financial Officer:
Michiel Wolfswinkel

TIE Kinetix Management Team



Chief Technology Officer:
Juan Vicente Vidagany



Senior Vice-president
Demand Generation and
Chief Marketing Officer:
Patrick van Boom



Senior Vice-president
of Integration Business Line:
John Peters



Senior Vice-president Analytics
and optimization:
Erik Jan Hengstmengel



David Fullen
Managing Director of North
America



Natascha Heijboer
Country manager Benelux



Jean Luc Vignand
Country manager France

For a full summary of the resumes, please visit TIE Kinetix's Investor Center.

Corporate Management Structure



The Supervisory Board & Executive Board

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The role of the Supervisory Board is to exercise supervision over the policies adopted by the Executive Board and over the general conduct of business of the Company as well as to assist the Executive Board by providing advice.



In the performance of their duty, the Supervisory Board shall be guided by the interests of the Company, and shall take into account the relevant interests of all the Company's stakeholders.

The Supervisory Board shall have due regard for the corporate social responsibility issues that are relevant to the Company. The Supervisory Board is responsible for the quality of its own performance.

With respect to the Supervisory Board the new legislation regarding diversity will be taken into account at the moment of new appointments of new Supervisory Board members.

Dr. Ir. A.F.L. (Ton) Veth – Chairman

Gender: **Male**

Date of birth: **October 11, 1946**

Nationality: **Dutch**

Principal position: **Chairman Supervisory board TIE Kinetix NV**

Other relevant positions: **None**

Date of initial appointment: **May 2003**

Current term of office ends: **May 2019**

Supervisory Board memberships of other public companies: **None**

Ton Veth has a background in electrical engineering (M.Sc) and Medicine (Ph.D). He started the first EDI projects in health care in the 80's as Director for Cendata B.V. He was appointed as Professor in EDI/eBusiness at the Technical University of Eindhoven (TU/e) in 1992. He was CEO of Cebra, a TU/e research Centre, which was dedicated to advising companies and government institutions on the application of ICT/EDI and the streamlining of their business processes and eBusiness.



Mr. Drs. E.R. (Erik) Honée

Gender: **Male**

Date of birth: **September 23, 1957**

Nationality: **Dutch**

Principal position: **Informal investor**

Other relevant positions: **None**

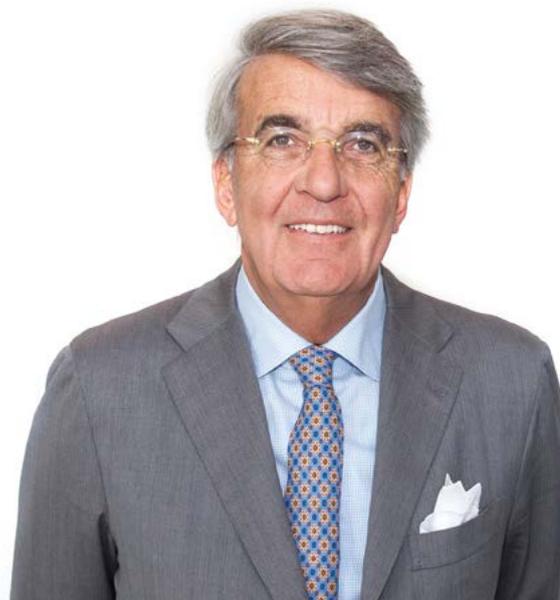
Date of initial appointment: **May 2008**

Current term of office ends: **May 2020**

Supervisory Board memberships of other public companies:

None

Erik Honée has a background in legal and organization sociology (Erasmus University, Rotterdam). He has over twenty years of experience as a lawyer and seven years experience as a Merger and Acquisitions consultant. In recent years, he has been a member of the Supervisory Board of Rabobank, Rotterdam (until May 2005) and member of the Supervisory Board of RT Company N.V./Vivenda Media Group N.V. (until March 2008). Erik is currently Chairman of the Supervisory Board of Applied Radar Technology B.V., partner at Value and Creation Company (M & A), director of Merula Participaties and Beleggingen B.V., director of Honee Advocatuur Holding B.V. and investor in multiple companies.



D. (Dirk) Lindenberg

Gender: **Male**

Date of birth: **March 6, 1949**

Nationality: **Dutch**

Principal position: **-**

Other relevant positions: **None**

Date of initial appointment: **March 2014**

Current term of office ends: **March 2018**

Supervisory Board memberships of other public companies:

member of the supervisory board of Docdata NV, Midlin NV

Dirk Lindenberg obtained a Masters of Business Administration from Nyenrode Business Universiteit and studied Business Valuation at Erasmus Universiteit Rotterdam. In 2004 he followed the Advanced Management Program at Nyenrode University. In 2005 he has taken up the supervisory directors program at the same University. He has studied Philosophy at Groningen University. He founded a Company in the gaming industry which he sold in 2000 to ABN Amro Equity and NPM Capital. During the period he has also held directorships within the employers' organization of the industry on domestic and European level. He holds supervisory positions for Docdata N.V. and Midlin N.V.



Chief Executive Officer

Jan brings decades of executive management experience to TIE Kinetix. Before joining TIE Kinetix Jan served as CEO and president of TallyGenicom EMEA, where he was responsible for more than € 170mln in revenue. He helped the organization return to profitability by rationalizing operations and restructuring their sales channels, and was responsible for sales and marketing in more than 60 countries.

Previously, Jan served as senior vice president of strategic planning and global sales and marketing for Minolta-QMS Mobile, a company he joined in 1989 as a sales manager and later served as EMEA president. During his tenure as senior vice president of global sales and marketing, Jan was instrumental in increasing worldwide sales from € 250mln to € 300mln. Jan Sundelin is not a member of the Supervisory Board of another listed Company.

J.B. Sundelin (Jan)

Chief Executive Officer

Date of birth: **October 21, 1960**

Nationality: **Swedish**

Date of initial appointment member of the Executive Board: **February 14, 2007**

Date of announcement reappointment as member of the Executive Board: **March 27, 2015**

Current term of office: **4 years**

Number of shares in the Company: **30,014**

Number of options in the Company: **21,148**

Number of warrants in the Company: **11,428**



Dr. M. Wolfswinkel (Michiel)
Chief Financial Officer

Date of birth: **June 11, 1963**

Nationality: **Dutch**

Date of initial appointment member of the
Management Board: **November 28, 2013**

Current term of office: **4 years**

Number of shares in the Company: **0**

Number of options in the Company: **0**

Number of warrants in the Company: **0**

Chief Financial Officer

Michiel Wolfswinkel (1963) studied Business Economics at the Erasmus University in Rotterdam, Business Law at the University of Amsterdam and holds a PhD in Corporate Finance/Financial Management from the Rotterdam School of Management/Erasmus University. His corporate career started with the AT&T / Unisource telecommunication venture, where he spent some 7 years. He subsequently held several financial management positions, taking restructuring assignments and increasingly complex mergers and acquisitions roles.

When the AT&T / Unisource venture was unwound he held senior financial management roles with MatrixOne and Eneco. At Eneco, he led the € 250 mln project financing for the off shore wind farm Amalia. In subsequent roles as CFO at the Executive Board of VDM NV and Qurius NV, both publicly quoted companies, he actively worked with capital markets in the US and The Netherlands.

Investors in the Ordinary Shares are reminded that their investment carries financial risks. Investors should therefore take careful notice of the entire contents of, and disclosures contained within, this report and the Financial Statements 2016 (October 1, 2015 September 30, 2016).

Cautionary Statement on Forward-Looking Information.

Certain statements contained in this report are “forward-looking statements”.

Such statements may be identified, among others by:

- » the use of forward-looking wording such as “believes”, “expects”, “may”, “anticipates” or similar expressions;
- » discussions of strategy that involve risks and uncertainties;
- » discussions of future developments with respect to the business of TIE Kinetix N.V.

In addition, from time to time, TIE Kinetix N.V., or its representatives, have made or may make forward-looking statements either orally or in writing. Furthermore, such forward-looking statements may

be included in, but are not limited to, press releases or oral statements made by or with approval of an authorized executive officer of TIE Kinetix N.V.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied in such statements.

Important factors, which could cause actual results to differ materially from the information set forth in any forward-looking statements include, but are not limited to:

- » General economic conditions;
- » Performance of financial markets;
- » Levels of interest rates;
- » Currency exchange rates;
- » Changes in laws and regulations;
- » Changes in policies of Dutch and foreign governments;
- » Competitive factors, on a national and/or global scale;
- » TIE Kinetix’s ability to attract and retain qualified management and personnel;
- » TIE Kinetix’s ability to successfully complete ongoing development efforts;
- » TIE Kinetix’s ability to integrate acquisitions and manage the continuous growth of the company;
- » TIE Kinetix’s ability to anticipate and react to rapid changes in the market.

Many of these factors are beyond TIE Kinetix’ control or ability to predict. Given these uncertainties, investors are cautioned not to place undue reliance on any forward-looking statement.

Report from the Supervisory Board

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To the shareholders,

As TIE Kinetix' Supervisory Board we on the one hand advise and supervise the added value and the realization of the company's goals and strategy. On the other hand we ascertain ourselves that our span of control is aligned with the increasing complexity of the Company. Therefore an overview of what we have supervised and what we have discussed with the Executive Board is included in this report. In the financial year 2016, the Supervisory Board met 14 times and no board members were absent.

Organizational aspects

The Supervisory Board currently consists of three members. For detailed information of each individual member, reference is made to page 34 of the annual report. During his assignment Mr. Erik Honée holds 1.67 % of the shares (in total 26,600) in TIE Kinetix and as from March 29, 2016, Dirk Lindenbergh holds 9.1% of the shares in TIE Kinetix, through Blikkenburg BV (in total 144,791).

The Supervisory Board is construed in line with best practices provisions as stated in chapter III of the Code (Chapter II of the new Code). With reference to the Code, all three members are considered independent.

The Supervisory Board notes that its composition is in line with the profile of the Supervisory Board. Each board member has his specific field of complementary expertise.

General Business

The Supervisory Board supervised and monitored the following:

The achievement of the objectives of the Company and its management

The Supervisory Board discussed the objectives of the Company and monitored the development of the results and the actual results versus the targets set. The Company aims at growing the business substantially in order to reach the scale, required for a public company, to cover the costs of being "public" and to realize a healthy profit level. First of all, the Company has shown to be able to grow autonomously. TIE Kinetix was again cash flow positive (from operating activities) in

the year 2016. The Supervisory Board monitored the cost structure of the Company and advised the Executive Board on all relevant aspects.

The corporate risk profile and the internal risk management and control system

The Supervisory Board discussed the Company's risk profile with the Executive Board and with the external auditor. The Supervisory Board recognizes that the risk profile of TIE Kinetix is adequately understood, monitored and acted upon by the Executive Board in a sufficient way. In the year 2016, special attention was paid to the alignment of the internal IT systems. Also all systems used for delivering services to our clients were carefully screened on their security levels to ensure that all services comply with the highest security levels. The Supervisory Board is satisfied with the structure and operation of the internal risk management and control system and is convinced that its (financial) consequences have been adequately reflected in the Company's processes and accounting principles.

Audit Committee

The Supervisory Board as a whole monitored the accounting and reporting processes in its functions as audit committee. In order to ensure the quality of the financial reporting process and to discuss the findings on the financial statements, the Supervisory Board has met with the Company's external auditors BDO, both with and without the Executive Board being present. The Supervisory Board closely followed whether the advices of the external auditors received a proper follow up by the Executive Board.

Meetings of the Supervisory Board

In 2016, the Supervisory Board as a whole met 14 times. Its members met several times with the member(s) of the executive board and the management board team in order to advise and to follow the operations closely.

Apart from the meetings triggered by the monthly and quarterly results, the following subjects were discussed in depth:

- » Strategy; meetings with the Executive Board and Management Team members were devoted to all aspects of the chosen strategy, focusing all activities to the FLOW project;
- » Product development alignment with the strategy;

- » Positioning the hybrid hosting services;
- » Remuneration; evaluation personal targets and targets for the performance share plan;
- » Evaluation progress on country levels;
- » Evaluation of a non-binding offer.

Remuneration Policy

The Remuneration Policy outlines the terms and conditions for the members of the Executive Board of the Company. The objective of the Remuneration Policy is to provide a structure that retains and motivates the current members of the Executive Board by providing a well-balanced and incentive based compensation.

According to article 135 of book 2 of the Dutch Civil Code, the Remuneration Policy needs the approval of the General Meeting of Shareholders. On March 27, 2015, the General Meeting of Shareholders has adopted the Remuneration Policy for 2015 and thereafter. The Supervisory Board, within the scope of the Remuneration Policy, will determine the Remuneration Plan, which will be the basis of the remuneration of the members of the Executive Board.

Term of appointment

A member of the Executive Board will be appointed for a maximum period of four (4) years. On expiry of the four-year term, a member of the Executive Board may be reappointed for successive terms of four years each.

Termination of employment

The contracts with the members of the Executive Board include an arrangement on the notice period required to terminate the contract. The contracts with the members of the Executive Board will not be renewed or will be terminated if the member of the Executive Board reaches the age of retirement, on the date as provided in the relevant pension scheme. Upon termination of the contract by the Company (or by a competent court on request of the Company) and provided that the special circumstances as described in the contracts with the members of the Executive Board do not apply, the member of the Executive Board will be entitled to a severance payment.

Severance Package

The members of the Executive Board have been

offered a severance package with a maximum of one (1) year's salary.

Remuneration Executive Board

The remuneration of the members of the Executive Board may comprise of the following components:

- » Salary;
- » Variable compensation in the form of a cash bonus based on the realization of short term targets and the share based variable compensation as adopted by the General Meeting of Shareholders on March 27, 2015. The share based part was implemented in 2016, in accordance with the Performance Share Plan as adopted by the General Meeting of Shareholders on March 31, 2016.

The salary includes base salary, holiday allowance, pension arrangements and lease vehicles. The remuneration levels are set to reflect the requirements, performance and responsibilities regarding a position in the Executive Board and the targets of the Company. The Supervisory Board will review the salary level of the Executive Board regularly, considering circumstances that would justify adjustments, such as changes in the individual's responsibilities, the individual as well as collective performance, developments in the business environment and developments in the salary level of personnel in the Company. The Supervisory Board shall evaluate the remuneration structure regularly in order to ensure that it meets the objective of the Remuneration Policy. The contract with the members of the Executive Board includes an arrangement for the reimbursement of all reasonable expenses incurred in the performance of its duties. The variable part of the remuneration is designed to strengthen the Executive Board member's commitment to the Company and its objectives. An annual bonus is linked to previously determined and objectively measurable performance targets. The Supervisory Board determined the performance targets for each individual member of the Executive Board, based on a long term operating plan. These performance targets reflect the individual responsibilities of the member of the Executive Board, such as, but not limited to, financial results and/or operational results per focus area. The performance targets are based

on the Company's strategic agenda, which includes financial targets. Since these targets contain commercially sensitive information, the exact targets shall not be disclosed. However the information is available for the external auditor of TIE Kinetix.

The Executive Board updates the Supervisory Board on the achievement against the individual performance criteria on a quarterly basis. After the end of a financial year, the Executive Board prepares an evaluation of the past financial year. The evaluation includes the extent to which the individual performance targets have been met. On the basis of this evaluation and its own investigation, the Supervisory Board reviews the performance of the members of the Executive Board and decides whether the performance targets are met and therefore a member of the Executive Board should receive his bonus. The Supervisory Board may take special circumstances into consideration in determining the achievement of the targets.

Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board remained unchanged in 2016. The date of initial appointment and the current term of end of office of the members of the Supervisory Board is scheduled as follows:

- » Dr. Ir. A.F.L. (Ton) Veth:
Date of initial appointment:
May 2003 Current term ends: May 2019
- » Mr. Drs. E.R. (Erik) Honée:
Date of initial appointment:
May 2008 Current term ends: May 2020
- » D. (Dirk) Lindenbergh:
Date of initial appointment:
March 2014 Current term ends: March 2018

Shares

The members of the Executive Board will not be offered any TIE Kinetix shares without financial consideration, unless the specific approval of the Supervisory Board has been obtained (i.e. the shares are offered (as part of) an annual bonus). Shares in the Company, held by a member of the Executive Board, are long-term investments.

Based upon the Remuneration Policy as adopted by the General Meeting of Shareholders of March 27, 2015, the Supervisory Board has introduced a Performance Share Plan in 2016 as adopted by

the General Meeting of Shareholders on March 31, 2016.

Loans

The Company does not grant its Executive Board members any personal loans, guarantees or the like, unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the Supervisory Board. No remission of loans shall be granted.

Remuneration report J.B. Sundelin

In 2016, Mr. Sundelin had a base salary of € 250k. The remuneration including expenses (net of option expense) was paid to CAPTA Management B.V., Mr. Sundelin's consultancy company. The Supervisory Board evaluated the performance of the CEO along the references laid down in the applicable arrangements and decided that the CEO is entitled to receive variable compensation.

Remuneration report M. Wolfswinkel

In 2016, Mr. Wolfswinkel had a base salary of € 200k. The remuneration including expenses (net of option expense) was paid to Mr. Wolfswinkel. The Supervisory Board evaluated the performance of the CFO along the references laid down in the applicable arrangements and decided that the CFO is entitled to receive variable compensation.

The remuneration of the Executive Board is disclosed in detail on page 104.

A.F.L. Veth

Chairman Supervisory Board, TIE Kinetix N.V.



Jim Bovens,
Solutions Consultant
TIE Kinetix

“At TIE Kinetix, we continuously invest in the development of our solutions and employees to deliver the best results for our customers and partners.”

Developments and achievements in view of the set targets and priorities

Prior year achievements

Market leader with state-of-the-art Integration products

Strategic partnership with Epicor

Successful conversion from license to SaaS business model

Recognition on Gartner's Magic Quadrant for Integration Brokerage

Established E-Commerce business in new markets

Established Demand Generation business in the US with successful position and modular product offering

Recognition of Demand Generation business by Forrester

Acquisition Munich based TFT and subsequent expansion of Google Analytics business to the Benelux

Developments in 2016

Strategic partnership with Google AdWords

Launch of FLOW, the world's First Self Service Partner Automation Platform

Accountability of set targets and priorities for 2016

2016 was the year of FLOW and the Company fully directed its development capacity to developing the World's First Self Service Partner Automation Platform. This unique platform, bringing together all of the TIE Kinetix functionality in one single sign on solution was successfully launched at the Annual general Meeting of shareholders on March 31st, 2016. The market launch, including sales training followed thereafter. In the second half of 2016, the Company focused on marketing and sales of FLOW and the further development of functionality within FLOW.

In order to achieve our goals TIE Kinetix set the following priorities for 2016:

Develop and launch FLOW in first half year	Successful
Market and sell FLOW in second half year	Successful
Expand Google Partnership	Successful
Consolidate hosting provisioning	Successful
Start to offer all solutions worldwide in all our markets	Not successful
Grow US business	Successful
Expand Integration to Germany	Not successful
Expand Google GSA to France	Not successful

Review 2016

2016 was the year of conversion: the start of bringing all our solutions together with the introduction of FLOW. FLOW Partner Automation brings all offerings within TIE into one SaaS platform with a future proof user interface. In 2016, our Development Team and Central Marketing Team have been working very hard to achieve this with a successful introduction in line with plan at March 31st. We also closed our first FLOW deals, deals with a value over 50k Euro representing at least two of our Business Lines offerings. In 2016 we have closed 7 FLOW deals, within our installed base but also to new customers such as Xerox, Dell and Svedex. Given the launch only at mid-year, this can be seen as a positive market response towards FLOW, especially when we take into account regular sales cycles of 6-9 months.

Quarter on quarter, we improved our profit line by focusing on the development of our core business, and by optimizing our delivery processes. Our billable rate has gone up but we also recognize more work remains to be done. Our core business is strengthened by the partnership with Google Adwords. This novel product fits well with our Demand Generation solutions and is an ideal tool to enter new accounts for our other FLOW modules. After the partnership announcement the company signed up various large enterprise customers (among which Xerox, Svedex, Michelin and Dell) for a trial phase in the subsequent months.

The news that Google Search Appliance (GSA) in the license model was going to 'End of Life' in the mid-term to TIE Kinetix meant that Google was unable to deliver the product to new customers in the license model. This obviously was a serious disappointment to our business developers in Germany and the Netherlands but also prohibited our planned introduction of GSA in France, costing the Company some € 2 million in Order Intake. We do expect, however, to be able to initiate selling the new Google GSA functionality when Google releases that in the SaaS model in the near term.

All invoiced EU damages have been paid. In July 2016 the company was notified by the EC that the remainder of the damages would be dealt with shortly. At this stage we believe that adequate provisions have been created to avoid any impact on future earnings. As from 2017 onwards the company is only engaged in one single EU project that will be completed at the end of 2018.

We are taking important steps towards a centrally managed business model. Certain local roles have been replaced by central management in our Breukelen headquarter. Local roles are now fully focused on customer engagement with central management taking more overhead type roles (IT, G&A, branding, etc.).

Our internal IT landscape has been streamlined by bringing functionality from various business applications back to our core ERP system while outsourcing the maintenance thereof with external professional service providers. More backoffice efficiency materializes in lower cost per unit.

In 2016, the Company redeemed non-current liabilities, comprising of all long term acquisition loans from TFAG and DZ-Bank. The item non-current liabilities/loans in 2016 decreased from € 1,165k (September 30, 2015) to € 9k (September 30, 2016). In the same period current liabilities, short term debt and bank overdrafts, were redeemed from € 1,552k to € 34k. With RABO Bank an (currently still undrawn) overdraft facility was agreed amounting to € 1,250k. At year end, the company is almost completely unlevered.

Integrated Report

TIE Kinetix attaches great importance to Corporate Social Responsibility (CSR), which is an essential component of our business strategy. In this Annual Report, we made provide accountability for both our financial and social performance, and describe how we strive to create added value in diverse areas.

Management Statement

In accordance with the EU Transparency Directive as incorporated in chapter 5.25c paragraph 2 sub c of the Dutch Financial Supervision Act (Wet Financieel Toezicht), the Management Board confirms to the best of its knowledge that:

- a) the annual financial statements for the year ended September 30, 2016 give a true and fair view of the assets, liabilities and financial position and comprehensive income of TIE Kinetix N.V. and its consolidated companies;
- b) the management report presented in the Annual Report gives a true and fair view of TIE Kinetix N.V. and its consolidated companies as of September 30, 2016 and the state of affairs during the financial year to which the report relates;
- c) the annual management report describes the principal risks the Company is facing.

Management's Discussion and Analysis

(all amounts are in € x 1,000 unless otherwise stated)

Annual Results of Operations and Financial Position

The following table sets forth the main items in the Company's Statement of (Comprehensive) Income for the respective financial years:

Figure: Annual Result of Operations and Financial Position

Annual Result of Operations and Financial Position	2016	2015	Δ 2016
Total Revenue	20,250	22,263	-9%
Direct Purchase Costs	(9,516)	(11,565)	-22%
Gross Margin	10,734	10,698	0%
Total Operating Expenses	(9,949)	(12,088)	-22%
Non-Recurring expenses included in Operating Expenses	(22)	(1,993)	-8776%
EBITDA	2,065	(134)	106%
Operating Result	786	(1,390)	277%
Net Income	41	(2,366)	5925%

Balance Sheet			
Shareholders' Equity	7,123	4,308	65%
Equity	7,168	4,353	65%
Balance Sheet Total	16,108	15,851	2%
Solvency Ratio	45%	27%	62%

Cash flow from operating activities			
Cash flow from operating activities	1,500	656	129%
Normalized Net Cash Flow from operating activities	1,523	2,649	-43%

The company was able to replace lost SaaS revenue from KPN Hi/Telfort with new customer implementations, growing overall SaaS revenue with 7%. Consultancy revenue and Other Income came in below 2015 levels, caused by loss of KPN revenue (following to the discontinuation of the Hi/Telfort labels), and a further reduction of EU projects and the expiration of Tomorrow Focus AG revenue guarantees/contractual fees to TIE Kinetix GmbH. These top line revenue reductions have been anticipated with cost reductions taken in prior periods. The EU team has been downsized and refocused towards developing FLOW. The Ecommerce delivery team was downsized to only provision T-Mobile. Furthermore, operating costs have been reduced due to a shift in product development towards FLOW as planned. As a result, anticipating lower sales, operating expenses in 2016 came in below 2015 levels and EBITDA performance developed according to plan.

The company returned to profitability generating a positive net income of € 41k (2015: net loss of € 2,366k).

Cash Generated in operations is € 1,500k (2015: € 656k). As at September 30, 2016 the Company held a cash position of € 1,887k (2015: € 692k).

The Company agreed a new € 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 EURIBOR based rate. The facility replaces a revolving credit facility of € 0.5 million. Although currently no drawings are scheduled, 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.

In FY 2016 in total 365,327 shares have been issued, bringing the total number of issued shares to 1,592,704 as at September 30, 2016.

Shareholders' Equity amounts to € 7,123k (or € 4.47 per share) on September 30, 2016 (2015: € 4,308k, or € 3.51 per share).

In 2016, the company redeemed non-current liabilities, comprising of long term debts due to TFAG and credit institutions, from € 1,165k (September 30, 2015) to € 9k (September 30, 2016). In the same period current liabilities, short term debt and bank overdrafts, were redeemed from € 1,552k to € 34k.

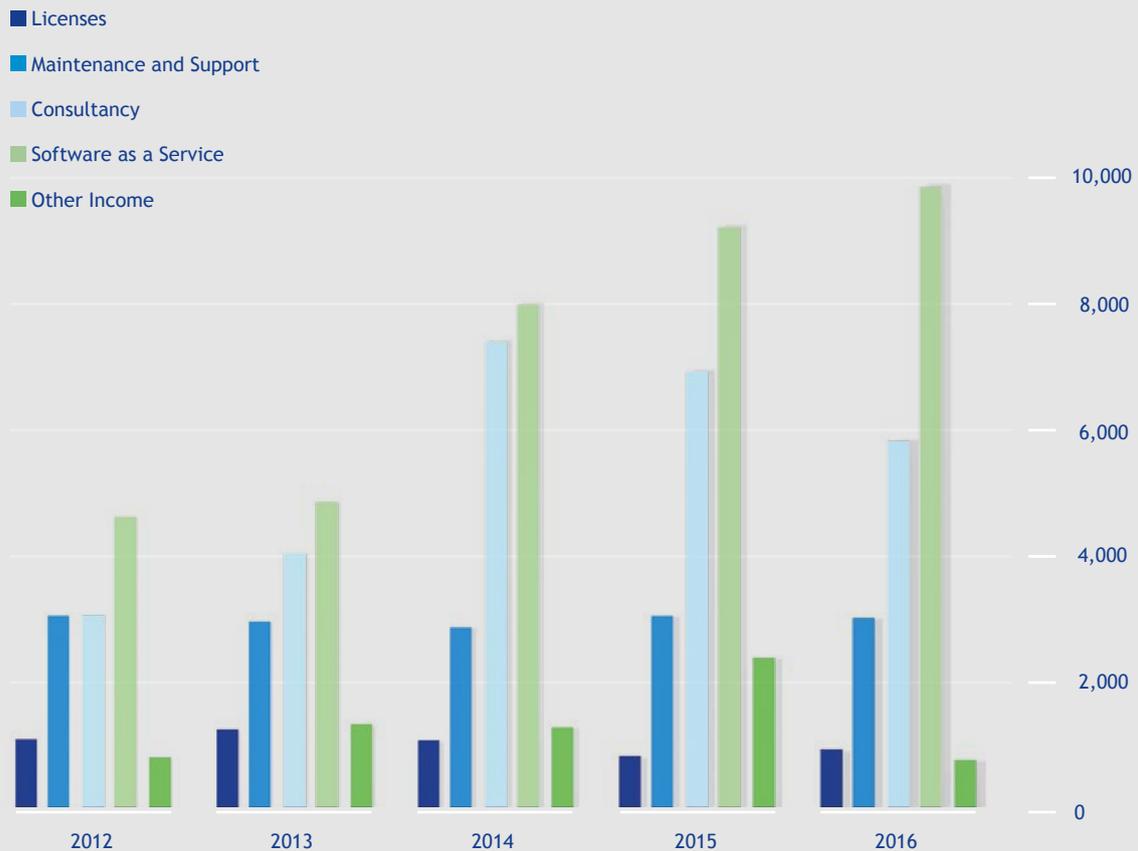
Revenue Analysis

The following tables provide the breakdown of total income by category :

Figure: Total Revenue 2016 - 2015

Total Income and Income Net of Direct Purchase Costs	2016		2015	
Licenses	906	4%	804	3%
Maintenance and Support	2,988	15%	3,019	14%
Consultancy	5,794	29%	6,897	31%
Software as a Service	9,818	48%	9,180	41%
Revenues	19,507	96%	19,900	89%
Other Income	743	4%	2,363	11%
Total Revenue	20,250	100%	22,263	100%
Direct Purchase Costs	(9,516)	-47%	(11,565)	(52%)
Revenue net of Direct Purchase Costs	10,734	53%	10,698	48%

5-year development of revenue for the period 2012-2016



The figure shows that revenue of Software as a Service (SaaS) is growing year on year and is the single largest revenue driver with 48% (2015: 41%). Revenue from maintenance and support activities is (in €) relatively stable over the years at € 2,988k (2014: € 3,019k). License revenue continues to decrease as our customers prefer SaaS delivery of our solution, in line with TIE Kinetix' strategy to deliver long term sustainable growth with a SaaS revenue stream. SaaS refers to the delivery of our hosting, webEDI (TiedByTIE), EDI managed services and Value Added Network services; they all are part of the Business Integration Solution. These services are generally provided on the basis of a 12, 24 or 36 months contract whereby fees are based on actual use of the service or a subscription fee or a combination of thereof. SaaS revenue also includes revenue from Demand Generation and E-Commerce; these services are provided on a subscription basis with a fixed contract period, generally 12 months upto 36 months. Revenues are accounted for on a percentage of completion bases based on IFRS standards. Maintenance and Support is the annual maintenance fee for maintenance/updates of sold licenses. Our SaaS our revenue grew with 7%, despite losing customer KPN, some major portal customers in Germany and our inability to continue selling Google GSA (pending Google's release of GSA as a hosted solution). We experienced a decline in consultancy revenue due to lower activity levels in Germany and France.

Other Income amounted to € 744k (2015: € 2,363k), and predominantly relates to EU Development Projects. In 2016 two more projects have been completed (Alfred and SAM). In 2017 the Company is only engaged in one EU Project (Accept), which is expected to be completed at the end of 2018.

Order Intake

In FY 2016 Order Intake amounted to € 13,375k (2015: 12,612k). A 21% growth in SaaS order Intake was reported. This was a strong achievement taking into account the loss of major bespoke portal for KPN, the discontinuation of bespoke portals in TIE-Germany, and further reduction of EU projects and the company's decision not to engage in EU projects anymore. These businesses represent non-core strategic businesses for TIE. In addition, ISP in 2016 suffered from the decision to suspend license sales for google search Appliance ('GSA') by Google Germany and the Benelux, anticipating delivery by Google of GSA with more analytics functions in a SaaS model. The company was able to replace these orders with more high margin orders from its core business lines, contributing to a growth of SaaS order intake with over 21%. The company also experiences an increasing demand for its services and reports a 15% growth in Order Intake on consultancy, even though average number of consultants in 2016 (45.9 fte) was below 2015 level (54.3 fte).

Customers and Resellers

The Top 10 customers accounted for to 33% (2015: 37%), with an average sales value of € 607k (2015: € 819k).

Highlights in 2016

16-10-2015
TIE Kinetix and Leaseweb announce Strategic Partnership

18-11-2015
Trading update Q4 and full year financial Statements

01-12-2015
Order intake in excess of €1 million

09-12-2015
Issue of 50.000 shares following conversion of warrants

30-12-2015
Publication of Annual report 2015

31-12-2015
Issue of 170.536 shares

06-02-2015
Update on Reclaim EU Development Grants

05-01-2016
Order intake in excess of €1 million

04-02-2016
TIE Kinetix suspends Strategic Partnership with Leaseweb

16-02-2016
TIE Kinetix appointed as first 3-star partner of Optimizely

17-02-2016
Trading update Q1

17-02-2016
Convocation Annual General Meeting of shareholders

04-03-2016
Order intake in excess of €1 million

17-03-2016
Business integration for Drabbe

29-03-2016
Issue of 144,791 shares

31-03-2016
TIE Kinetix launches FLOW: the world's First Self Service Partner Automation Platform

05-04-2016
Order intake in excess of €1 million

05-04-2016
Voting results of the Annual General Meeting of Shareholders

21-04-2016
TIE Kinetix and MarketLogic announce Strategic Partnership

26-04-2016
TIE Kinetix and Google announce Strategic Collaboration for Google AdWords

18-05-2016
Trading update First Half year FY 2016

04-07-2016
Order intake in excess of €1 million

02-08-2016
Order intake in excess of €1 million

17-08-2016
Trading Update Q3

Subsequent Events

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

Operating Expenses and Non-Recurring Expenses

The following table provides a breakdown of the total operating expenses for the financial years indicated:

Operating Expenses	2016	As % 2016	2015	As % 2015
Employee Benefits	5,548	56%	5,069	42%
Non-Recurring Expenses	22	0%	1,993	16%
Depreciation and Amortization Expense	1,280	13%	1,172	10%
Impairment CSP Trademark	-	0%	84	1%
Other Operating Expenses				
Accommodation Expenses	691	7%	655	5%
Professional Services	618	6%	567	5%
Communication Expenses	471	5%	468	4%
Marketing	512	5%	531	4%
Travel Expenses	458	5%	445	4%
Supplies	249	3%	403	3%
General & Administration	100	1%	701	6%
Subtotal Other Operating Expenses	3,099	31%	3,770	31%
Total Operating Expenses	9,949	100%	12,088	100%

Product Development

In 2016 our Development efforts were fully aimed at the mid-year launch of FLOW. Some 30 modules and connectors have been developed and enhanced by our centrally managed development team. With FLOW our solutions have converged into one single platform offering, with seamless integrations to many third party systems. The FLOW modules allow (in part) easy to use, self-service onboarding, reducing the entry costs for our customers. Within FLOW, our customers can benefit from all data generated within their own community of suppliers, distribution partners and end users.

An important element of the FLOW offering is the deployment of our hybrid hosting strategy. Our hybrid hosting strategy allows TIE to offer our solutions in public, and private and hybrid cloud deployment with the objective to benefit from the latest and most efficient technologies. It allows our customers freedom of choice. Hybrid hosting is an aspect that sets TIE apart from its competitors, traditionally offering feature rich but expensive private hosting, hosted either on bare metal or on virtual machines.

With smart partnerships TIE Kinetix aims to expand its hybrid hosting strategy to all its solutions and markets in 2017.

Financial Income and/or Expense

Interest Income relates to received interest on the bank accounts; The Interest expense consists of interest paid.

Figure: Financial Income and/or Expense

Financial Income and/or Expense	2016	2015
Interest Income	29	31
Interest Expenses	(80)	(146)
Exchange gains/(losses)	(24)	(63)
Total	(74)	(178)

Impairment of Intangible Assets

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 strategic planning is primarily based on Business Lines. Country segments are used for tactical purposes such as annual budgeting, statutory reporting, tax reporting and recognition of cash generating units. Revenue items, and direct cost items 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). The Company applies an intercompany transfer pricing mechanism to account for the various roles the respective 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. The intercompany pricing mechanism may distort the intra year as well as the year-on-year country segment comparison.

TIE Kinetix has four business lines: Integration, E-Commerce, Demand Generation and Analytics & Optimization.

TIE Kinetix currently has country operations in the Netherlands, in the US, in Germany, and in France. This leads to the cash generating units TIE Kinetix Nederland/International, TIE MamboFive, TIE Kinetix France, TIE Kinetix US, TIE Kinetix Germany incl. DACH and 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%.

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 of any cash generating units may be impaired.

With respect to TIE Kinetix Germany GmbH management assessed the following. The former owner T FAG committed to a revenue guarantee expiring at December 31, 2015. In the succeeding periods actual revenue developed at lower levels. Management conducted impairment testing as at September 30, 2016 taking into account actual business performance and the best estimate planned performance. As in prior years we have used a discounted cash flow model to determine the value in use, based on 12% WACC and a 10 years horizon. Based on the chosen assumptions, management assessed that for the cash generating unit TIE Kinetix Germany the Value in Use [IAS 36.30-57] exceeds Carrying Value [IAS 36.8-9], and that currently available

headroom for the cash generating unit TIE Kinetix Germany remains limited as at September 30, 2016. New impairment testing will be conducted at September 30, 2017, or earlier upon the occurrence of a triggering event.

With respect to TIE MamboFive BV management assessed the following. TIE MamboFive' major customer is T-Mobile Netherlands, for who various Webshops and portals have been successfully developed, and are being serviced and maintained to the customer's full satisfaction. The contract with T-Mobile formally terminates at February 2017. At the request of T-Mobile, parties are currently engaged in negotiation for the extension of contract. Management has conducted impairment testing as at September 30, 2016 based on the assumption that the T-Mobile contract can be extended with terms and conditions generating sufficient headroom of the Value in Use [IAS 36.30-57] over Carrying Value [IAS 36.8-9]. New impairment testing will be conducted at September 30, 2017, or earlier upon the occurrence of a triggering event.

Income Taxes

The carrying value of the Deferred Tax Asset in the US amounts to € 693k (\$ 775k) in the US (2015: € 1,168k or \$ 1,310k), and is substantially caused by timing differences. The US net operating losses for both Federal Tax purposes and State tax purposes are largely utilized as a result of which the offset to current income is limited and the company's effective tax rate is increasing. The carrying value of the Deferred Tax Liability in Germany amounts to € 42k (2015: € 62k), and in the Netherlands €18k (2015: € 18k).

Cash Position

In 2016, the Cash Generated in operations is € 1,500k (2015: € 656k). As at September 30, 2016 the Company held a cash position of € 1,887k (2015: € 692k).

Risk Assessment & Risks

The Company is exposed to various risks, including market risks (currency risk and interest rate risk), credit risk, and liquidity risk. Financial instruments held are accounted for under Assets (Loans and Receivables) and Equity (Convertible Bonds). The risks are monitored on a recurring basis at a Management Board level, applying input received from Management in the individual geographical areas, with whom the Management Board has contact on regular basis.

The risk analysis focuses predominantly on business risks that result in managerial decisions, in particular with respect to:

- » Span of control, i.e. oversight.
- » Commercial dependency of our partners.
- » Our churn rate and retention rate.
- » Downtime of datacenters.
- » Contractually agreed (SLA) obligations.
- » Legal aspects.
- » Financial Disclosure.
- » Acquisitions.
- » Entering new markets.

Financing and funding decisions are made by the Chief Financial Officer in the Executive Board, guaranteeing that management is aware of any changes and developments. Individual debtors with collectability issues are discussed on an item-by-item basis. The Company neither holds nor issues financial instruments for trading or hedging purposes.

Fair value

The Company does not hold any financial assets or liabilities accounted for at fair value through the Profit and Loss Account. Fair values disclosed are calculated based on current interest rates, taking into account the terms and conditions of the financial asset or liability. In most cases, fair values will equal the carrying value of the item.

Currency Risk

The Currency Risk is discussed on page 79 of this report.

Credit Risk

The Credit Risk is discussed on page 79 of this report.

Liquidity Risk

The Liquidity Risk is discussed on page 80 of this report.

Interest Rate Risk

The Interest Rate Risk is discussed on page 81 of this report.

Brexit

TIE Kinetix does not operate a separate business in the United Kingdom, nor does it have sales or purchasing contracts denominated in UK Pounds Sterling. The effects, if any, of the anticipated separation of the United Kingdom from the European Union, may be expected to be minimal to the Company.

Acquisition Strategy

TIE Kinetix strives for long term sustainable growth of the SaaS value of its solutions. FLOW is our core product in all our markets. We aim to achieve our growth objectives through organic growth in our existing markets, supported - as and when the opportunity arises - by acquisitive growth. With the introduction and roll out of FLOW TIE Kinetix has refocused its acquisition strategy. Acquisitions will be considered by TIE Kinetix to support the roll out of FLOW in its existing markets.

Our acquisition strategy is based on the following considerations:

1. customers are potential FLOW customers.
2. Within existing geographical footprint of TIE Kinetix.
3. Strengthens or expands current local country operation.
4. Cultural fit.
5. Customers are in vertical markets that strategically fit with TIE Kinetix
6. Financing with newly issued shares only if the earnings per share improve with the acquisition.

It is the role of the Executive Board to manage the corporate responsibility issues that are relevant to the Company. As such the Company focuses on several subjects and the corporate responsibility aspects thereof. This chapter provides an overview of the important subjects in light of the corporate social responsibilities. As a whole, the Company is committed to achieve a correct balance between growing as a company and our corporate responsibility.

Our Employees

Employees are very important to TIE Kinetix and our employees are the driving force behind our success, and critical to TIE Kinetix's profitability, sustainability and long-term growth. We strive to be a good employer and invest in engaging, supporting and developing our people and treating their safety and wellbeing as a paramount concern. Personal growth of our staff is of great value to the Company. This can be obtained through setting challenging targets, guidance by management and education. The personal growth of the staff members is closely monitored and recurring evaluations and assessment meetings take place.

Since the worlds of mobile, social media, big data, and multi-channel are subject to constant change, TIE Kinetix and its business is changing as well. All these changes necessitate a more result-oriented approach. This belief is the reason for TIE Kinetix to further improve its existing performance and competency management towards its employees in 2016, in order to enable and optimize the realization and support of the organizational strategy.

The workforce of TIE Kinetix is diverse and multicultural as TIE Kinetix employs a large variety of nationalities. In official announcements and communication TIE uses English as the main international business language. As a result thereof the non-native English speakers may be offered training in the English language. In order to improve the integration, TIE Kinetix has additionally offered Dutch lessons to the foreign staff members in the Netherlands.

In general TIE Kinetix aims to provide its staff members with safe and healthy working conditions. The absence due to illness in financial year 2016

amounted to 1.5% (excl. pregnancy leave, 2015: 0.83%), which is low compared to the average of 3,1% in the same period for the commercial services sector in The Netherlands (source: Statistics Netherlands/Centraal Bureau voor de Statistiek).

TIE Kinetix provides extra encouragement to employees in the Netherlands by offering them an extra vacation day if they have not been ill during a certain period. By facilitating its employees the possibility to balance their private life with their business responsibilities, TIE Kinetix endorses "Het Nieuwe Werken" in the Netherlands. TIE Kinetix offers flexible working hours and an extensive special leave arrangement as well.

Compliance with Laws and Regulations

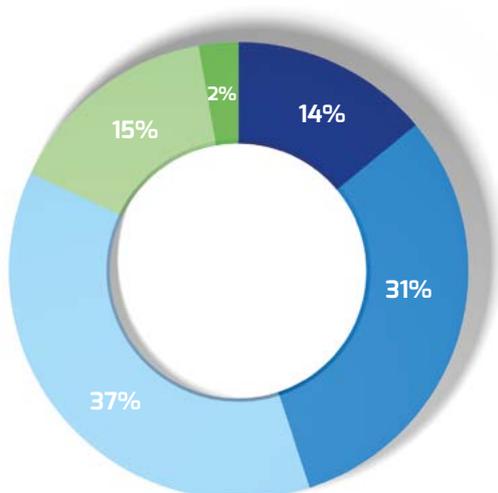
TIE Kinetix will abide by all human rights and supports the development of them wherever it operates within the legitimate role of business. TIE Kinetix rejects any restrictions to free trade other than duly enacted national and international laws.

TIE Kinetix offers its employees and applicants equal opportunities, and does not tolerate any form of harassment or unfair or unlawful discrimination based on race, age, gender, sexual orientation, disability or national origin. TIE Kinetix has a policy in place for dealing with complaints regarding harassment or discrimination. Additionally, TIE Kinetix has a Whistleblower's policy in place, allowing employees to report suspected irregularities without jeopardizing their positions.

The Code of Conduct has been drawn up to provide all of our employees with a clear set of guiding principles on integrity and ethics in business conduct.

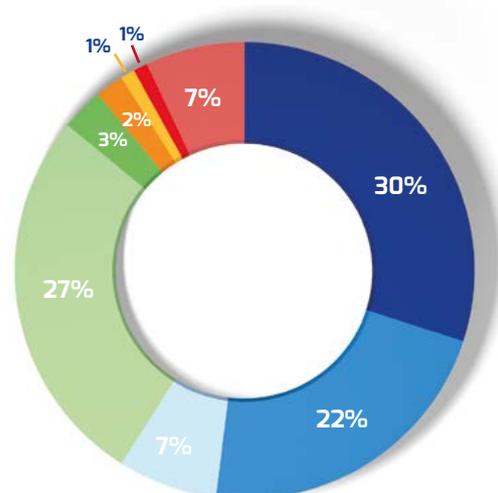
Also, TIE Kinetix has regulations on insider knowledge in place, preventing trading with insider knowledge. Every

Age distribution



■ 60+ ■ 41-50 ■ 18-30
■ 50-60 ■ 31-40

Nationalities in %



■ Netherlands ■ Greece
■ USA ■ India
■ France ■ Russian Federation
■ Dach Region ■ Rest of World
■ Spain

employee, executive, specified person, Executive Board member and Supervisory Board member is to inform the Compliance Officer of its intention to trade in TIE Kinetix shares prior to any transaction. The Compliance Officer is the Chief Financial Officer of the Company, ensuring that every employee, executive, specified person, Executive Board member and Supervisory Board member abides by the applicable laws and restrictions. The silent period, in which every employee, executive, specified person, Executive Board member and Supervisory Board member is prohibited from trying to execute and/or executing a transaction TIE Kinetix shares, irrespective of whether or not he or she possesses insider knowledge, is published on our website and communicated at the start of every silent period.

For members of the Supervisory Board and the Executive Board a personal liability insurance is in place. More information on compliance with laws and regulations can be found in the Code of Conduct and together with our other policies, published on our Investor Center, section Corporate Governance, Policies & Procedures.

Workers Council

TIE Kinetix recognizes the employees' right to

organize them in order to protect their own rights. As of 1999, TIE has a Worker's Council (Ondernemingsraad) in the Netherlands. As of 2005, this Worker's Council has continued on a voluntary basis, due to the number of employees in the Netherlands. In 2015 both members of the Netherlands' workers council stepped down their position while no other candidates have stepped forward since. As at September 30, 2016 the appointment of a new Worker's Council in the Netherlands is pending.

Investor Relations

TIE Kinetix' Investor Relations objectives are aimed at maintaining and improving relationships with existing shareholders and developing relationships with new investors. The overall goal is to increase transparency, minimize information asymmetry and to reduce stock price volatility. We develop relations with analysts with the aim to clarify our strategy and achievements. We aim for transparent communication and we therefore provide detailed, clear and timely information to existing and potential shareholders, financial analysts and the media. We also operate an open-door policy with regard to enquiries.

TIE Kinetix provides its shareholders and financial market stakeholders with similar and simultaneous

Our Carbon Footprint

Our solutions

At TIE Kinetix we are dedicated to fulfill our corporate social responsibility. This dedication reflects in our continuous efforts to develop software solutions which contribute to the digital processes and connecting business processes within the E-Commerce environment. Through our solutions, TIE Kinetix improves to the sustainability profile of all stakeholders within supply chain from end to end.

An example is e-invoicing as business processes within the E-Commerce supply chain, which decreases paper-usage. With our FreeConnect platform, we provide SME's a paper-free solution to digitally process their invoices. Our solutions in The Netherlands are predominantly hosted at LeaseWeb. LeaseWeb is dedicated to corporate social responsibility as they are constantly addressing their practices to ensure that they are kept sustainable, and for that reason LeaseWeb utilizes green datacenters. LeaseWeb is also connecting more clients to their cloud products daily, which results in improved resource utilization.

Our office in Breukelen, The Netherlands

Our office has a parking lot which is fully lit by LED-lights and is equipped with moving sensors for lighting the office. The office also accommodates charging of electric cars, various cars leased by TIE Kinetix are electric or hybrid.



information about potentially price sensitive matters and is very careful with contacts between company executives and shareholders and analysts.

TIE will not engage in actions that might compromise analyst independence and does not assess, comment on or correct - other than factually - any analysts' reports or analyst valuations.

TIE Kinetix communicates with shareholders and analysts through regular meetings such as the Annual General Meeting of Shareholders or bilateral meetings as the case may be. Bilateral meetings are organized to ensure that (potential) shareholders receive a balanced and comprehensive view of our performance and strategy and the issues TIE Kinetix faces in the execution of its goals. In all our contacts we are always careful to observe the rules on fair disclosure, equal treatment of shareholders, insider trading and transparency in all our communications.

TIE Kinetix publishes an annual report, semi-annual results and quarterly trading updates. In addition, TIE Kinetix keeps its stakeholders informed through press releases. TIE Kinetix also issues press releases of a commercial or strategic nature, if and when the company deems that to be of interest to its stakeholders. Commercial sensitivity may prevent us from disclosing contract details (such as customer names, transaction value etc.). TIE Kinetix' policy is to issue a press release when it receives an order with an order value exceeding € 250,000, or an order of strategic nature or when TIE Kinetix engages in a strategic partnership. TIE Kinetix also issues a press release when its monthly cumulative order value exceeds € 1 million for any given month.

Contacts with the capital markets are always dealt with by the Executive Board or staff mandated by the Executive Board.

Outlook for Financial Year 2017

For 2017 the Company has ambitious plans aimed at maximizing the deployment of FLOW. The conversion towards one homogeneous FLOW product portfolio will continue in 2017. Certain non-core (non-FLOW) products may discontinue in 2017. It cannot be excluded that the build-up of FLOW revenue is insufficient to replace the discontinuation of non-core products. As a result, top line revenue growth in FY 2017 may be limited.

We will continue to invest in the development of FLOW functionality. Our development team remains at the current deployment levels and we do not anticipate to significantly grow our consultancy team. We will invest in more sales capacity at the senior level to sell FLOW in all our existing markets. We will have completed the harmonization of its integration offering under one integration platform worldwide.

We will continue our hybrid hosting strategy through partnering. This is a logical consequence of the strategic decision not to develop an own in-house hybrid hosting proposition. Instead we will be partnering with a strategic partner who secures access to best of breed, cloud independent and cost efficient internet infrastructure.

We will further consolidate our back office functions and functionality, with the aim to reduce cost per unit.

Financial Calendar 2017

January 25, 2017 until February 17, 2017 - Closed Period

- » February 15, 2017: Publication of the Q1 Trading Update
- » March 31, 2017: Annual General Meeting of Shareholders

April 26, 2017 until May 17, 2017 - Closed Period

- » May 17, 2017: Publication of the 1st half year results

July 26, 2017 until August 16, 2017 - Closed Period

- » August 16, 2017: Publication of the Q3 Trading Update

October 25, 2017 until November 15, 2017 - Closed Period

- » November 15, 2017: Publication of the annual results

The Dutch corporate governance code is an important code for Dutch listed companies, regulating the relations between the company, its shareholders and its corporate bodies, the Executive Board and the Supervisory Board. The Code is self-regulatory in nature and is based on the principle known as “apply or explain”.

This means that a company may deviate from the principles and the best practice provisions of the Code, provided that, in its annual report, it gives a sound reason as to why such deviation has been made.

Legal framework

TIE Kinetix N.V. (the “Company”), is a public limited liability company, established under the laws of the Netherlands. Its shares are listed on NYSE Euronext, Amsterdam. As such, several laws and regulations apply to the Company: the Dutch Civil Code, the Dutch securities laws such as the Dutch Financial Supervision Act, the NYSE Euronext listing rules and the Dutch corporate governance code (the “Code”). Additionally, the Company, the Executive Board, the Supervisory Board and the staff members are bound by the Company’s Articles of Association, the Terms of Reference of the Supervisory Board, the Terms of Reference of the Executive Board, the Code of Conduct, the Remuneration Policy, the Insider Knowledge Regulations, the Whistleblower Policy and several internal procedures. More details and the most recent documents can be found on our website, <https://tiekinetix.com/nl/investor-relations>.

Shares and shareholders

Up to June 3, 2015, the Company’s authorized share capital amounts to € 14 million, consisting of 2 million ordinary shares, with a nominal value of € 7.00. Following the decision of the General Meeting of Shareholders on March 27, 2015, the Company has changed its Articles of Association on June 3, 2015, in order to change the Company’s authorized share capital to € 500,000, consisting of 5 million ordinary shares, with a nominal value of € 0.10.

The General Meeting of Shareholders decides on resolutions with regard to the issuance of shares and may grant this authority to another company body

for a period up to five years. At the issuance of shares, each shareholder has a pre-emptive right proportional to his existing shareholding, subject to statutory provisions. The pre-emptive right may be restricted or excluded by a resolution of the General Meeting of Shareholders or by another company body if it has been authorized to do so by a resolution of the General Meeting of Shareholders, for a period up to five years. On March 31, 2016 the General Meeting of Shareholders decided not to prolong the authorization of the Executive Board to issue shares and rights to acquire shares (options, warrants, convertibles). In case the Company wishes to issue shares or rights to acquire shares, the Company convenes a General Meeting of Shareholders or an Extraordinary General Meeting of Shareholders. The Company does not have an anti-takeover provision.

Shareholders who have reported their interest in the Company pursuant to Chapter 5.3 of the Dutch Act of Financial Supervision are Mr. P. van Schaick (through Alto Imaging Group N.V.) 13.4 %, Mr. C. Komen (through DW Vastgoed Beleggingen B.V.) 25.8 %, Objectif Lune International Inc. 9.9 %, Mr. D. Lindenbergh (through Blikkenburg BV) 9.1 %, and Mr. G. van Lookeren 5.0% all excluding potential interests. No shareholders agreements have been concluded between the Company and these major shareholders, except with respect to one agreement for the issue of shares in order to cover the damage the Company will suffer as a result of the EU Claim. On request of the shareholder, its identity will be treated as confidential.

Shareholders meeting and voting rights
Responsible corporate governance requires the fully-fledged participation of shareholders in the decision-making in the General Meeting of Shareholders. The Company attaches great value to shareholder relations. In line with relevant laws and

regulations, the Company provides all shareholders and other parties in the financial markets with equal and simultaneous information about matters that could have a significant influence on the price of the Company's listed securities, thereby taking into account possible exceptions permitted by those laws and regulations. The Company regularly issues press releases and maintains a mailing list of interested parties. The Company actively communicates its strategy and the developments of its business to the financial markets. The dates of publication of the quarterly results are announced well in advance and these publications are accessible online via the Company's website. Meetings with analysts, investors and shareholders are announced on the Company's website or through press releases. At least once a year a General Meeting of Shareholders is convened by a notice on the Company's website, announcing the meeting date and place, the registration date, the agenda of the meeting with explanatory notes and the procedure for attendance. In accordance with Dutch law the shareholding at the registration date is decisive for the right to attend and address the meeting and to exercise voting rights, notwithstanding a subsequent sale of the shares. Each share entitles its holder to cast one vote. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Articles of Association require a larger majority.

Amongst other things the General Meeting of Shareholders decides on the adoption of the financial statements, the appropriation of the net results, the (re)appointment, discharge and remuneration of the members of the Supervisory Board, material changes of the Remuneration Policy, the (re)appointment and the discharge of the members of the Executive Board, the appointment of the external auditor, the authorization of another company body to issue new shares, the amendment of the Articles of Association, and other important matters such as major acquisitions or the sale of a substantial part of the Company. The Company prepares a list of decisions made during a shareholders meeting and publishes it on the Company's website. The Company also prepares the minutes, which will be set by the shareholders at the next General Meeting of Shareholders.

The Company has discussed the option to enable shareholders to vote remotely in the General Meeting of Shareholders by using electronic communication devices. At present the opinion of the Executive

Board is that, given the size of the Company, the use of such devices will not improve the transparency of the decision-making process.

Amendment of the Articles of Association

At the Annual General Meeting of Shareholders of March 27, 2015, it has been decided to amend the articles of association of the Company as described above. Other amendments have not been made in 2015 and 2016.

Executive Board

The Executive Board is entrusted with the management of the Company. This means that it is responsible for the achievement of the Company's targets, its strategy with the associated risk profile, the development of the results and the social aspects of doing business relevant to the Company. For its management the Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders. In the performance of its duties, the Executive Board is guided by the interests of the Company, taking the relevant interests of all stakeholders into account.

The Executive Board performs its activities under the supervision of the Supervisory Board. The Executive Board attends the meetings of the Supervisory Board with exception of the meetings focusing on the evaluation of the Supervisory Board and the Executive Board and the annual meeting with the external auditor. The Executive Board provides the Supervisory Board timely with all information essential for the Supervisory Board to exercise its duties.

The Executive Board consists of Mr. J.B Sundelin and Dr. M. Wolfswinkel.

Mr. J. Sundelin, CEO, has been a member of the Executive Board since February 2007. His term is renewed at the Annual General Meeting of Shareholders of March 27, 2015 and will end on March 13, 2019.

Dr. Wolfswinkel joined the company as CFO on August 19, 2013 and has been appointed to the Executive Board on November 28, 2013. His term will end on November 28, 2017. At the General Meeting of Shareholders of March 31, 2017, the Supervisory Board will propose a renewal of the appointment of Mr. M. Wolfswinkel.

The remuneration of the members of the Executive Board has been set in conformance with the

Remuneration Policy of the Company and is in line with the provisions of the Code. The severance package of the Executive Board is in line with best practice provision II.2.8 of the Dutch corporate governance code (3.2.3. of the new Dutch corporate governance code). More information about the remuneration of the Executive Board can be found in the notes to the consolidated statement of comprehensive income.

The Executive Board avoids (the appearance of) conflicts of interests between the Company and a member of the Executive Board. All transactions in which a conflict of interest exists or is deemed to exist must be concluded on terms at least customary in the sector concerned. Resolutions for entering into such transaction must be approved by the Supervisory Board. In the financial year 2016, there were no reports on conflicts of interest.

Supervisory Board

The role of the Supervisory Board is to exercise supervision over the policies adopted by the Executive Board and over the general conduct of business of the Company as well as to provide the Executive Board with advice. The general duties of the Supervisory Board include supervising, monitoring and advising the Executive Board on the realization of the Company's operational and financial objectives, the corporate strategy, the risks inherent in the business activities, the design and effectiveness of the internal risk management and control systems, the main financial parameters, the financial reporting process, compliance with applicable laws and regulations, the relationship of the Company with its shareholders and the corporate social responsibility issues that are relevant to the Company. In the performance of its duties, the Supervisory Board is guided by the interests of the Company and takes the relevant interests of all the Company's stakeholders into account. The Supervisory Board is responsible for the quality of its own performance.

The Supervisory Board of the Company consists of Dr. Ir. A.F.L. Veth, chairman, Mr. Drs. E.R. Honée and D. Lindenbergh. Further information about the members of the Supervisory Board can be found in the report of the Supervisory Board as included in this annual report. All members of the Supervisory Board are independent, subject to the relevant requirements of provision III 2.1 and III 2.2 of the Code (2.1.6 and

2.1.7 of the new Code). The composition of the Supervisory Board is such that its members are able to act critically and independently of one another and of the Executive Board and any particular vested interests. Each member of the Supervisory Board is capable of assessing a broad outline of the overall strategy of the Company and its business. As a whole, the composition is such that it enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and other stakeholders. The Supervisory Board is constituted in a balanced manner as to reflect the nature and variety of the Company's businesses and the desirability to have available expertise in such fields as finance, economics, management, legal/corporate governance, information technology and the Company's business in general and more specifically the national and international E-Commerce market. The Supervisory Board members are appointed by the General Meeting of Shareholders. A Supervisory Board member is appointed or reappointed for a term commencing on the date of his appointment and ending at the day of the first General Meeting of Shareholders held after the fourth anniversary of this appointment. On March 27, 2015 the General Meeting of Shareholders approved the fourth appointment of Mr. A.F.L. Veth until May, 2019.

Furthermore, the General Meeting of Shareholders approved the remuneration of the members of the Supervisory Board. The remuneration of Mr. Lindenbergh and Mr. Honée is € 10k and the remuneration of Mr. Veth is € 20k. The members of the Supervisory Board abstained from voting about their reappointment and remuneration.

In the financial year 2016 the Supervisory Board met 14 times. Since the Supervisory Board comprises only three members, no separate remuneration committee and selection and appointment committee have been formed. The audit committee consists of all members of the Supervisory Board and meets during Supervisory Board meetings. It is the opinion of the Supervisory Board that, at present, there is no need for an internal audit function in the Company.

The Supervisory Board avoids (the appearance of) conflicts of interests between the Company and a member of the Supervisory Board and/or a member of the Executive Board. In the financial year 2016, there were no reports on conflicts of interest.

Notes on the Company's corporate governance.

All members of the Executive Board and the Supervisory Board comply with the rules of Dutch corporate governance regarding the limitations of the number of board positions in Dutch large companies as all members of the Executive Board and the Supervisory Board have no other positions than their position within the Company.

BDO Audit & Assurance B.V. has been the external auditor during the financial year 2016, being appointed at the General Meeting of Shareholders of March 31, 2016.

In the Remuneration policy, a claw back clause on variable pay, in line with the proposed law on claw back and best practice provision II. 2.11, (and provision 3.1.4 of the new Code) has been incorporated.

Deviations

On March 27, 2015, the General Meeting of Shareholders reelected Mr. A.F.L. Veth for a fourth term. Members of the Supervisory Board of the Company are appointed for a period of four years, commencing at the date of (re-)appointment and ending at the day of the first General Meeting of Shareholders held after the fourth anniversary of the appointment. This implies that, Mr. A.F.L. Veth has completed his third term, he has been a member of the Supervisory Board of the Company from May 2003 until the date of this General Meeting of Shareholders and therefore for a period exceeding the maximum of three four-year terms as described in best practice provision III.3.5. of the Code. The Company notes that it has deviated from this provision as of May 14, 2015 because Mr. Veth has in-depth knowledge of TIE Kinetix products and development, and will consider the possible deviation at a point later in the future.

Although the composition of the Executive Board and the Supervisory Board are currently not in accordance with the statutory requirements on gender diversity, the Boards recognize the importance of a gender balanced composition and will take this into account when selecting potential nominees. However, as gender is only part of diversity, the Boards will continue to select their members on the basis of their background, knowledge and experience.

In control statement

In order to ensure adequate and effective internal risk management and control systems, all internal business processes are aligned according to the internal instrument called My-TIE. This system gives the Executive Board complete visibility on all transactions that have taken place anywhere within the company and provides detailed reports on revenue costs. It also provides for strong procedures to control purchasing, order fulfillment and support. It provides information on policies and procedures, customers and prospects, human resources, assets, documentation and pricing of products and services. My-TIE is the platform to collaborate with other employees, customers and resellers. The system has been outsourced in order to ensure 24/7 global availability and free up internal resources

Functionality and design are continuously developed to further improve supporting business processes. In 2014 the platform was upgraded to the latest version of Exact Synergy. In 2016, we phased out our time tracking application and migrated this functionality towards Exact Synergy. Also, in 2016, we consolidated our customer resource management processes within Synergy allowing tighter control and management. My-TIE has proven to be a very effective instrument of the internal risk management and control system. Any shortcomings that come to light as the Executive Board continues to evaluate processes and procedures, also in light of changing circumstances and business processes, are addressed and resolved as soon as possible.

In view of the above, the Executive Board believes that with the implementation of My-TIE as a system of monitoring and reporting, it has taken adequate steps to implement an appropriate risk management and internal control system. This system provides, with reasonable certainty, reliable internal and external reports. These reports supply adequate information to determine in how far the company is achieving the strategic goals it has set and assurance that the company is operating within the boundaries of the law.

My-TIE significantly reduces, but cannot fully eliminate the possibility of poor judgment in decision-making, human errors, abuse and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of other unforeseeable circumstances. Another limiting factor is the need to

consider the relative costs and benefits of risk responses. A properly designed and implemented risk management and internal control system will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives, in orderly and legitimate conduct of its business. It can also not provide absolute insurance that a misstatement in the financial reporting would be prevented or detected. In this context, reasonable assurance refers to a degree of assurance that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances. Notwithstanding the forgoing and in view of the above, the Management Board makes the following statement:

- » The Executive Board is of the opinion that it has implemented an internal risk management and control system that is adequate and effective, suitable for the company's business;
- » The internal risk management and control system provide a reasonable assurance that the financial reporting does not contain any errors of material importance; the financial statements therefore provide as far as the Executive Board is aware, a fair view of the financial position, the assets and liabilities and the financial results of the company and consolidated enterprises as of September 30, 2016;
- » The internal risk management and control system has worked properly in financial year 2016 and there are no indications to believe that the internal risk management and control system will not continue to function properly in financial year 2017.

The Executive Board has discussed the internal risk management and control system with the Supervisory Board.





Nawin Raghoebarsing,
Integration Consultant
TIE Kinetix

“At TIE Kinetix, we work closely together with our business partners to optimize the performance throughout the supply chain.”

Notes to the Consolidated Statement of Financial Position from page 71

Assets

(€ x 1,000)	Notes	30 September 2016	30 September 2015
Non Current Assets			
Intangible fixed assets	1)		
Goodwill		4,549	4,547
Other intangible fixed assets		3,383	2,879
		7,931	7,426
Tangible fixed assets	2)		
Property, Plant and Equipment		362	533
		362	533
Financial fixed assets	3)		
Loans and Receivables		449	895
Deferred Tax Asset		694	1,168
		1,143	2,062
Total Non Current Assets		9,436	10,022
Current Assets			
	4)		
Trade Debtors		2,833	3,211
Income Tax Receivable		34	78
Taxation and Social Security		57	20
Other Receivables and Prepayments		1,861	1,828
		4,785	5,137
Cash and Cash Equivalents		1,887	692
Total Current Assets		6,672	5,830
Total Assets		16,108	15,851

Equity and Liabilities

(€ x 1,000)	Notes	30 September 2016	30 September 2015
Equity	5)		
Shareholders' Equity		7,123	4,308
Convertible Bonds		45	45
Total Equity		7,168	4,353
Non Current Liabilities	6)		
Loans		8	1,165
Deferred Tax Liability		60	80
Deferred Revenue		562	886
Contingent Consideration		55	55
Provisions		514	492
Total Non Current Liabilities		1,199	2,678
Current Liabilities	7)		
Provisions		-	29
Short term debt		34	860
Bank overdraft		-	692
Trade Creditors		826	1,171
Deferred Revenue		3,676	3,187
Taxation and Social Security, Income tax		872	743
Other Payables and Accruals		2,333	2,138
Total Current Liabilities		7,741	8,820
Total Equity and Liabilities		16,108	15,851

Consolidated Statement of Comprehensive Income for the year ending September 30, 2016

(Notes to the Consolidated Statement of Comprehensive Income from page 98 onwards)

Revenues (€ x 1,000)	Note	2016	2015
Licenses		906	804
Maintenance and Support		2,988	3,019
Consultancy		5,794	6,897
Software as a Service		9,818	9,180
Revenues		19,507	19,900
EU Projects		552	1,865
Onetime income		192	498
Total Revenue		20,250	22,263
Third party hire		(730)	(933)
Direct Employee Costs		(5,430)	(7,164)
Direct Purchase Costs		(3,356)	(3,468)
Gross Margin		10,734	10,698
Operating Expenses	8		
Employee Benefits		5,548	5,069
Acquisition costs and onetime expenses		22	1,993
Depreciation and Amortization		1,280	1,172
Impairments		-	84
Other Operating Expenses		3,099	3,770
Total Operating Expenses		9,949	12,088
Operating Income/(loss)		786	(1,390)
Interest and other Financial Income	9	29	31
Interest and other Financial Expense	9	(103)	(209)
Income/(loss) before Tax		711	(1,568)
Corporate Income Tax	10	(670)	(798)
Net Income/(loss)		41	(2,366)
Comprehensive Income		2016	2015
Net Income/(loss)		41	(2,366)
Exchange differences on translating of foreign operations		20	300
Total Comprehensive Income/(loss) net after Tax		61	(2,066)
Attributable to Shareholders of TIE Kinetix:	11	2016	2015
Income after Tax		41	(2,366)
Comprehensive Income net after Tax		61	(2,066)
Net result per share - basic		0.03	(2.01)
Weighted average shares outstanding - basic (thousands)		1,475	1,177
Net result per share - diluted		0.02	(2.00)
Weighted average number of shares fully diluted (thousands)		1,830	1,182

Consolidated Statement of Changes in Equity for the year ending September 30, 2016

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More details are explained in note 5 on page 91.

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share- holders Equity	Convertible Bonds	Total Equity
Balance per September 30, 2014	58,045	(51,911)	(159)	5,975	45	6,020
Foreign currency translation reserve	-	-	300	300	-	300
Net Income	-	(2,366)	-	(2,366)	-	(2,366)
Total Comprehensive Income (loss)	-	(2,366)	300	(2,066)	-	(2,066)
Shares issued and Share Premium	700	-	-	700	-	700
Costs of shares issued	(304)	-	-	(304)	-	(304)
Share based payments	-	13	-	13	-	13
Other movements	(10)	-	-	(10)	-	(10)
Balance per September 30, 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

Consolidated Statement of Cash Flows for the year ending September 30, 2016

(€ x 1,000)	Note	2016	2015
Income before tax		711	(1,568)
<i>Adjustments:</i>			
Share based payments expense	5	5	13
Depreciation and amortization	8	1,280	1,172
Impairments	8	-	84
Increase (decrease) provisions		(7)	425
		1,278	1,694
<i>Working Capital Movements</i>			
(Increase) decrease in debtors and other receivables		357	370
(Decrease) increase in deferred revenue		170	536
(Decrease) increase in current liabilities		(944)	(167)
		(417)	739
Cash generated (applied) in operations		1,572	865
Interest paid		(58)	(172)
Interest received	9	29	31
Income tax paid		(21)	(57)
Sales taxes paid		(22)	(11)
Net Cash flow from operating activities		1,500	656
Investments in intangible fixed assets		(1,522)	(755)
Acquisition of subsidiary net of cash acquired		-	-
Investments in tangible fixed assets		(85)	(166)
Net Cash flow generated / (used) in investing activities		(1,607)	(921)
Increase (decrease) long term loans		(1,157)	(362)
Issue of new shares		2,457	685
Net Cash flow generated / (used) by financing activities		1,300	323
Net increase (decrease) in Cash and Cash Equivalents		1,193	58
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		2	40
Opening balance Cash and Cash Equivalents		692	594
Closing balance Cash and Cash Equivalents		1,887	692

Notes to the Consolidated IFRS Financial Statements

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General information and Summary of significant accounting policies

Company Information

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address of De Corridor 5d, Breukelen. Subsidiaries are located in Asia-Pacific, France, Germany, Switzerland, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam. In the following pages, the name “TIE Kinetix” or “the Company” will be used to refer to TIE Kinetix N.V. and its various subsidiaries. TIE Kinetix develops, sells, and distributes software and services under TIE Kinetix’s Total Integrated E-Commerce concept around the world through a network of subsidiaries and resellers. The Company has been active not only in the software development but in the standardization process as well. The consolidated financial statements for the year ending September 30, 2016 are authorized for issuing through a resolution of the Executive Board dated December 30, 2016. The Annual General Meeting of Shareholders, to be held on March 31, 2017 will be requested to decide on the Consolidated Financial Statements.

Statement of Compliance

The consolidated financial statements of the Company included on pages 66 to 113, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission.

Basis of Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are detailed below and have been prepared on a historical cost basis, unless stated otherwise. These policies have been consistently applied to all the presented years, unless stated otherwise. The consolidated financial statements are presented in Euros, and all values are rounded to the nearest thousand (€ x 1,000), unless stated otherwise. The Company has opted to prepare a condensed profit and loss account in accordance with the exemptions provided by article 2:402 of

the Dutch Civil Code in the Company Only Financial Statements.

Implications of new, amended and improved standards

The Company has adopted the following new standards with a date of initial application of 1 January 2015:

- » IFRIC 21 ‘Levies’*;
- » Annual improvements 2010-2012 cycle;
- » Annual improvements 2011-2013 cycle;
- » Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions;
- » In addition, the IFRS amendments included in the annual improvements 2010-2012 and 2011-2013 cycles have a negligible impact on the Company’s consolidated financial statements;
- » The Company adopted the narrow scope amendments to IAS 19 - Employee benefits entitled “Defined Benefit Plans: Employee Contributions” which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases.

There was no effect from the adoption of these amendments.

Future Changes in Accounting Policies and Disclosures

A number of standards and/or interpretations which have been issued, but are not yet effective, may impact future financial statements. These standards and interpretations are:

- » IFRS 9 will become effective after January 1, 2018; Financial Instruments replacing IAS 39 Recognition and Measurement
- » IFRS 15 will become effective after January 1, 2018; Revenue from Contracts with Customers: Replacing IAS 18 Revenue and IAS 11 Construction contracts including all relevant interpretations. The company is currently investigating the possible impact of IFRS 15.
- » IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 - Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by

IAS 17 and, instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. The Group is currently evaluating the method of implementation and impact of adoption on its Consolidated Financial Statements.

Annual Improvements 2012-2014 Cycle makes amendments to the following standards:

- » IFRS 5 – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- » IFRS 7 – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- » IAS 9 – Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- » IAS 34 – Clarify the meaning of ‘elsewhere in the interim report’ and require a cross-reference

TIE Kinetix will assess the impact of the standards in due time.

Going Concern Considerations

As at September 30, 2016 the European Commission had fully collected the amount of the initial claim (€ 705,075). The Company has not yet received any further EC claims following its extrapolation of audit findings sent to the EC on July 15th, 2015. However, in July 2016 the company received a pre-notification that the EC intends to study the letter that TIE Kinetix sent on July 15th, 2015. At this stage the company considers that it has taken adequate provisions for damages following the 2013 EC audit.

Based on Budget 2016, the Company expects positive operational cash flow. The Company has

become less sensitive to intra year cash flow fluctuations as a result of the large proportion of recurring subscription based revenue in combination with maintenance and support income. With certain commercial counterparties, the Company is occasionally accepting extended credit terms that may impact working capital negatively. Taking everything into account, management believes it will have adequate cash to run its operations for the next year. In October, the company has agreed a credit facility with Rabo Bank (in the amount of € 1,250k) to cover working capital balances. In the event the Company needs additional funding, the Company could consider attracting additional credit facilities, or issue loans, or alternatively issue Convertible Bonds or shares. Based on all items discussed above, Management concludes that it is correct to prepare the accompanying financial statements on a ‘going concern’ basis.

Basis of Consolidation

The consolidated financial statements include the financial statements of TIE Kinetix N.V. and its subsidiaries.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. The assessment of control is based on the substance of the relationship between the Company and the entity and, among other things, considers existing and potential voting rights that are presently exercisable and convertible. Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the Company obtains control. It will continue to be consolidated until the date in which such control ceases.

All intra-company balances, transactions, and income and expenses resulting from intra-company transactions are eliminated in full.

Foreign Currency Translation

Foreign operations prepare their financial statements in the currency of the primary environment in which they operate (functional currency). For consolidation purposes, foreign operations are translated into Euro, the functional currency of TIE Kinetix N.V. and the designated presentation currency. Assets and liabilities are translated using the closing rate at September 30,

2016. Income and expenses are translated using weighted average exchange rates or the actual rate at the date of the transaction, if more appropriate. All resulting exchange rate differences are recognized in a special component of equity. In the event of a sale of a foreign operation, the relevant component of the special component of equity pertaining to the entity sold will be released from Equity and included in the realized gain or loss on the sale.

Per September 30, 2016, monetary assets and liabilities are translated against the closing rate. Non-monetary items carried at a cost are translated by using the exchange rate at the date of the transaction. Exchange rate differences on monetary items are recognized in income whenever they arise.

Inter-company monetary items, which form part of an enterprise net investment, are translated against the closing rate per September 30, 2016. An inter-company current account between TIE Kinetix N.V. and the US subsidiary, TIE Commerce Inc. is denominated in USD. All transactions are accounted for at the transaction rate at TIE Kinetix N.V. Currency Exchange Rate Differences are taken to the special component of Equity.

Significant Accounting Judgments and Estimates

The preparation of the financial statements involves making assumptions and estimates on the recognition and measurement of assets and liabilities, contingent liabilities and income and expense items. The most significant assumptions for future and other key sources estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets are in note 1, page 82.

Impairment of Assets

Impairments of assets (intangible and tangible) are tested on a Cash Generating Unit (CGU) level. In assessing whether there are indications for impairment or reversal of impairment, management considers changes in the economic and technological environment, sales trends and other data that may be, or become relevant. When testing for impairment, a discounted cash flow model is applied to determine net present values of future cash flows for CGU's in order to compare with asset-carrying values. In accordance with IFRS no reversal of impairment of Goodwill has been considered. The models applied to determine the net present

value of these future cash flows encompasses management's judgment and estimates with respect to the following elements:

- » Discount rate;
- » Reasonable reliably estimable future cash flows;
- » Estimated business growth rates.

Intangible Fixed Assets

Development Costs

Product development costs are eligible for capitalization only when a projected outcome is determined technically feasible and deemed probable that future economic benefits will flow from the released product. Also, these economic benefits must be expected to exceed capitalized development cost. In determining both technical and economic feasibility of a project, management exercises judgment with respect to the current economic and technical environment, as well as expected developments therein. This not only establishes a potential market for the product under development, but also estimates potential sales volumes.

Customer Base

The Customer Base of recent acquisitions has been identified as a separate intangible asset upon acquisition. The asset has been recognized at fair value. Since there is no direct active market for the Customer Base to use for valuation, a valuation model has been used to determine the fair value of the asset. This valuation model encompasses management's judgment and estimate with respect to the following elements:

- » Renewal rate customer contracts;
- » Discount rate;
- » Net Cash Flow starting point;
- » 10 years of discounted Cash Flow (5 years for Customer Base of TFT);
- » No new business.

Detailed Description of Accounting Principles

Intangible Fixed Assets

Goodwill

Goodwill is recognized as an intangible asset for interests in subsidiaries and is measured as the positive difference between the cost of the business combination and the Company's interest in the net fair value of the entity's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill is carried at a cost less accumulated impairment charges. Upon disposal of an entity in relation to which a goodwill balance is held, the remaining goodwill balance will be taken to income as part of the gain or loss on disposal of the entity.

Demand Generation Concept/FLOW

Upon initial recognition of the assets and liabilities and activities during 2006, a separate intangible fixed asset representing the Content Syndication Concept was recognized. The fair value has been determined as described on page 82 under Trademarks. Initially, and awaiting the convergence of all TIE Kinetix' business applications in one common platform, the Content Syndication Concept was considered to have an indefinite useful life and no amortization was applied. Upon the introduction of FLOW, the concept has been developed further and several product modules have now been developed that can only be sold using this concept. Upon the introduction of these FLOW product modules, TIE Kinetix management has re-assessed the concept and its useful life and considers an economic life of 7 years as viable. Management projects a useful life of 7 years in line with the useful life of generally used ERP software in the industry. As from January 1, 2016 onwards, all FLOW development efforts are allocated per commercial module. All FLOW modules are developed under the direction of the CTO and TIE Kinetix Management Team. FLOW product modules compete with products developed by other vendors in the market place and may be expected to be replaced by our next generation products over a 5 year period. For that reason management has assessed a useful life of 5 years.

Development Costs

Projects for the development of software are

broken down into a research phase and development phase. The costs pertaining to research are expensed immediately. The development costs are recognized as an intangible asset after establishing the technical feasibility of the project. Future economic benefits from the project are deemed probable and sufficient resources are available and devoted to the project to facilitate successful completion. Development costs are carried at a cost minus amortization and accumulated impairments. Development costs of products other than FLOW are amortized based on an expected useful life of three years. The useful life assessment is based on the current experience and the present economic and technological environment. The useful life of this asset is reassessed periodically and adjusted when circumstances give rise to such action.

Software

Software purchased from third parties, as well as the related development and implementation costs, are recognized at a cost without accumulated amortization and impairment charges and are amortized based upon a straight-line method over an estimated useful life of three years. The useful life of these assets is reassessed periodically and adjusted when circumstances give rise to such action.

Tangible Fixed Assets

Property, Plant and Equipment

Office equipment (including Furniture, Fixtures and Office Machinery), Hardware and Leasehold Improvements are recognized as Property, Plant and Equipment and measured at cost less accumulated depreciation and impairments. Costs include expenses directly attributable to the acquisition of the asset and the expense of replacing a part of the Property, Plant and Equipment when that cost is incurred and the recognition criteria are met. Each component of an item of Property, Plant and Equipment with an initial carrying value (cost) significant in relation to the total cost of the item is separately depreciated. Property, Plant and Equipment is depreciated against income on a straight-line basis over its estimated useful life to its estimated residual value (generally nil). Depreciation periods are as follows:

- » Leasehold improvements - 10 years or the term of the lease;

- » Hardware - 3-5 years;
- » Office equipment - 3-5 years.

Useful life estimates are based on management's best estimate of the amount of time over which economic benefits from these assets will flow to the Company. For Leasehold improvements, this period has been limited to the term of the rental agreements of the respective office buildings.

Computer hardware is generally replaced after a maximum of three years of service.

An annual assessment is performed to establish whether circumstances exist to call for an impairment of an individual asset. Residual values and useful lives are reviewed annually and are adjusted when appropriate. Assets are impaired to recoverable value when carrying values are found to be in excess of the recoverable amount of the individual or as part of a CGU for assets that do not generate an independent cash flow. Impairment losses for CGU's as a whole are first charged against the Goodwill balances of the CGU. Any remaining impairments are allocated to the assets of the CGU as a whole. Any reversal of an impairment loss is immediately recognized in income.

The carrying amount of an asset is derecognized in the event that no future economic benefit is expected to arise from its use or disposal. Gains and/ or losses on derecognition are the differences between the net disposal proceeds and the carrying value of the asset. Gains and/or losses on derecognition are accounted for in income.

Financial Assets

Deferred Tax Assets

Deferred Tax Assets reflect the net tax effect of losses carried forward and temporary timing differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes. Deferred Tax Assets are recognized when they are considered to be realizable in the future, which is reassessed each year-end. Deferred Income Tax Assets are measured at the tax rates that are expected to apply to the year when the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted per year-end. Deferred Tax Assets and

Deferred Tax Liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loans and Receivables/Trade Receivables

Loans and Receivables are recognized initially at fair value plus transaction costs. After initial measurement loans and receivables are measured at amortized cost, using the effective interest method net of impairments. This involves calculating the net present value of future cash flows using the current market rate at the time of initial recognition of the asset. Interest is accounted for in the Statement of Comprehensive Income at the effective interest rate at the time of the initial recognition of the asset. Impairments are only considered when there are indications of impairment. The difference between the effective interest rate and the (notional) interest receivable is allocated to the asset balance changing its carrying value. Trade Receivables are recognized at amount receivable less a provision for uncollectability. The provision for uncollectability is set up on an item for item basis when there is evidence of uncollectability. The provision represents the difference between carrying value of trade receivables and management's best estimate of the future cash flow resulting from the item. All strengthening and releases from the provision are accounted for in income.

Other receivables include unbilled turnover for services already provided, other receivables and accrued income. Accrued income also includes amounts receivable for projects in progress at the balance sheet date insofar as these receivables have already exceeded the amounts billed for these projects. If the amounts billed for current projects exceed the sum of costs incurred and gains realized, the balance of these projects is recognized within 'other payables'.

Cash & Cash Equivalents

Cash and Cash Equivalents include cash in hand, deposits, and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding bank overdrafts.

Equity

Shareholders' Equity

Financial instruments issued by the Company to the extent that they indicate a residual interest in the assets of the Company are classified as Equity. All proceeds from the issue of equity instruments, or considerations paid for the purchase of equity instruments, are recognized in Equity. Incremental external costs that are directly attributable to the issuing of TIE Kinetix equity instruments are also recognized in Equity, net of tax. Dividends and other distributions to holders of equity instruments are recognized in Equity net of tax. A liability for dividends payable is not recognized until the dividends have been declared and approved by the General Meeting of Shareholders.

Convertible Bonds

Convertible Bonds issued by the Company have been classified as Equity, based on the fact that under the terms and conditions of these bonds, there is evidence of a residual interest in the Company's assets after deducting all of its liabilities. If applicable, split accounting has been applied for. Distributions to holders of equity instruments are recognized directly in Equity net of tax. For Convertible Bonds in which a liability component has been identified with respect to interest payments in cash, a liability is established against Equity.

Non-Employee Stock Options

Stock Options/Warrants issued to non-employees are Gross Settled Stock Options under the terms of the respective contracts, and, therefore, qualify as Equity Instruments. Any considerations received for such options will be accounted for in Equity. Any cash flows at settlement are accounted for in Equity as well.

Liabilities

Loans

Loans are recognized initially at fair value plus transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated by taking into account any discount or premium on

acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the Comprehensive Statement of Income.

Provisions

The Company recognizes a provision in cases in which a present obligation resulting from a past event, with a probable future outflow of resources, settles the obligation at an amount that can be reliably estimated.

Provisions are measured at the present value of the future outflow required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The change in the time value of future outflows is recognized under expenses. The time value is considered a material component.

To the extent that future events are likely to occur and are expected to have an effect on the amount required to settle a recognized liability, these future events are taken into consideration in determining the appropriate provision level. Provisions are reviewed at each balance sheet date and will be adjusted to reflect the current best estimate.

Deferred Tax Liability

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred Tax Assets and Deferred Tax Liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Recognition and Measurement of Income and Expenses

Recognition of Income

Income is recognized to the extent that it is

probable that economic benefits will flow to the Company and be reliably measured. Revenue is measured at the fair value of the consideration received, excluding taxes and following the deduction of discounts and rebates as well as the transferring of all significant risks and rewards. The Company generates income from the following sources:

- » Software license fees;
- » Maintenance and Support;
- » Consultancy Services;
- » Software as a Service;
- » Other income.

Licenses

Revenues from software licenses are recognized at once when the purchase agreement has been reached with the customer and the software has been shipped to the client. At that point:

- » A non-revocable agreement has been reached;
- » The delivery of the software has been made;
- » The fee is determinable;
- » The collection of the receivable outstanding is deemed probable by management.

Maintenance and Support

Maintenance subscriptions include relevant updates of TIE Kinetix products and (telephone) support. The related revenues are recognized over the contract period where services are provided.

Consultancy Services

While consultancy services are generally provided over a short period of time, the outcome of the transaction can be reliably estimated. Revenues are recognized in the period in which the service is provided on a percentage of completion. Revenue from fixed-price contracts for delivering design services is recognized by reference to the stage of completion of a transaction as a proportion of the total transaction (percentage of completion (POC) method), where the services performed on the balance sheet date can be reliably measured and the costs incurred for the transaction and the costs required to complete the transaction can be reliably estimated. Under the POC method, revenue is recognized based on the services performed to date as a percentage of the total estimated costs to meet the contractual obligations. This estimate is primarily based on the services/hours already performed/ booked in relation to the services/hours still to be performed/booked. If circumstances arise that may change the original estimates of extent of progress

toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Software as a Service (SaaS)

SaaS consists of webEDI, Managed Services, Value Added Network services, Content Syndication and E-Commerce. These services are generally provided on the basis of a 12, 24 or 36 month contract whereby fees are based on actual use of either the service or a subscription fee or a combination of both.

Other SaaS revenues consist of revenues from marketing campaigns, which are invoiced on a “pay as you go” basis. Revenues are accounted for on a percentage of completion.

Other Income

EU and other grants are accounted for under other incomes. EU and other grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. These EU and other grants are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate.

Deferred Revenues

Deferred Revenues consist of the unearned portion of revenues pertaining to maintenance and subscriptions as well as amounts invoiced in advance on software design, installation, and consultancy projects.

Direct Purchase Costs

Direct Purchase Costs represent the cost directly associated with revenue. This includes hosting costs, third party consultants, and costs of third-party software.

Employee Benefits and Expenses

Short term Employee Benefits

Short-term Employee Benefits entail salaries payable over past service, short-term compensated absences in which they are expected to occur within twelve months after the end of the period in which the employee renders the related service, profit sharing, or bonus arrangements. A liability is set up to the extent that amounts are due based on rendered services. WBSO (Wet Bevoording Speur- en

Ontwikkelingswerk) received as a grant on wage tax has been deducted upon the employee benefits expenses.

Termination Benefits

Termination Benefits are the result of the Company's decision to terminate an employee's employment before normal retirement date. Termination benefits are expensed immediately when the Company is demonstrably committed to terminate employment prior to normal retirement date. The termination benefits include all termination of employment related expenses.

Post-Employment Benefits

The Company operates with insured defined contribution pension plans in the Netherlands and Germany. Under the terms and conditions of this plan, the Company has no obligation towards the employees covered under the plan, other than to pay a fixed contribution. The contributions payable are recognized as an expense in income. To the extent that the paid amount exceeds the amount due for services rendered, an asset is recognized. Plan contributions payable to a third-party insurer are recognized as a liability.

TIE Kinetix France has an arrangement resulting in a retirement bonus, which qualifies as a post-employment arrangement under IFRS. While the present value of this retirement bonus liability is recognized on the face of the Statement of Financial Position, movements in this liability are accounted for in income. In the US, the Company staff participates in a corporate 401(k) savings plan with its discretionary contributions. These discretionary payments are recognized in income if and when they are paid into the plan.

Share Based Payments

In prior years, the Company has issued stock options under a Stock Option Plan to TIE Kinetix staff that entitles staff members to receive equity instruments it has issued. These Stock Options Plans are classified as Equity Settled Instruments. Stock Options granted under the annual Stock Options Plan have a vesting period of three years after issuance. Stock Options granted under another Stock Options Plan contain a vesting period amounting to one to three years. The expense resulting from the options is based on the fair value of the options at grant date. The expense is recognized in income, with the offsetting entry in Equity over the term in which the services are rendered, i.e. the vesting period of the options. The

expense reflects management's best estimate of the number of Stock Options expected to vest. Any considerations received net of any directly attributable transaction costs are accounted for in Equity upon exercise of the options. When a Stock Option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the Stock Option is recognized immediately. However, if a new Stock Option is awarded in substitution of the cancelled Stock Option, the substitution is treated as if it is a modification of the original. An additional expense is recognized to the extent the modification results in an increased fair value of the modified Stock Options, compared to the original ones.

In 2016 the Company has implemented a Performance Share Plan. Under this Plan, certain members of the TIE Kinetix Management Team may be awarded shares, based on achievement of performance conditions tied to the company's operational performance and achievement of strategic goals. Shares issued under the Performance Share Plan are subject to transfer restrictions.

Leases

Arrangements have been assessed to determine the extent in which the fulfillment is dependent on the use of a specific asset, and secondly, whether the arrangement conveyed the right of use of that specific asset. Arrangements satisfying both criteria have been classified Leases. Reassessment of these arrangements will take place under the following circumstances:

- » Change in the terms of the contract;
- » Exercise of a renewal option;
- » A change in determination of the arrangement;
- » An asset subject to the arrangement undergoes a substantial physical change.

To the extent that an arrangement contains, among other components, a lease, the lease element is accounted for separately from other components. Classified as operating leases are ones in which a significant portion of the risks and reward of ownership are retained by the lessor. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Earnings per Share

Basic Earnings per Share are calculated by dividing net income attributable to equity holders of TIE Kinetix after deduction of interest on Convertible Bonds, by the weighted average number of

outstanding shares. Diluted Earnings per Share take into effect the dilutive effect of convertible instruments and stock options upon exercise or conversion. The dilutive effect of these instruments equals the number of shares issuable under the terms and conditions of these arrangements for no consideration. Stock Options are considered non-dilutive when the exercise price of the Stock Options is in excess of the average market price of the shares during the period. Convertible Bonds are considered non-dilutive when the related interest net of tax and other changes to income and expense, per ordinary share obtainable upon conversion, exceed the basic earnings per share.

Post Balance Sheet Events

These financial statements include the effects of events occurring between balance sheet date and the date these financial statements are authorized for issue, to the extent that these events provide evidence of conditions that existed at the balance sheet date. While effects of events that arise post-balance sheet date are disclosed, they have not resulted in an adjustment of the financial statements.

Financial Risk Management

The Company's activities expose it to a variety of risks, including market (currency risk and interest rate risk), credit, and liquidity risks. Financial instruments are accounted for under Assets (Loans and Receivables) and Equity (Convertible Bonds). The Company neither holds nor issues financial instruments for trading or hedging purposes.

Fair Value

The Company does not hold any financial assets or liabilities accounted for at fair value through the profit and loss. Fair values disclosed are calculated based upon current interest rates, taking into account the terms and conditions of the financial asset or liability. In most cases, fair values will equal the carrying value of the item.

Derecognition of Financial Assets

All items derecognized during this financial year have been taken from the face of the balance sheet if and when substantially all risks and rewards of ownership have been transferred.

Reclassification of Financial Assets

No Reclassification of Financial Assets has been

applied in 2016 (nor in 2015).

Currency Risk

The Company operates across the globe in various currency environments and is exposed to foreign exchange risks, mainly with respect to the US dollar. To minimize the exposure, it is the intention to balance assets and liabilities in foreign currencies as much as possible. The local balance sheet contains no foreign currency other than the functional currency of the entity. Currency effect arising during the year are directly accounted for in the Consolidated Statement of (Comprehensive) Income, limiting the exposure for currency risk per balance sheet (IFRS 7.35 and 42).

Reference rates include 1.1181 (2015: 1.1222) for the year-end closing rate, USD against the Euro. For net income, the average rate of USD against the Euro was 1.1121 (2015: 1.1423).

Management has provided an analysis of the effects of multiple scenarios, all within a range that may be considered likely to occur, rather than limiting the analysis to a single scenario.

Credit Risk

The Company has assessed its credit risk. The Company has no significant concentrations of credit risk. The Top 100 customers account to 68% (2015: 69%) of total revenue, while no individual customers accounts to more than 8.3% (2015: 7.4%). The Company serves a number of verticals like Business Services, Industry & Home Improvement, Telecom, Insurance, Food Industry & Food Retail, Non Food, Consumer Electronics, Transport & Logistics, Office Supplies, Automotive, Medical and Others mitigating the risk of being dependent from one sector.

Management has policies in place to ensure that sales of products are made to customers with an appropriate credit history. In the event of collectability issues, the Company takes an impairment charge to cover the potential loss. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, based on actually incurred historical data the remaining receivables are assessed for impairment collectively.

The maximum risk is the outstanding balance of Loans and Trade Receivables, for details see page 89. The Top 10 outstanding debtors amount to 47% (2015: 49%) of the outstanding receivables. Credit Risks form balances with banks relates to the risk that certain

financial covenants are not met, which could trigger early termination resulting in redemption of the loan. Outstanding bank balances are recorded against their carrying amount. The Company has no derivative financial instruments in use.

Liquidity Risk

In the past, the Company experienced from time to time temporary cash flow shortages, caused by incidental events such as the EU damages or occasionally caused by seasonal effects such as increased debtor balances. In the past, such cash flow shortages have been resolved either through issuing additional shares, or the conversion of financial instruments (bonds or warrants) to fund working capital. Due to the fact that the Company SaaS business is growing, the Company is becoming less sensitive to cash flow seasonality. However, with

the expansion of our business the Company also engaged in contracts with commercially dominant counterparts with who occasionally extended payment terms have been agreed. These payment terms put a strain on working capital balances. The company has a working capital facility in place for working capital purposes. The Company's current liabilities consist for a substantial part out of deferred revenue, limiting the Liquidity Risk that may exist.

The remaining liquidity risk of the Company originating from financial instruments is limited. Management regularly assesses the outstanding debt position as well as the outstanding equity instruments. It also evaluates funding opportunities, like issuing new shares and/or Convertible Bonds and obtaining a new credit facility, further limiting the liquidity risk.

Summary of financial liabilities (including long term liabilities) based on contractual undiscounted payments per year-end 2016 and 2015:

Summary of Financial Liabilities	Short term		Long term		Total 2016
	> 0 months < 3 months	> 3 months < 12 months	> 1 year < 5 years	> 5 years	
Loans/Long term Debt	40	42	-	-	82
Bank overdraft	-	-	-	-	-
Trade Creditors	553	273	-	-	826
Other Payables	334	1,001	-	-	1,335
Total	927	1,316	-	-	2,243

Summary of Financial Liabilities	Short term		Long term		Total 2015
	> 0 months < 3 months	> 3 months < 12 months	> 1 year < 5 years	> 5 years	
Loans	189	370	1,165	-	1,724
Bank overdraft	173	519	-	-	692
Trade Creditors	785	386	-	-	1,171
Other Payables	432	1,298	-	-	1,730
Total	1,579	2,573	1,165	-	5,317

In 2016, the company redeemed non-current liabilities, comprising of long term debts due to TFAG and credit institutions, from € 1,165k (September 30, 2015) to € 9k (September 30, 2016). In the same period current liabilities, short term debt and bank overdrafts, were redeemed from € 1,552k to € 34k.

Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The exposure of the Company to this risk is limited to the financial instruments with RABO Bank (EURIBOR based). Due to the nature of the financial instruments as well as the fact that assets are held to maturity the Convertible Bonds are expected to be converted into common shares, either on or prior to maturity date. The Convertible Bonds outstanding at

2016 year-end are non-interest bearing. Management regularly assesses the outstanding debt position and evaluates funding opportunities.

At 2016 year-end, the Company held € 34k (2015: € 559k) short term (interest bearing) debt, resulting from the acquisitions of Light (bearing interest at 6.5%). The remaining payments of the settlement of the Samar claim are included under current liabilities (€ 72,912).

Business Combinations

Acquisitions 2016

No acquisitions have been made in 2016.

The impact of a variable interest rate on the liabilities are as follows:

Liability	Interest rate	Outstanding 30-9-2016	+10 basis points	-10 basis points
Rabobank	RABO BASE + 500bps	-	0	0
TF AG	EURIBOR + 300 bps	-	0	0
DZ Bank	EURIBOR + 275 bps	-	0	0

With the introduction of FLOW, the company has re-assessed the useful life of the trademark CSP (from indefinite to 7 years) and amortizes this Intangible Asset accordingly. This asset was transferred from the category trademark to software development costs. Other movements consist of Foreign Currency movements for the North American CGU and TIE Ascention in Switzerland.

The movement of the software development costs predominantly consists of the year's capitalized-developed software, the depreciation thereupon and disposal of fully amortized (and impaired) software that is not in use anymore.

Impairments

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 revenue, 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 US | » TIE E-Commerce |
| » TIE France | » TIE Germany | » 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%.

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 of any cash generating units may be impaired.

Headroom considerations

With respect to TIE Kinetix Germany GmbH management assessed the following. The former owner TFAG committed to a revenue guarantee expiring at December 31st 2015. In the succeeding periods actual revenue developed at lower levels. Management conducted impairment testing as at September 30, 2016 taking into account actual business performance and the best estimate planned performance. As in prior years we have used a discounted cash flow model to determine the value in use, based on 12% WACC and a 10 years horizon. Based on the chosen assumptions, management assessed that for the cash generating unit TIE Kinetix Germany the Value in Use [IAS 36.30-57] exceeds Carrying Value [IAS 36.8-9], and that currently available headroom for the cash generating unit TIE Kinetix Germany remains limited as at September 30, 2016. New impairment testing will be conducted at September 30, 2017, or earlier upon the occurrence of a triggering event.

With respect to TIE MamboFive BV management has assessed the following. TIE MamboFive' major customer is T-Mobile Netherlands, for who various Webshops and portals have been successfully developed, and are being serviced and maintained to the customer's full satisfaction. The contract with T-Mobile formally terminates at February 2017. At the request of T-Mobile, parties are currently engaged in negotiation for the extension of contract. Management has conducted impairment testing as at September 30, 2016 based on the assumption that the T-Mobile contract can be extended with terms and conditions generating sufficient headroom of the Value in Use [IAS 36.30-57] over Carrying Value [IAS 36.8-9]. New impairment testing will be conducted at September 30, 2017, or earlier upon the occurrence of a triggering event.

Allocation of the carrying value of the Intangible Fixed Assets tested to the CGU's and segments for impairment per September 30, 2016 and comparative number per September 30, 2015 are as follows:

CGU	NL+Int	France	US	DACH	E-com- merce	Prod. Dev.	Total 2016
Goodwill	594	153	473	2,282	1,046	-	4,549
Trademarks	-	-	-	-	-	743	743
Customer Base	24	-	-	134	119	-	277
Software Development Costs	-	-	162	-	-	1,858	2,020
Purchased Software	329	1	13	-	-	-	343
Total	946	155	648	2,416	1,165	2,601	7,931

CGU	NL+Int	France	US	DACH	E-com- merce	Prod. Dev.	Total 2015
Goodwill	594	153	472	2,282	1,046	-	4,547
Trademarks	-	-	-	-	-	800	800
Customer Base	35	-	-	194	208	-	437
Software Development Costs	-	-	351	-	-	921	1,272
Purchased Software	352	-	13	5	-	-	370
Total	981	153	836	2,481	1,254	1,721	7,426

As in previous years impairment test was based on a discounted cash flow model to determine the value in use. In 2007, the goodwill and trademark for the Netherlands were fully impaired. For 2012 and 2011, the recoverable amount of a CGU was determined based on value in use calculation. The impairment of the CSP concept is now fully reversed. For further details regarding the assumptions see below. In 2013 the goodwill of Ascention and the value of Ascention's product Revolution were fully impaired.

For all Cash Generating Units modest annual growth rates have been applied (varying between 0-15% for all operations) in line with our multi-year planning assumptions and based on market estimates of external advisory firms. These growth rates are used to extrapolate cash flow beyond budget 2017, as approved by the Management Board and Supervisory Board and the following nine years. After ten years no residual value is taken into account. A discount rate of 12% before tax has been used;

Growth Rate Estimates: Growth rates are based on published industry research and management's assessment of how the CGU develops in the forecast period. The growth rate applied varies per CGU, which varies in the range of 0% upto 15%. **Residual Value:** Our discounted cash flow calculation showed no residual value after 10 years; adding additional years to the cash flow calculation have limited effect under the applied discount rate and the residual value becomes less predictable. **Discount Rate:** The discount rate is based on the WACC and reflects the current market assessment of the risks specific to each CGU. The discount rate used was estimated on the weighted average costs of capital for shareholders' equity and loan capital. The cost structure of shareholder's capital is determined on the basis of the interest rate adjusted for cyclical and market risks. The rate of loan capital is determined on the basis of an interest rate for long term state loans for business risks and also adjusted due by a reasonable risk premium for SME's. The assumptions have been used for the analysis of each CGU within the operating segment for Intangible assets and Goodwill as well as over the total Company.

Sensitivity analysis

With regard to the assessment of the recoverable amount of each CGU and the total Company, management believes that reasonably possible change in any of the above key assumptions could cause changes to the results of the executed impairment test. For sensitivity analyses on the impairment see above.

2) Tangible Fixed Assets

Property, Plant and Equipment

Movements in Property, Plant and Equipment are shown below:

Tangible Fixed Assets	Fixtures & Fittings	Hardware	Total
Accumulated Investments per September 30, 2014	494	693	1,187
Accumulated Amortization per September 30, 2014	(176)	(399)	(575)
Accumulated Impairments per September 30, 2014	(7)	(9)	(16)
Carrying value as per September 30, 2014	311	285	596
Movements 2015			
Additions	108	58	166
Depreciation per Statement of (Comprehensive) Income	(76)	(161)	(237)
Disposals	-	(6)	(6)
Amortization on Disposals	-	6	6
Translation Adjustments Investments	15	22	37
Translation Adjustments Depreciation	(10)	(19)	(29)
Carrying value as per September 30, 2015	348	185	533
Accumulated Investments per September 30, 2015	617	767	1,384
Accumulated Amortization per September 30, 2015	(262)	(573)	(835)
Accumulated Impairments per September 30, 2015	(7)	(9)	(16)
Carrying value as per September 30, 2015	348	185	533
Movements 2016			
Additions	12	104	116
Depreciation per Statement of (Comprehensive) Income	(87)	(201)	(288)
Disposals	(18)	(15)	(33)
Amortization on Disposals	10	6	16
Impaired value on Disposals	8	9	17
Impairments	-	-	-
Translation Adjustments Investments	-	1	1
Translation Adjustments Depreciation	-	-	-
Carrying value as per September 30, 2016	273	89	362
Accumulated Investments per September 30, 2016	611	857	1,468
Accumulated Amortization per September 30, 2016	(339)	(768)	(1,107)
Accumulated Impairments per September 30, 2016	1	-	1
Carrying value as per September 30, 2016	273	89	362
Useful life	4 to 10 years	3 years	

At balance sheet date there are no restrictions on title. No items of Property Plant and Equipment have been pledged as security against liabilities. The fair value of the Property, Plant and Equipment is deemed to be a close approximation of the carrying value. The investments in Fixtures & Fittings predominantly relate to Leasehold and Office Equipment in the US; while Hardware relate to new computer equipment in all territories. The translation adjustment on Investments and Depreciation predominantly results from the fluctuation of the US Dollar.

3) Financial Assets

Deferred Taxes

Deferred Taxes	Balance as of October 1,	2016	2015
From US operations		694	1,168
From Dutch operations		-	0
	Balance as at September 30,	694	1,168

The deferred tax and movements thereupon are discussed below.

United States

The carrying value of the Deferred Tax Asset in the US amounts to € 694k (\$ 775k) in the US (2015: € 1,168k or \$ 1,310k). The Deferred Tax Asset in the US pertains in full to the activities of the Company in the United States and represents temporary differences and tax losses carried forward to the extent management expects to recover these items from probable future taxable income. The recognized deferred tax asset represents the full amount of tax losses carried forward; management assessed the good historical track record and stability of the business going forward with sizeable portion recurring revenue and margins, and considers strong likelihood of utilizing the tax loss carry forward position. A summary of the detailed breakdown of movements in the deferred tax amount is provided below:

Temporary Differences (Asset)	2016	2015
Deferred Revenue	1,308	1,314
Accrued vacation days	152	157
Bad debt impairments	-	24
R&D capitalization	108	-
Depreciation of fixed assets	48	46
Rent	35	-
AMT credits	44	-
Total Temporary Differences (Asset)	1,695	1,541
Temporary Differences (Liability)	2016	2015
Goodwill	(473)	(472)
R&D capitalization	-	(83)
Total Temporary Differences (Liability)	(473)	(555)
Total Temporary Differences (Net position)	1,222	986
Net deferred Tax Asset	2016	2015
Deferred Tax Asset at 40% on temporary differences	483	398
Deferred Tax Asset at 40% on loss carry forward	211	770
Net deferred Tax Asset	694	1,168

Movements	2016	2015
Balance as at October 1,	1,168	1,344
Credited/(Debited) to Income on temporary differences	84	(63)
Credited/(Debited) to Income on loss carry forward	(561)	(279)
Net Currency Translation Effect	3	166
Balance as at September 30,	694	1,168

The amount debited to income pertains to the temporary differences € 84k and carry forward of tax losses (€ 561k) detailed above. The principle item included in the temporary difference is the tax pertaining to the change in the temporary difference between the carrying value and the tax base of the Goodwill and deferred revenues. In addition to the temporary differences, there is a fully recognised Loss Carry Forward in the US amounting to € 632k (\$ 707k). Based on the current tax legislation in the United States, the federal loss carry forward potential has a remaining life of between 11 to 20 years, starting with the losses incurred in 2005.

The Netherlands

In the Netherlands, the available but substantially unrecognized loss carry forward totals € 9,075k (2015: € 10,818k), which is available to offset future taxable income for a maximum period of 9 years. The total amount that lapsed in FY 2016 amounts to € 1,6 mln. The carrying value of the Deferred Tax Asset in the Netherlands amounts to € 0k (2015: € 0k). Management has decided not to recognize the carrying value of the Netherlands Deferred Tax Asset because of low track record of cash flow against plan realization, including the currently uncertain outcome of how the EC is handling the EU claim.

In previous years no deferred tax liability was recognized for temporary fiscal differences in the Netherlands, because of the availability of sufficient unrecognized carry forward losses to compensate. In 2015 it was decided to adjust this and disclose the deferred amounts separately. A Deferred Tax Liability has been created for temporary differences in the Netherlands amounting to € 267k (2015: € 251k) resulting from Goodwill CSP and Trademark CSP. Comparative figures are adjusted for this purpose as well. Based on IAS 12.34 and in view of the available tax loss carry forward position a Deferred Tax Asset has been created for the same amount as it is expected that the temporary fiscal differences will be settled in the same period that unrecognised tax losses are available. Both amounts are offset against each other and therefore the net impact of this adjustment is nil.

Net deferred Tax Asset	2016	2015
Deferred Tax Asset at 20/25% on temporary differences	(267)	(251)
Deferred Tax Asset at 20/25% on loss carry forward	267	251
Net deferred Tax Asset	-	-

Temporary Differences	2016	2015
Goodwill	(594)	(534)
Trade Mark	(743)	(720)
Total Temporary Differences (Asset)	(1,337)	(1,254)

Total deferred tax liability for Temporary Differences at 20/25%	(267)	(251)
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Notes to the Consolidated Statement of Financial Position

Movements	2016	2015
Balance as of October 1,	-	347
Charged to Income from loss carry forward	-	(347)
Balance as at September 30,	-	-

Loans and Receivables

Loans and Receivables	2016	2015
Balance as of October 1,	895	196
Movement from short term receivables	63	797
Movement to short term receivables	(509)	(98)
Balance as at September 30,	449	895

The opening balance relates to the acquisition of TIE Light (previously Light) and prepaid amounts to suppliers (resulting from SaaS sales to customers for the part > 1 year). The movement relates to the movement in supplier prepayments.

4) Current Assets

Trade Receivables and Other Receivables

Trade Receivables and Other Receivables	2016	2015
Trade Receivables	2,893	3,600
Less: Valuation Allowance	(61)	(389)
Trade debtors net of valuation allowance	2,833	3,211
Income Tax Receivable	34	8
Taxation and social security prepaid	57	90
Security Deposits	86	86
Subsidized Projects	159	76
Projects to be Invoiced (WIP)	376	466
Employees	6	-
Prepayments	1,234	1,200
Other Receivables and Prepayments	1,861	1,828
Total	4,785	5,137

Trade Receivables

The following table reflects the gross outstanding Trade Receivable balance as of September 30, broken down into 1) balances that have not passed their due dates and 2) balances that have passed their due dates. The latter category is further broken down into categories detailing the extent to which they have passed their due dates. The “less than 30 day” outstanding category represents receivables that have not yet passed their respective due dates and are not impaired.

Trade Receivables by region	Less than 30 days	Past due not impaired			Total 2016
		31 to 61 days	61 to 90 days	In excess of 90 days	
The Netherlands	1,096	15	2	57	1,171
North America	736	208	82	32	1,058
France	145	10	12	41	208
DACH	378	74	-	3	456
Total	2,355	308	96	134	2,893

Trade Receivables by region	Less than 30 days	Past due not impaired			Total 2015
		31 to 61 days	61 to 90 days	In excess of 90 days	
The Netherlands + International	644	259	57	40	1,000
North America	582	198	48	13	841
France	130	6	33	80	249
DACH	1,313	119	1	77	1,510
Total	2,669	582	139	210	3,600

Trade receivables from Tie Kinetix Nederland BV, TIE MamboFive BV and TIE International BV are pledged to RABO Bank as collateral for a working capital facility provided by RABO Bank.

The fair value of Trade Debtors amounts to € 2,893k (2015: € 3,600k).

Details on the movements in the provision for doubtful debt (excluding recoverable VAT) are found below:

Movements in the provision of doubtful debt	Individually Impaired	Collectively Impaired	Total
Balance as at September 30, 2014	25	44	69
Charge for the year	353	41	394
Utilised	(2)	(67)	(69)
Unused amounts reversed	(7)	-	(7)
Currency exchange rate differences	-	2	2
Balance as at September 30, 2015	369	20	389
Charge for the year	5	-	5
Utilised	-	-	-
Unused amounts reversed	(314)	(20)	(334)
Currency exchange rate differences	-	-	-
Balance as at September 30, 2016	60	-	60

The unused amounts reversed relates to revenue generated under the Tommorrow Focus revenue guarantee and was offset following a settlement agreement.

Other Receivables and Prepaid Expenses

Other Receivables predominantly consist of security deposits for rental agreements. Subsidized projects consist of EU projects completed and awaiting final approval and settlement. Projects to be invoiced relate to work that has been performed, but not yet invoiced. Prepayments include short term prepaid amount to suppliers (resulting from SaaS sales to customers < 1 year) prepaid rent, car lease, and insurance premiums.

Cash and Cash Equivalents

Under this heading, the company only includes cash at banks, potentially short term deposits, and payments in transfer. The reported cash balance was available at balance sheet date; there were no restrictions with respect to availability.

The Fair Value of Cash and Cash Equivalents approximate the nominal value of these items.

5) Equity

Shareholders' Equity

Management policy with respect to managing Capital, consisting of all components of Equity, including the Convertible Bonds, is to maintain a positive Equity, while limiting funding through Debt as much as possible due to the liquidity risks attached to Debt. This implies that Business Combinations, Investments and Operations are funded primarily by issuing Equity Instruments, also in the event of a cash component payable arising from a Business Combination.

Share Capital

The company's authorized share capital amounts to € 500k (2015: € 500k), consisting of 5 million ordinary shares with a nominal value of € 0.10 each. In 2016 in total 365,327 shares have been issued, bringing the total number of issued shares to 1.592.704 as at September 30, 2016. Shareholders' Equity amounts to € 7,125k (or € 4.47 per share) on September 30, 2016 (2015: € 4,308k, or € 3.51 per share).

The movements in the number of Common Shares outstanding can be summarized as follows:

(number of shares)	2016	2015
Balance as of October 1,	1,227,377	1,127,377
Issued	365,327	100,000
Balance as at September 30,	1,592,704	1,227,377
In € (x 1,000)	159	123

Details on movements in Issued Capital in nominal values and Share Premium Account are found below:

(€ x 1,000)	Share Capital		Share Premium Account	
	2016	2015	2016	2015
Balance as of October 1,	123	7,892	58,308	50,150
Transfer to Share Premium	-	(8,469)	-	8,469
Issue of new shares	36	700	2,425	-
Other Movements	-	-	297	(311)
Balance as at September 30,	159	123	61,030	58,308

In 2015, an amount of € 8,469k was transferred from Share Capital to the Share Premium account as a result of Capital reduction. The other movement predominantly results from the fact that the Company and a guarantor have agreed to a guarantee fee of € 300k payable in shares. The shares for the guarantee fee were issued in 2016, whereas the liability for the guarantee fee was recorded in 2015.

Equity Settled Share Based Payments

Annual Stock Options Plan

The Stock Options granted under the Annual Stock Options Plan have a three-year vesting period and a subsequent exercise period of 7 years. Staff members leaving the Company within the vesting period lose their Stock Options. During 2016, no new Stock Options have been issued under the Annual Stock Option Plan. The weighted remaining average lifetime of all Stock Options is 2.81 years (2015: 3.44 years).

Movements in the number of Stock Options to staff members and management of the Company:

Movement of Stock Options	Excercise Price	2016	Excercise Price	2015
Options outstanding as of October 1,	15.48	80,877	18.34	102,611
Options lapsed	33.00	(5,499)	37.41	(10,271)
Transferred to 3rd party	10.00	(6,500)	21.60	(7,937)
Options forfeited	18.35	(4,676)	23.23	(3,526)
Option outstanding at September 30,	17.66	64,202	15.48	80,877

Movement of Warrants	Excercise Price	2016	Excercise Price	2015
Warrants outstanding as of October 1,	7.00	388,846	7.00	388,846
Warrants converted during the year	7.00	(50,000)	-	-
Warrants outstanding at September 30,	7.00	338,846	7.00	388,846

For the acquisition of TFT in 2013, 388,846 warrants have been issued on December 2nd 2013. Each warrant entitles to holder to purchase a newly issued TIE Kinetix share at a share price of € 7.00 until December 2, 2023. In 2016, 50,000 warrants have been exercised against the issue of new shares at a share price of € 7,00 each. Total transaction amounted € 350,000 in cash.

Balance of Stock Option fair value (in Euro) at issue to be expensed:

Fair Value of Stock Options	2016	2015
Balance as of October 1,	4,631	17,628
Expense for the year	(4,631)	(12,997)
Balance at September 30,	-	4,631

The aforementioned balance reflects the future expense of outstanding Stock Options at balance sheet date, based on management's current best estimate of the number of Stock Options that will actually vest. This balance is not reflected on the face of the Statement of Financial Position. A Black & Scholes model was used to calculate the fair value of the Stock Option plans. Our model applies, amongst other volatility metric used and a risk free interest rate. The expected volatility is based on the historical share price over the past 5 years.

Stock Options outstanding to staff members and management of the Company, as per September 30, 2016, are detailed as follows:

2016	Issue Date	Options Granted	Converted	Moved to 3rd party	Lapsed	Forfeiture	Out-standing Options	Weighted average exercise price	Maturity Date
2007 Management Board	Sep 30, 2007	2,182	-	-	-	1,333	848	€ 26.00	Oct 01, 2017
2009 Management Board	Mar 11, 2009	7,500	-	-	-	-	7,500	€ 10.00	Mar 11, 2019
2010 Management Board	Mar 10, 2010	7,500	-	-	-	-	7,500	€ 19.10	Mar 10, 2020
2010 Management Board	Aug 31, 2010	300	-	-	-	-	300	€ 10.00	Aug 31, 2020
2013 Management Board	Mar 13, 2013	5,000	-	-	-	-	5,000	€ 10.00	Mar 13, 2023
Sub Total Management Board		22,482	-	-	-	1,333	21,148		
2006	Sep 30, 2006	12,495	-	-	5,499	6,996	-	€ 33.00	Oct 01, 2016
2007	Sep 30, 2007	10,394	-	-	-	6,096	4,298	€ 26.00	Oct 01, 2017
2008	Jun 03, 2008	18,500	-	5,500	-	5,000	8,000	€ 10.00	Jun 03, 2018
2008	Sep 30, 2008	15,550	-	-	-	6,745	8,805	€ 10.00	Sep 30, 2018
2009	Feb 24, 2009	27,500	8,000	10,000	-	310	9,190	€ 10.00	Feb 24, 2019
2009	Jun 01, 2009	1,000	-	-	-	-	1,000	€ 17.00	Jun 01, 2019
2009	Aug 04, 2009	4,500	-	-	-	-	4,500	€ 18.00	Aug 04, 2019
2010	Jan 05, 2010	16,215	-	-	-	8,954	7,261	€ 21.60	Jan 05, 2020
Sub Total personnel		106,153	8,000	15,500	5,499	34,101	43,053		
Total Sep 30, 2016		128,635	8,000	15,500	5,499	35,434	64,202		

During the 2016 no (2015: no) Stock Options have been awarded to staff members of Members of the Executive Board. In 2016 no options have been exercised. The Stock Options from managers, who left the Company, that were issued in relation to credit facilities offered to the Company, have been classified as Stock Options held by Third Party Investors.

Stock Options held by Third Party Investors

Stock Options outstanding with non-staff members as per September 30, 2016:

Stock Options Third Party Investors	Issue Date	Options Granted	Exercise Price	Maturity date
Third Party Investors	June 3, 2008	10,500	€ 10.00	June 3, 2018
Third Party Investors	February 24, 2009	10,000	€ 10.00	February 24, 2019
Third Party Investors	June 19, 2009	250	€ 18.00	June 19, 2019
Third Party Investors	August 31, 2010	3,400	€ 10.00	August 31, 2020
Third Party Investors	December 27, 2010	7,937	€ 12.60	December 27, 2020
Total		32,087		

The outstanding non-staff member Stock Options were issued in relation to credit facilities offered to the Company by the various lenders. It is the Company's policy and intention to issue new shares upon exercise of these Stock Options. Outstanding non-staff member Stock Options do not have vesting periods, but rather contain a one-year lock-up period and no requirement to be expensed. Considerations received for these Gross Equity Settled Instruments at issue were credited to equity. The movement during FY 2016 is explained under Annual Stock Option Plan above.

Convertible Bonds

Convertible Bonds issued by the Company have been classified as Equity, based on the fact that under the terms and conditions of these bonds, there is evidence of a residual interest in the Company's assets after deducting all of its liabilities. The conversion rates are fixed, and all Convertible Bonds are non-interest bearing. Distributions to holders of Equity Instruments are recognized directly in equity net of tax. There were no movements to report in 2016. In 2016 no Convertible Bonds were issued.

The Balance outstanding as of September 30, 2016 consists of the following Convertible Bonds: were no movements.

Convertible Bonds	Issue date	Maturity date	Conversion rate in €	(€ x 1,000) 2016	(€ x 1,000) 2015
Related Party	August 4, 2009	August 4, 2019	€ 18.00	40	40
Sub Total Related Party				40	40
Third Party Investors	June 19, 2009	June 19, 2019	€ 18.00	5	5
Sub Total Third Party Investors				5	5
Total Convertible Bonds				45	45

6) Non Current Liabilities

Long Term Liabilities	2016	2015
Loans/Long term Debt	8	1,165
Deferred Revenue	562	886
Deferred Tax Liability	60	80
Contingent Consideration	55	55
Pension Provisions	110	91
Other Provisions	404	401
Total Long Term Liabilities	1,199	2,678

Movement of Loans/Long term Debt	2016	2015
Balance as of October 1,	1,165	1,527
Settlement, non cash*	(600)	-
Repayments	(450)	-
Obtained in 2015	-	72
To Short Term Loan	(107)	(434)
Balance as at September 30	8	1,165

*Settlement TFAG

The Loans relates to the acquisition of Light and TFT and the settlement of the Samar claim. In 2016, the company redeemed non-current liabilities from € 1,165k (September 30, 2015) to € 9k (September 30, 2016).

Movement of Deferred Revenue	2016	2015
Balance as of October 1,	886	480
From Current Liabilities	(324)	406
Balance as at September 30	562	886

Deferred Revenue represents the long term part of the unearned portion of revenues earned and invoiced for contract lasting over 12 months.

The deferred tax liability is discussed on page 97.

Movement of Contingent Consideration	2016	2015
Balance as of October 1,	55	56
From Current Liabilities	-	(1)
Balance as at September 30	55	55

The Contingent Consideration relates to the acquisition of Light BV.

Movement of Pension Provisions	2016	2015
Balance as of October 1,	91	76
Charged to income	19	15
Balance as at September 30	110	91

The pension provision relates to a retirement provision in France (€ 38k) and in Germany (€ 72k) as discussed on page 78.

Movement of Other Provisions	2016	2015
Balance as of October 1,	401	20
To Short Term Liabilities	-	-
From Short Term Liabilities	3	381
Balance as at September 30	404	401

The other provision relates to the EC claim.

7) Current Liabilities

Provisions

Movement of Provisions	2016	2015
Balance as of October 1,	29	-
Charged to income	-	29
To short term provisions	(29)	-
Balance as at September 30	-	29

Short Term Debt

Short Term Debt	2016	2015
Balance as of October 1	860	464
Loans obtained	-	125
Obligation to Shareholder	-	300
Redeemed	(326)	(463)
Settlement, non cash *	(500)	-
From Long Term Loan	-	434
Balance as at September 30	34	860

* Settlement TFAG, & obligation to share holder

The short term debt related to the debts from Light, TFT and the short term amount resulting from the settlement of the Samar Claim. In 2016 current liabilities, short term debt was redeemed from € 860k to € 34k, including the effect of the settlement of the revenue guarantee against short term debt with Tomorrow Focus amounting to € 500k.

Deferred Revenue

Deferred Revenue represents the unearned portion of revenues earned over a specific period.

The maintenance and support agreement entitles the user to support and updates of the software. These maintenance contracts are deferred (100%) and recognized over the related contract period, usually 12 months. Consulting fees are recognized upon the performance based on the completion method. The deferred revenue is the difference between the amount invoiced and revenue recognized. In the event of overspending, the outstanding amount is expensed through the Comprehensive Statement of Income. SaaS contracts consist of a subscription fee, which is deferred and recognized over the related contract period, for a maximum of 12 months.

Taxation and Social Security

The Taxation and Social Security balance are detailed as follows:

Taxation and Social Security	2016	2015
Payroll Tax	150	136
Social Security Contributions	104	101
VAT/Sales tax US	334	331
Income Tax payable	284	175
Total	872	743

Other Payables and Accruals

Other Payables and Accruals	2016	2015
EC and other Grants	135	187
Accrued Expenses	1,518	1,548
Other Accruals and Payables	664	367
Pension Premiums	2	17
Supervisory Board Compensation	14	19
Total	2,333	2,138

Other Payables and Accruals include accrual for holiday allowance, holiday days not taken, pension accrual, prefunded amounts received on EU projects and accrued expenses.

Deferred tax Liabilities

The carrying value of the Deferred Tax Liability in Germany amounts to € 42k (2015: € 62k) and in the Netherlands (through TIE Light) amounts to € 18k (2015: € 18k).

Deferred tax liability	Netherlands	TIE Light	DACH	Total
Carrying value as per September 30, 2014	-	18	113	131
Movements 2015				
Additions	-	-	-	-
Release to Statement of (Comprehensive) Income on impairment	-	-	(25)	(25)
Release to Statement of (Comprehensive) Income on amortisation	-	-	(26)	(26)
Carrying value as per September 30, 2015	-	18	62	80
Movements 2016				
Additions	-	-	-	-
Release to Statement of (Comprehensive) Income on impairment	-	-	-	-
Release to Statement of (Comprehensive) Income on amortisation	-	-	(20)	(20)
Carrying value as per September 30, 2016	-	18	42	60

Notes to the Consolidated Statement of Comprehensive Income

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Segment Information

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.

In € x 1,000	Integration		E-Commerce		Analytics & Optimization		Demand Generation	
	2016	2015	2016	2015	2016	2015	2016	2015
Licenses and hardware	899	795	-	-	-	-	7	9
Maintenance and support	2,988	3,002	-	15	-	-	-	2
Consultancy and Implementation	2,591	2,068	863	1,197	1,609	2,253	763	1,379
Software as a service	4,637	3,675	921	1,933	1,184	725	3,083	2,847
Other income and intercompany	42	264	257	72	487	356	522	329
Total Revenue	11,157	9,804	2,041	3,217	3,280	3,334	4,375	4,566
Total cost of sales	(3,629)	(3,426)	(857)	(2,077)	(2,727)	(1,855)	(2,619)	(3,258)
Gross margin	7,529	6,378	1,185	1,140	553	1,479	1,757	1,308

In € x 1,000	Total Operations incl. eliminations		EU projects		Total	
	2016	2015	2016	2015	2016	2015
Licenses and hardware	906	804	-	-	906	804
Maintenance and support	2,988	3,019	-	-	2,988	3,019
Consultancy and Implementation	5,794	6,897	-	-	5,794	6,897
Software as a service	9,818	9,180	-	-	9,818	9,180
Other income and intercompany	192	498	552	1,865	743	2,363
Total Revenue	19,699	20,398	552	1,865	20,250	22,263
Total cost of sales	(8,751)	(9,959)	(765)	(1,606)	(9,515)	(11,565)
Gross margin	10,948	10,439	(213)	259	10,736	10,698
Employee Benefits	(5,298)	(5,069)	(250)	-	(5,548)	(5,069)
Other operating expenses	(2,673)	(3,335)	(425)	(435)	(3,099)	(3,770)
Total Operating expenses	(7,971)	(8,404)	(675)	(435)	(8,647)	(8,839)
EBITDA (excl. one-time expenses)	2,977	2,034	(888)	(176)	2,089	1,859
One-time expenses	(22)	(672)	-	(1,321)	(22)	(1,993)
EBITDA	2,955	1,363	(889)	(1,496)	2,066	(134)
Depreciation and amortization	(1,280)	(1,171)	(1)	(1)	(1,280)	(1,172)
Impairment	-	(84)	-	-	-	(84)
EBIT	1,676	108	(890)	(1,497)	786	(1,390)

Segment items included in the Segment Statement of Financial Position as of September 30, 2016 or further details of items in the segment Statement of Income account are:

Revenues	Netherlands incl. International	TIE MamboFive	North America	France	DACH	Product Develop- ment	Holding and Eli- minations	Total
Licenses	146	-	634	13	113	-	-	906
Maintenance and Support	628	23	2,064	162	112	-	-	2,988
Consultancy	1,248	884	1,295	313	2,055	-	-	5,794
Software as a Service	2,727	951	2,831	717	2,593	-	-	9,818
Revenues	4,749	1,858	6,824	1,204	4,872	-	-	19,507
EU Projects	553	(1)	-	-	-	-	-	552
Onetime income	31	33	572	3	796	542	(1,785)	192
Revenue	5,333	1,890	7,396	1,208	5,668	542	(1,785)	20,250
Third Party Hire	(136)	(104)	(225)	(1)	(259)	(5)	-	(730)
Direct Employee Costs	(981)	(431)	(1,972)	(277)	(1,705)	-	(64)	(5,430)
Other Direct Purchase Costs	(1,622)	(409)	(848)	(312)	(1,712)	(257)	1,803	(3,356)
Income Net of Direct Purchase Costs	2,595	945	4,350	619	1,991	280	(46)	10,734
Operating Expenses								
Employee Benefits	(1,161)	(95)	(796)	(538)	(1,088)	(43)	(2,103)	(5,823)
Onetime expenses	(22)	-	-	-	-	-	-	(22)
Other Operating Expenses	(1,505)	(503)	(1,714)	(217)	(612)	(544)	2,273	(2,822)
Total Operating expenses	(2,688)	(599)	(2,510)	(755)	(1,699)	(586)	170	(8,668)
EBITDA	(94)	347	1,840	(136)	292	(306)	124	2,066
Assets								
Intangible Fixed Assets	617	119	648	1	2,417	2,601	1,528	7,931
Tangible Fixed Assets	7	4	92	8	29	-	222	362
Financial Assets (deferred tax) & Loans	218	55	694	-	176	-	-	1,143
Current Assets	1,438	713	1,607	413	1,374	720	406	6,672
Total Assets	2,280	891	3,040	422	3,996	3,321	2,157	16,108
Liabilities								
Non Current Liabilities	684	26	29	38	366	-	55	1,199
Current Liabilities	2,094	715	(3,688)	461	1,776	9,591	(3,508)	7,741
Total Liabilities	3,078	741	(3,658)	499	2,143	9,591	(3,453)	8,940
Other Selected Income Statement Items								
Capital Expenditure	6	-	27	-	4	1,515	57	1,609
Capital Divestment	-	-	-	(8)	(144)	-	-	(152)
Other Non Cash Expenses	2	-	-	-	-	-	3	5
FTE at year end	27	8	33	12	36	-	13	129

Notes to the Consolidated Statement of Comprehensive Income

TIE Netherlands: strong 2016 performance with 57% growth in SaaS revenue with sizable new customer implementations. Consultancy revenue increased 35% on the back of higher demand for our value added solutions.

TIE MamboFive: loss of KPN contract caused 19% lower consultancy revenue and 30% lower SaaS revenue. The 2016 EBITDA performance is comparable with 2015, as a result of timely cost savings. For FY 2017 and beyond an extension of the T-Mobile contracts are being discussed.

TIE France: performance suffered from adverse market conditions and temporary lack of adequate resources. Actions are taken to solidify the performance in 2017.

TIE Germany: following the expiration of the revenue guarantee from Tomorrow Focus AG (the previous owner) in January 2016, TIE Germany reported lower consultancy revenue. In the second half year activity levels have been gradually increasing as a consequence of new business coming in (SKY, Siemens).

TIE Commerce (US): following management changes TIE Commerce performed very well in 2016 paving the way for further growth in 2017. All revenue categories contributed to overall growth of our US revenue of 14% (in\$). The introduction of FLOW in the US was well received by our customers and prospects. Marketing efforts are further stepped up and investments in sales capacity will be further increased, as we are planning for even higher growth in the US in 2017.

Segment items included in the Segment Statement of Financial Position as of September 30, 2015 or further details of items in the segment Statement of Income account are:

Revenues 2015	Netherlands incl. International	TIE MamboFive	North America	France	DACH	Product Develop- ment	Holding and Elim- inations	Total
Licenses	135	-	468	80	121	-	-	804
Maintenance and Support	661	23	2,099	136	100	-	-	3,019
Consultancy	891	1,090	1,034	427	3,455	-	-	6,897
Software as a Service	1,945	1,360	2,477	589	2,809	-	-	9,180
Revenues	3,632	2,473	6,078	1,232	6,485	-	-	19,900
EU Projects & Other Income	1,880	-	256	8	1,278	385	(1,444)	2,363
Total Revenue	5,512	2,473	6,334	1,240	7,763	385	(1,444)	22,263
Total Cost of Sales	(3,130)	(1,583)	(2,644)	(410)	(5,186)	-	1,388	(11,565)
Gross Margin	2,382	890	3,690	830	2,577	385	(56)	10,698
Operating Expenses								
Employee Benefits	743	(199)	578	616	1,139	-	2,192	5,069
Onetime expenses	1,656	56	-	-	-	-	281	1,993
Other Operating Expenses	945	307	1,386	213	397	-	522	3,770
Total Operating expenses	3,344	164	1,964	829	1,536	-	2,995	10,832
EBITDA	(962)	726	1,726	1	1,041	385	(3,051)	(134)

Assets	Netherlands incl. International	TIE MamboFive	North America	France	DACH	Product Develop- ment	Holding and Elimi- nations	Total 2015
Intangible Fixed Assets	1,429	209	835	-	2,480	921	1,552	7,426
Tangible Fixed Assets	9	13	118	7	98	-	288	533
Financial Assets (de- ferred tax)& Loans	439	55	1,168	-	401	-	-	2,063
Current Assets	1,741	623	1,320	621	2,226	-	(702)	5,829
Total Assets	3,618	900	3,441	628	5,205	921	1,138	15,851
Liabilities								
Non Current Liabilities	597	60	-	47	1,091	-	655	2,450
Current Liabilities	3,029	278	1,758	560	2,198	-	1,369	9,192
Total Liabilities	3,626	338	1,758	607	3,289	-	2,024	11,642
Other Selected Income Statement Items								
Capital Expenditure	37	-	265	9	2	572	36	921
Other Non Cash Ex- penses	8	-	-	-	-	-	5	13
FTE at year end	31	9	35	10	40	-	11	136

The actual geographical distribution of intangible assets differs from the intangible assets distribution displayed above as part of the segment information. The geographical distribution of intangible assets is displayed below:

Geographical distribution of non current assets	2016	2015
The Netherlands incl. TIE-International	2,112	2,235
North America	648	836
DACH	2,416	2,481
France	155	153
Product Development (The Netherlands)	2,601	1,721
Total	7,931	7,426

The assets in the Netherlands include 100% of the TIE Kinetix N.V. assets.

The breakdown shows the number of FTE per department at year-end:

FTE per department	2016	2015
Research and Development	11	14
Sales and Marketing	28	27
Consulting and Support	70	70
General and Administrative	21	25
Total	129	136

8) Operating Expenses

The Consolidated Statement of Comprehensive Income has been prepared using a classification based upon the nature of the expenses. The expense categories identified have been included below for further disclosure.

Direct Purchase Costs consist of expenses directly associated with revenue. This includes third party software licenses, consultant fees and hosting costs.

Employee Benefits

Employee benefits can be broken down as follows:

Employee Benefits	2016	2015
Salaries	8,418	9,057
Salaries variable component	917	650
Social Security Charges	1,208	1,432
Contributions to Post Employment arrangements	295	282
Share based payments	5	13
Other Employee Benefits	1,576	1,500*
Capitalized R&D employee cost	(1,440)	(701)
Total	10,978	12,233

Employee Benefits	2016	2015
Direct Employee Costs	5,430	7,164
Employee Benefits	5,548	5,069
Total	10,978	12,233

* reclass for comparison reasons

The WBSO grants received for FY 2016, amounting to € 211k (2015: € 311k), have been deducted from the social security charges. The contributions to Post Employment Arrangements include premiums payable with respect to the Netherlands operations' Defined Contribution Post Employment Plan as well as the discretionary employer contributions to the tax facilitated retirement plan (401(k)) in the United States. Other employee Benefits includes € 158k (2015: €0) for the 2016 Performance Share Plan for certain members of the Management Team.

Key Management Personnel Compensation

The total key management personnel compensation, including the remuneration of the Executive Board, amounted to € 734k (2015: € 557k).

Remunerations and expenses of Jan Sundelin are paid to his personal management B.V., CAPTA Management B.V.

The CEO received the following remuneration:

Short Term employee Benefits	2016	2015
Remuneration	250	234
Bonus	96	60
Total	346	294

Post employment Benefits	2016	2015
Contributions to Post Employment arrangements	-	-

Share Based payments	2016	2015
Stock Option Expense	5	13
Performance share plan	40	-

The CFO received the following remuneration:

Short Term employee Benefits	2016	2015
Remuneration	200	175
Bonus	86	50
Total	286	225

Post employment Benefits	2016	2015
Contributions to Post Employment arrangements	25	25

Share Based payments	2016	2015
Stock Option Expense	-	-
Performance share plan	32	-

The remuneration policy is discussed in detail on page 41.

Remuneration of the Supervisory Board

The General Meeting of Shareholders sets the remuneration of the members of the Supervisory Board. All members are entitled to a remuneration of € 10k per year, the Chairman € 20k per year. The total amount of compensation of the Supervisory Board for FY 2016 amounted to € 40k (2015: € 40k).

Depreciation and Amortization Expense, Divestment and Impairment Losses

Depreciation, Impairment, Divestment and Amortization	2016	2015
Depreciation and Amortization Expense	1,280	1,172
Impairment on disposal Customer Base	-	84
	1,280	1,256

Other Operating Expenses and Non-Recurring Expenses

Other Operating Expenses	2016	2015
Accommodation Expenses	691	655
Professional Services	618	567
Communications	471	468
Marketing	512	531
Travel expenses	458	445
Office Supplies	249	403
General & Administration	100	701
Total	3,099	3,770

In 2015 General & Administration included € 600k (2016: € 0) for non-collectability of certain receivables under the TFAG agreements.

Onetime Expenses	2016	2015
Liquidation result Ascention Germany & Austria	22	-
EU Claim	-	1,296
Redundancy & Severance costs	-	337
Samar Claim	-	304
Temporary staff hires	-	52
Other Non-Recurring costs	-	4
Total	22	1,993

In 2015 one-time expenses have been incurred in relation to the EU penalties and damages, including the legal and support costs incurred in this respect, severance costs resulting from layoffs, legal costs relating to the settlement of the Samar case and other legal costs. In 2016, the former Ascention companies have been liquidated resulting in € 22k unwinding costs. In 2017 Ascention CH will be unwound.

Research and Development Expenses

	2016	2015
Employee Benefits	1,955	1,653
Other R&D related expenses	350	441
Capitalized Development expenses	(1,515)	(701)
Amortization of Capitalized Development expenses	635	672
Total	1,425	2,065

A number of projects executed by the R&D team in the Netherlands have funding from the European Commission and from RVO. The EU and other grants received have been accounted for under Other Income. The EU and other grants in 2016 amounted to € 552k (2015: € 1.865k).

9) Financial income and/or Expense

Financial Income and/or Expense	2016	2015
Interest Income	29	31
Interest Expenses	(80)	(146)
Exchange gains/(losses)	(24)	(63)
Total	(74)	(178)

Interest Expenses are attributable to the loans for the acquisition of Light and TFT.

10) Corporate Income Tax

The company operates predominantly in the Netherlands, Germany, France and North America. Applicable tax rates are 25%/20% (2015: 25%/20%) for the Netherlands, France 33.3% (2015: 33.3%), for the US 34% (2015: 34%) for federal tax and 6% (2015: 6%) for state tax, and for Germany 33% (Körperschaftsteuer 15.8%, Gewerbesteuer 17.2%) (2015: 29% (Körperschaftsteuer 15%, Gewerbesteuer 17.2%)). These rates represent a weighted average rate as income tax returns are filed on a calendar year basis, whereas these financial statements have been drawn up to reflect the Company's financial year, which runs from October 1 through September 30. The effective tax rate based on income before taxes is 57.7% (2015: 28.1%); the weighted average tax rate amounts to 12.2% (2015: 13.3%).

Reconciliation between standard and effective income tax is as follows:

Reconciliation between Standard and effective income tax	2016	2015
Pre Tax Income	711	(1,568)
Corporate Tax	(670)	(798)
Net Income (loss) after tax	41	(2,366)
Weighted local statutory tax rate (17-40%) on pre tax income	410	(208)
Adjustment on (temporary) differences pre tax income and taxable income in fiscal books	(117)	(202)
Income tax per fiscal books using weighted local statutory tax rate (17-40%)	293	(410)
Utilisation of loss carry forward in the US	(561)	(279)
Tax losses in the Netherlands not recognised as deferred tax asset	457	830
Alternative Minimum Tax France	12	-
Alternative Minimum Tax US	12	12
Tax Charge 2014 Germany	-	7
Current Income tax charge	213	160
Income Tax reported in the Comprehensive Income Statement	2016	2015
Movement deferred taxes during the year	(457)	(638)
Current Income tax charge	(213)	(160)
Other tax items	-	-
Income Tax reported in the Comprehensive Income Statement	(670)	(798)
Movement deferred taxes during the year	2016	2015
Derecognition of deferred tax asset for loss carry forward in the Netherlands	-	347
Credited to Income: movement from loss carry forward in the Netherlands (DTA)	12	-
Debited to Income on temporary differences in the Netherlands (DTL)	(12)	-
Credited to Income: movement in temporary differences in the US (DTA)	(84)	-
Debited to Income: movement in temporary differences in the US (DTA)	-	63
Debited to Income: utilization of losses carry forward in the US (DTA)	562	279
Credited to Income: movement in temporary differences in Germany (DTL)	(20)	(26)
Credited to Income: release of temporary differences on impairment in Germany (DTL)	-	(25)
Movement deferred taxes during the year	457	638

The changes in the Deferred Tax Asset are discussed on page 86 in detail. The main item of the Deferred Tax Asset in FY 2016 is the capitalization of loss carry forward on TIE Commerce as described in more detail on page 86.

All Dutch subsidiaries of TIE Kinetix N.V. and TIE Kinetix N.V. form a tax unit and are jointly and severally liable for all tax liabilities originating within the tax unit.

Summary of expiration of tax loss carry forward in years

Overview on Tax Loss Carry Forward expiration	0 ≤ 5 years	6 ≤ 10 years	≥ 10 years	Total 2016
TIE Kinetix NV	4.10	4.97	-	9.07
TIE Commerce Inc	-	-	0.42	0.42
TIE TFT Holding GmbH	-	-	-	-
TIE France SAS	-	-	-	-
Total	4.10	4.97	0.42	9.49

In 2016, TIE Ascention Austria GmbH and TIE Ascention Germany GmbH have been liquidated. The liquidation losses amounting to € 356k will be included in TIE Kinetix NV 2016 taxable income. These amounts are not included in the table above.

11) Earnings per Share

Basic Earnings per Share

Basic Earnings per Share are calculated by dividing net income attributable to equity holders of TIE by the weighted average number of shares outstanding.

Basic Earnings per Share	2016	2015
Net income attributable to equity holders of TIE	41	(2,366)
Net Income adjusted for calculation of basic earnings per Share	41	(2,366)
Weighted average number of shares outstanding in thousands	1,475	1,177
Basic Earnings per Share (€ per Share)	0.03	(2.01)

Diluted Earnings per Share

Diluted Earnings per Share take into effect the dilutive effect of convertible instrument and Stock Options upon exercise or conversion. The dilutive effect of these instruments amounts to the number of shares issuable under the terms and conditions of these arrangements for no consideration. The fair value of future service for (partially) unvested Stock Options has been taken into consideration by adjusting the exercise price for these Stock Options. Stock Options are considered non-dilutive when the exercise price of the options is in excess of the average market price of the shares during the period. Convertible Bonds are considered non-dilutive when the related interest net of tax and other changes to income and expense per ordinary share obtainable upon conversion exceeds the Basic Earnings per Share.

Diluted Earnings per Share	2016	2015
Net Income adjusted for calculation of basic earnings per Share	41	(2,366)
Weighted average number of shares outstanding	1,475	1,177
Dilutive effect of stock options outstanding at September 30,	-	-
Dilutive effect of warrants outstanding at September 30,	350	-
Dilutive effect on Convertible Bonds	5	5
Weighted average number of shares adjusted for calculation of diluted earnings per Share	1,830	1,182
Diluted Earnings per Share (€ per Share)	0.02	(2.00)

The Stock Options have been excluded from the calculation of the Diluted Earnings per Share as the exercise price of these Stock Options exceeded the TIE Kinetix N.V. average share price over the period. The Convertible Bonds and warrants outstanding are considered dilutive and have been included from date of issue.

Commitments and Contingent Liabilities

Leases (Including Rental Agreements)

Company cars were contracted under an operating lease agreement (mainly 4 year term) in The Netherlands and Germany only. The monthly lease charge at September 30, 2016 amounted to € 22k (2015: € 28k).

The remaining terms of leases in the Netherlands are 3.5 years. The lease contract for the Boston office in the United States was renewed till June 30th 2022 and for St Paul a 3 month notice period is applicable; the lease contract for the French office was renewed till January 2017; the lease in Germany was renewed and till June 30th, 2020. Office Rentals due within one year amount to € 0.4 mln, rentals due between one and five years are approximately € 1.8 mln and over 5 years € 0.1 mln.

Hosting costs relates to leasing of hosting infrastructure € 0.4 mln annually. In the Netherlands this is for one remaining year, in Germany this varies from 3 months to 5 years.

In summary, detailing amounts payable within one year, between one and five years and over five years under this contract means:

Leases	2016			2015		
	< 1year	> 1 year < 5 years	>5 years	< 1year	> 1 year < 5 years	>5 years
Office Leases	444	1,837	71	474	1,737	239
Hosting Contracts	382	380	-	780	1,648	-
Operational leases company cars	263	174	-	303	412	-
Operational leases servers and photocopiers	59	128	-	95	239	-
Total	1,148	2,519	71	1,652	4,036	239

Collateral

For 2016 TIE Kinetix NV had an undrawn working capital facility with RABO Bank (amounting to € 500k) with an ongoing pledge on the receivables. Loans from the acquisition of TIE Kinetix GmbH (former TFT GmbH) with DZ Bank (€ 800k) and with former owner TFAG (€ 800k) have been redeemed. For 2017 and beyond the Company agreed a working capital facility with RABO Bank amounting to € 1,250k. The facility includes a pledge on all receivables, has an indefinite term and bears interest at a rate of EURIBOR plus a margin. The facility replaces the facility of € 0.5 million. Although currently no drawings are scheduled, 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.

For the rent of the office in Breukelen the company issued a bank guarantee of € 69k.

TIE Kinetix N.V. and subsidiaries

The consolidated financial statements include the financial data of TIE Kinetix N.V., Breukelen and its subsidiaries:

Name	Statutory Seat	2016	2015
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE International B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE Light B.V.	Amsterdam, The Netherlands	100%	100%
Gordian Investments B.V.	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE France S.A.S.	Montpellier, France	100%	100%
TIE Asia-Pacific Ltd	Hongkong, People's Republic of China	100%	100%
TIE TFT Holding GmbH	Munchen, Germany	100%	100%
TIE Kinetix GmbH (TFT)	Munchen, Germany	100%	100%
TIE ascention GmbH	St Gallen, Switzerland	100%	100%
Liquidated in 2016	Statutory Seat	2016	2015
TIE ascention GmbH	Friedrichshafen, Germany	-	100%
TIE ascention GmbH	Vienna, Austria	-	100%

Related Party Transactions

Name	Position	September 30, 2016			September 30, 2015			
		Shares	% of Shares	Options	Position	Shares	% of Shares	Options
Jan Sundelin	CEO	30,014	1.9%	21,148	CEO	30,014	2.4%	21,148
Erik Honée	SB	26,600	1.7%	-	SB	26,600	2.2%	-
Dirk Lindenberg*	SB	144,791	9.1%	-	-	-	-	-

* Via Blikkenburg B.V.

Stock option expenses are included in note 8 under Key Management Personnel Compensation.

The company applies an intercompany pricing mechanism to account for the various roles the respective country operations have in the value chain towards 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.

EU Development Grants repayment

In October 2014 TIE Kinetix received a first invoice from the European Commission (“EC”) for a repayment of EU development grants of € 705.075, following an audit carried out under supervision of the EC over the period 2008-2011. Furthermore, the European Commission requested that the audit findings were extrapolated over other eligible projects that TIE Kinetix participated in. TIE Kinetix hired an interim subsidy specialist to fully recalculate all current and past EU projects and turned to Deloitte to assure that the recalculations were in line with the audit findings and EU regulations. Management has spent a considerable effort in investigating possibilities to mitigate damages, communicate with EU officials and their auditors to try and find an amicable resolution or payment plan. In the first half year of 2015, the full scope of the repayment of EU subsidies became clear. The EU officials responded negatively to all TIE Kinetix’ requests for resolution and even our request for phased payments was rejected. As a consequence, TIE Kinetix had to repay EU subsidies calculated at approximately € 1.085.383, for which amount a provision has been created in the first half year of 2015. Furthermore, TIE Kinetix obtained a shareholder guarantee for EU damages up to an amount of € 2 million. On March 31, 2015 a first draw-down of € 700.000 under this guarantee was done. All draw-downs under this guarantee are reflected under the company’s equity. A second draw down of € 652.976 was done December 30, 2015.

As at September 30, 2016 the European Commission had fully collected the amount of the initial claim of € 705.075. The Company has not yet received any further EC claims following its extrapolation of audit findings sent to the EC on July 15th, 2015. However, in July 2016 the company did receive a pre-notification that the EC intends to study the letter that TIE Kinetix sent on July 15th, 2015. At this stage the company considers that it has taken adequate provisions for damages following the 2013 EC audit.

As at September 30, 2016 the projects Alfred, Sam and Singularity have been completed or are in the final stages of completion. The Company currently only participates in project Accept. The company will not engage in large scale European Commission projects anymore in future.

Private Offer for the business

On November 2, 2016 the Company announced that it had received a private offer for the business. The Company subsequently announced on November 16, 2016 that, after studying the offer, the Company reached the conclusion that the offer would not be presented to the Company’s shareholders.

Performance Share Plan

On December 14, 2016 the Company announced that it will issue 16.007 new shares to certain members of TIE Kinetix Management Team under the Performance Share Plan as approved by the Annual General Meeting of Shareholders. After completion of the issue, the total number of issued shares of TIE Kinetix will amount to 1.608.711.

Dutch GAAP TIE Kinetix N.V. Balance Sheet as at September 30, 2016

(Before proposed appropriation of results)

Assets			
(€ x 1,000)	Notes	2016	2015
Fixed assets	12)		
Intangible Fixed Assets			
Goodwill		1,046	1,046
Other intangible fixed assets		329	353
Total Intangible Fixed Assets		1,375	1,399
Tangible fixed assets		222	288
Financial fixed assets			
Subsidiaries		18,268	12,497
Loan receivable		55	55
Deferred Tax Asset		-	-
		18,323	12,552
Total fixed assets		19,921	14,239
Current assets			
Debtors	13)		
Debtors		213	125
Taxation & Social Security		0	106
VAT receivable		65	-
Intercompany debtor		1,503	2,346
Cash and cash equivalents		193	-
Total current assets		1,974	2,577
Total assets		21,895	16,816

Liabilities and Equity

(€ x 1,000)	Notes	2016	2015
Shareholders' equity	14)		
Issued and paid-up share capital		159	123
Share premium		59,024	57,046
Legal reserves		2,020	1,272
Foreign Currency Translation Reserve		161	141
Retained earnings		(54,282)	(51,908)
Net Result		41	(2,366)
		7,123	4,308
Convertible Bonds		45	45
Total Equity		7,168	4,353
Non Current Liabilities	15)		
Loans		-	600
Provisions		636	90
Total Non Current Liabilities		636	690
Current Liabilities	16)		
Creditors		14,091	11,029
Banks		-	681
Taxation and Social Security		-	63
Total Current Liabilities		14,091	11,773
Total Liabilities and Equity		21,895	16,816

Dutch GAAP TIE Kinetix N.V. Income Statement for the year ending September 30, 2016

(€ x 1,000)	2016	2015
Result of participating interests after tax	(169)	(491)
Other income after tax	209	(1,875)
Net Result	41	(2,366)

Notes to the Company Financial Statements

Corporate Information

The Company financial statements for the year ended September 30, 2016 are authorized for issue through a resolution of the Management Board dated December 15, 2016. The General Meeting of Shareholders, to be held on March 31, 2017, will be requested to approve the Company financial statements.

Basis of Preparation

These Financial Statements have been prepared in accordance with accounting principles, generally accepted in the Netherlands, as embodied in Title 9 of Book 2 of the Dutch Civil Code. Based on article 2:362(8) of the Dutch Civil Code, the valuation principles applied are based on International Financial Reporting Standards (IFRS), as applied in the preparation of the consolidated financial statements of the Company. Companies are allowed to apply IFRS valuation principles in their financial statements prepared under Title 9 of Book 2 of the Dutch Civil Code. Subsidiaries and associates are accounted for at net asset value determined on the basis of IFRS, as applied in the Consolidated Financial Statements. For details on the accounting policies applied in the Consolidated Financial Statements, please refer to the Notes to the Consolidated Financial Statements, starting on page XX

Subsequent Events

On November 2, 2016 the Company received a non-binding offer on the business. The Company has studied the offer and subsequently discussed it with the bidder. Following these discussion management concluded not to present the offer as currently structured to its.

Notes to the Company Balance Sheet

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12) Fixed Assets

Intangible Fixed Assets

Intangible Fixed Assets	Goodwill	Purchased Software	Total
Accumulated Investments per September 30, 2013	1,046	576	1,622
Accumulated Amortization per September 30, 2013	-	(485)	(485)
Accumulated Impairments per September 30, 2013	-	(57)	(57)
Carrying value as per September 30, 2013	1,046	34	1,080
Movements 2014			
Additions	-	450	450
Disposals	-	(444)	(444)
Reversal of Amortization on Disposals	-	394	394
Reversal of Impairment on Disposals	-	50	50
Amortization	-	(50)	(50)
Carrying value as per September 30, 2014	1,046	434	1,480
Accumulated Investments per September 30, 2014	1,046	582	1,628
Accumulated Amortization per September 30, 2014	-	(141)	(141)
Accumulated Impairments per September 30, 2014	-	(7)	(7)
Carrying value as per September 30, 2014	1,046	434	1,480
Movements 2015			
Additions	-	-	-
Transfer to Group Company	-	(4)	(4)
Amortization	-	(77)	(77)
Carrying value as per September 30, 2015	1,046	353	1,399
Accumulated Investments per September 30, 2015	1,046	578	1,624
Accumulated Amortization per September 30, 2015	-	(218)	(218)
Accumulated Impairments per September 30, 2015	-	(7)	(7)
Carrying value as per September 30, 2015	1,046	353	1,399
Movements 2016			
Additions	-	44	44
Amortization	-	(69)	(69)
Carrying value as per September 30, 2016	1,046	328	1,374
Accumulated Investments per September 30, 2016	1,046	553	1,599
Accumulated Amortization per September 30, 2016	-	(218)	(218)
Accumulated Impairments per September 30, 2016	-	(7)	(7)
Carrying value as per September 30, 2016	1,046	329	1,375
Useful life	Indefinite	3-7 years	

Purchased Software consists of purchased third party software used of the My-TIE internal support system. For the purpose of impairment tests the Companies assets are allocated to Cash Generating Units.

Dutch GAAP TIE Kinetix NV Income Statement for the year ending September 30, 2016

Tangible Fixed Assets

Tangible Fixed Assets	Fixtures & Fittings	Hardware	Total
Carrying value as per September 30, 2014	293	41	334
Movements 2015			
Additions	19	16	35
Depreciation per Statement of (Comprehensive) Income	(56)	(25)	(81)
Carrying value as per September 30, 2015	256	32	288
Accumulated Investments per September 30, 2015	391	108	499
Accumulated Amortization per September 30, 2015	(135)	(76)	(211)
Carrying value as per September 30, 2015	256	32	288
Movements 2016			
Additions	3	8	11
Depreciation per Statement of (Comprehensive) Income	(57)	(20)	(77)
Carrying value as per September 30, 2016	202	20	222
Accumulated Investments per September 30, 2016	394	116	510
Accumulated Amortization per September 30, 2016	(192)	(96)	(288)
Carrying value as per September 30, 2016	202	20	222
Useful life	4 to 10 years	3 years	

The investments in Fixtures & Fittings relate to small investments. Tangible Fixed assets relate to computer equipment.

Financial Fixed Assets

Financial Fixed Assets relate to the Company's share in subsidiaries. The movements are summarized below:

	2016	2015
Total subsidiaries as per October 1,	12,497	11,689
Share in Net income	(169)	(491)
Investments	-	-
Movements of IC funding	5,394	698
Transfer to (from) provision for Equity Deficit	546	(118)
Foreign Currency Exchange Rate Differences	-	719
Total subsidiaries as per September 30,	18,268	12,497
Loans Receivable	55	55
Deferred tax Asset	-	-
Total Financial Fixed Assets	18,323	12,552

Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2015: 0% and 5.5%). This funding is accounted for as part of the net investment in subsidiaries. There are currently no repayment schedules, nor does management have the intention to recall these funds.

Since 2010 the Capital Contributions, resulting from the stock options, have been booked directly within TIE Kinetix N.V. as this is the issuing Company. The stock option costs over previous periods have been recharged through the intercompany accounts to the relevant subsidiaries.

In 2016 and years prior, some subsidiaries had a negative net investment value. For these subsidiaries, a provision for Equity Deficit was set up as the Company intends to cover all debts arising from legally conducted transactions.

Direct subsidiaries of the Company are:

Name	Statutory Seat	2016	2015
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE International B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE Light B.V.	Amsterdam, The Netherlands	100%	100%
Gordian Investments B.V.	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE Asia-Pacific Ltd	Hongkong, People's Republic of China	100%	100%

The deferred tax asset is discussed on page 87.

Dutch GAAP TIE Kinetix NV Income Statement for the year ending September 30, 2016

13) Current Assets

Other Receivables

Taxations and Social Security Contributions relate to VAT recoverable.

14) Shareholders' Equity

In 2016 in total 365,327 shares have been issued, bringing the total number of issued shares to 1,592,704 as at September 30, 2016. Shareholders' Equity amounts to € 7,125k (or € 4.47 per share) on September 30, 2016 (2015: € 4,308k, or € 3.51 per share). The Company's authorized share capital amounts to € 500k, consisting of 5 million ordinary shares with a nominal value of € 0.10 each.

Shareholders' Equity is broken down as follows:

Shareholders' Equity	Share Capital	Paid in Surplus	Foreign Currency Translation Reserve	Other Legal Reserves	Retained Earnings	Shareholders' Equity
Balance per September 30, 2014	7,892	48,957	(159)	1,196	(51,911)	5,975
Denomination of Shares	(8,469)	8,469	-	-	-	-
Shares issued and Share Premium	700	-	-	-	(10)	690
Costs of Shares issued	-	(304)	-	-	-	(304)
Foreign Currency Translation Reserve	-	-	300	-	-	300
Shares Based Payments	-	-	-	-	13	13
Transfers to (from) legal reserve	-	(76)	-	76	-	-
Net Income 2015	-	-	-	-	(2,366)	(2,366)
Balance per September 30, 2015	123	57,046	141	1,272	(54,274)	4,308
Shares issued and Share Premium	36	2,726	-	-	-	2,762
Costs of Shares issued	-	-	-	-	(6)	(6)
Foreign Currency Translation Reserve	-	-	20	-	-	20
Shares Based Payments	-	-	-	-	5	5
Transfers to (from) legal reserve	-	(748)	-	748	-	-
Other movements	-	-	-	-	(7)	(7)
Net Income 2016	-	-	-	-	41	41
Balance per September 30, 2016	159	59,024	161	2,020	(54,241)	7,123

For the movement in shares, we refer to page 91.

Legal reserves:

The Foreign Currency Translation Reserve represents the foreign currency exchange differences from the translation of the financial statements of the foreign subsidiaries.

The Other Legal Reserves pertain to the capitalized software development costs.

Equity Settled Share Based Payments

Annual Stock Options Plan

For the Annual Stock Option Plan for staff members, we refer to page 91, Note 5 of the Consolidated Statement of Financial Position under Annual Stock Options Plan.

Other Stock Options

For the Other Stock Options, we refer to page 93, Note 5 of the Consolidated Statement of Financial Position under Other Stock Options.

Convertible Bonds

For the issued and outstanding Convertible Bonds, we refer to page 94, Note 5 of the Consolidated Statement of Financial Position under Convertible Bonds.

15) Non-Current Liabilities

Provision

Provision for Equity Deficit Subsidiaries	2016	2015
Opening Balance as per October 1,	90	208
Movements from (to) Financial Fixed Assets	546	(118)
Closing Balance as per September 30,	636	90

In 2016 and years prior, some subsidiaries held a negative net investment value. For these subsidiaries, a provision for Equity Deficit was established as the Company intends to cover all debts arising from legally conducted transactions.

Other provision resulted from the acquisition of Light B.V. in 2012.

16) Current Liabilities

Current Liabilities	2016	2015
Bank	-	481
Trade creditors	175	391
Taxations and social security contributions	38	63
Inter-company payable	13,043	9,858
Short term debt	-	200
Other payable and accruals	836	780
Total	14,091	11,773

Bank relates to the overdraft on Rabobank, currently not drawn.

The inter-company payable is an outstanding with TIE International B.V., TIE MamboFive B.V., TIE France SAS, TIE Commerce Inc and the indirect held subsidiary TIE Kinetix GmbH. No interest is due on this balance.

Notes to the Company Income Statement

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TIE KINETIX N.V. - ANNUAL REPORT 2016

The Companies Income

No revenue is included in 2016 (2015: € 0k).

The Companies Expenses

Expenses accounted for consist of the ones related to the Companies activities of TIE Kinetix N.V., including allocated employee benefits. TIE Kinetix N.V. had 13 employees during 2016 (2015: 12). The remuneration of the Supervisory Board amounting to € 10k for members and € 20k for the chairman is included in the company's expenses. For a detailed description of the remuneration of the sole member of the Management Board, we refer to page 106 of the Notes to the Consolidated Financial Statements. Included are Legal and Consultancy fees amounting to € 382k (2015: € 264k) as well as a Stock Option expense, listing fee and amortization charges pertaining to assets. The audit fees from BDO Audit & Assurance B.V. relating to the audit of the financial statements amount to € 100k (2015: € 111k). Other audit related fees from BDO amount to € 0 (2015: € 6k).

Income Tax

The Company holds unrecognized deferred tax assets with respect to past tax losses amounting to

approximately € 11,3 mln. All Dutch subsidiaries of TIE Kinetix N.V. and the Company form a tax unit and are jointly and severally liable for all tax liabilities originating within the tax unit.

Commitments and Contingent Liabilities

Taxes

The Company has formed a fiscal unit for corporate income tax and VAT with TIE Nederland B.V., TIE International B.V., TIE Product Development B.V., TIE MamboFive B.V., TIE Light B.V. and Gordian Investments B.V. Based on this, TIE Kinetix N.V. is jointly and severally liable for the corporate income tax liabilities of the fiscal unit as a whole.

Other

The Company has no issued guarantees. Pending litigations and subsequent events are disclosed on page 111.

Breukelen, January 10, 2017

J.B. Sundelin
CEO, TIE Kinetix N.V.

M. Wolfswinkel
CFO, TIE Kinetix N.V.

Appropriation of Net Result

According to Article 26 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the company's net result for the year. The Management Board proposes that the net profit of € 41k will be added to retained Earnings and the other Comprehensive Profit of € 20k will be added to the Comprehensive Profit in Shareholders' Equity.

Article 26 of the Articles of Association reads as follows:

1. The General meeting of shareholders determines the appropriation of the company's net results.
2. The company can only make payments in as much as its shareholders' equity is greater than the paid-up and called-up part of the issued capital, plus the reserves, which must be maintained by law.
3. Payment of profits shall not take place until after adoption of the annual accounts, showing that this is authorized.
4. Shares or depositary receipts on shares held by the company and shares or depositary receipts on shares which the company holds in usufruct shall not be taken into account in the calculation of the profit distribution.
5. The General Meeting can only decide to make interim payments at the proposal of the Supervisory Board. A decision to pay an interim dividend from the profits in the current financial year can be taken by the Executive Board only with the prior approval of the Supervisory Board. Payments as referred to in this paragraph may only be made if the provision of par. 2 of this article has been met.
6. The General Meeting can decide that dividends shall be paid fully or partially in the form of shares in the Company's capital.
7. Unless the General Meeting sets a different term, dividends are paid within fourteen days of being set. Claims for payments in cash shall lapse, in as much as these payments have not been collected within five years and one day of the date on which they became payable.
8. A deficit may only be offset against the reserves prescribed by law, if and to the extent permitted by law.

Dividend policy

Over the past financial years, TIE Kinetix has not declared or paid dividends to its shareholders. The Executive Board carefully balances the use of future earnings for investment in product development, in the expansion of the Company and for dividend payments. The Company intends to initiate an active dividend policy as soon as its financial position allows. Holders of Ordinary Shares will be fully entitled to any dividends in future financial years. Payment of dividends can be made either in cash or in stock.

Independent auditor's report

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TIE KINETIX N.V. - ANNUAL REPORT 2016

To: the shareholders and Supervisory Board of TIE Kinetix N.V.

Report on the audit of the financial statements 2016

Our opinion

We have audited the financial statements 2016 of TIE Kinetix N.V. (the company), based in Breukelen. The financial statements include the consolidated financial statements and the company financial statements.

WE HAVE AUDITED

The consolidated financial statements which comprise:

1. the consolidated statement of financial position as at 30 September 2016;
2. the following consolidated statements for 2016: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements which comprise:

1. the company balance sheet as at 30 September 2016;
2. the company profit and loss account for 2016; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

OUR OPINION

In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2016 and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

In our opinion the enclosed company financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of TIE Kinetix N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on

the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 250,000. The materiality is based on 1.25% of revenues, which we consider to be one of the principal considerations for users of the financial statements of the company in assessing the financial performance of the Group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 12,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

TIE Kinetix N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of TIE Kinetix N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We consider a component significant when:

- » it is of individual financial significance to the group; or
- » the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent we:

- » performed audit procedures ourselves at group entities TIE Kinetix Nederland B.V. (Netherlands), Mambo Five B.V. (Netherlands), TIE Commerce Inc. (US) and TFT GmbH (Germany);
- » performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition, including the timing of revenue recognition

Refer to the Description of accounting principles on page 77.

The company's businesses continue to evolve with new revenue arrangements. This results in circumstances which require careful consideration regarding what multiple performance obligations exist and what revenue recognition pattern is appropriate.

New revenue arrangements are material and require management's judgement as the revenue recognition is complex and therefore revenue recognition is considered a key audit matter.

Our audit approach:

Per individual source of income we have tested whether revenue is recognised when the applicable criteria for revenue recognition under IAS 18 are met. Main audit procedures for these sources of income are as follows:

- » For Software licence fees we have tested, based on the underlying contract and delivery of the licence to the customer, whether revenue was recognised in the correct period for the price which was agreed in the contract between the company and the client.
- » For Maintenance and Support fees we have tested whether revenue recognition takes place over the contract period in accordance with the underlying contracts and that the prices which are invoiced are in line with these contracts.
- » Regarding Consultancy services, we have tested whether the related revenues are recognised in line with the stage of completion of the transaction.
- » SaaS contracts can include a multiple-element arrangement with clients. For these type of contracts we have performed specific procedures to test the allocation of revenue to the specific identifiable performance obligations.

Furthermore we evaluated and tested processes, procedures and controls regarding the accounting treatment for the various sources of income the company has. For all types of revenue, we performed various substantive testing, including detailed contract reviews, revenue cut-off procedures, journal entry testing and data analysis and review of log files. Additionally, we performed substantive analytical procedures.

2. The assessment of the carrying value of goodwill and acquired intangible fixed assets

Refer to note 1 Intangible fixed assets on page 82-84.

The company has material amounts of goodwill and other intangible fixed assets resulting from acquisitions in the past. The company is required to perform annual impairment tests for each cash-generating unit (“CGU”) or smallest group of CGUs to which a portion of the carrying amount can be allocated on a reasonable and consistent basis. The identification of CGUs is based on the internal reporting structure and did not change compared to prior year.

The impairment testing is based on significant assumptions and estimates by management and is therefore considered a key audit matter.

Our audit approach:

In previous financial year we used an auditor’s expert to determine the appropriateness of the models and calculations used for the goodwill and intangible fixed asset impairment testing and we determined that the models did not change during this financial year. We challenged management’s assumptions for the CGUs (TIE Nederland + International, TIE E-Commerce, TIE France, TIE US, TIE Germany and TIE Product Development) by corroborating them to historical budget achievement rates, available budgets and market trends. Amongst others we focused on the cash flow projections, discount rates (WACC), growth rates, sensitivities and available headroom.

3. The carrying value of internally developed intangible assets

Refer to note 1 Intangible fixed assets on page 82.

The company capitalizes internal development costs if it can demonstrate the technical feasibility of completing the intangible asset, reliably measure costs attributable to the intangible fixed asset during its development and estimate future economic benefits. During the year € 1.5 million development costs were capitalised, mainly relating to consultancy hours for the new Flow product. We consider the internally developed intangible assets to be a key audit matter due to the nature and size of the account.

Our audit approach:

We reconciled capitalized hours to internal time

registration and determined adequate distinction in research and development stages. We reconciled the hourly rates used with payroll output and challenged management’s assessment as to whether development projects in-progress were still expected to be completed and deliver sufficient positive economic benefits to the combined businesses upon their completion, and for completed development projects, considered whether the useful economic lives selected remained appropriate. To this extent we have inquired at appropriate management levels within the company and reviewed sales forecasts and available business cases per project.

4. The recoverability of deferred tax assets

Refer to note 3 Financial assets on page 86-88.

The company has material amounts of unutilised taxable losses in the Netherlands and US. IFRS states that a deferred tax asset shall only be recognised for the carry forward of tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. This assessment depends on significant assumptions and estimates by management and is therefore considered a key audit matter.

Management recognised a deferred tax asset for TIE US based on probability of utilisation and decided not to recognise a deferred tax asset for TIE Netherlands because of the low track record of taxable profits.

Our audit approach:

We considered the appropriateness of management’s assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets, challenging those assumptions and considering supporting forecasts and estimates. We also determined the availability of taxable losses by requesting confirmation letters from tax advisors and corroborated supporting forecasts with available long-term budgets, taking into account historical achievement rates.

Responsibilities of management and the Supervisory Board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of

the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- » Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and

performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;

- » Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- » Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- » Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- » Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- » Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of

the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Other information

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:

- » the Report of the Executive Board;
- » the other information on page 122;
- » the Key Figures, Performance Highlights, Revenue Breakdowns, Key Headlines FY2016, Letter from the CEO, Our Corporate Story, The Supervisory Board, The Executive Board, Important Information, Report from the Supervisory Board, Corporate Sustainability and Corporate Governance.

standards we report that:

- » we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information on page 122 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed.

- » the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.
- » we have nothing to report regarding the other information other than the Report of the Executive Board and the other information on page 122.

Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information. We have to assess whether there are any material inconsistencies between the other information and the financial statements. In order to do so, we use the obtained audit evidence of audit of the financial statements and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the Report of The Executive Board and the other information on page 122 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

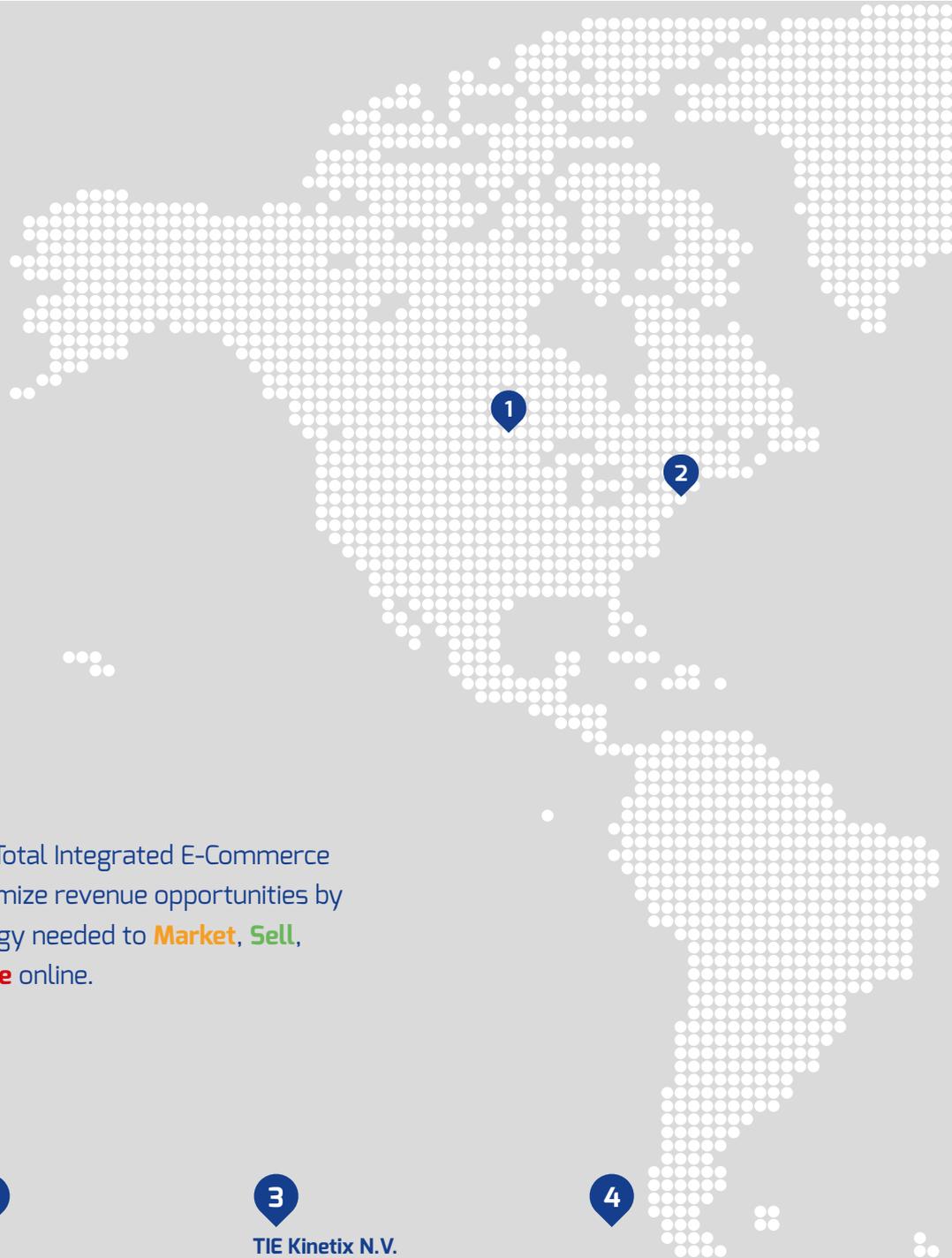
Engagement

We were engaged by the Supervisory Board as auditor of TIE Kinetix N.V. on 27 May 2014, as of the audit for the year ended 30 September 2014 and have operated as statutory auditor ever since that date.

Amstelveen, 10 January 2017

For and on behalf of BDO Audit & Assurance B.V.,

Sgd.
J.A. de Rooij RA



TIE Kinetix delivers Total Integrated E-Commerce solutions that maximize revenue opportunities by minimizing the energy needed to **Market**, **Sell**, **Deliver** and **Optimize** online.

1

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2

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4

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Jori de Bont,
Support Consultant
TIE Kinetix

“At TIE Kinetix, we work closely together with our business partners to optimize the performance throughout the supply chain.”



AFM	Authoriteit Financiële Markten; The Netherlands Authority for the Financial Markets
AGM	Annual General Meeting
AOP	Annual Operating Plan
B.V.	Besloten Vennootschap; private limited liability company
B2B	Business to Business
B2C	Business to Consumer
BI	Business Integration
BIP	Business Integration Platform
CEO	Chief Executive Officer
CGU	Cash Generating Unit
CMO	Chief Marketing Officer
COO	Chief Operations Officer
CS	Content Syndication
CSP	Content Syndication Platform
CSR	Corporate Social Responsibility
DACH	Germany, Austria and Switzerland
EC	E-Commerce
EDI	Electronic Data Interchange
EMEA	Europe, the Middle East and Africa
ERP	Enterprise Resource Planning
EU	European Union
FTE	Full time equivalent
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GmbH	Gesellschaft mit beschränkter Haftung; company with limited liability
HRM	Human Resource Management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Inc.	Incorporation
IR	Investor Relations
LLP	Limited Liability Partnership
Ltd	Limited company; Private company limited by shares
MOU	Memorandum of Understanding
N.V.	Naamloze Vennootschap; public limited liability company
PR	Public Relations
R&D	Research and Development
ROI	Return on Investment
RoW	Rest of the World
RSS	Reverse Stock Split
SaaS	Software as a Service
SME	Small & Medium Enterprises
UK	United Kingdom
US or USA	United States of America
VP	Vice President
WACC	Weighted Average Cost of Capital
WBSO	Wet Bevordering Speur- en Ontwikkelingswerk
WIP	Work in Progress

Chief Executive Officer

Mr. Jan Sundelin

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Chief Financial Officer

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