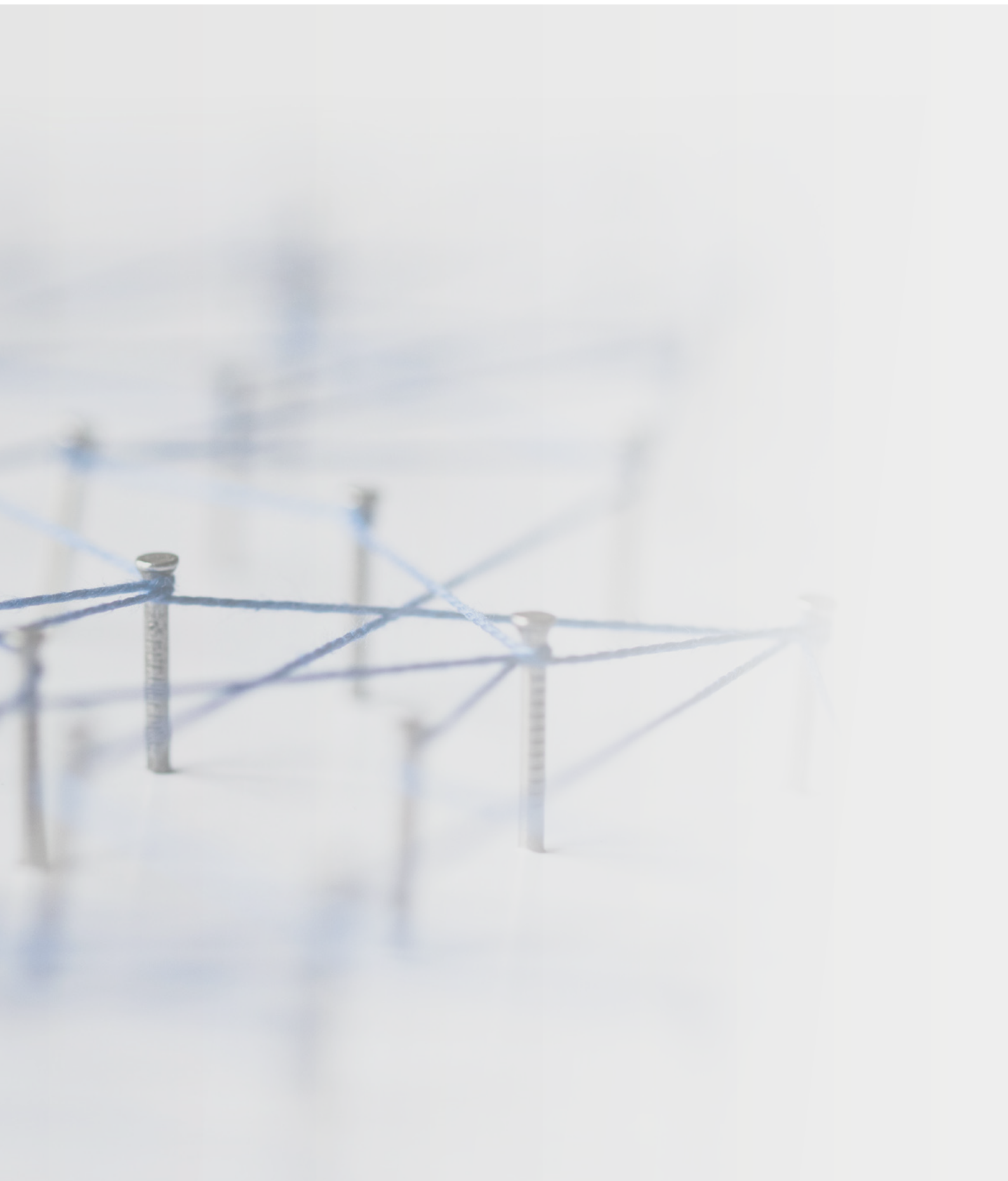




TIE Kinetix N.V.
ANNUAL REPORT 2019

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Letter from the Chief Executive Officer, Jan Sundelin

Dear reader,

In 2019 we have been able to deliver proof of the commercial viability of our FLOW platform with 45 applications containing both supply side information and demand side information. We have engaged various new, enterprise level customers in the supply chain, that have chosen for TIE Kinetix because of our FLOW platform.

We have also succeeded in scaling up our Business to Government E-invoicing proposition. More government customers were signed up in the Netherlands, and in addition we signed a land mark deal with a German Bundes Ministry for using our E-invoicing platform. We intend to further build on these successes in 2020 with more and more European markets opening up for E-invoicing.

Our Google AdWords for Channel solution gained more traction in 2019 with several large customers expanding their budgets and portfolio with us. Our Adwords for Channel solution allows our clients (typically selling high margin products with a certain complexity) to generate, control and convert sales leads locally in their distribution channel, against very competitive costs per lead. Our sales funnel has expanded in the second half year and we will be organizing our delivery teams in 2020 anticipating growth in this business.

In 2019, we have completely reorganized our German operations. We have significantly reduced our cost base and have refocused from reselling third party products into delivery of our core FLOW supply- and demand side suite of solutions. German staff have been retrained and are now engaged into the new suite of solutions. The above mentioned large scale E-invoicing engagement is a first proof of this new strategy. Restructuring the German operation has taken considerable corporate investment and effort, but is crucial to maintain our European footprint.



Our 2019 order intake significantly exceeded 2018 levels. At the same time, certain 2018 non-strategic businesses were discontinued (T-Mobile and large German hosting contracts) in 2019. Consequently, even with the change of businesses, we were able to sign up a higher order intake in 2019. On top of this our sales funnel during the year filled up to higher levels than in preceding years. With duly conversion into sales, 2020 order intake may exceed 2019 levels, again proving right our strategic choices.

In 2020 investments will be required to support the anticipated growth in the engagement and delivery of new customer projects. If we cannot fund the required investments ourselves, we may need to look for external funding.

As always, we are grateful for the continued support from our staff, our customers, our partners and our shareholders to bring the company to the next level.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

Our Vision

Optimizing the supply chain with higher revenue and lower cost

We consider the supply chain as a whole - both the demand side and the supply side. We combine supplier-connectivity with connectivity with sales channel partners on one single platform. The combination of supply side information with sale and marketing information enables users to optimize their supply chain with higher revenues and lower costs.

Our Mission

We provide our customers with solutions that facilitate the exchange of data with their supply chain partner. Our FLOW platform is highly scalable to support our customers' demand for high volumes of data in best of market connectivity. Self-service functionality supports the onboarding of a large number of trading partners at minimal cost. Our applications in channel marketing automation and E-commerce are aimed at increasing our customers' revenue and our EDI and integration applications reduce our customers' cost of processing supply side trading information.

Our analytics applications provide relevant performance measurement information (document processed data per type - including revenue/cost aspects per document, lead conversion data per partner etc) enabling our customers to optimize their entire supply chain. Our solutions are offered 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 Strategy

TIE Kinetix maximizes return on investment in the supply chain with Software as a Service based applications. Customers on our FLOW platform 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 30 years of proven technology and awards.

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.

Our FLOW solutions are sold directly and indirectly. Indirect sales are managed through a network of distribution partners in our geographical markets, including Unit4, Exact, Epicor, Oracle, SAP, Microsoft, AFAS and Syspro. We refer to our market model as a 'Hub-and-Spoke' approach, where an implementation of our FLOW platform with an enterprise level customer serves as a 'Hub' connecting many trading partners as 'Spoke'. Our business model includes low cost self-service onboarding with a recurring usage fee based on actual usage. Our Hub-and-Spoke model assures maximum low cost connectivity for our customers and healthy SaaS based revenue for TIE Kinetix.

Our Company Values

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, partners 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 Supervisory Board

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.

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.



Mr. G. (Georg) Werger – Chairman

Gender: **Male**
 Date of birth: **August 15, 1960**
 Nationality: **Dutch**
 Principal position: **Attorney at law**
 Date of initial appointment: **July 2018**
 Current term of office ends: **July 2022**
 Supervisory Board memberships of other public companies: **None**



Mrs. G. (Gerdy) Harteveld-Smeets

Gender: **Female**
 Date of birth: **January 15, 1952**
 Nationality: **Dutch**
 Principal position: **independent board member**
 Date of initial appointment: **July 2018**
 Current term of office ends: **July 2022**
 Supervisory Board memberships of other public companies: **None**



Mr. P. (Per) Nordling

Gender: **Male**
 Date of birth: **October 25, 1962**
 Nationality: **Swedish**
 Principal position: **informal investor**
 Date of initial appointment: **July 2018**
 Current term of office ends: **July 2022**
 Supervisory Board memberships of other public companies: **None**

The Executive Board



J.B. Sundelin (Jan)
Chief Executive Officer

Date of birth: **October 21, 1960**
Nationality: **Swedish/Dutch**
Date of initial appointment member of the Executive Board: **February 14, 2007**
Date reappointed member of the Executive Board: **July, 2018**
Current term of office ends: **March 2021**
Number of shares in the Company: **34,404**
Number of options in the Company: **20,300**
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**
Date reappointed member of the Executive Board: **March 2017**
Current term of office ends: **March 2021**
Number of shares in the Company: **1,686**
Number of options in the Company: **0**
Number of warrants in the Company: **0**

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 2019 (October 1, 2018 - September 30, 2019).

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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TIE KINETIX N.V. - ANNUAL REPORT 2019

To the shareholders,

This report reflects an overview of what was discussed with the Executive Board. In the financial year 2019, the Supervisory Board met 4 times and no board members were absent. During the financial year 2019, several informal meetings were held.

After the appointment at the Extraordinary Meeting of Shareholders on July 13, 2018, the Supervisory Board advised the Executive Board on the future development and sale of the FLOW proposition and the development of the strategy for growth of the Company.

Additionally, the Supervisory Board discussed the development of the strategy for growth of the Company with the main stakeholders of the Company, and also how to focus on recovery of trust and confidence.

Organizational aspects

The Supervisory Board consists of three members. For detailed information of each individual member, reference is made to page 8 onwards of this annual report. None of the members of the Supervisory Board hold shares in TIE Kinetix NV.

The Supervisory Board is construed in line with best practices provisions as stated in chapter II of the Code (dated December 8, 2016). With reference to the Code, all members are considered independent.

The Supervisory Board notes that the composition of the Supervisory Board is in line with the terms of reference and required 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 supervisory Board monitored the cost structure of the Company and advised the Executive Board on all relevant aspects. Following 2018, TIE Kinetix was again cash flow positive (from operating activities) in the year 2019. In line with the strategy related to the FLOW proposition, the Company continued in close co-operation with the Supervisory Board, not to invest in non-core business anymore.

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. All systems used for the delivery of services to the Company's customers 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 meets 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 2019, the Supervisory Board as a whole met 4 times, excluding several informal meetings. The Supervisory Board had met also other members of the management to provide advice and follow closely future development of the FLOW proposition, the marketing activities of the Company and the operations.

Apart from the meetings where quarterly performance was discussed, the following subjects were discussed in depth:

- » strategy: meetings with the Executive Board and other members of management were dedicated to specific aspects of company such as product strategy related to the FLOW proposition and development of additional FLOW modules;
- » Remuneration: evaluation of personal targets and targets for the performance share plan of the Executive Board and senior management;
- » Evaluation of performance at country level.

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 requires 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. Within the scope of the Remuneration Policy, the Supervisory Board, 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 Supervisory Board will be appointed for a maximum period of four (4) years. On expiry of the four-year term, a member of the Supervisory Board may be reappointed for successive terms of four years each. On July 13, 2018, all members of the new Supervisory Board were appointed for a period of four years.

- » Mr Georg Werger, AGM March 2022
- » Mrs Gerdy Hartevelde, AGM March 2022
- » Mr Per Nordling, AGM March 2022

The Supervisory Board will set up an annual based schedule for re-appointment, in order to prevent that a decision by the Annual General Meeting or Extraordinary General Meeting of Shareholders is necessary for a re-appointment of all members of the Supervisory Board at the same time.

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. This was not changed compared to previous years.

Remuneration Executive Board

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

- » Salary;
- » Variable compensation in a cash 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 compensation is designed to strengthen the Executive Board member's commitment to the Company and its objectives. The variable compensation 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 variable compensation. 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 2019.

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 variable salary component). Shares in the Company, held by a member of the Executive Board, are long-term investments.

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 2019, Mr. Sundelin had a base salary of € 250k. The remuneration including expenses 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, based on company performance and individual performance.

Remuneration report M. Wolfswinkel

In 2019, Mr. Wolfswinkel had a base salary of € 200k. The remuneration including expenses 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, based on company performance and individual performance.

The remuneration of the Executive Board is disclosed in detail on page 67.

G. Werger

Chairman Supervisory Board, TIE Kinetix N.V.

Prior year achievements and recent developments

Prior year achievements

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

Strategic partnerships with Epicor, Unit4, Oracle, Google and Microsoft

Business completely in SaaS business model

Recognition on Gartner's Magic Quadrant for Integration Brokerage

Forrester recognizes Demand Generation solutions

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

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

Implementation of blue chip customers to FLOW

Developments in 2019

E-invoicing to Government and municipalities in the Netherlands and Germany

Google Ad Words for channel sold at enterprise level customers

Penetration in automotive industry in US and Europe

Targets 2019 and priorities 2020

Our 2019 focus was twofold:

- » first to evidence that our single FLOW platform strategy generates an order intake in excess of the former separate platforms EDI and Demand Generation,
- » second to evidence that our solution Google Adwords for Channel serves as a door opener to a new customer base, allowing subsequent positioning of our FLOW applications.

Our 2019 goals and priorities have been based on the above mentioned targets. FLOW migration plans for our existing customers were drawn up and discussed with our installed base. Large enterprise level customers have been signed up serving as hubs to further penetrate FLOW in our markets. Our account management was tasked with this and operational targets were set with this objective in mind. A newly set up Corporate Account Team took care of the enterprise level customers. Furthermore, we closed enterprise level customers for E-invoicing to Government in Germany.

This approach proved quite successful. TIE was able to report an all time high order intake in FY 2019, including a large FLOW deal signed with a Google Adwords for Channel client. This is the first proof of the cross sell capabilities of Google Adwords for channel.

In order to achieve our goals TIE Kinetix set the following priorities for 2019:

Complete development FLOW including customer self-onboarding	Successful
Scale up Google-Adwords-for-Channel	Successful
Expand Partnership network	Successful
Roll out E-invoicing to Government	Successful
Offer all solutions worldwide in all our markets	Not successful
Expand Integration to Germany	Successful

For 2020 our priorities are to deeper penetrate the automotive and tech vertical markets in both Europe and the US with our FLOW proposition. In addition, we intend to drive the e-invoicing to government proposition deeper into the Netherlands and Germany markets. In order to do that, we intend to invest in additional marketing programs, sales capacity, lead generation and on-boarding capabilities.

Review 2019

2019 set out to be an important year for confirming the strategic direction of the company. Having transitioned out all non FLOW related products in 2018, management sought a substantially higher order intake level in 2019 to confirm the FLOW strategy. In addition to the numerical targets set, management also set targets to generate cross sales to the existing customer base, re-affirming the cross sell and up-sell potential of the FLOW strategy.

In 2019 our development efforts were aimed at completing the development of FLOW functionality required to replace the EDI/Integration suite of products on our US markets. To this effect our TIE Smart Bridge proposition was enriched with US standards and protocols, including customer self onboarding functionality. We have started drafting upgrade programs to bring our US customers to FLOW and will continue this pursuit in 2020.

In 2019 we signed up more clients to E-invoicing to government Solution including some Dutch governmental agencies, universities and hospitals. We have also brought our E-invoicing to government solution to a large German customer, the 'Gesellschaft für Internationale Zusammenarbeit'. Revenue from this solution is increasing due to increased usage of the platform. We expect higher usage of the platform in 2020 following increased political pressure to use e-invoicing for government transactions.

In 2019 we were happy to experience increased demand of our Google-Adwords-for-Channel product. In this financial year the product came in on plan, with several larger automotive and high tech customers embracing our proposition and rolling it out in various countries in Europe and the US. In 2019, also the first cross sell of FLOW applications to a Google-Adwords-for-Channel customer was registered, which can be considered a first proof of our product strategy. For 2020 we will penetrate the automotive and high tech markets further with this solution, anticipating cross sales of our other FLOW applications..

In 2019 even more back office processes have become centrally managed and controlled. Following the successful set-up of a centrally managed billing operation, we have also centralized receivables management and collections. This provides the company with an enhanced control over its receivables, driving strong working capital management.

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 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, 2019 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, 2019 and the state of affairs during the financial year to which the report relates;
- C) the annual management report.

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:

Revenue Analysis

Order Intake (Intake Signed Proposals or "ISP")

The 2019 Order Intake in FLOW applications amounted to € 16.3 million (2018: € 11.2 million) an increase of 45%. This increase is reported in all applications of FLOW, both on the EDI/Integration applications, and on the Demand Generation applications - including large follow on orders for Google Adwords for Channel. Order intake also includes several large customers referred to as 'hubs' in our 'Hub-Spoke' strategy. Such 'hubs' are particularly interesting for TIE since they will bring us to a multitude of new leads, referred to as 'spokes'. In 2019 we have been further expanding our reach particularly in the Automotive sector and in the Hi-Tech sector. In the automotive sector 'hub size' deals were signed with customers LEM (Switzerland), HDA Truckpride (US) and Michelin (Europe), and in the High-Tech sector with Xerox.

Customers and Resellers

The Top 10 customers accounted for 18% (2018: 24%) of revenue, with an average sales value of € 286k (2018: € 339k).

Product Development

We completed some 45 SaaS based applications available on our FLOW platform. Our FLOW solutions have converged into one single platform offering, with seamless integrations to many third party ERP systems. The FLOW modules allow 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 us 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 us apart from our competitors, traditionally offering feature rich but expensive private hosting, hosted either on bare metal or on virtual machines.

Operating Expenses and Non-Recurring Expenses

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

Operating Expenses	2019	As % 2019	2018	As % 2018
Employee Benefits	5,151	54%	5,243	58%
Non-Recurring Expenses	26	0%	(403)	-4%
Depreciation and Amortization Expense	1,298	14%	1,229	14%
Other Operating Expenses:				
Accommodation Expenses	622	6%	656	7%
Professional Services	422	4%	562	6%
Communication Expenses	535	6%	471	5%
Marketing	469	5%	658	7%
Travel Expenses	307	3%	292	3%
Supplies	315	3%	244	3%
General & Administration	432	0%	47	0%
Subtotal Other Operating Expenses	3,102	32%	2,930	34%
Total Operating Expenses	9,577	100%	8,999	100%

Financial Income and/or Expense

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

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. Reporting is primarily based on Country segments. All revenue, direct costs and fee earning staff are allocated to country operation (or holding functions). Country operations are the reporting segments for internal reporting and externally for statutory reporting purposes. Any transactions between reporting segments are accounted for at cost. These items are adjusted for the segment information presented under Eliminations. This leads to the cash generating units TIE Nederland/TIE International/TIE Mambo 5, 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% post tax WACC and 10 years horizon. Management has assessed the assumptions used and has conducted sensitivity tests with post tax 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.

TIE Netherlands/Mambo 5: headroom considerations

In 2019 TIE contracted several important new customers for e-invoicing to government. Such customers were contracted in the Netherlands but also in Germany. These customers - governmental agencies and municipalities - are directing their suppliers to TIE Kinetix for the implementation of e-invoicing. In 2019 important steps have been made in onboarding these suppliers to the FLOW platform. To date the actual usage of the platform by these suppliers is behind our expectations and consequently the associating revenue came in behind plan. However, more and more customers – governmental agencies and municipalities – are mandating e-invoicing from their suppliers. Therefore, it may be expected that the revenue stream will increase over the short term.

This business may be expected to grow with new cities coming to us after successful implementation of e-invoicing solutions. The future growth of the Mambo5 operation is estimated to be around 50% in the first 4 years (2018-2022) and flat thereafter. Our performance in FY 2019 is in line with this assumption. It is assessed that the Mambo5 10 Year Cumulative Cashflow exceeds the carrying value of Goodwill with sufficient headroom.

Management has assessed that for Mambo 5 the headroom between currently estimated future cash flows and carrying value of goodwill is sufficient and may further increase in future. In FY 2019, TIE Netherlands and TIE Mambo5 have been merged.

Income Taxes

The carrying value of the Deferred Tax Asset in the US amounts to € 299k (\$ 327k) in the US (2018: € 372k or \$ 431k), and is caused by timing differences. The US net operating losses for both Federal Tax purposes and State tax purposes are fully utilized as a result of which the company's effective tax rate is increasing. The carrying value of the Deferred Tax Liability in Germany amounts to € 5k (2018: € 6k), and in the Netherlands nil (2018: € 2k).

Cash Position

In 2019, the Cash Generated in operations is € 2,703k (2018: €631k). As at September 30, 2019 the Company held a cash position of € 2,041k (2018: €580k).

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.
- » Use of third party software in our applications

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 46 of this report.

Credit Risk

The Credit Risk is discussed on page 46 of this report.

Liquidity Risk

The Liquidity Risk is discussed on page 46 of this report.

Interest Rate Risk

The Interest Rate Risk is discussed on page 47 of this report.

Brexit

Since 2018 TIE Kinetix operates a small separate business in the United Kingdom. As at September 30, 2019 TIE does not have sales contracts or purchasing contracts denominated in UK Pounds Stirling. The effects, if any, of the anticipated separation of the United Kingdom from the European Union, are 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. Following the introduction of FLOW TIE Kinetix has refocused its acquisition strategy. Acquisitions may 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 2019, 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 we use English as the main international business language. In general TIE Kinetix aims to provide its staff members with safe and healthy working conditions.

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.

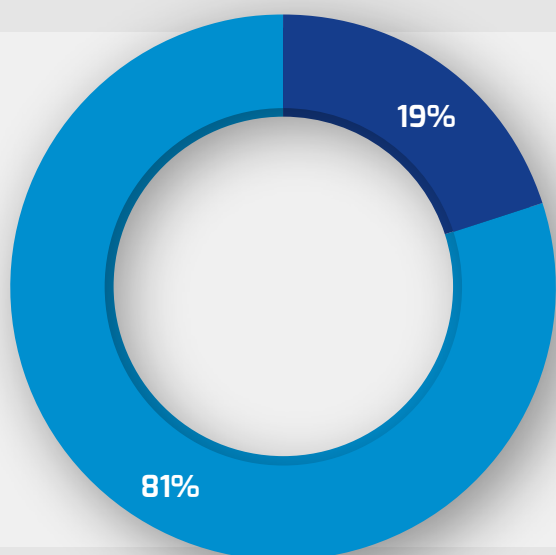
Compliance with Laws and Regulations

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 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.

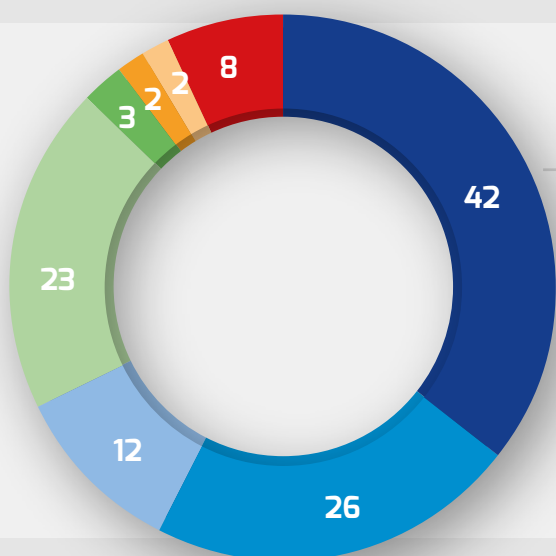
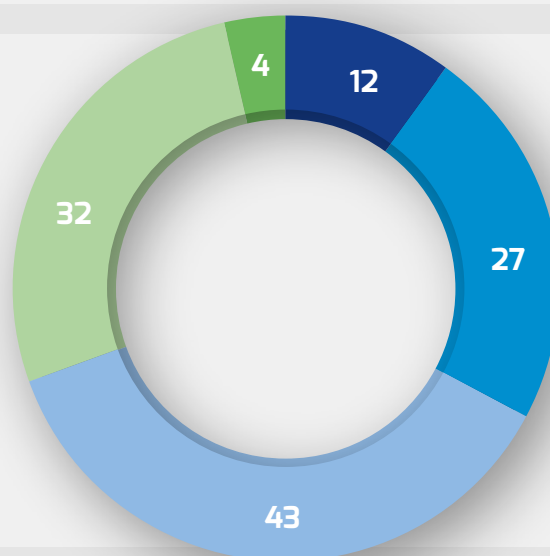


Employee Gender

- Female
- Male

Age distribution

- 18-30
- 51-60
- 31-40
- 60+
- 41-50



Nationalities

- Netherlands
- United States of America
- France
- DACH Region
- Spain
- Sweden
- India
- Rest of World

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. From 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, 2019 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. As the case may be, we maintain and 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 information about potentially price sensitive matters and is very careful with contacts between company executives and shareholders and analysts.

TIE Kinetix 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.

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 between enterprises and governments. Through our solutions, TIE Kinetix improves to the sustainability profile of all stakeholders within supply chain from end to end.

An example is our FLOW 'e-invoicing' proposition, which decreases paper-usage. With our FLOW platform, we provide a paper-free solution to digitally process invoices. Our solutions are hosted in both the public cloud and in private cloud solutions. Our hosting providers are dedicated to corporate social responsibility as they are constantly addressing their practices to ensure that they are kept sustainable.

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.

TIE Kinetix publishes an annual report and semi-annual results. 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.

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

application of IFRS 15 will have a negative impact on consultancy revenue which may not be compensated with higher productivity. We intend to deploy additional cash flow generated in our operation to fund investments in future growth, in the absence of external capital for this purpose. As a consequence of the additional 'overlay' investments in marketing and sales we only expect to generate modest operational results in FY 2020.

We will continue to invest in the development of FLOW functionality. Our development team remains at the current deployment levels and is not expected to grow.

Outlook for Financial Year 2020

In 2020, the company remains dedicated to the commercial growth of its FLOW solutions. Emphasis will be placed on expansion in dedicated vertical markets in line with the TIE Kinetix strategy. We will continue to invest in our corporate account team dedicated to FLOW. Furthermore, we intend to invest in scaling our e-invoicing to government proposition both in the Netherlands and in Germany. Following our strong 2019 order intake we expect to show growth, particularly in the SaaS revenue. The

Financial Calendar 2020

March 27, 2020: Annual General Meeting of Shareholders

April 8, 2020 until May 13, 2020 – Closed Period
» **May 13, 2020: Publication of the 1st half year results**

October 8, 2020 until November 18, 2020 – Closed Period
» **November 18, 2020: 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 of December 8, 2016 (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, the Privacy Policy, the Information Secrecy 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 27, 2017 the General Meeting of Shareholders decided not to grant authorization to 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 any anti-takeover provisions.

Shareholders who have reported their interest in the Company pursuant to Chapter 5.3 of the Dutch Act of Financial Supervision are Mr. C. Komen (through DW Vastgoed Beleggingen B.V.) 25.8 %, Mr. P. van Schaick (through Alto Imaging Group N.V.) 13.4 %, Objectif Lune International Inc. 9.9 %, Mr. D. Lindenbergh (through Blikkenburg BV) 9.1 %, and Mr. G. van Lookeren (through Loca Holding BV) 6.1%; all excluding potential interests. In 2019, no shareholder agreements have been concluded between the Company and these major shareholders.

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 interim financial statement 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 since March 27, 2015.

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 and the Supervisory Board are guided by the interests of the Company, taking the relevant interests of all stakeholders into account and to create long term value in accordance with article 1.1.1 of the Code. In this respect, the Executive Board and the Supervisory Board have assessed the Company's long term growth strategy related to its FLOW proposition. This included assessment of the required investments and financial aspects, control of related risks and opportunities subject to article 1.2.1 and 1.2.2 of the Code and communication with its stakeholders.

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 was renewed at the General Meeting of Shareholders of March 2018 and will end on March 31, 2021.

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 was renewed at the General Meeting of Shareholders of March 31, 2017 and will end on March 31, 2021. The remuneration of the members of the Executive Board has been set in line with the Remuneration Policy of the Company and is in line with the provisions of the Code. In the Remuneration

policy a claw back clause on variable pay has been incorporated. The severance package of the Executive Board is in line with best practice provision 3.2.3. of the 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 2019, 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 has three members, all appointed at the Extra-Ordinary Meeting of Shareholders of July 13, 2018: Mr Georg Werger (president), Mrs Gerdy Harteveld and Mr Per Nordling. 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 2.1.6, 2.1.7, 2.1.8 and 2.1.9 of 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.

Furthermore, the General Meeting of Shareholders approved the remuneration of the members of the Supervisory Board. The annual remuneration of Mrs Harteveld and Mr Nordling is € 10k and the remuneration of Mr. Werger is € 20k.

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 2018, there were no 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 2019, being appointed at the General Meeting of Shareholders of March 29, 2019.

No deviations

The company complies with the statutory requirements on gender diversity.

In control statement

In order to ensure adequate and effective internal risk management and control systems, all internal business processes are recorded in an internal instrument called My-TIE, based on Exact Synergy. This system gives the Executive Board complete visibility on all transactions that have taken place anywhere within the company and provides detailed reports. 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.

Functionality and design are continuously developed to further improve supporting business processes and upgraded to the latest version of Exact Synergy.

In 2016, our time tracking functionality was migrated to Exact Synergy and our customer resource management processes were consolidated within Synergy allowing tighter control and management.

In 2017, our subscription based contracts and invoicing was migrated to Exact Synergy.

In 2018, our project management and development functionality was migrated to Exact PSA/Synergy.

In 2019, functionality was added to enable robotic accounting for our accounts payable and three way invoice matching within Synergy. 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 foregoing and in view of the above, the Executive 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, 2019;
- » The internal risk management and control system has worked properly in financial year 2019 and there are no indications to believe that the internal risk management and control system will not continue to function properly in financial year 2020.

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

Consolidated Financial Statements of TIE Kinetix NV for the year ending September 30, 2019

Notes to the Consolidated Statement of Financial Position from page 33.

Assets

(€ x 1,000)		30 September 2019	30 September 2018
Non Current Assets	Notes		
<i>Intangible fixed assets</i>	1		
Goodwill		2,278	2,250
Other Intangible Fixed Assets		3,673	3,772
		5,951	6,022
<i>Tangible Fixed Assets</i>	2		
Property, Plant and Equipment		107	176
		107	176
Loans and Receivables		-	13
Deferred Tax Asset	3	299	372
Contract Asset		139	-
		438	385
Total Non Current Assets		6,496	6,583
Current Assets	4		
Trade Debtors		2,156	2,901
Income Tax Receivable		46	-
Taxation and Social Security		65	95
Contract Asset (Current)		127	-
Other Receivables and Prepayments		664	957
		3,059	3,953
Cash and Cash Equivalents		2,041	580
Total Current Assets		5,100	4,533
Total Assets		11,597	11,116

Equity and Liabilities

(€ x 1,000)		30 September 2019	30 September 2018
Equity	Notes		
Shareholders' Equity	5	3,490	4,871
Convertible Bonds		-	45
Total Equity		3,490	4,916
Non Current Liabilities			
Deferred Tax Liability	6	5	8
Deferred Revenue		555	25
Provisions		184	184
Total Non Current Liabilities		744	217
Current Liabilities	7		
Trade Creditors		797	812
Deferred Revenue (Current)		4,807	3,133
Taxation and Social Security, Income Tax		352	658
Other Payables and Accruals		1,407	1,380
Total Current Liabilities		7,362	5,983
Total Equity and Liabilities		11,597	11,116

Consolidated Statement of Comprehensive Income for the year ending September 30, 2019

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(Notes to the Consolidated Statement of Comprehensive Income from page 33 onwards).

	Note	2019	2018
Revenues (€ x 1,000)	8		
Licences	350	415	
Maintenance and Support	2,793	2,798	
Consultancy	3,220	4,138	
Software as a Service	8,929	9,420	
Revenues subtotal		15,291	16,771
EU projects		-	107
Other income		16	14
Total Revenue		15,307	16,892
Third party hire		(407)	(482)
Direct Employee Costs		(3,696)	(4,212)
Direct Purchase Costs		(2,632)	(2,691)
Total Gross Margin		8,573	9,507
Operating Expenses	9		
Employee Benefits	(5,151)	(5,243)	
Acquisition Costs and Other Items	(26)	403	
Depreciation and amortization	(1,298)	(1,229)	
Impairment	-	-	
Other Operating Expense	(3,102)	(2,930)	
Total Operating Expenses		(9,577)	(8,999)
Operating Income/(loss)		(1,004)	508
Interest and Other Financial Income	10	(2)	2
Interest and Other Financial Expense	10	(55)	34
Income/(loss) before Tax		(1,061)	544
Corporate Income Tax	11	(254)	(360)
Net Income/(loss)		(1,315)	184
Comprehensive Income		2019	2018
Net Income/(loss)		(1,315)	184
Exchange differences on translating of foreign operations		23	(21)
Total Comprehensive Income/(loss) net after Tax		(1,292)	163
Attributable to Shareholders of TIE Kinetix:	12		
Income after Tax		(1,315)	184
Comprehensive Income net after Tax		(1,292)	163
Net result per share - basic		(0.81)	0.11
Weighted average shares outstanding - basic (thousands)		1,623	1,617
Net result per share - diluted	12	(0.68)	0.09
Weighted average shares outstanding - fully diluted (thousands)		1,943	1,953

Consolidated Statement of Changes in Equity for the year ending September 30, 2019

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More details are explained in note 5 on page 57.

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share- holders Equity	Convertible Bonds	Total Equity
Balance per September 30. 2017	61,393	(56,759)	75	4,710	45	4,755
Foreign Currency translation reserve	-	-	(22)	(22)	-	(22)
Net Income	-	184		184	-	184
Total Comprehensive Income (loss)	-	184	(22)	162	-	162
Shares issued and Share Premium	-	-	-	-	-	-
Balance per September 30. 2018	61,393	(56,575)	53	4,871	45	4,916
IFRS 15 adjustment opening balance	-	(159)	-	(159)	-	(159)
Adjusted balance at October 1, 2018	61,393	(56,735)	53	4,711	45	4,756
Foreign Currency translation reserve	-	-	23	23	-	23
Net Income	-	(1,315)	-	(1,315)	-	(1,315)
Total Comprehensive Income (loss)	-	(1,315)	23	(1,292)	-	(1,292)
Conversion of Convertible Bonds	-	-	-	-	(45)	(45)
Shares issued and Share Premium	70	-	-	70	-	70
Balance per September 30. 2019	61,464	(58,049)	76	3,490	-	3,490

There are no Other Comprehensive Income items that will be recycled in future periods.

Consolidated Statement of Cash Flows for the year ending September 30, 2019

(€ x 1,000)	2019	2018
Income before tax	(1,061)	544
<i>Adjustments:</i>		
Depreciation and amortization	1,298	1,229
Increase (decrease) provisions	-	(190)
	1,298	1,039
<i>Working Capital Movements</i>		
(Increase) decrease in debtors and other receivables	862	342
(Decrease) increase in deferred revenue	1,975	(402)
(Decrease) increase in current liabilities	(106)	(892)
	2,730	(952)
Cash generated (applied) in operations	2,967	631
Interest paid	(15)	(4)
Interest received	-	2
Income tax paid	(451)	(229)
Net Cash flow from operating activities	2,501	399
Investments in intangible fixed assets/ development costs	(1,073)	(1,302)
Investments in tangible fixed assets	(46)	(41)
Net Cash flow generated / (used) in investing activities	(1,119)	(1,343)
Increase (decrease) long term loans	-	(8)
Issue of new shares	70	-
Net Cash flow generated / (used) by financing activities	70	(8)
Net increase (decrease) in Cash and Cash Equivalents	1,452	(953)
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents	10	(6)
Opening balance Cash and Cash Equivalents	580	1,538
Closing balance Cash and Cash Equivalents	2,041	580

Notes to the Consolidated IFRS Financial Statements

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TIE KINETIX N.V. - ANNUAL REPORT 2019

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, UK, 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, 2019 are authorized for issuing through a resolution of the Executive Board dated December 10, 2019. The Annual General Meeting of Shareholders, to be held on March 27, 2020 will be requested to decide on the Consolidated Financial Statements.

Statement of Compliance

The consolidated financial statements of the Company included on pages 30 to 83, 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, and titel 9 of book 2 of Dutch Civil Code.

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.

Implications of new, amended and improved standards

New standards, interpretations and amendments effective from 1 January 2018:

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 30 September 2019, and which have given rise to changes in the Company's accounting policies are:

- » IFRS 9 Financial Instruments; and
- » IFRS 15 Revenue from Contracts with Customers

Details of the impacts of these two standards are given in the notes below. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's accounting policies.

New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

- » IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- » IFRS 23 Uncertainty over Income Tax Positions (effective 1 January 2019)
- » IFRS 16: adoption of IFRS 16 will result in the Company recognizing the right-of-use assets and lease liabilities for all contracts that are, or contain, a lease (except for short-term and low-value leases). The Executive Board has decided it will apply the modified retrospective adoption method in IFRS 16, and, therefore, will only recognize leases on balance sheet date as at 1 October 2019. In addition, it has decided to recognize a lease liability at the present value of its remaining lease commitments. It will measure right-of-use assets by reference to the measurement of the lease liability on that date. As at the reporting date, the Company has identified operating lease commitments of approximately € 1,984k (see page 72), which are relevant for IFRS 16 adoption. Assuming the Company's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets of approximately € 824k and lease liabilities of approximately € 928k being recognised on 1 October 2019 (equity impact: (€ 104k)). However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in changes to the carrying value of right to use asset and lease liability. Instead of recognising an operating expense for its operating lease payments, the Company will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets.

This will increase reported EBITDA by the amount of its current operating lease cost, which for the year ended September 30, 2019 was approximately € 667k.

Operating cash flow is expected to increase, offset by decrease in cash flow from financing activities.

- » IFRIC 23: Uncertainty over Income Tax Positions IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments, addressing whether to consider uncertain tax treatments separately; assumptions about the examination of tax treatments by taxation authorities; determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates; and consideration of changes in facts and circumstances. Based on current information, Management believes the income tax position will not materially change. Reference is made to pages 53 and 54 for more information.

Going Concern Considerations

Based on Budget 2020, 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. The company has a credit facility with Rabobank (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 the 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 intercompany balances, transactions, and income and expenses resulting from intercompany 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, 2019. 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 part 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, 2019, 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.

Intercompany monetary items, which form part of an enterprise net investment, are translated against the closing rate per September 30, 2019. An intercompany 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 Judgements 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, revenue recognition, assumptions pertaining to income tax and deferred tax asset.

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 48.

Consultancy Revenue (set-up fees)

In line with IFRS 15.95 (a) set-up fees (and related Direct Purchase Costs) have been allocated to the SaaS performance obligations in the contract and are recognized over time (contract life). Due to lack of historical information on set-up fees, the Company is unable to determine customer life, and conclusively determine the completeness of historical set-up fees. Consequently, it is assumed that contract life equals customer life. If in future more information becomes available, this assumption may be abandoned.

SaaS revenue

In line with IFRS 15, SaaS revenue is recognized over time commencing on the go-live date, which coincides with the consumption of the subscription to the FLOW portal. The initial invoice date for SaaS subscription approximates the go-live date. On an overall basis, difference between initial invoice date and go-live date is assumed to be immaterial. The average life of a SaaS contract is assumed to be three years.

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.

Offsetting

Offsetting a financial asset with a financial liability (IAS 32.42). TIE Kinetix NV adopts IAS 32.42 and only offsets a financial asset with a financial liability when TIE Kinetix has the legal right to such an offset and when TIE Kinetix intends to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable

entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

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.

Customer Base

The Customer Base of acquisitions in the past has been identified as a separate intangible asset upon acquisition. The useful life of this asset is amortized straightline over ten years and reassessed periodically and adjusted when circumstances give rise to such action.

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 straightline based on an expected useful life of three-five 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.

Upon initial recognition of the assets and liabilities and activities during 2006, a separate intangible fixed asset representing the Content Syndication Concept was recognized. 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.

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-five 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.

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.

Financial Assets

Accounting Policies 2018

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'.

Accounting policies 2019

The Group has applied IFRS 9 from the date of incorporation i.e. 1 October 2019. Please refer to note 4 on page 55 for the impact.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through OCI (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- » contingent events that would change the amount or timing of cash flows;
- » terms that may adjust the contractual coupon rate, including variable-rate features;
- » prepayment and extension features; and
- » terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Cash & Cash Equivalents

Cash and Cash Equivalents are valued at face value and 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. This accounting policy is both for 2018 and 2019.

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 Statement of Comprehensive 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.

Revenue recognition

Revenue from Contract with Customers (accounting policies 2019)

The company implemented IFRS 15 Revenue from Contract with Customers this financial year. The Company recognizes revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The Company recognizes revenue upon the satisfaction of performance obligations,

which occurs when control of the good or service transfers to the customer. Control can transfer at a point in time or over time.

The group has taken advantage of the relief in IFRS 15 to reflect the aggregate effect of all modifications that occur before October 1, 2018. The Company applied the new standard to all relevant on-going contracts at the date of the initial application, as allowable under IFRS 15.

The financial impact of the implementation relates to the set-up fees in combination with SaaS-revenue where set-up fees are not considered to be a distinct performance obligation. The other revenue streams were not impacted from a revenue recognition perspective. Refer to page 41 for the financial impact and to compare this year with prior year from a revenue perspective given the change in accounting policy.

The company has four revenue streams, namely, revenue from Licenses, Maintenance and Support, Consultancy and Software as a Service (SaaS). We have described the revenue recognition for each of the revenue streams below using the 5-step model of IFRS 15 Revenue from Contract with Customers.

Step 1 – Identify the Contract

For each service and thus for each revenue stream the company enters into a contract with a customer which outlines the performance obligation and the transaction price and our general terms and conditions. Our general conditions include a net 30 day payment term from invoice date and do not contain warranties or return obligations.

Step 2 – Identify the Performance Obligations License revenue

The company licenses certain products to its customers and are typically installed on the customer's server which is the company's performance obligation. Licensed products are the right to use software and to which the company has the Intellectual Property Rights. The life of the license is in principle indefinite and no updates are necessary for the proper operation of the license functionality.

Maintenance and Support revenue

The company provides, predominantly connected to License revenue, post-contract maintenance and support services. Maintenance services are tasks performed periodically in order to maintain, improve and secure the level of services and/or security. This performance obligation is considered to be distinct performance obligation from the Licensing revenue.

Software as a Service revenue

The performance obligation 'SaaS' is the ongoing effort of TIE Kinetix to provide connectivity of the FLOW portal to the customers and its trading partners in order to allow the exchange of data between the customer and each trading partner. The connectivity is typically through the FLOW portal onto data networks. The FLOW portal is owned and controlled by TIE Kinetix and not transferred to a customer.

Through the SaaS contract the customer connects with the FLOW portal, either using his own VAN or through a closed network or through a VAN network controlled by TIE Kinetix. Once the customer is connected, the customer benefits directly from the service and will continue to benefit from the service until contract end.

Set-up activities

Our contracts may include non-refundable upfront fees for setting the customer up. Under set-up the customer is either connected to the FLOW platform, or to a VAN network or to a closed loop network. In principle, the Company may render set-up activities to connect a customer to a VAN network owned by the customer itself, or purchased from another supplier. Usually the setup phase for a customer project involves a consultant or a group of consultants in order to define, configure, implement test and deploy the customer's contracted features before putting them in production in the (SaaS) environment. Usual work performed includes mappings, business processes, workflow configuration, notifications setups, portal setup, business rules configuration, communication setup, trading partner setup, trading partners onboarding mechanism, landing pages built, partner onboarding, business models setup, notifications, etc.

These services are not transferred to the customer separate from the SaaS performance. Since no good or service is transferred to the customer separately, the set-up is not considered to be a performance obligation. Rather, the setup fee is included in the revenue that is allocated to the SaaS performance obligation.

Consultancy revenue

The company provides consultancy services which comprise of various kinds of consulting, especially on how to increase revenue by using Cloud automation, through A/B Testing and Personalization, with Enterprise Search and by using Big Data / Machine Learning. These consultancy services are sold in hours or bundles of hours.

Step 3 – Determining the Transaction Price and Step 4 Allocating the Transaction Price to Performance Obligations Licenses, Maintenance and Support and Consultancy revenue

The transaction prices of the revenue streams are based on internal price lists and agreed with the customer in a contract. The price is separately included in the contract and are considered to be the stand alone selling price. The transaction price is allocated over the single performance obligations which are described above.

Software as a Service revenue

Transaction price is stipulated in the contract and typically has a fixed component (monthly SaaS and if applicable a non-refundable set-up fee), plus a bundle of messages component plus pricing for additional messages sent beyond the contracted volumes. There are no volume discounts given when message levels exceed contracted volumes. Contract durations are between 1 to 5 years (on average 3 years) with payment for use of the FLOW portal (including data networks) occurring always upfront for the entire contract period or part of the contract period.

Step 5 – Revenue recognition method License revenue

License revenue is recognized at a point in time because it the customer has the right to use the license which is based on the output method.

Maintenance and Support revenue

Maintenance and Support revenue is recognized over time over the contract period which is based on the output method.

	Contract Assets (WIP)	Contract Assets (costs to fulfil the contract)	Deferred revenue
Opening balance (30/09/2018)	429	-	3.158
Adjustment due to the implementation of IFRS 15	-	101	260
Recognised during the year from opening balance	429	43	(3,133)
Added during the year	265	122	5,077
Closing balance (30/09/2019)	265	266	5.362

	2018	IFRS 15	IFRS 9	2018 as restated
Revenues	16,892	(198)	-	16,632
Gross Margin	9,507	(121)	-	9,348
Operating Expenses	(8,999)	-	-	(8,999)
Operating Income	508	-	-	508
Interest and Finance Expense	36	-	-	36
Corporate income Tax	(360)	-	-	(360)
Net Income	184	(121)	-	25

	2018	IFRS 15	IFRS 9	2018 as restated
Total comprehensive income:				
Net income	184	(121)	-	25
Exchange differences	(21)	-	-	(21)
Total comprehensive income net after tax	163	(121)	-	4

Attributable to shareholders of TIE Kinetix:

Income after tax	184	(121)	-	25
Comprehensive income after tax	163	(121)	-	4
Net result per share	0.11	-	-	0.00

	2018	IFRS 15	IFRS 9	2018 as restated
Intangible fixed assets	6,022	-	-	6,022
Tangible Fixed Assets	176	-	-	176
Contract Asset	-	58	-	58
Other Non Current Assets	385	-	-	385
Total Non Current Assets	6,583	58	-	6,641
Contract Asset (Current)	-	43	-	43
Trade Debtors	2,901	-	-	2,901
Other Current Assets	1,052	-	-	1,052
Cash	580	-	-	580
Total Current Assets	4,533	43	-	4,576
Total Assets	11,116	101	-	11,217
Deferred Revenue	25	148	-	173
Other Non Current Liabilities	192	-	-	192
Total Non Current Liabilities	217	148	-	365
Deferred Revenue (Current)	3,133	112	-	3,245
Other Current Liabilities	2,850	-	-	2,850
Total Current Liabilities	5,983	112	-	6,095
Total Liability	6,200	260	-	6,460
Equity	4,916	(159)	-	4,757
Total Equity and Liability	11,116	101	-	11,217

Consultancy revenue

Consultancy revenue is recognized over time (hours utilization) which is based on the input method.

Software as a Service revenue

Software as a Service revenue is recognized over time over the contract period which is based on the output method.

Disaggregation of revenue

In 2019 sales from Licenses, which is recognized at a point in time under IFRS 15, totals €350k. Maintenance & Support, Constancy, including set-up fees, and SaaS revenue are recognized, over time totaling €14,941k.

Contract balances**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract asset becomes a receivable when the Group's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

The contract assets recognised by the company relate to both the right to consideration in exchange for goods or services transferred to the customer and costs to fulfil a contract. The amortisation period of the costs to fulfil a contract are based on the average customer (refer to Significant Accounting Judgements and Estimates on page 34).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligation. The contract liability recognised by the company relate to the company's obligation to fulfil the contract.

Accounting policies 2018 (IAS 18)

Prior to adoption of IFRS 15, the Company recognized revenue under IAS 18. Under the old standard, 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.

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 and Software as a Service.

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 and the collection of the receivable outstanding is deemed probable by management.

Maintenance and Support

Maintenance subscriptions include relevant updates of TIE Kinetic 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.

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 Bevordering 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 Defined Benefit 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. The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. 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. 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.

Statement of Cashflows

The statement of cash flows is presented in accordance with the indirect method. In this method, the income before tax is adjusted for items in the profit and loss account that do not influence income and expenditure during the year, movements in balance sheet items, and profit and loss account items not relating to operating activities. Transactions not involving a cash inflow or outflow are not included in the statement of cash flows. The cash position in the statement of cash flows consists of cash and cash equivalents. Exchange differences on cash flows are presented separately in the statement of cash flows. Interest income and expense, dividends received and corporation taxes are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities. The acquisition price of group companies acquired is presented in the cash flow from investing activities in so far as payment has been made in cash. Cash balances present in acquired group companies are deducted from the acquisition price. The selling price of divested group companies (divestments) is presented in the cash flow from investing activities in so far as payment has been made in cash. The cash balances present in divested group companies are deducted from the selling price.

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. The principal financial instruments, from which financial instrument risk arises, are trade receivables, cash and cash equivalents, trade and other payables, and bank overdrafts.

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 2019 (nor in 2018).

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 1.09 (2018: 1.16) for the year-end closing rate, USD against the Euro. For net income, the average rate of USD against the Euro was 1.10 (2018: 1.19). Currency exposure to date is limited

to the US operations. The company assessed this is a naturally hedged position with no material residual currency exposure.

Credit Risk disclosure

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities: primarily trade receivables, but also including its deposits with banks.

The Group applies IFRS 9. IFRS 9 establishes a three stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognized as expected credit losses (ECL) (as well as the amount of interest income to be recorded) at each reporting date:

- » Stage 1: Credit risk has not increased significantly since initial recognition – recognize 12 months ECL (i.e., the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date), and recognize interest on a gross basis
- » Stage 2: Credit risk has increased significantly since initial recognition – recognize lifetime ECL (i.e., ECLs that result from all possible default events over the expected life of a financial instrument), and recognize interest on a gross basis
- » Stage 3: Financial asset is credit impaired – recognize lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

Summary of financial liabilities (including long term liabilities) based on contractual undiscounted payments per year-end 2019 and 2018:

Summary of Financial Liabilities	Short term		Long term		Total 2019
	> 0 months < 3 months	> 3 months < 12 months	> 1 year < 5 years	> 5 years	
Trade Creditors	651	92	54	-	797
Other Payables	352	1,055	-	-	1,407
Total	1,003	1,147	54	-	2,204

Summary of Financial Liabilities	Short term		Long term		Total 2018
	> 0 months < 3 months	> 3 months < 12 months	> 1 year < 5 years	> 5 years	
Trade Creditors	783	15	14	-	812
Other Payables	131	392	-	-	523
Total	914	407	14	-	1,335

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as the date of initial recognition. For trade receivables and contract assets (with a maturity of 12 months or less), 'lifetime expected credit losses' are recognized (the 'simplified approach').

Please also refer to note 4 to the consolidated Financial Statements. The Company has assessed its credit risk. The Company has no significant concentrations of credit risk. The Top 100 customers account to 18% (2018: 24%) of total revenue, while no individual customers accounts to more than 2.9% (2018: 3.7%). 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 maximum risk is the outstanding balance of Loans and Trade Receivables, for details see page 54. The Top 10 outstanding debtors amount to 42% (2018: 31%) 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 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's 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.

As in prior years the company was fully equity financed using net cash from operations. The company did not use any loans or debts from credit institutions. As at balance sheet date there is no short term debt or bank overdrafts.

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 Rabobank (EURIBOR based). Management regularly assesses the outstanding debt position and evaluates funding opportunities. As at September 30, 2019, the Company held no (2018: no) short term (interest bearing) debt.

Business Combinations

Acquisitions 2019

No acquisitions have been made in 2019.

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

Liability	Interest rate	Outstanding 30-9-2018	+10 basis points	-10 basis points
Rabobank	Euribor + 390bps	-	-	-

Notes to the Consolidated Statement of Financial Position

1) Intangible Fixed Assets

The movements in Intangible fixed Assets are summarized below:

Intangible Fixed Assets	Goodwill	Customer Base	Software development costs	Purchased Software	Total
Carrying value as per September 30, 2017	2,242	162	3,058	367	5,829
Movements 2018:					
Additions	-	-	1,265	37	1,302
Amortization	-	(129)	(885)	(104)	(1,118)
Impairment	-	(8)	-	-	(8)
Reversal of impairment on disposals	-	8	-	-	8
Translation adjustments on Investments	164	-	14	2	183
Translation adjustments on Amortization	(156)	-	(14)	(1)	(171)
Translation adjustments on Impairments	-	-	-	(1)	(5)
Carrying value as per September 30, 2018	2,250	33	3,438	301	6,021
Accumulated Investments per September 30, 2018	3,564	849	8,725	925	14,397
Accumulated Amortisation per September 30, 2018	-	(807)	(5,249)	(615)	(6,671)
Accumulated Impairments per September 30, 2018	(1,314)	(9)	(38)	(9)	(1,704)
Carrying value as per September 30, 2018	2,250	33	3,438	301	6,021
Movements 2019:					
Additions	-	-	1,083	17	1,100
Amortization	-	(14)	(1,078)	(106)	(1,198)
Impairment	-	-	-	-	-
Translation adjustments on Investments	601	-	51	6	659
Translation adjustments on Amortization	(573)	-	(51)	(4)	(628)
Translation adjustments on Impairments	-	-	-	(2)	(2)
Carrying value as per September 30, 2019	2,278	19	3,443	211	5,951
Accumulated Investments per September 30, 2019	4,165	849	9,859	947	16,156
Accumulated Amortisation per September 30, 2019	(573)	(821)	(6,378)	(725)	(8,498)
Accumulated Impairments per September 30, 2019	(1,314)	(9)	(38)	(11)	(1,706)
Carrying value as per September 30, 2019	2,278	19	3,443	211	5,951
Useful life	Indefinite	5 - 10 years	3 - 7 years	3 - 5 years	
					2019
Goodwill	2,278	-	-	-	2,278
Other Intangibles	-	19	3,434	211	3,673
					5,951
					2018
Goodwill	2,250	-	-	-	2,250
Other Intangibles	-	42	3,428	301	3,772
					6,021

With the introduction of FLOW in 2016, 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 in 2016 from the category trademark to software development costs. Other movements consist of Foreign Currency movements for the North American CGU.

The movement of the software development costs predominantly consists of the year's capitalized development and the depreciation thereupon.

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 country segments. All revenue, direct costs and fee earning staff are allocated to country operations (or holding functions). Country operations are the reporting segment for internal reporting and externally for statutory reporting purposes. In preparing the segment information, the accounting principles applied reflect the same as those in the preparation of the Consolidated Statement of Financial Position and Consolidated Statement of Income. Any transactions between reporting segments are accounted for at cost. These items are adjusted for the segment information presented under Eliminations.

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:

- » Nederland/Mambo5/International
- » TIE France
- » TIE US
- » 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% post tax WACC (pre-tax WACC of 16%) and 10 years horizon. Management has assessed the assumptions used and has conducted sensitivity tests with post tax WACC of 13% and 14%. The company uses an impairment model with a 10 year horizon and without terminal value projections. This model aligns with industry developments.

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.

CGU TIE Germany

TIE Germany was acquired by TIE Kinetix in December 2013. As at acquisition date TIE Germany was acquired for a consideration including Goodwill. At year end 2017 management has assessed 10 year cumulative cash flow of CGU Germany and impaired 100% of the Goodwill of TIE Germany (amounting to € 2,282k), since the estimated future cash flows of TIE Germany, discounted at a WACC of 12% was insufficient to cover the carrying value of goodwill.

CGU Mambo 5:

In FY 2019 TIE has further expanded its reach in the e-invoicing to government market both in the Netherlands and in Germany. With our SaaS based service our client, municipalities and government bodies are able to receive electronic invoices from their suppliers through connecting with our portal on the FLOW platform. TIE receives revenue both for the onboarding of suppliers to our FLOW portal as well as a usage based fee per message sent over the portal. In FY 2019 some 7,000 suppliers have been onboarded to our platform. However, actual usage of the platform is depending on the suppliers' willingness to migrate from conventional billing towards e-invoicing to municipalities and governments. To date this willingness is below our expectations and, however, our revenue for e-invoicing to government is on plan. With the large Germany contract concluded in June 2019, a large part of future revenue growth required satisfy the impairment model will be assured. Increased political pressure from Dutch municipalities towards suppliers to use e-invoicing will further enhance our e-invoicing to government revenue. The company intends to further invest in marketing, sales and onboarding expenses to grow this business in FY 2020 and beyond.

The future growth of the Mambo 5 operation is estimated to be around 50% in the first 4 years (2018-2022) and flat thereafter. Our performance in FY 2019 is in line with this assumption. It is assessed that the 10 Year Cumulative Cashflow includes sufficient headroom over the carrying value of Goodwill.

In FY 2019, TIE Mambo5 and TIE Nederland have been merged.

CGU others:

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

Allocation of the carrying value of the Intangible Fixed Assets tested to the CGU's and segments for impairment per September 30, 2019 and comparative number per September 30, 2018 are as follows:

CGU	NL+Int+M5	France	US	Prod. Dev.	Total 2019
Goodwill	1,640	153	484	-	2,278
Customer Base	19	-	-	-	19
Software Development Costs	-	-	-	3,443	3,443
Purchased Software	211	-	-	-	211
Total	1,870	153	484	3,444	5,951

CGU	NL+Int+M5	France	US	Prod. Dev.	Total 2018
Goodwill	1,641	153	456	-	2,250
Customer Base	33	-	-	-	33
Software Development Costs	-	-	-	3,438	3,438
Purchased Software	299	-	1	-	300
Total	1,973	153	457	3,438	6,022

As in previous years impairment test was based on a discounted cash flow model to determine the value in use. In 2017 the goodwill of TIE Germany was fully impaired.

For all Cash Generating Units modest annual growth rates have been applied (varying between 10-50% 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 2020, as approved by the Executive Board and Supervisory Board and the following nine years. After ten years no residual value is taken into account. A post tax WACC discount rate 12% 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. **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 post tax 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. As in previous years, currency exchange results caused by the movement of the \$ versus the € related to the \$ denominated value of the goodwill in CGU TIE US are accounted for in equity.

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.

2) Tangible Fixed Assets

Property, Plant and Equipment

Movements in Property, Plant and Equipment are shown below:

Tangible Fixed Assets	Fixures & Fittings	Hardware	Total
Carrying value as per September 30, 2017	198	47	246
Movements 2018			
Additions	1	40	41
Depreciation per Statement of (comprehensive) Income	(81)	(31)	(112)
Translation Adjustments Investments	2	4	6
Translation Adjustments Depreciation	(1)	(4)	(5)
Carrying value as per September 30, 2018	119	57	176
Accumulated Investments per September 30, 2018	611	910	1,521
Accumulated Depreciation per September 30, 2018	(493)	(847)	(1,340)
Accumulated Impairments per September 30, 2018	1	(6)	(5)
Carrying value as per September 30, 2018	119	57	176
Movements 2019			
Additions	1	26	27
Depreciation per Statement of (comprehensive) Income	(71)	(26)	(97)
Translation Adjustments Investments	14	14	29
Translation Adjustments Depreciation	(13)	(14)	(27)
Carrying value as per September 30, 2019	50	57	107
Accumulated Investments per September 30, 2019	831	1,505	2,335
Accumulated Depreciation per September 30, 2019	(780)	(1,089)	(1,869)
Accumulated Disposals per September 30, 2019	-	(359)	(359)
Carrying value as per September 30, 2019	50	57	107

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) Deferred Taxes

Deferred Taxes	2019	2018
From US operations	299	372
Balance as at September 30,	299	372

The deferred tax and movements thereupon are discussed below.

United States

The carrying value of the Deferred Tax Asset in the US amounts to € 299k (\$ 327k) and € 372k or \$ 431k as at September 30, 2019 and 2018 respectively. The Deferred Tax Asset in the US pertains in full to the activities of the Company in the United States and represents temporary differences. A summary of the detailed breakdown of movements in the deferred tax amount is provided below:

Temporary Differences (Asset)	2019	2018
Deferred Revenue	1,337	1,368
Accrued vacation days	143	152
Bad debt impairments	34	-
R&D capitalization	-	260
Depreciation of fixed assets	72	58
Rent	25	24
Total Temporary Differences (Asset)	1,611	1,862

Temporary Differences (Liability)	2019	2018
Goodwill	(484)	(456)
Total Temporary Differences (Liability)	(484)	(456)

Total Temporary Differences (Net position)	1,127	1,406
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Net deferred Tax Asset	2019	2018
Deferred Tax Asset at 27% on temporary differences*	299	372
Deferred Tax Asset at 27% on loss carry forward	-	-
Net deferred Tax Asset	299	372

Movements	2019	2018
Balance as at October 1,	372	458
Debited to Income on temporary differences	(95)	(90)
Debited to Income on loss carry forward	-	(3)
Net Currency Translation Effect	22	7
Balance as at September 30,	299	372

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. As at September 30, 2019 the company had fully utilized its tax loss carry forward position for US tax purposes.

The Netherlands

In the Netherlands, the available but substantially unrecognized loss carry forward totals € 7,334k (2018: € 8,090k), which is available to offset future taxable income for a maximum period of 9 years. The total amount that lapsed in FY 2019 amounts to € 1,982k. In 2016 the company structured to prevent exhausting the tax loss carry over position. Although the Dutch Tax authorities have not yet reviewed this structure, the tax loss carry forward position includes the effects of this structure. A possible, adverse position taken by the Dutch Tax authorities will have no effect on the carrying value of the Deferred Tax assets since the carrying value of the Deferred Tax Asset in the Netherlands amounts to € 0k (2018: € 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, and history of taxable income.

A Deferred Tax Liability has been created for temporary differences in the Netherlands amounting to € 199k (2018: € 222k) resulting from Goodwill CSP and Trademark CSP. 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 is nil.

Net deferred Tax Asset	2019	2018
Deferred Tax Asset at 20/25% on temporary differences	(199)	(222)
Deferred Tax Asset at 20/25% on loss carry forward	199	222
Net deferred Tax Asset	-	-

Temporary Differences	2019	2018
Goodwill	(594)	(594)
Trade Mark	(400)	(515)
Total Temporary Differences (Asset)	(994)	(1,109)

Total deferred tax liability for Temporary Differences at 20/25%	(199)	(222)
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Loans and Receivables

Loans and Receivables > 1 year	2019	2018
Balance as of October 1,	13	83
Movement from short term receivables	12	12
Movement to short term receivables	(12)	(82)
Balance as at September 30,	13	13

The movement relates to the movement in supplier prepayments.

4) Current Assets

Taking advantage of the exception under IFRS 9, the Company did not to restate comparative information of prior period with respect to classification and measurement requirements. The prior period information presented does not reflect the requirements of IFRS 9 but rather those of IAS 39.

Impact of adoption

The Company recognizes allowance for expected credit losses (ECLs) for trade receivables. The Company measures trade receivables by applying IFRS 9 simplified approach to determine lifetime ELC allowance, because the trade receivables do not contain a significant finance component, in accordance with IFRS 9. The expected credit loss for 12 months is the same as expected life time credit loss. The Company takes into account, credit-risk concentration, average historical losses, specific circumstances such as economic conditions in a specific country and other forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery of the asset due to, for example, bankruptcy or other forms of receivership. The Company did not identify material increases in the loss allowance for trade receivables as a result of adoption.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrynig amount	New carrying amount
Cash and cash equivalents	Cash	Carried at (amortized) cost	2,041	2,041
Receivables	Receivables	Carried at (amortized) cost	2,156	2,156
Other receivables	Other receivables	Carried at (amortized) cost	664	664

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrynig amount	New carrying amount
Accounts Payable	Other financial liabilities	Other financial liabilities	797	797

Current	Weighted-average loss rate	Gross carrying amount	Loss Allowance
1-30 days past due	(0.1%)	1,399	(1)
31-60 days past due	(0.1%)	220	-
61-90 days past due	(0.3%)	251	(1)
91-360 days past due	(0.7%)	288	(2)
More than 360 days past due	(100.0%)	31	(31)
Additional allowance stage 2 of ECL model			(22)
Valuation Allowance			(53)

Trade Receivables and Other Receivables

Trade Receivables and Other Receivables	2019	2018
Trade Receivables	2,209	2,922
Less: Valuation Allowance	(53)	(20)
Trade debtors net of valuation allowance	2,156	2,901
Income Tax Receivable	46	-
Taxation and social security prepaid	65	95
Contract Asset (Current)	127	-
Security Deposits	75	75
Current assets (WIP)	265	429
Employees	1	9
Prepayments	324	444
Other Receivables and Prepayments	664	957
Total	3,059	3,953

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. Certain trade receivables are pledged (refer to page 72).

Trade Receivables by region	Less than 30 days	Past due not impaired			Total 2019
		31 to 61 days	61 to 90 days	In excess of 90 days	
The Netherlands	685	66	74	44	868
North America	508	109	155	216	988
France	103	19	19	22	163
DACH	103	26	3	4	136
Total	1,399	220	251	286	2,156

Trade Receivables by region	Less than 30 days	Past due not impaired			Total 2018
		31 to 61 days	61 to 90 days	In excess of 90 days	
The Netherlands + International	364	87	60	23	534
North America	807	141	59	427	1,435
France	173	72	34	176	455
DACH/TFT	351	57	79	3	490
Total	1,695	357	232	629	2,914

Trade receivables from Tie Kinetix Nederland BV, TIE Mambo 5 and TIE International BV are pledged to RABO Bank as collateral for a working capital facility provided by Rabobank. The fair value of trade Receivables amounts to € 2,156k (2018: € 2,914k). 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, 2017	(IAS39)	45	-	45
Charge for the year	11			11
Utilised	(40)			(40)
Unused amounts reversed	(4)			(4)
Currency exchange rate differences	1			1
Balance as at September 30, 2018	13	-		13
Charge for the year	53			50
Utilised	(13)			(13)
Balance as at September 30, 2019	53	-		50

Other Receivables and Prepaid Expenses

Other Receivables predominantly consist of security deposits for rental agreements. 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. For the appropriation of net result for the year FY 2019 reference is made to page 84.

Share Capital

The company's authorized share capital amounts to € 500k (2018: € 500k), consisting of 5 million ordinary shares with a nominal value of € 0.10 each. In 2019 10,000 shares were issued, whereas the total number of issued and paid up shares amounts to 1.627.281 as at September 30, 2019. Shareholders' Equity amounts to € 3,490k (or € 2.14 per share) on September 30, 2019 (2018: € 4,871k, or € 3.01 per share). The movements in the number of Common Shares outstanding can be summarized as follows:

(number of shares)	2019	2018
Balance as of October 1,	1,617,281	1,617,281
Issued	10,000	-
Balance as at September 30,	1,627,281	1,617,281
In € (x 1,000)	163	162

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

(€ x 1,000)	Share Capital		Share Premium Account	
	2019	2018	2019	2018
Balance as of October 1,	162	162	61,231	61,231
Issue of new shares	1	-	69	-
Balance as at September 30,	163	162	61,300	61,231

Foreign Currency Translation Reserve	2019	2018
Balance as of October 1,	53	75
Currency translation movement	23	(22)
Balance as at September 30,	76	53

Equity Settled Share Based Payment

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 2019, no new Stock Options have been issued under the Annual Stock Option Plan. The weighted remaining average lifetime of all Stock Options is 1.17 years (2018: 1.34 years).

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

Movement of Stock Options	Excercise Price	2019	Excercise Price	2018
Options outstanding as of October 1,	14.45	40,387	13.45	56,627
Options lapsed	11.98	(21,690)	10.00	(14,376)
Options forfeited	-	-	10.00	(500)
Options forfeited	21.60	(338)	21.60	(1,364)
Option outstanding at September 30,	17.23	18,359	14.45	40,387

Movement of Warrants	Excercise Price	2019	Excercise Price	2018
Warrants outstanding as of October 1,	7.00	330,276	7.00	330,276
Warrants converted during the year	7.00	(10,000)	-	-
Warrants outstanding at September 30,	7.00	320,276	7.00	330,276

For the acquisition of TFT in 2013, 388,846 warrants have been issued on December 2, 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 2017, 8,570 warrants have been exercised against the issue of new shares at a share price of € 7.00 each. Total transaction amounted € 59,990 in cash. In 2018 no warrants have been exercised. In 2019, 10,000 warrants have been exercised against the issue of new shares at a share price of € 7.00 each. The total transaction amounted to € 70,000 in cash.

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, 2019, are detailed as follows:

2019	Issue Date	Options Granted	Converted	Moved to 3rd party	Lapsed	Forfeiture	Out-standing Options	Weighted average exercise price	Maturity Date
2009 Management Board	mrch 11, 2009	7,500	-	-	7,500	-	-	€ 10.00	mrch 11, 2019
2010 Management Board	mrch 10, 2010	7,500	-	-	-	-	7,500	€ 19.10	mrch 10, 2020
2010 Management Board	aug 31, 2010	300	-	-	-	-	300	€ 10.00	aug 31, 2020
2013 Management Board	mrch 13, 2013	5,000	-	-	-	-	5,000	€ 10.00	mrch 13, 2023
Sub Total Management Board		20,300	-	-	7,500	-	12,800		
2009	feb 24, 2009	8,690	-	-	8,690	-	-	€ 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	5,897	-	-	-	338	5,559	€ 21.60	jan 05, 2020
Sub Total personnel		20,087	-	-	14,190	338	5,559		
Total	sep 30, 2019	40,387	-	-	21,690	338	18,359		

During the 2019 no (2018: no) Stock Options have been awarded to staff members or members of the Executive Board. In 2019 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, 2019:

Stock Options Third Party Investors	Issue Date	Options Granted	Exercise Price	Maturity date
Third Party Investors	August 31, 2010	3,400	€ 10.00	August 31, 2020
Total		3,400		

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.

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. Upon maturity, the Company reached agreement with the (two) bondholders to cash settle the redemption of the bonds. In FY 2019, an amount of € 2k was paid to cash settle the redemption with one bondholder. As at September 30, 2019 the cash settlement with the other bondholder remained to be effected pending the provisioning of settlement details by the bondholder to the Company, for which an amount of € 16k is recorded under current liabilities. Upon redemption, an amount of € 26k was added to net income for the year. As at September 30, 2019 all convertible bonds have been redeemed.

Long Term Liabilities	Issue date	Maturity date	Conversion rate in €	2019	2018
Other	August 4, 2009	August 4, 2019	€ 18.00	-	40
Sub Total Other				-	40
Third Party Investors	June 19, 2009	June 19, 2019	€ 18.00	-	5
Sub Total Third Party Investors				-	5
Total Convertible Bonds				-	45

6) Non Current Liabilities

Long Term Liabilities	2019	2018
Loans/Long term Debt	-	-
Deferred Revenue	555	25
Deferred Tax Liability	5	8
Pension Provisions	184	184
Other Provisions	-	-
Total Long Term Liabilities	744	218

Movements of Loans Long term Debt	2019	2018
Balance per October 1,	-	8
Repayments	-	(8)*
Balance per September 30,	-	-

* No non cash items are included

Movement of Deferred Revenue	2019	2018
Balance as of October 1,	25	149
From Non Current Liabilities	530	(124)
Balance as at September 30	555	25

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 62.

Movement of Pension Provisions	2019	2018
Balance as of October 1,	184	154
Charged to income	-	30
Balance as at September 30	184	184

The pension provision relates to a retirement provision in France € 92k (2018: € 92k) and in Germany € 92k (2018: € 92k).

Movement of Other Provisions	2019	2018
Balance as of October 1,	-	220
Release*	-	(220)
Balance as at September 30	-	-

* Contains release provision EU. Management has evaluated prevailing facts and circumstances and management does not consider the event of costs arising is more likely than not to occur. As at September 30, 2018 it is therefore not probable that an outflow of resources embodying economic benefits will be required to settle such obligation.

Deferred tax Liabilities

The carrying value of the Deferred Tax Liability in Germany amounts to € 0k (2018: € 2k) and in the Netherlands € 5k (2018: € 6k).

Deferred tax liability	Netherlands	DACH	Total
Carrying value as per September 30, 2017	8	27	35
Movements 2018			
Release to Statement of (Comprehensive) Income on amortisation	(2)	(25)	(27)
Carrying value as per September 30, 2018	6	2	8
Movements 2019			
Release to Statement of (Comprehensive) Income on amortisation	(1)	(2)	(3)
Carrying value as per September 30, 2019	5	0	5

7) Current Liabilities

Short Term Debt

As at year end 2019, the short term debt position is nil (2018: nil). The fair value of Creditors amounts to € 797k (2018: € 812k)

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. 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 subscription fee and setup fee which are deferred and recognized over the related contract period.

Taxation and Social Security

The Taxation and Social Security balance are detailed as follows:

Taxation and Social Security	2019	2018
Payroll tax	176	126
Social Security Contributions	-	60
VAT/Sales tax US	177	187
Income Tax payable	-	285
Total	352	658

Other Payables and Accruals

Other payables and Accruals	2019	2018
Accrued Expenses	1,029	966
Other Accruals and Payables	365	404
Pension Premiums	13	8
Total	1,407	1,378

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

8) Segment Information

Country operations are the primary reporting segment, and the company applies intercompany pricing to account for the various roles country operations have in developing, marketing, selling and delivering our products to the customers. As the case may be, the company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain. For statutory reporting and tax reporting country segments are used as well. For all segment reporting, the same accounting rules have been applied as mentioned in our accounting policies, with the exception of IFRS 9 and 15, which have been applied on the Consolidated Financials and not on a segment level. The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS. Inter-segment sales are only monitored by the company on a CGU level and not for the purpose of business line segment reporting. Since all FLOW modules are integrated into one single platform and the company does not commercially focus on non-FLOW sales. Therefore, as of FY 2019 business line reporting has been abandoned in favor of country line reporting.

TIE Netherlands/TIE Mambo 5: in FY 2019 operations and staff of TIE Netherlands and TIE Mambo 5 were merged. In FY 2019 revenue growth was achieved in SaaS and consultancy revenue from e-invoicing to Government (around € 500k), however balanced out with the loss of non-extended 2018 Google Search and Analytics contracts (around € 400k). With a clear focus on growing the e-invoicing to government business in the Netherlands, investing in a supplier onboarding team and providing support to the e-invoicing to government business in Germany, the company plans for revenue growth in FY 2020.

TIE France: in FY 2019 TIE France successfully closed larger deals with LEM (automotive) and Remy Cointreau (worldwide). This provides a stable and growing revenue stream as a healthy fundament for future growth. In FY 2019 TIE France was EBITDA positive and projects further growth with more customers migrations planned in FY 2020.

TIE Germany (DACH): the historically strong Analytics profile is slowly changing towards an EDI/e-invoicing profile with the closing of the GiZ contract in June. The non-FLOW business has been terminated, and non-FLOW staff has either been retrained or has left the company. In FY 2019 the German operation was EBITDA € -820k. Even though we expect better performance in FY2020 with more EDI/e-invoicing business, we do not plan to have the German operation EBITDA positive in FY 2020, with insufficient revenue coming in to provide a positive return for the minimum size operation we currently run in München.

TIE Commerce (US): the US operation combines integration business and demand generation customers. The US integration product Evision is in the course of being replaced by our worldwide TieSmartBridge (TSBX) – part of FLOW - solution. Existing customers are migrated and new customers are onboarded to the FLOW platform. The HDA contract provided a break-through in the US automotive market, and we expect to have more traction in the market in the future as a result. In the US we intend to reorganize our operations following the phase out of the Evision product.

Notes to the Consolidated Statement of Comprehensive Income

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Segment items included in the Segment Statement of Financial Position as of September 30, 2019 or further details of items in the segment Statement of Income account are:

Revenues 2019	TIE Nether- lands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Elimina- tions	IFRS 15	Total 2019
Licences	18	218	67	47	-	-	-	350
Maintenance and Support	341	1,995	165	292	-	-	-	2,793
Consultancy	1,507	781	407	1,126	-	-	(601)	3,220
Software as a Service	3,909	3,129	660	1,118	-	-	112	8,929
Revenues	5,776	6,123	1,298	2,583	-	-	(489)	15,291
Other Income	1	-	3	12	-	-	-	16
Intercompany Income	38	155	-	6	-	(199)	-	-
Total Revenue	5,815	6,277	1,301	2,601	-	(199)	(489)	15,307
Cost of Sales	(1,880)	(2,962)	(363)	(1,903)	-	208	166	(6,734)
Gross Margin	3,935	3,315	939	699	-	9	(323)	8,573

Operating Expenses								
Employee Benefits	(1,072)	(453)	(480)	(765)	(213)	(2,169)	-	(5,151)
Other expenses	-	-	(52)	-	-	26	-	(26)
Other Operating expense	(1,499)	(2,135)	(453)	(754)	82	1,656	-	(3,102)
Total Operating Expenses	(2,571)	(2,588)	(985)	(1,518)	(131)	(487)	-	(8,279)
EBITDA	1,364	727	(47)	(820)	(131)	(478)	(323)	294

Assets	TIE Nether- lands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Elimina- tions	IFRS 15	Total 2019
Intangible fixed assets	620	485	-	-	3,444	1,403	-	5,951
Tangible Fixed Assets	1	15	-	2	-	90	-	107
Financial Fixed Assets	-	299	-	-	-	-	139	438
Current Assets	1,300	1,621	333	363	12	1,344	127	5,100
Total Assets	2,120	2,515	333	366	3,456	2,669	266	11,596

Liabilities								
Non Current Liabilities	7	-	92	92	-	159	394	744
Current Liabilities	(928)	(7,282)	259	(701)	12,904	3,111	355	7,362
Total Liabilities	(723)	(7,282)	352	(609)	12,904	3,464	749	8,106

Other Selected Income Statement Items								
Capital Expenditure	-	-	-	-	1,183	46	-	1,229
FTE at year end	27	26	11	17	4	16	-	103

Revenues 2018	TIE Netherlands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Elimina- tions	Total 2018
Licences	1	314	51	49	-	-	415
Maintenance and Support	405	1,992	168	232	-	-	2,798
Consultancy	1,275	994	402	1,468	-	-	4,138
Software as a Service	3,976	2,906	763	1,774	-	-	9,419
Revenues	5,658	6,206	1,384	3,524	-	-	16,771
Intercompany and Other Income	123	693	(2)	405	536	(1,633)	121
Total Revenue	5,781	6,899	1,382	3,929	536	(1,633)	16,892
Cost of Sales	(2,505)	(2,863)	(444)	(2,488)	(665)	1,580	(7,385)
Gross Margin	3,276	4,036	938	1,440	(129)	(53)	9,507

Operating Expenses

Employee Benefits	(1,147)	(1,172)	(589)	(846)	433	(1,923)	(5,243)
Other expenses	403	-	-	-	-	-	403
Other Operating expense	(1,349)	(1,981)	(355)	(801)	(341)	1,898	(2,930)
Total Operating Expenses	(2,093)	(3,153)	(944)	(1,647)	92	(25)	(7,770)
EBITDA	1,183	884	(6)	(208)	(37)	(78)	1,737

Assets	TIE Netherlands	TIE US	TIE France	TIE Germany	TIE Product Develop- ment	Holding and Elimina- tions	Total
Intangible fixed assets	636	457	-	-	3,438	1,491	6,022
Tangible Fixed Assets	3	33	4	4	-	132	176
Financial Fixed Assets	1	384	-	-	-	-	385
Current Assets	758	1,856	614	868	-	435	4,533
Total Assets	1,399	2,730	617	873	3,438	2,057	11,116

Liabilities

Non Current Liabilities	7	25	91	94	-	-	217
Current Liabilities	(149)	(4,521)	494	832	11,617	(2,237)	5,983
Total Liabilities	(142)	(4,496)	585	926	11,617	(2,237)	6,200

Other Selected Income Statement Items

Capital Expenditure	10	-	2	-	1,265	67	1,344
FTE at year end	30	29	11	24	-	16	110

Notes to the Consolidated Statement of Comprehensive Income

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 intangible tired assets	2019	2018
The Netherlands incl International and Product Development	5,314	5,412
North America	484	457
France	153	153
Total	5,951	6,022

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	2019	2018
Research and Development	8	8
Sales and Marketing	32	34
Consulting and Support	47	51
General and Administrative	16	17
Total	103	110

9) 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	2019	2018
Salaries	7,477	8,050
Salaries variable component	799	531
Social Security Charges	787	1,231
Contributions to Post Employment arrangements	254	301
Other Employee Benefits	864	607
Capitalized R&D employee cost	(1,083)	(1,265)
Total	9,098	9,455

The WBSO grants received for FY 2019, amounting to € 204k (2018: € 201k), 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.

Key Management Personnel Compensation

The total key management personnel compensation, including the remuneration of the Executive Board, amounted to € 720k (2018: € 717k).

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	2019	2018
Remuneration	250	250
Variable	125	104
Total	375	354

The CFO received the following remuneration:

Short Term employee Benefits	2019	2018
Remuneration	200	200
Variable	90	100
Total	290	300

Post employment Benefits	2019	2018
Contributions to Post Employment arrangements	-	-

Post employment Benefits	2019	2018
Contributions to Post Employment arrangements	25	25

Share Based payments	2019	2018
Stock Option Expense	-	-

Share Based payments	2019	2018
Stock Option Expense	-	-

Other employee Benefits	2019	2018
Company car	17	20

Other employee Benefits	2019	2018
Company car	15	18

The remuneration policy is discussed in detail on page 12.

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, plus travel expenses. In fiscal year 2019, we reimbursed € 5k of travel expenses.

Notes to the Consolidated Statement of Comprehensive Income

Other Operating Expenses and Non-Recurring Expenses

Other Operating Expenses	2019	2018
Accommodation Expenses	622	656
Professional Service	422	562
Communications Expenses	535	471
Marketing Expenses	469	658
Travel	307	292
Office & Computer Supplies	315	244
General & Administrative	452	261
Other operating expense	(20)	(213)
General & Administration	432	47
Total	3,102	2,930

Other Items	2019	2018
EU Costs	-	(403)
Total	-	(403)

Research and Development Expenses

	2019	2018
Employee Benefits	1,296	1,625
Other R&D related expenses	56	(2)
Capitalized Development expenses	(1,083)	(1,265)
Amortization of Capitalized Development expenses	914	759
Total	1,183	1,117

A project 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 2019 amounted to € nil (2018: € 107k). In the 2018 Financial Statements, costs and proceeds of an out of court settlement are included in Other Operating Expenses for an amount of € 200k and for an amount of € 136k in Direct Purchase Costs.

10) Financial income and/or Expense

Financial Income and/or Expense	2019	2018
Interest and Other Financial Income	-	2
Interest Expense	(15)	(36)
Exchange Rate Gain/(loss)	(42)	70
Total	(57)	36

11) Corporate Income Tax

The company operates predominantly in the Netherlands, Germany, France and North America. Applicable tax rates are 25%/19% (2018: 25%/20%) for the Netherlands, France 33% (2018: 33%), for the US 21% (2018: 21%) for federal tax and 5.5% (2018: 5.5%) for state tax, and for Germany 33% (Körperschaftsteuer 15.8%, Gewerbesteuer 17.2%) (2018: 33% (Körperschaftsteuer 15.8%, 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 31.7% (2018: 31.5%); the weighted average tax rate amounts to 25.2% (2018: 56.2%).

Reconciliation between standard and effective income tax is as follows:

Reconciliation between Standard and effective income tax	2019	2018
Pre Tax Income	(1,061)	544
Corporate Tax	(254)	(360)
Net Income (loss) after tax	(1,315)	184
Weighted local statutory tax rate on pre tax income	(228)	171
Adjustment on (temporary) differences pre tax income and taxable income in fiscal books	(126)	134
Income tax per fiscal books using weighted local statutory tax rate	(354)	306
Utilisation of loss carry forward in the US	-	(3)
Tax losses not recognised as deferred tax asset	535	57
Prior year tax adjustments	(19)	-
Current Income tax charge	162	360
Income Tax reported in the Comprehensive Income Statement	2019	2018
Movement deferred taxes during the year	(92)	(68)
Current Income tax charge	(162)	(360)
Income Tax reported in the Comprehensive Income Statement	(254)	(428)

Notes to the Consolidated Statement of Comprehensive Income

Movement deferred taxes during the year	2019	2018
Debited/(credited) to Income on temporary differences in the Netherlands (DTL)	(2)	(2)
Debited/ (credited) to Income on temporary differences in the US (DTA)	95	90
Debited to Income on loss carry forward in the US (DTA)	-	3
Debited/(credited) to Income on temporary differences in DACH (DTL)	(1)	(25)
Other movements	-	2
Movement deferred taxes during the year	92	68

The changes in the Deferred Tax Asset are discussed on page 53 in detail. The main item of the Deferred Tax Asset in FY 2019 are the timing differences in TIE Commerce as described in more detail on page 53.

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 (in millions):

Overview on Tax Loss Carry Forward expiration	0 ≤ 5 years	6 ≤ 10 years	≥ 10 years	Total 2018
TIE Kinetix NV	5.05	3.04	-	8.09
Total	5.05	3.04	-	8.09

Overview on Tax Loss Carry Forward expiration	0 ≤ 5 years	6 ≤ 10 years	≥ 10 years	Total 2019
TIE Kinetix NV	5.03	2.31	-	7.34
Total	5.03	2.31	-	7.34

12) 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	2019	2018
Net income attributable to equity holders of TIE	(1,315)	184
Net Income adjusted for calculation of basic earnings per Share	(1,315)	184
Weighted average number of shares outstanding in thousands	1,623	1,617
Basic Earnings per Share (€ per Share)	(0.81)	0.11

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	2019	2018
Net Income adjusted for calculation of basic earnings per Share	(1,315)	184
Weighted average number of shares outstanding	1,623	1,617
Dilutive effect of stock options outstanding at September 30,	-	-
Dilutive effect of warrants outstanding at September 30,	320	330
Dilutive effect on Convertible Bonds	-	5
Weighted average number of shares adjusted for calculation of diluted earnings per Share	1,943	1,953
Diluted Earnings per Share (€ per Share)	(0.68)	0.09

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, 2019 amounted to € 17k (2018: € 22k).

The term of the office lease leases in the Netherlands expires April 2020. Upon expiration the contract will be renewed for a four year period ending April 2024 (48 months). The lease contract for the Boston office in the United States expires on June 30, 2022; the lease contract for the French office expires on January 2023; the lease in Germany expires on June 30, 2020. Office Rentals due within one year amount to € 0.4 mln, rentals due between one and five years are approximately € 0.7 mln and over 5 years € nil.

Notes to the Consolidated Statement of Comprehensive Income

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

Leases	2019			2018		
	< 1 year	> 1 year < 5 years	>5 years	< 1 year	> 1 year < 5 years	>5 years
Office Leases	495	1,116	-	576	650	-
Hosting Contracts	-	-	-	86	-	-
Operational leases company cars	159	200	-	176	198	-
Operational leases servers and photocopiers	14	1	-	31	10	-
Total	667	1,317	-	869	858	-

Collateral

The Company has a working capital facility with Rabobank amounting to € 1,250k. The facility includes a pledge on all trade debtors, has an indefinite term and bears interest at a rate of EURIBOR plus a margin. No drawings are scheduled. However, 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. For the rent of its office in München the company has issued a bank guarantee of € 39k.

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	2019	2018
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 Europe 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%
TIE Kinetix LTD	Marlow, United Kingdom	100%	100%

Related Party Transactions

Name	Position	September 30, 2019			September 30, 2018			
		Shares	% of Shares	Options	Position	Shares	% of Shares	Options
Jan Sundelin	CEO	34,404	2.1%	12,800	CEO	34,404	2.1%	20,300

Stock option expenses are included in note 9 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.

Out-of-court Settlement

In 2018 TIE Kinetix reached an out of court settlement with Plusserver GmbH. The settlement provided for compensation of costs and damages incurred by TIE Kinetix amounting to € 336k.

Performance Share Plan

The 2016 Performance Share Plan has expired and no new plan has been put in place. Hence, no shares have been issued (2018 no shares issued).

Subsequent events

There are no subsequent events.

Dutch GAAP TIE Kinetix N.V. Balance Sheet as at September 30, 2019

(Before proposed appropriation of results)

Assets	2019	2018
(€ x 1,000)		
Non Current Assets		
Intangible fixed assets		
Goodwill	1,046	1,046
Other Intangible Fixed Assets	203	290
	<u>1,249</u>	<u>1,336</u>
Property, Plant and Equipment	90	132
	<u>90</u>	<u>132</u>
Financial Fixed Assets		
Subsidiaries	13,003	15,420
Loans and Receivables	-	-
Deferred Tax Asset	-	-
	<u>13,003</u>	<u>15,420</u>
Total Non Current Assets	<u>14,342</u>	<u>16,888</u>
Current Assets		
Trade Debtors	184	235
Income Tax Receivable	-	-
Taxation and Social Security	-	-
VAT/Sales tax US	81	76
Intercompany debtor	847	894
Cash and Cash Equivalents	1,096	201
Total Current Assets	<u>2,207</u>	<u>1,406</u>
Total Assets	<u>16,549</u>	<u>18,294</u>

Liabilities and Equity

(€ x 1,000)

2019

2018

Shareholders' Equity

Issued and paid-up share capital	163	162
Share premium	58,256	58,307
Legal reserves	3,044	2,924
Foreign Currency Translation Reserve	76	53
Retained earnings	(56,733)	(56,757)
Net Result	(1,315)	184
	3,490	4,871
Convertible Bonds	-	45
Total Equity	3,490	4,916

Non Current Liabilities

Loans	-	-
Deferred Tax Liability	-	-
Deferred Revenue	-	-
Provisions	903	265
Total Non Current Liabilities	903	265

Current Liabilities

Trade Creditors	12,068	13,083
Deferred Revenue (Current)	-	-
Taxation and Social Security, Income Tax	88	30
Total Current Liabilities	12,156	13,113
Total Equity and Liabilities	16,549	18,294

Dutch GAAP TIE Kinetix N.V. Income Statement for the year ending September 30, 2019

Operating Expenses	2019	2018
Employee Benefits	1,734	2,444
Depreciation and amortization	174	166
Other Operating Income	(2,882)	(4,135)
Other Operating Expense	1,660	1,874
Total Operating Expenses	686	349
Operating Income/(loss)	(686)	(349)
Interest and Other Financial Expense	(11)	(30)
Income/(loss) before Tax	(697)	(379)
Result shares in subsidiaries	(618)	563
Net Income/(loss)	(1,315)	184

Notes to the Company Financial Statements

Corporate Information

The Company financial statements for the year ended September 30, 2019 are authorized for issue through a resolution of the Management Board dated December 5, 2019. The General Meeting of Shareholders, to be held on March 27, 2020, 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 33.

Notes to the Company Balance Sheet



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13) Fixed Assets

Intangible Fixed Assets

Intangible Fixed Assets	Goodwill	Software	Total
Carrying value as per September 30, 2017	1,046	362	1,408
Movements 2018			
Additions	-	26	26
Amortization	-	(98)	(98)
Carrying value as per September 30, 2018		(72)	(72)
Accumulated Investments per September 30, 2018	1,046	695	1,741
Accumulated Amortization per September 30, 2018	-	(398)	(218)
Accumulated Impairments per September 30, 2018	-	(7)	(187)
Carrying value as per September 30, 2018	1,046	290	1,336
Useful life	Indefinite	3-7 years	-
Movements 2018			
Additions	-	26	26
Amortization	-	(98)	(98)
Carrying value as per September 30, 2018		(72)	(72)
Accumulated Investments per September 30, 2018	1,046	695	1,741
Accumulated Amortization per September 30, 2018	-	(398)	(218)
Accumulated Impairments per September 30, 2018	-	(7)	(187)
Carrying value as per September 30, 2018	1,046	290	1,336
Useful life	Indefinite	3-7 years	-
Movements 2019			
Additions	-	17	17
Amortization	-	(103)	(103)
Carrying value as per September 30, 2019		(86)	(86)
Accumulated Investments per September 30, 2019	1,046	712	1,758
Accumulated Amortization per September 30, 2019	-	(398)	(218)
Accumulated Impairments per September 30, 2019	-	(110)	(290)
Carrying value as per September 30, 2019	1,046	204	1,250
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, 2019

Tangible Fixed Assets

Tangible Fixed Assets	Fittings	Hardware	Total
Carrying value as per September 30, 2017	146	16	162
Movements 2018			
Additions	1	37	38
Depreciation per Statement of (Comprehensive) Income	(57)	(11)	(68)
Carrying value as per September 30, 2018	(56)	26	(30)
Accumulated Investments per September 30, 2018	396	163	559
Accumulated Amortization per September 30, 2018	(306)	(121)	(427)
Carrying value as per September 30, 2018	90	42	132
Useful life	4 to 10 years	3 - 5 years	
Movements 2019			
Additions	1	28	29
Depreciation per Statement of (Comprehensive) Income	(56)	(15)	(71)
Carrying value as per September 30, 2019	(55)	13	(42)
Accumulated Investments per September 30, 2019	397	191	588
Accumulated Amortization per September 30, 2019	(362)	(136)	(498)
Carrying value as per September 30, 2019	35	55	90
Useful life	4 - 10 years	3 - 5 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:

	2019	2018
Total subsidiaries as per October 1,	15,420	16,580
Share in Net income	(618)	563
Movements of IC funding	(1,161)	(2,107)
Transfer to (from) provision for Equity Deficit	(638)	384
Total subsidiaries as per September 30,	13,003	15,420
Total Financial Fixed Assets	13,003	15,420

Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2018: 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 prior years 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	2019	2018
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 Europe 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%
TIE Asia-Pacific Ltd	Hongkong, People's Republic of China	100%	100%

* formally known as TIE Light B.V.

The deferred tax asset is discussed on page 53 onwards.

Dutch GAAP TIE Kinetix NV Income Statement for the year ending September 30, 2019

14) Current Assets

Other Receivables

Taxations and Social Security Contributions relate to VAT recoverable.

15) Shareholders' Equity

In 2019 in total 10,577 shares have been issued, bringing the total number of issued shares to 1,627,281 as at September 30, 2019. Shareholders' Equity amounts to € 3,490k (or € 2.14 per share) on September 30, 2019 (2018: € 4,865k, or € 3.01 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, 2017	162	58,802	75	2,429	(56,757)	4,710
Shares issued and Share Premium	-	-	-	-	-	-
Costs of Shares issued	-	-	-	-	-	-
Foreign Currency Translation Reserve	-	-	(22)	-	-	(22)
Shares Based Payments	-	-	-	-	-	-
Transfers to (from) legal reserve	-	(495)	-	495	-	-
Other movements	-	-	-	-	(1)	(1)
Net Income 2018	-	-	-	-	184	184
Balance per September 30, 2018	162	58,307	53	2,924	(56,574)	4,871
Shares issued and Share Premium	1	69	-	-	-	70
Costs of Shares issued	-	-	-	-	-	-
Foreign Currency Translation Reserve	-	-	23	-	-	23
Shares Based Payments	-	-	-	-	-	-
Transfers to (from) legal reserve	-	(120)	-	120	-	-
IFRS 15 adjustment openings balance	-	-	-	-	(159)	(159)
Net Income 2019	-	-	-	-	(1,315)	(1,315)
Balance per September 30, 2019	163	58,256	76	3,044	(58,049)	3,490

For the movement in shares, we refer to page 57.

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 57, 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 57, Note 5 of the Consolidated Statement of Financial Position under Other Stock Options.

Convertible Bonds

For the Convertible Bonds, we refer to page 60, Note 5 of the Consolidated Statement of Financial Position under Convertible Bonds.

16) Non-Current Liabilities

Provision

Provision for Equity Deficit Subsidiaries	2019	2018
Opening Balance as per October 1,	265	649
Movements from (to) Financial Fixed Assets	638	(384)
Closing Balance as per September 30,	903	265

In prior years 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.

17) Current Liabilities

Current Liabilities	2019	2018
Trade creditors	240	231
Taxations and social security contributions	88	30
Inter-company payable	11,223	12,204
Other payable and accruals	605	648
Total	12,156	13,113

The inter-company payable is an outstanding balance 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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No revenue is included in 2019 (2018: € 0).

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 16 employees during 2019 (2018: 20). 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 Management Board, we refer to page 67 of the Notes to the Consolidated Financial Statements. Included are Legal and Consultancy fees amounting to € 58k (2018: € 91k) 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 € 180k (2018: € 140k). Other audit related fees from BDO amount to € 0 (2018: € 0). No fees have been paid to BDO for other non audit related services.

Breukelen, December 10, 2019

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

Income Tax

The Company holds unrecognized deferred tax assets with respect to past tax losses amounting to approximately € 7.3 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 Kinetix Europe 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 73.

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 loss of € 1.315K will be deducted from retained Earnings 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 2019

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

A. Report on the audit of the financial statements 2019

Our opinion

We have audited the financial statements 2019 of TIE Kinetix N.V. (the company) based in Breukelen. The financial statements comprise the consolidated financial statements and the company financial statements.

WE HAVE AUDITED

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 30 September 2019;
2. the following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

OUR OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2019 and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements comprise:

1. the company balance sheet as at 30 September 2019;
2. the company profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

In our opinion, the accompanying company financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2019 and of its result for 2019 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 EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 190,000. The materiality is based on a benchmark of revenues (representing 1.25% of reported revenues) which we consider to be one of the principal considerations for members 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 the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 9,500, 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.

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 extend we:

- » performed audit procedures ourselves at group entities TIE Kinetix N.V. (Netherlands), TIE Kinetix Nederland B.V. (Netherlands), TIE Product Development B.V. (Netherlands), Gordian Investments B.V. (Netherlands), TIE Commerce Inc. (United States) and TIE Kinetix GmbH (Germany);
- » performed analytical review 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.

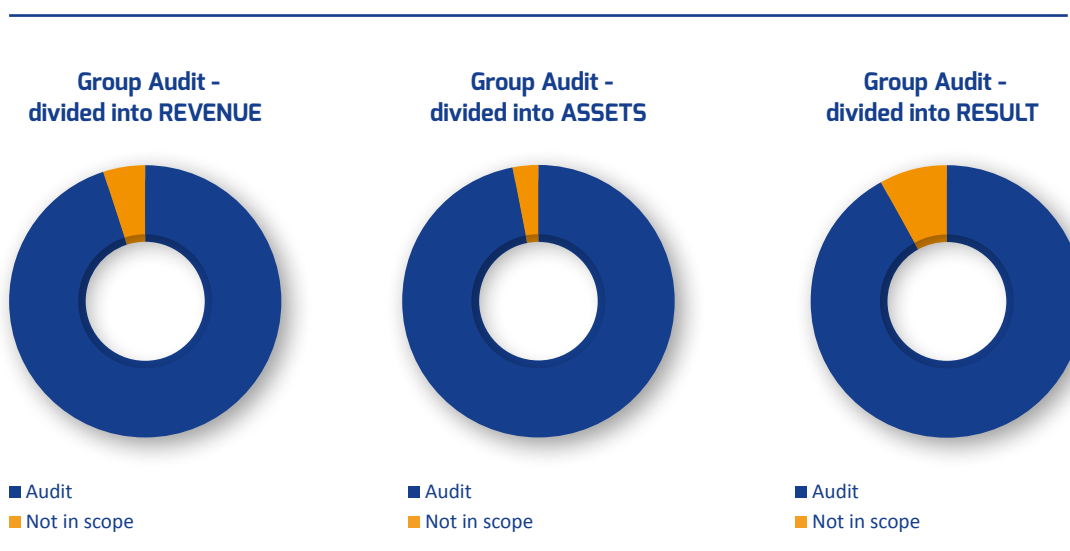
By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

For clarification purposes we hereby show our scope:



REVENUE RECOGNITION, INCLUDING TIMING OF REVENUE RECOGNITION

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

The company implemented IFRS 15 – Revenue from Contracts with Customers in the reporting period and elects to apply IFRS 15 retrospectively with the cumulative effect of initially applying the standard at 1 October 2018 which required judgment and assumptions.

Refer to page 34 for the Significant Accounting Judgments and Estimates and to page 39-42 for the Revenue Recognition disclosures.

Revenue arrangement are material and require management's judgement in respect of revenue recognition, combined with the fact that revenue is the key business driver for this company and the implementation of IFRS 15 - Revenue from Contracts with Customers we considered revenue recognition to be a key audit matter.

OUR AUDIT APPROACH

For each source of income we have tested whether revenue is recorded when the applicable criteria for revenue recognition under IFRS 15 – Revenue from Contracts with Customers are met. Our 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 recorded 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 recorded when the performance obligations are satisfied.
- » For SaaS 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.
- » Set-up fees are not considered to be a distinct performance obligation under IFRS 15 and are consequently recognised over the SaaS contract period. We substantively tested the reliability of the accuracy and completeness of the financial data used for determining the adjustments for deferred revenue and contract assets. We challenged management's assumptions including, amongst others, the average SaaS contract term and estimated customer life, which are based on these historical data.
- » We assessed the adequacy of the disclosures including the Significant Accounting Judgments and Estimates as disclosed on page 34.

Furthermore we evaluated and tested processes, procedures and controls regarding the accounting for the various sources of income the company has. For all types of revenue, we performed substantive testing procedures, including detailed contract reviews, revenue cut-off procedures, journal entry testing and data- and logging analyses. Additionally, we performed analytical procedures on SaaS, Maintenance and Support and consultancy revenues.

IMPAIRMENT ASSESSMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

The company holds material amounts of goodwill resulting from acquisitions in the past and other intangible assets. 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 CGU's is based on the internal reporting structure and did not change compared to prior year.

The company has used value in use models to determine the recoverable amount of goodwill to assess for impairment. Management concluded that no impairment charge was required.

Refer to note 1 Intangible fixed assets on page 48-51

The impairment tests are based on significant judgement and estimates by management and is therefore considered a key audit matter.

OUR AUDIT APPROACH

Our audit procedures included, amongst others:

- » We assessed the determination of the cash generating units based on our understanding of the group and how earning streams are monitored and reported.
- » Together with an auditor's expert, we assessed and tested the assumptions and methodologies used in the value in use models. In doing so:
 - We assessed the appropriateness of the models and calculations used for the goodwill impairment tests.
 - We assessed the basis for the cash flow forecasts including consideration of historical accuracy of previous estimates;
 - We challenged management's assumptions including, amongst others, the discount rate and growth rates;
 - We compared the cash flow forecasts to approved forecasts.
- » We compared the recoverable amount of the CGUs to the carrying amount of the goodwill and other intangible assets allocated to these CGUs.
- » We performed sensitivity analysis and evaluated whether there are reasonably possible changes in assumptions which could cause the carrying amount of the CGUs to exceed its recoverable amount.
- » We assessed the adequacy of the disclosures.

INTERNALLY GENERATED INTANGIBLE ASSETS

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 financial year € 1.1 million development costs were capitalized in respect of development hours with respect to the FLOW proposition.

Refer to note 1 Intangible fixed assets on page 48.

We consider the carrying value of internally developed intangible assets to be a key audit matter due to the significant judgement involved in determining if the recognition criteria are met in accordance with IAS 38 – Intangible assets.

OUR AUDIT APPROACH

Our audit procedures included, amongst others:

- » We reconciled capitalized hours to internal time registration and determined adequate distinction in research and development stages.
- » We evaluated and tested internal control procedures relating to the recognition of development costs.
- » We reconciled the hourly rates used with payroll outputs and other source documents.
- » We challenged management's assessment as to whether the development costs meet the recognition criteria. To this extent we have inquired at appropriate management levels within the company, reviewed development projects and reviewed sales forecasts.
- » We assessed the adequacy of the disclosures.

B. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- » the Supervisory Board report
- » the Executive Board report
- » the other information on page 84
- » the Letter from the CEO, Our Corporate Story, Important Information, Corporate Sustainability and Corporate Governance.

Based on the following procedures performed, we conclude that the other information:

- » is consistent with the financial statements and does not contain material misstatements;
- » contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

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

Non-audit services

We have not provided prohibited, non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

D. Description of responsibilities regarding the financial statements

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 fraud or error.

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 engagement 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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- » identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 entity'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 entity'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 a company to cease 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

determine 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. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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 the key audit matters: those matters that were of most significance in the audit of the financial statements. 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 communicating the matter is in the public interest.

Amstelveen, 11 December 2019

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

sgd.
A.P. van Veen RA



Chief Executive Officer

Mr. Jan Sundelin

T: +31 88 369 8000

E: Jan.Sundelin@TIEKinetix.com

Chief Financial Officer

Dr. Michiel Wolfswinkel

T: +31 88 369 8000

E: Michiel.Wolfswinkel@TIEKinetix.com


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