TIE KINETIX

ANNUAL REPORT 2021

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4 Company Profile

At TIE Kinetix, we deliver **Software as a Service (SaaS) solutions** to companies, governmental institutions, and their trading partners and suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. FLOW Partner Automation, our software platform, empowers its users to engage in smart business exchanges and streamline communication through seamless integration with any existing system.

Since 1987, we have supported all EDI and e-invoicing standards and communication methods worldwide. Today, our global team of experts share their knowledge with our 2,500+ customers, facilitating the exchange of over 1 billion documents through FLOW each year.

TIE Kinetix is a public company (Euronext: TIE), and has offices in the Netherlands, France, Germany and the United States.

TIE KINETIX

Letter from the Chief Executive Officer

Dear reader,

A year ago, the world was preparing to go back to normal. At that time, after over half a year living with the pandemic, I reported that we did not expect to open our offices before January 1, 2021. As it turned out, our offices have remained closed during the entire financial year 2021 and our staff has continued to work remotely from their homes. And with great success I might add. Along the way, we have redefined together what 'normal' is and what 'the new normal' looks like. For us at TIE Kinetix it is clear that this will include working remotely in the future. For TIE Kinetix this supports our drive to efficient and sustainable business operations, and at the same time provides our staff with the opportunity to improve their work-life balance.

As a result of the 2020 divestments, the Company is 100% dedicated to the development and deployment of solutions to fully digitize the supply chain through the modules in our FLOW platform: EDI, PDF conversion and our document (e-invoicing) portal solution. We have strengthened our operations in various areas of our business by attracting new talent and will continue to do so, to provide a solid foundation for further growth.

This growth is already becoming visible in the business-to-business market in all our markets and in the business-to-government markets in the Netherlands and Germany. We are welcoming a growing number of large new customers for our supply chain digitization solutions, exceeding prior year's numbers.

In 2021 we have entered into new partnerships and we have renewed our strategy for onboarding trading partners to the FLOW platform. Through new tools and with the help of artificial intelligence, we are able to onboard trading partners in faster, in a more efficient and in a cost-effective way.

For 2022 we plan to continue investing in the development of our solutions, strengthening our organization and servicing our customers better, for example through the introduction of customer success teams. With these efforts, we will continue on our road to success.

As the pandemic has proven, the need for 100% digitization is very clear and real. One might say that this is the cornerstone of the 'new normal'. And TIE Kinetix is at pole position in this race.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

Financial Highlights

Financial highlights
(€ x 1,000)

	2021	2020	Variance (%)
Adjusted basis[1)]			
Adjusted revenues	14,856	14,749	1%
of which: SaaS revenues	9,688	8,478	14%
IFRS basis			
Revenues	14,856	15,551	-4%
of which: SaaS revenues	9,688	9,275	4%
EBITDA	1,911	2,309	-17%
Operating income (EBIT)	249	123	103%
Net income from continuing operations	632	(71)	994%

1) Excluding TCMA business line sold in 2020, refer to the Financial review, starting on page 26 for details

Our Corporate Story

Our Vision, Mission, Strategy and Values

Our vision

Optimizing the supply chain with 100% digitization
We specialize in the 100% digitization of our customers' supply chain. Our products and solutions enable our customers to process and enhance all incoming and outgoing documents (such as invoices), data and messages digitally.

Digitization increases cost efficiency, enhances control over incoming and outgoing documents, reduces processing errors and improves buyer- and supplier relations.

Our Mission

We provide our customers with solutions that facilitate the exchange of documents, data and messages with their supply chain partners.

Our solutions are highly scalable to support our customers' demand for high volumes of data in best of market connectivity. We support our customers in the onboarding of their trading partners in a cost-effective way using automation. Our EDI-Integration applications reduce our customers' cost of processing documents and messages from trading partners.

Our solutions are offered under the name of **FLOW Partner Automation**.

FLOW is our easily accessible platform that combines our supply chain integration solutions such as EDI/XML, PDF conversion and our supplier portal. FLOW also provides tailored analytics data and dashboards for its users.

More details and background on the FLOW platform are provided in the section Our Solutions, starting on page 10.

Our Strategy

TIE Kinetix maximizes return on investment in the supply chain with Software as a Service based applications. The FLOW platform with innovative, field-tested technology unburdens our customers who can, as a consequence, 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 our clients to improve their supply chain efficiency and coordination. Our integrated FLOW platform enables trading partners to work seamlessly together on the major business processes in their supply chain.

Our FLOW solutions are sold directly and indirectly. Indirect sales are managed through a network of distribution partners such as 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'. As a next step 'Spokes' are analyzed and qualified as a potential new 'Hub'.

Our FLOW platform serves both the Business-to-Business market as well as the Business-to-Government market.

Our business model includes onboarding with the use of AI, and 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 revenues for TIE Kinetix.

Our Company Values

TIE Kinetix has defined how it wants to achieve its goals and realize its strategy. This is through acting in accordance with the following values:

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

Openness and Honesty
As an organization we aim to excel by working closely with all of our stakeholders. Working closely means that we need to be transparent and communicative and maintain an open and honest dialogue with colleagues, customers, suppliers, partners and shareholders.

Trust and Togetherness
With transparency and honesty, trust and togetherness thrives. Creating and maintaining a team spirit with our colleagues, customers and other stakeholders in our operations, activities and initiatives is what we aim for. Trust and togetherness enable us to reach our shared and individual goals alongside eachother.

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

Our Solutions

TIE Kinetix takes EDI and E-invoicing to the next level with FLOW. FLOW enables our customers to exchange documents digitally with their trading partners, regardless of their size and regardless of which ERP system they use.

We deliver Software as a Service (SaaS) solutions to companies, governmental institutions, and their suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. FLOW Partner Automation, our software platform, empowers its users to engage in smart business exchanges and streamline communication through seamless integration with any existing system, both on the side of our customers as on the side of their trading partners.

100% Digital supply chain

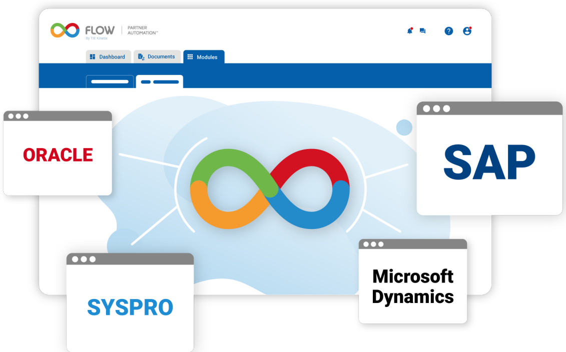
Working with trading partners means that companies have a lot of important data flowing in and out of their organization each day. A non-digital approach, or one in which manual processes cannot be avoided, puts organizations at a disadvantage—time is money, and money is time. Plus, with ever-increasing volumes of information and documents, digitization is or is becoming a must to ensure efficiency of processes. With a digital supply chain, the partners who are not yet exchanging documents with one of our customers electronically can start sending documents in a digital format. From there, TIE Kinetix ensures that everything is properly translated and processed electronically. In other words, a digital supply chain paves the road to automation.

Through a mix of digital and electronic documents, all of which are processed as electronic documents, our customers can automate the exchange of purchase orders, invoices, inventory reports, delivery notes, sales reports, and more. This can be the exchange of documents with their customers, their suppliers, or both.

FLOW is ERP-agnostic

The success of EDI solutions lies in ensuring that ERP systems work together in a way that allows the digital exchange of documents. With traditional EDI solutions, this is where it gets complex and inefficient, as an organization will seek to exchange documents digitally with not just one trading partner, but with many. Trading partners may use a variety of ERP systems and document standards, all of which need to be taken into account.

With FLOW, this is a problem of the past. FLOW is ERP-agnostic and will seamlessly connect with not only our customers' ERP systems, but also the ERP systems of their trading partners. Regardless of which system is being used. In addition, FLOW supports a vast number of document standards, file formats, communication protocols and network associations, ensuring efficient and smooth connectivity between systems.



Our document exchange solutions

TIE Kinetix offers electronic document exchange and data integration solutions that enable our customers to automate supply chain processes with all their trading partners and suppliers. Our solutions' capabilities include data mapping, validation, conversion, as well as monitoring and error handling to provide actionable insights.

EDI-2-FLOW	PDF-2-FLOW	PORTAL-2-FLOW
		

Through electronic data interchange (EDI), PDF document conversion, and the ability to set up a portal where small partners can manually submit invoices and other business documents, customers can improve their document exchange processes. This leads to a reduced workload, giving their employees the time they need to focus on their organization's core business.

EDI-2-FLOW

Critical business documents flow in and out of organizations daily, and paper purchase orders can take up to 10 days from the time the order is prepared to the time it is shipped. Payments can take upwards of 50 days. The need to speed up this lengthy process, along with a rise in local e-invoicing legislation and customer-specific EDI requirements, is motivating many organizations to look for optimization opportunities.

TIE Kinetix helps organizations to engage in smart business exchanges and streamline communication through seamless integration with any existing (ERP) system.

With TIE Kinetix's ever-evolving electronic document exchange solution, EDI-2-FLOW, customers and their trading partners quickly benefit from best-in-class automation capabilities to effortlessly meet EDI and e-invoicing requirements, all while avoiding costly on-premise software investments.

PDF-2-FLOW

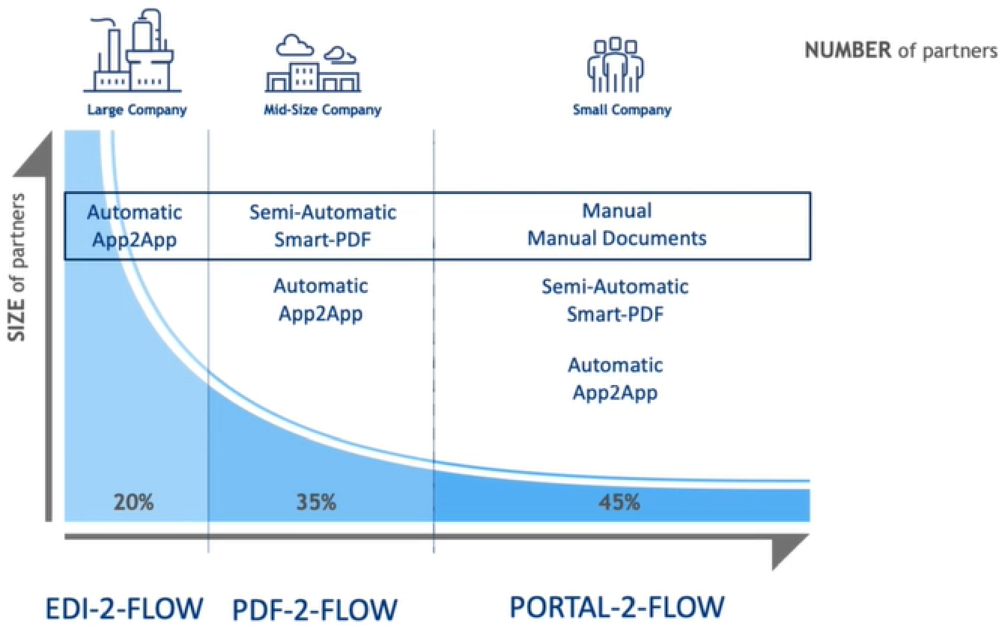
To provide less advanced, small and medium-sized trading partners of our customers with an easy solution, TIE Kinetix developed PDF-2-FLOW. It's the optimal solution for suppliers to meet EDI and e-invoicing requirements. That's because PDF-2-FLOW doesn't require a drastic change in day-to-day business processes, nor a large IT investment. With the latest technologies, PDF-2-FLOW ensures that all PDFs are converted to the appropriate electronic document format with 100% accuracy.

PORTAL-2-FLOW

Investing in a full-scale EDI solution doesn't always make sense, especially for low-volume document exchanges. But with local e-invoicing legislation and customer-specific EDI requirements on the rise, it's safe to say that every organization should have basic electronic document exchange capabilities to meet trading partner demands. For partner organizations that only exchange a few business documents (or less) each month with our customers, web-based EDI is a practical, reliable solution. PORTAL-2-FLOW was developed specifically with smaller suppliers in mind, providing necessary EDI and e-invoicing capabilities with an internet connection alone.

In a convenient online portal, invoice and other business document data can be effortlessly submitted for translation via a structured, step-by-step approach. All exchanges with partners can take place via the portal. That means all back-and-forth communication is stored in one, secure location for improved partner collaboration.

The relationship between the size of trading partners, number of trading partners and the suitability of our product offering for those trading partners of our customers is outlined in the following schematic.



Value-Added Network services

A Value-Added Network (VAN) is a private network for electronic data interchanges. In other words, it is a hosted service that provides a secure way to exchange EDI documents between companies. Serving as a collaboration network, EDI VANs help to facilitate EDI communications among business partners. It does so by reducing the number of entities each company needs to connect to. We enable our customers' trading partners to communicate as one with TIE Kinetix EDI Value-Added Network Services, a secure and reliable way to exchange business documents in real time, in any format, and using any communication protocol.

All document types & standards supported

TIE Kinetix supports a long list of electronic document types and international standard formats and has the utmost commitment to security. When a document passes through our network, all relevant data is automatically extracted, translated, and dispatched to its intended destination. For ease of access, all documents are stored in their original format, as well as in a human-readable version for convenience purposes. Quality data is always guaranteed.

Security

Protecting information is a top priority for companies in the modern connected world, especially in regards to securing high volumes of business critical information. When businesses and consumers are managing and transmitting private data over the Internet, there could be enormous consequences if it is not handled properly. Ensuring the safety of that data is an integral part of FLOW. FLOW secures compliance with the latest best practices, controls and industry standards, has information security controls in place to address security risks to keep data protected & secured.

TIE Kinetix and the FLOW platform are ISO 27001 certified and the FLOW platform is fully compliant with General Data Protection Regulation (GDPR).

Update from the Chief Technology Officer

Innovation is critical. If you are not thinking of the future, you are already behind.

At TIE Kinetix we understand this dynamic and are working daily with our customers to forge the best solution for today while implementing the next steps for tomorrow at the same time. The FLOW Partner Automation platform is continuously optimized to meet the ever-evolving needs of TIE Kinetix customers. We have a dedicated team working on continuously updating and improving FLOW.

Through our SaaS delivery-model, our customers are able to instantly benefit from enhancements and additional features as they are put into production on the platform. Research & development is paramount to our market successes and to our ability to retain our position as leading provider of solutions for supply chain digitization with EDI.

Noteworthy improvements and additional features we have added to the FLOW platform in the financial year 2021 are:

» Customers can create custom portal themes to be applied to all of their users by simply assigning colors to portal elements (e.g. navigation bar) with a built-in color picker;
» A customer has the option to send targeted email notifications to users based on specific user role(s), product(s) used, and more;
» Document exchange improvements include enhanced data extraction for 100% accurate processing of complex PDF documents, as well as the ability for E-Archiving customers to export archive data to Google Big Query for reporting;
» Simplification of the user experience with the addition of a gear-shaped icon on the document submission screen to quickly access and configure settings;
» Simplification of the user experience with access to a complete overview of active solutions directly from the FLOW portal menu;
» Completely revised user support, as users now have access to additional assistance in the case that TIE Kinetix is not the first line of support;
» Improvements to the internal mapping application for customers that onboard new trading partners. Also for complex maps that previously required extensive coding, such as EDIFACT and X12, enabling FLOW customers to begin exchanging documents with new partners faster than ever before;
» Improved onboarding with an in-house developed new and flexible tool, replacing a less-capable third-party solution, which results in simplified and accelerated trading partner onboarding;
» The redesigned support page enables all tickets to be submitted directly in the FLOW portal and tracked according to status type;.
» More actionable insights through custom-configured dashboard widgets;
» Enhanced security through two-factor authentication via SMS and Google Authenticator.

With a multitude of updates throughout the year, the above list obviously is not exhaustive. It does serve, however, as a testament of our commitment to optimize the supply chain with 100% digitization.

Juan Vicente Vidagany Espert

CTO, TIE Kinetix

Rapid digitization is trending in supply chain management between buyer and seller. The amount of data made available through digitization is enabling supply chain benefits. However, there still are challenges regarding the rapid digitization. Challenges to leverage the growing amount of data through the supply chain, to capture valuable information but also having the ability to automate the use of data and analytics to support smarter planning and execution. Overcoming these challenges, that is what we do best with our FLOW platform.

Our markets are both in the business-to-business and in the business-to-government sectors.

Business-to-business

We serve all types of business-to-business customers. FLOW automates inbound and outbound orders, invoices, and other B2B documents between our customers, their partners, and their customers. We easily connect their business apps with FLOW and leverage a rich library of connectors to exchange marketing, sales, and logistics data with a partner community. Our global team of experts share their knowledge with our 2,500+ customers, facilitating the exchange of over 1 billion documents each year.

Our presence in various industries - especially in manufacturing and retail - means we can leverage our industry experience and availability of mappings and connectors to efficiently and effectively serve new and existing customers within those industries even better.

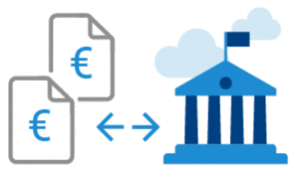
Manufacturing

Facilitating supply chain operations in the manufacturing industry is no small task. With a constant shift in demand for new and existing products due to quick, and often short-lived market trends, end-to-end operational visibility is a must. That’s why our cloud-based FLOW platform puts automation at the forefront and gives our customers the real-time insights they need to make well-informed decisions for their business.

Retail

Without a doubt, the retail industry is hypercompetitive. For our retail customers, the best possible scenario is one in which they and their vendors operate as a single organization. And now that consumer expectations are at an all-time high, an omnichannel retail strategy that emphasizes speed, accuracy, and real-time operational visibility is what our customers need and what the FLOW platform delivers.

Business-to-government



Electronic invoicing (e-invoicing) legislation in many countries is continuously shaping trade with governmental organizations. As these regulations are increasingly enforced, both customers and business-to-government (B2G) suppliers all over the world must adjust their invoicing practices to comply with local requirements.

For 34 years and counting, we have supported local EDI and e-invoicing standards throughout the world.

TIE Kinetix is supporting international and national e-Invoicing standards such as PEPPOL, Chorus, SimplerInvoicing, ZugFerd, Digipoort etc. that we integrate with our customer's ERP's such as Microsoft Dynamics (365), Oracle, SAP, Epicor, Unit4, Exact, Syspro etc.

Long-Term Value Creation

TIE Kinetix's long-term value creation is captured in its vision: 'Optimizing the supply chain with 100% digitization'

Creating value is at the heart of the Company's business. As evidenced by our vision and mission statements (refer to Our Vision, Mission, Strategy and Values, starting on page 8), customers are the key stakeholders we have in mind in our vision and mission. In turn, our strategy aims to create value for our other key stakeholders, being our shareholders. Creating value for customers helps to sell our products, while creating value for shareholders as a return on their invested capital.

The Company's long-term value creation is directed by the Executive Board and Supervisory Board, with the involvement of our stakeholders. The Annual General Meeting of Shareholders is the ideal platform for the Executive Board and Supervisory to depict the company strategy in this respect and to obtain valuable feedback. At the same time, the Executive Board is continuously in close contact with the company staff. Through this personal contact, personnel is able to provide views and feedback on how the Company can or should create long term value. The Executive Board, in consultation with the Supervisory Board, considers and weighs the inputs received as appropriate. Decision-making on strategy and long term value creation lies with the Boards.

It should be noted that customers and shareholders are not the only stakeholders that are considered in the Company's process of creating long-term value. In the following analysis, we have outlined how our we create long-term value for each of the groups of our stakeholders.

Customers

From a customer perspective, customers are able to achieve ever higher automation in processing incoming and outgoing documents, data and messages by using our FLOW Partner Automation platform. We seek to create long-term value for our stakeholders by continuing to move the degree of automation closer to 100% to create cost efficiency for our customers, enhance control over documents, reduce processing errors and improve buyer- and supplier relations. Rapid digitization is trending in supply chain management between buyers and sellers. The amount of data made available through digitization is enabling supply chain benefits. However, there are still challenges regarding the rapid digitization. Challenges to leverage the growing amount of data throughout the supply chain, to capture valuable information but also having the ability to automate the use of data and analytics to support smarter planning and execution. Our FLOW SaaS platform supports our customers' value proposition.

To this extent, the FLOW platform is continuously optimized to meet the ever-evolving needs of TIE Kinetix customers. Our quarterly release notes outline platform developments and improvements, including relevant partner mentions. Also, we continuously improve our systems and processes for the onboarding of our customers' trading partners to the platform so that customers can maximize their use of FLOW.

Having a satisfied customer base because of 100% digitization results in low churn. In addition, we sign long term contracts with customers (typically 3 years or more) that result in recurring SaaS revenues. We classify large B2B or B2G customers as 'hubs'. As part of our hub-and-spoke strategy, through successful onboarding of trading partners, we add the 'spokes' and aim to find and target new hub-type customers, who will already have experience with our product in their capacity as trading partner of our existing customer.

Expanding this network of hubs and spokes throughout the supply chain helps our customers by means of efficiency and cost-efficient onboarding of new trading partners, and brings the Company closer to realizing its vision of 100% digitization in the supply chain.

Partners

Our partner program adds to achieving growth. Indirect sales through partners forms part of our strategy. As a global company, we support both domestic and international partnerships. We believe in a culture of continuous improvement. We partner with successful ERP suppliers and their value-added resellers to extend service offerings and strengthen product portfolios.

Through our Partner Academy, we provide online training to initiate a successful sales process. This includes useful marketing and sales collateral for additional sales help.

Employees

Our employees are key to the success of the Company. We invest in skills, in development and in the well-being of our employees and we help them to achieve their goals. In this regard, acting in accordance with our Company values (see section Our Vision, Mission, Strategy and Values, starting on page 8), supports us in keeping an open and honest dialogue with our employees. We benefit from this by having a committed and diverse workforce and long-lasting employment relationships with our employees.

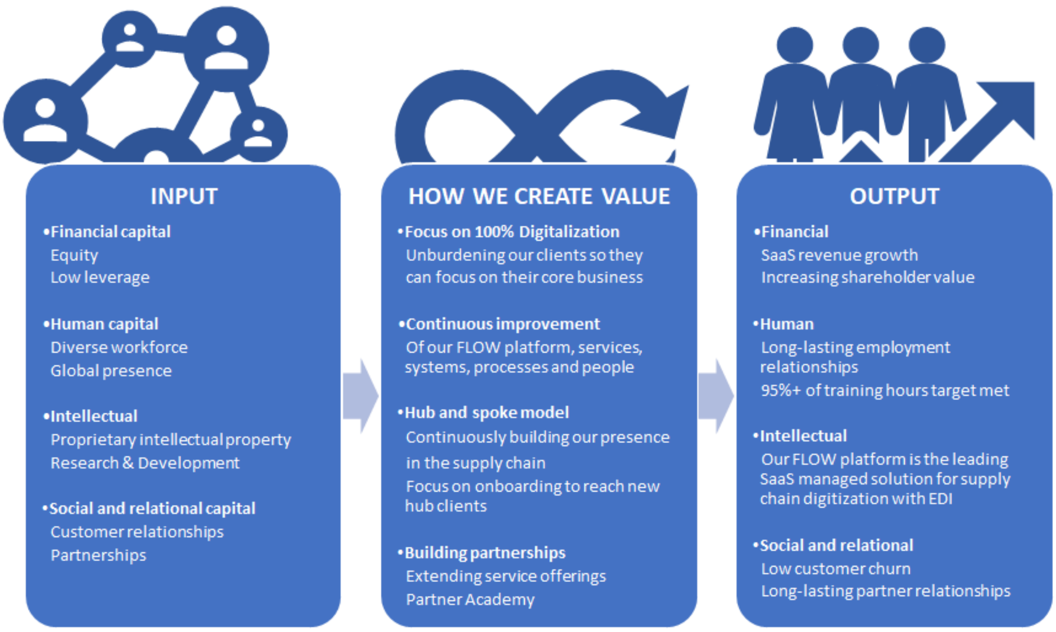
In the section Corporate Responsibility, starting on page 56, we have elaborated further on how we contribute to the skills, the development and the well-being of our employees.

Shareholders

Solid recurring revenues together with (SaaS) revenue growth and a stable efficient cost base is how the Company aims to create long term value for its shareholders. We aim to grow our revenues by providing the best possible product to our customers, onboarding their trading partners and our hub-and-spoke strategy as described above. This long-term value translates into earnings and earnings potential and the reflection thereof in the Company's shareholder value.

Value creation model

Our process of creating long-term value for our stakeholders is summarized in the model below.



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Governance

The Supervisory Board

As a software 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 members are guided by the interests of the Company, and take into account the relevant interests of all of the Company's stakeholders. The Supervisory Board has 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.

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 interest 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: March 31, 2023
Supervisory Board memberships of other public interest 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: March 29, 2024
Supervisory Board memberships of other public interest 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: March 26, 2021
Current term of office ends: March 28, 2025

Number of shares in the Company: 46.598 (2020: 34,704)
Number of shares in lockup: 12.194 (2020: 0)
Number of share options in the Company: 0 (2020: 0)
Number of warrants in the Company: 11,428 (2020: 11,428)

Dr. M. Wolfswinkel (Michiel)
Chief Financial Officer

Date of birth: June 11, 1963
Nationality: Dutch
Date of initial appointment member of the Executive Board: November 28, 2013
Date reappointed member of the Executive Board: March 26, 2021
Current term of office ends: March 28, 2025

Number of shares in the Company: 12.661 (2020: 1,686)
Number of shares in lockup: 10.975 (2020: 0)
Number of share options in the Company: 0 (2020: 0)
Number of warrants in the Company: 0 (2020: 0)

Report from the Executive Board

Strategic review

This section sets out the Executive Board's review of the strategic developments and target achievement during 2021, as well as the priorities for 2022.

Past 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
E-invoicing to government and municipalities in the Netherlands and Germany
Acquisition of Google Analytics business to enrich EDI-Integration product suite
Launch of FLOW, the world's first self-service Partner Automation Platform
Focus on retail and manufacturing sector
Focus on 100% digitization of customers' supply chain with products in EDI/XML, PDF conversion and our supplier/partner portal

Developments in 2021
Streamlined product offering allowing full focus on FLOW
New partnership with CGS and expanded partnership with To-Increase
Renewed trading partner onboarding strategy

Targets 2021 and priorities 2022

2021 Target achievement

With the sale of the TCMA (also referred to as Demand Generation) and Google AdWords for Channel business lines in 2020, the Company was able to fully focus on the success of its delivery of the EDI/XML solutions, PDF conversion and invoicing portal within the FLOW platform. The corresponding target was to invest further in operations to prepare for further growth of the FLOW platform with a focus on 100% digitization of our customers' supply chain.

Targets for 2021 also included growing with our FLOW platform in the Business-to-Business market in the Netherlands, Germany, France and the United States, as well as in the Business-to-Government market in the Netherlands and Germany.

In order to achieve our goals, TIE Kinetix had set targets for the financial year 2021 as detailed in the following table.

Target	Status
Investing in operations to prepare for further growth in the delivery of EDI/XML, pdf conversion and our invoicing portal	**Successful**
Growth in B2B market in all segments	**Successful**
Growth in B2G market in the Netherlands and Germany	**Successful**

Further details on the achievement of targets for the year are provided further on under the heading 'Review 2021'.

Priorities 2022

For 2022 we have set the following targets:

» Enhance digitization of our customers' supply chain: we aim to increase the level of digitization at our existing customers, increasing the number of documents that are processed through our FLOW portal per customer;
» Onboard more trading partners per customer: with our new onboarding tools, we aim to increase the level of digitization at customers by increasing the amount of suppliers or other trading partners that are onboarded to FLOW;

- Growth in B2G market in Germany: leveraging our knowledge from e-invoicing in the B2G market in the Netherlands, we aim to grow our footprint in the German B2G market by signing new hub customers in this market segment;
- Growth in B2B market in all segments: following our focused and simplified product offering, we aim to increase the success of FLOW by signing new hub-type customers in all segments; and
- Continue and enhance ISO certification with ISAE 3402 Type II and ISO certifications for the FLOW platform.

Review 2021

The year 2021 was unique in many ways. First of all, our offices remained closed worldwide and our staff continued to work remotely from their homes for the entire year. With restrictions being lifted in the countries that we operate in, the Company is currently determining its strategy for the future balancing working remotely with working in the office.

The practical limitation dictated by the COVID-19 driven restrictions have not impacted the Company's business. Driven by the increased customer awareness on the need for 100% digitization, we were able to sign contracts with new hub-type customers in all countries in 2021. Especially in the Netherlands, a large number of new contracts was signed.

Focus on 100% digitization

After having sold our Google AdWords for Channel and TCMA business lines in 2020, this has freed up time and resources to focus on our FLOW Partner Automation platform, its development and its commercial success. This is driven by our vision of achieving 100% digitization in the supply chain. We have spent the past year on shaping our strategy and organization around this vision. While we are not there yet and 2022 will present its challenges and will still require investments in this respect, we are confident that this renewed focus and simplified state-of-the-art product offering will be the driving forces behind the future success of TIE Kinetix. The activities and results of the past year in this respect revolve around the following areas:

Best-in-class product

As outlined in our review of the product development efforts (see further on in this strategic review), significant improvements have been made to the FLOW platform to improve the user experience. This development is in line with the expectations we had expressed in the outlook for 2021 in prior year's annual report, and is part of our view of long-term value creation.

In the United States our legacy product eVision went end-of-life and we are migrating customers to FLOW or a licensed version of SmartBridge (or "TSBx", our on-premises solution). Within SmartBridge, old components have been phased out and have been replaced by new components.

Certifications

We seek to not only be best-in-class from a technical perspective but also provide our customers the assurances they seek with respect to the functionalities, security and other aspects of our products. In this regard, for example, we have passed our annual ISO 27001 audit. This international standard is the only globally recognized certification for information security and is the most prestigious designation awarded at the organizational level.

For 2022, we will continue on this path by producing an ISAE 3402 Type II report in 2022 which will be audited by an independent auditor. This report, which will provide assurance to our customers for whom we, as a service organization, process financial data (such as in the form of invoices). It will not only include the description of controls we have in place to ensure integrity of data processing, but will also report on the detailed testing of these controls. Having such a report will allow us to serve new large hub customers with the highest level of compliance requirements.

Onboarding trading partners to FLOW

100% Digitization in the supply chain can only be achieved if the trading partners of our customers are onboarded to FLOW, using:

- Documents exchange directly through through EDI (EDI-2-FLOW);
- PDF documents processed automatically (PDF-2-FLOW); or
- FLOW portal capturing and processing document details automatically (PORTAL-2-FLOW).

To facilitate the deployment of FLOW, and the onboarding of our customers' trading partner to the FLOW platform, we have redesigned our onboarding strategy, taking charge of the onboarding for our customers. The benefits of this are clear:

- Our customers are unburdened and can focus on their business;
- Achieving a higher degree of onboarded trading partners improves the effectiveness of FLOW and efficiency of our customers' operations;

- Performing onboarding work contributes to our consultancy revenues; and
- A larger number of documents being processed through FLOW drives our SaaS/overage revenues.

Naturally, onboarding needs to take place in a cost efficient way for our customers. To this extent, our onboarding tools are now powered by artificial intelligence (AI). Onboarding to the platform is now faster and requires minimal effort. This is explained further in the section 'Product development' of this strategic review. This enables us to make significant steps in our mission of 100% digitization and is supportive of our long-term value creation process.

Customer success teams

During 2021 we have laid the foundations for our new customer success organization. In the past, our sales departments have been focusing on both driving new business as well as selling to, servicing and maintaining relationships with existing clients. However, these are different disciplines and require different skillsets. With the growth of our operations, we have redesigned the teams and created a dedicated customer success teams. These teams will be driving the successful deployment of FLOW for our customers. This will cover the implementation of FLOW (including onboarding) and the ongoing relationship between TIE Kinetix and its customers, tending to the needs of our customers as best as possible.

In turn, this will allow our sales teams to focus on bringing new customers to the Company.

All preparations for this were made during 2021 and since the start of FY 2022, our customer success organization has taken effect.

Building our organization and attracting new talent

Connected to the aforementioned organizational changes, we have been building our organization and teams and have been focused on attracting new talented employees. In this respect, our French segment has also undergone significant changes. We welcomed a new managing director in France as well as several new staff members to bring the French organization to the next level. At the corporate level we have also been strengthening our operations. These developments are In line with what we reported in the outlook for 2021 in previous year's annual report, with the aim of funding future growth. A trend that will continue in 2022 and will continue to require (financial) investments.

Leveraging new hub customers

Establishing customer relationships with new hub customers is paramount to the realization of our strategy and our long-term value creation process. In 2021, we have seen an influx of several new large customers, especially in the Netherlands. With several new blue-chip customers, such as UWV and the Rabobank (the country's second-largest bank), we have been enlarging our footprint in the Dutch market. Aided by the developments outlined above, we aim to further increase this footprint through creating successes for our new customers and obtaining new hub contracts. To this extent, we also aim to also increase our marketing expenditures (which have been below plan in 2021).

During 2021 we have also expanded in the Business-to-Government market in the Netherlands, for example by signing a new large contract with the Dutch Ministry of the Interior & Kingdom Relations. The experience that we have built up in the B2G market over the past years allows us to serve the e-invoicing needs of this type of customers - which are inherently different than those of B2B customers - very well. In addition, successful onboarding of suppliers of B2G clients provides significant sales opportunities within the - much larger - B2B market. We have seen this materializing in 2021 for example by signing the employment agency Olympia as a new customer, which is a supplier of our largest B2G customer, the Municipality of Amsterdam.

Our success in the B2G in Germany has improved compared to prior year, as we were able to welcome GIZ, a German development agency in the field of international development cooperation and education work, as well as DGUV, the German Social Accident Insurance agency, as new customers. For 2022, our aim is to leverage our significant experience in the Dutch B2G e-invoicing market to the German B2G market to further improve our success rate there.

New and expanded partnerships

Finally, in the 2021 outlook section in previous year's annual report, we had indicated that we would put special emphasis in 2021 on building and maintaining an indirect channel to support further growth. We are proud to report that during 2021, in this regard, we have made various achievements in the field of partnerships, which fits into our view of creating long-term value for our stakeholders.

We have expanded our partnership with To-Increase to include a fully integrated EDI solution for the customers of Microsoft Dynamics 365. We have entered into a five-year value-added-reseller agreement with Computer Generated Solutions (CGS). And in the U.S. our partnership with SYSPRO has lead to signing a new large contract with golf brand Sun Mountain.

After year-end, in October 2021, the Company announced that we have received the Microsoft Co-Sell Ready status for our fully integrated supply chain solution, EDI-2-FLOW, for Microsoft's Dynamics 365.

Order Intake

In 2020, due to COVID-19 restrictions and disruption of regular business processes with prospective customers, no new contracts were signed with large hub-type customers. In 2021, with the world responding to and adapting to the COVID-19 situation, our customers became more accustomed to the 'new normal', adapting their business processes. During the COVID-19 pandemic the overriding importance of a fully digitalized supply chain became very clear. We stepped up our sales efforts and were able to 'catch up' signing new hub-type customers in 2021, in addition to our ongoing efforts on generating new leads and starting new sales processes with prospective customers.

As a result, in 2021, total order intake amounted to € 11.4 million (2020: € 10.2 million). It should be noted that the comparative order intake excludes the order intake from discontinued operations and the TCMA business line which was sold in 2020, totaling € 2.2 million. Therefore, net growth of order intake for the continued business amounts to 12%.

In 2022, we aim to focus on sales to our existing customer base with our new Customer Success-teams and new large hub customers in the Business-to-Business sector within the trading partner base of our customers in the Business-to-Government sector.

ISP

	SaaS		Maintenance		Consultancy		Licenses		Other Income		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
ISP	6,819	5,680	251	295	3,948	3,543	338	614	10	25	11,366	10,157
As % of Total ISP	60%	56%	2%	3%	35%	35%	3%	6%	0%	0%		

Product development

Our FLOW Partner Automation platform is fully SaaS-based with all solutions packed into one single platform offering, and with seamless integrations to many third party ERP systems. The FLOW modules allow easy to use 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.

We continue to invest in the constant development of the FLOW platform. The main features that were added in the past year are as follows:

- Redesigned trading partner onboarding services are now powered by artificial intelligence (AI). Onboarding to the platform is now faster and requires minimal effort. This helps to facilitate mass e-invoicing adoption in the private sector and directly supports the European Commission’s transition to a green and digital economy. Furthermore, advanced onboarding capabilities enable TIE Kinetix to expand business through hub-type accounts;
- The Disaster Recovery Center (DRC) is now available to new and existing customers. The DRC supports real-time disaster recovery with continuous data replication in two cloud locations and ensures business continuity in under five minutes. The added security comes from the assurance that all data is continuously replicated in more than one public or private cloud instance, as well as the comfort that support can be reached outside of normal business hours. This extends to multi-location support, along with the guarantee that the location in which the data is stored is in line with individual business and legal requirements;
- At the start of FY 2021, version 2 of FLOW was released. Based heavily on customer feedback, the update provided new and existing FLOW customers with a simplified user interface (UI) and an enhanced user experience (UX). It is customizable at its core, enabling users to easily pick and choose the primary foundation of the portal layout, beginning with the

homepage, navigation bar, and language settings. Regardless of personal preference during the initial setup, the portal maintains a unified look-and-feel throughout. The FLOW Version 2.0 UI employs an “only show what is necessary for the task on the screen” approach, giving users a clean, uncomplicated workspace in which only relevant items are displayed.

Of course, as our development team is constantly working on improving existing functionalities and adding new functionalities, the above list is not exhaustive. Some of the additional improvements are mentioned in our Update from the Chief Technology Officer, starting on page 13.

Personnel

The Group’s workforce is monitored and managed on a continuous basis to ensure timely roll-out of the FLOW platform to new customers and service and support existing customers to our high-quality standards, while maintaining a healthy productivity.

As noted above, several investments were made over the past year to strengthen our organization and prepare for growth. This is also reflected in our increased personnel numbers. This trend is expected to continue into 2022. The Company is mindful, however, not to onboard too many new employees too quickly so they can receive proper training and properly integrate to become a valued member of our staff.

FTE by country

	30 September 2021	30 September 2020	Delta
The Netherlands	55	44	11
United States	25	25	-
Germany	12	13	(1)
France	12	10	2
Total	**104**	**92**	**12**

COVID-19

COVID-19 and the government measures to contain the virus have impacted the TIE Kinetix operations in FY 2021 in a limited way. As noted earlier, our offices have been closed, and travel was suspended. We noticed that our employees were very well able to continue the business from their home offices. Starting FY 2022, the Company continued its path to maintain a fair and flexible working environment, offering its staff ample flexibility to maintain a healthy work-life balance and continue to work partially from home.

Some customers of the Company continued to suffer from the COVID-19 measures imposed by governments. As the case may be such customers have been granted extended payment terms or other mechanisms to help them through this difficult period. Fortunately this occurred very limitedly in FY 2021. Such customer situations may occur if new measures are taken in subsequent periods, though this is not expected as the countries in which the Group operates have vaccinated the majority of their citizens, and/or governmental support programs are reduced. Potentially negative effects of decreasing GDP may hurt our customers’ income and ability to pay our invoices or engage into new sales contracts. At the same time, TIE Kinetix acknowledges that most of its customer base is in sectors that are robust in economically challenging times – such as food retail.

We have assessed that the second and third waves of COVID-19 that have occurred during FY 2021 have not affected the valuation of assets and did not lead to any deterioration of our receivables position. In prior year, new sales to large enterprise level customers and large governmental customers had been affected negatively (as mentioned earlier) by the travel and meeting restrictions imposed as well as customer personnel working from home. In 2021, however, we have seen large new sales opportunities materializing in both the business-to-business and the business-to-government market.

If anything, the ramifications after a one and a half year of COVID-19 are that its effect is neutral to positive through increased awareness among our customers and in the marketplace on the need for 100% digitization. As such, COVID-19 has not altered the vision, mission or strategy of the Company but rather proved its importance, improved its feasibility and the outlook of the Company, in the view of the Executive Board.

Financial review

This section sets out the Executive Board's review of the revenues, expenses and results for the year 2021, the balance sheet per 30 September 2021 and the cash flows for the year 2021.

Certain analyses presented in this section present alternative performance measures whereby figures are presented on an adjusted basis. A reconciliation of these adjusted figures is presented further on in this financial review in the section 'Alternative performance measures'. In 2020, the Company divested two business lines which were accounted for as follows (also reference is made to the note Acquisitions and disposals, starting on page 87 of the consolidated financial statements):

- Google AdWords for Channel business line: This encompassed the sale of the shares of TIE International B.V. and was accounted for as a discontinued operation in the consolidated financial statements. The revenues and expenses for 2020 of this business line are included on the line 'Net Income from Discontinued Operations' in the consolidated statement of comprehensive income; and
- The TCMA (also referred to as Demand Generation) business line: This encompassed the sale of assets, staff and IP rights and was not accounted for as part of the discontinued operation but TCMA revenues and expenses are included as part of the continuing operations in the comparatives in the consolidated statement of comprehensive income.

As TCMA was sold nonetheless, certain analyses in this review exclude this business line from the comparatives to provide additional insights in line with the objectives of our alternative performance measures. This, together with other adjustments described in the aforementioned section 'Alternative performance measures', is referred to as the 'adjusted basis' in this review.

Analysis of revenues
(€ x 1,000)

	2021	2020	Variance (%)
Software as a Service	9,688	8,478	14%
Maintenance and Support	1,846	2,639	-30%
Consultancy	2,991	2,986	0.2%
Licenses	331	646	-49%
Total Adjusted Revenues[1)]	**14,856**	**14,749**	**1%**
TCMA revenues	-	802	-100%
Total Revenues (IFRS)	**14,856**	**15,551**	**-4%**

1) Excluding TCMA business line sold in 2020

Financial highlights 2021

- Organic adjusted SaaS revenue growth from € 8,478k (2020) to € 9,688k (increase of 14%) when excluding TCMA;
- Organic SaaS revenue growth from € 9,275k (2020) to € 9,688k (increase of 4%) measured on an IFRS basis;
- Total revenues decreased from € 15,551k (2020) to € 14,856k (decrease of 4%) as TCMA is included in the 2020 comparatives;
- Adjusted for this, revenue has increased, moving from € 14,749k (2020) to € 14,856k (increase of 1%);
- Gross margin increased with 0.8% point from 60.5% (2020) to 61.3%;
- EBITDA margin decreased with 1.9% points from 14.8% (2020) to 12.9%;
- Net income from continuing operations increased from € (71k) (2020) to € 632k (increase of 994%);
- EBITDA and net income positively impacted by a COVID-19-related U.S. government grant of € 455k;
- Positive operating cash flows from continuing operations of € 2,114k (2020: € 2,700k);
- Basic earnings per share increased from € (0.04) (2020) to € 0.38 (increase of 980%).

Analysis of results

The following table sets out the main items in the Company's consolidated statement of (comprehensive) income for the financial years presented for purposes of the analysis by the Executive Board. Further details of the results are presented in the Consolidated Statement of Comprehensive Income, starting on page 66 and the Notes to the Consolidated Financial Statements, starting on page 69.

Income Statement analysis (IFRS)
(€ x 1,000)

	2021	2020	Variance (%)
Revenues	14,856	15,551	-4%
of which: SaaS revenue	9,688	9,275	4%
Gross margin	9,105	9,414	-3%
Gross margin (% of revenues)	61.3%	60.5%	0.8%
Operating income (EBIT)	249	123	103%
EBITDA	1,911	2,309	-17%
EBITDA margin (% of revenues)	12.9%	14.8%	-1.9%
Net income from continuing operations	632	(71)	994%
Net income from discontinued operations	-	6,582	-100%
Net income	632	6,511	-90%
Basic earnings per share	0.38	(0.04)	980%

Revenue analysis

SaaS revenues (adjusted basis) have shown a significant increase over the year (+14%), in line with the Company's ambitions and focus on FLOW to drive SaaS revenues.

Consultancy revenues (adjusted basis) are more or less flat (+0.2%) and in line with our strategy to focus on SaaS.

Also in line with our focus on SaaS, license revenues (adjusted basis) and the associated maintenance and support revenues have decreased (-49% and -30%, respectively), given our preference to deploy FLOW in a SaaS solution.

Overall, adjusted revenue growth was affected by the End of Life migration program in the US, migrating customers from legacy on-premises solutions to FLOW SaaS or TSBx on-premises solutions.

When measured on an IFRS basis, total revenue has decreased as a consequence of the TCMA and Google AdWords business that was divested in 2020. As mentioned earlier, while Google AdWords is excluded from the 2020 comparative figures as this was classified as a discontinued operation for IFRS purposes, TCMA is still is included in the IFRS 2020 comparative figures of continuing operations.

Top customers

The top 10 customers accounted for 16% (2020: 16%) of revenue, with an average sales value of € 235k (2020: € 256k).

Expenses analysis

The following table details the expenses on an adjusted basis. This excludes expenses attributable to the TCMA business as well as impairment losses. A reconciliation to the expenses as per the consolidated statements of comprehensive income is presented further on in this financial review.

Analysis of adjusted expenses by function
(€ x 1,000)

	2021	2020	Variance (%)
Cost of Sales	5,751	6,015	-4%
Gross Margin	**9,105**	**8,733**	**4%**
Gross Margin (% of Adjusted Revenues[1])	61%	59%	2%
Operating expenses			
Research & Development	1,387	1,038	34%
Selling & Marketing	2,533	3,179	-20%
General & Administrative	5,387	4,265	26%
Total Operating Expenses	**9,308**	**8,483**	**10%**

1) Excluding TCMA business line sold in 2020

Maintaining an efficient cost base has always been a priority for the Company. The Company monitors its cost base per operating segment and, if and when necessary to align with income or for other reasons, measures are taken to assure that costs are in line with the development of the business.

In 2021, the Company was able to reduce its cost of sales, with cost savings in direct purchase costs, direct employee costs and third party hire as a consequence of the more streamlined product offering as from 2021. The Company deploys a public cloud strategy focused on the delivery of its products and services using the Microsoft Azure cloud, therewith replacing the use of private cloud services where possible. This has resulted in a decrease of cost of sales while total adjusted revenues have shown a modest increase.

Adjusted operating expenses increased by 10%. Notable drivers behind this increase are costs for additional hires to strengthen the operation and prepare the Company for further growth, following the renewed strategic focus in 2020 and further plans developed in 2021 to roll this out. This effect mainly impacts the general and administrative expenses. As such, the Company's total number of employees has increased. The resulting increased employee benefits are offset against reduced other operating expenses, such as lower marketing spend and significantly reduced travel and accommodation expenses in 2021 resulting from the COVID-19 restrictions. These reductions are visible under the selling and marketing expenses. Research and marketing expenses have increased as a result of lower capitalization of R&D expenditures while the amortization of such capitalized expenses remained high due to the significant investments in R&D made in the previous years.

Measured on an IFRS basis, cost of sales decreased from € 6,137k in 2020 to € 5,751k, which is attributable to the reasons above, coupled with an additional decrease due to the disposal of the TCMA business line in 2020. The IFRS operating expenses increased slightly from € 9,296k in 2020 to € 9,311k, which is due to the increase in the adjusted operating expenses as described above, offset by decreases due to by impairment losses recognized in 2020 and operating expenses of the TCMA business.

EBITDA

EBITDA has shown a decrease from € 2,309k in 2020 to € 1,911k. This is due to the effect from lower total revenues, somewhat offset by reduced expenses (excluding depreciation, amortization and impairment losses) coupled with positive impact of the COVID-19-related U.S. government grant. The absence of the TCMA business line that was sold in 2020 contributed to both the lower revenues and the lower expenses - offsetting the otherwise increased operating expenses as a result of further investments in people to fuel the Company's further growth ambitions.

When excluding the effects of the COVID-19-related government grant and the TCMA business line, adjusted EBITDA shows a more significant decrease from € 2,140k in 2020 to € 1,456k as a consequence of the investments made in future growth (mainly driven by hiring additional employees). A reconciliation of this information is presented further on in this financial review.

Net Income

The net income in 2021 amounts to € 632k, comparing to € 6,511k in 2020. The net result for 2020 is mainly driven by the net income from discontinued operations in the amount of € 6,582k, related to the sold Google AdWords for Channel business line in 2020. The net income from discontinued operations for 2021 was nil.

When looking at the net income from continuing operations, the result has shown a sharp increase from a loss of € 71k in 2020 to a gain of € 632k in 2021. This increase is driven mainly by reductions in expenses as outlined above and several unique contributors such as the other income (€ 455k) related to the COVID-19-related government grant in the U.S., interest and other financial income (€ 307k; of which € 200k of interest income on the receivable from the sale of TIE International B.V. in 2020) and the net income tax benefit for the year (€ 116k). This income tax benefit is driven by capitalization of deferred tax assets for tax losses carried forward, following the positive outlook of the Company.

Basic earnings per share from continuing operations developed positively, increasing from a loss of € 0.04 per share in 2020 to a gain of € 0.38 per share (increase of 980%).

Balance sheet analysis

The following table sets out the main items in the Company's consolidated statement of financial position for the financial years presented for purposes of the analysis by the Executive Board. Further details of the financial position of the Company are presented in the Consolidated Statement of Financial Position, starting on page 64 and the Notes to the Consolidated Financial Statements, starting on page 69.

Balance sheet analysis

(€ x 1,000)

	30 September 2021	30 September 2020	Variance (%)
Cash and cash equivalents	9,921	5,886	69%
Working capital	5,910	4,468	32%
Equity attributable to shareholders	11,225	9,922	13%
Balance sheet total	18,666	18,020	4%
Current ratio	1.94	1.65	0.29
Equity ratio	0.60	0.55	0.05

Cash Position

The Company's cash position has increased significantly as a consequence of the positive cash flows from operating activities, coupled with the receipt of the € 3 million receivable that resulted from the sale of the Google AdWords for Channel and TCMA business lines in 2020.

Working capital

The considerable increase in working capital (calculated as current assets including cash and cash equivalents, less current liabilities) is mainly driven by more cash generated from operations and a reduction of current liabilities. This reduction is most notably caused by the U.S. COVID-19-related government grant that was recognized in the income statement of 2021. Per year-end 2020, the cash was already received and the amount was recognized as a loan under current liabilities. Upon meeting the conditions for forgiveness of the loan, the Company recognized the grant income in the statement of comprehensive income and derecognized the loan.

The aforementioned has also lead to a further improvement of the current ratio - calculated as current assets (including cash and cash equivalents) divided by current liabilities. The current ratio is a ratio that measures the Company's ability to meet its short-term obligations and is a measure of the Company's liquidity.

Equity

The Company's equity position increased significantly as a result of the positive net result for the year, coupled with equity increases from equity-settled share-based payment expenses and consideration received for new shares issued upon exercise of warrants by their holders during the year. Further details on the movements in Group equity are detailed in the Consolidated Statement of Changes in Equity, starting on page 67 and the Notes to the Consolidated Financial Statements, starting on page 69

The equity ratio - calculated as total equity divided by total assets - has also increased further as a result of the above. The equity ratio indicates the relative proportion of equity used to finance the Company's assets and is a measure of the Company's solvency.

Cash flow analysis

The following table sets out the main items in the Company's consolidated statement of cash flows for the financial years presented for purposes of the analysis by the Executive Board. Further details of the results are presented in the Consolidated Statement of Cash Flows, starting on page 68 and the Notes to the Consolidated Financial Statements, starting on page 69.

Cash flow analysis

(€ x 1,000)

	2021	2020	Variance (%)
Continuing operations	2,114	2,700	-22%
Discontinued operations	-	603	-100%
Cash flow from operating activities	**2,114**	**3,303**	**-36%**
Cash flow from investing activities	2,100	1,132	86%
Cash flow from financing activities	(249)	(468)	-47%
Net increase in cash	**3,966**	**3,967**	**0%**

The main driver behind the decrease in operating cash flows from continuing operations is a significant decrease in the Company's current liabilities, most notably a reduction due to the U.S. COVID-19-related loan that was recognized as a government grant in 2021 as described earlier. The cash for this loan (with a carrying value of € 469k per year-end 2020) was received in 2020 and was classified as a cash inflow from operating activities in 2020 given the characteristics of the forgivable loan.

In 2021, there were no cash flows from operating activities relating to discontinued operations. Related to this, however, the remaining € 3 million receivable from the sale of the Google AdWords for Channel and TCMA business lines was received in 2021, contributing to the cash flows from investing activities in a positive manner. In 2020, the first € 3 million of consideration received for this transaction was offset with the cash included in TIE International B.V. when this entity was sold, also included in cash flows from investing activities.

Cash flows from financing activities improved mainly as a result of reduced lease payments as well as more consideration received for new shares issued by the Company upon the exercise of warrants by their holders.

Alternative performance measures

This financial review details various items of income and expenses, as well as EBITDA for continuing operations on an IFRS and an adjusted basis. This adjusted basis excludes effects of:

» The TCMA business line;
» One-off items of income, classified as other income; and
» Significant one-off expenses (determined at the discretion of the Executive Board), such as impairment losses.

These and other alternative performance measures of performance used are defined in the section Use of Alternative Performance Measures, starting on page 139.

The following tables provide reconciliations between figures presented on an adjusted basis as included in this financial review, and the corresponding IFRS figures.

2021 Reconciliation of adjusted income & expenses
(€ x 1,000)

	Adjusted	TCMA	Impairment	Other Income	IFRS
Revenues					
Software as a Service	9,688	-	-	-	9,688
Maintenance and Support	1,846	-	-	-	1,846
Consultancy	2,991	-	-	-	2,991
Licenses	331	-	-	-	331
Total Revenues	**14,856**	**-**	**-**	**-**	**14,856**
Cost of Sales	(5,751)	-	-	-	(5,751)
Gross Margin	**9,105**	**-**	**-**	**-**	**9,105**
Other income	-	-	-	455	455
Operating expenses					
Research & Development	(1,387)	-	-	-	(1,387)
Selling & Marketing	(2,533)	-	-	-	(2,533)
General & Administrative	(5,387)	-	(4)	-	(5,391)
Total Operating Expenses	**(9,308)**	**-**	**(4)**	**-**	**(9,311)**
Operating Income / EBIT	**(203)**	**-**	**(4)**	**455**	**249**
Add: Depreciation and amortization	1,659	-	-	-	1,659
Add: Impairment losses	-	-	4	-	4
EBITDA	**1,456**	**-**	**-**	**455**	**1,911**

2020 Reconciliation of adjusted income & expenses
(€ x 1,000)

	Adjusted	TCMA	Impairment	Other income	IFRS
Revenues					
Software as a Service	8,478	797	-	-	9,275
Maintenance and Support	2,639	-	-	-	2,639
Consultancy	2,986	5	-	-	2,991
Licenses	646	-	-	-	646
Total Revenues	**14,749**	**802**	**-**	**-**	**15,551**
Cost of Sales	(6,015)	(121)	-	-	(6,137)
Gross Margin	**8,733**	**681**	**-**	**-**	**9,414**
Other income	-	-	-	4	4
Operating expenses					
Research & Development	(1,038)	-	(298)	-	(1,336)
Selling & Marketing	(3,179)	-	-	-	(3,179)
General & Administrative	(4,265)	(516)	-	-	(4,781)
Total Operating Expenses	**(8,483)**	**(516)**	**(298)**	**-**	**(9,296)**
Operating Income / EBIT	**251**	**165**	**(298)**	**4**	**123**
Add: Depreciation and amortization	1,889	-	-	-	1,889
Add: Impairment losses	-	-	298	-	298
EBITDA	**2,140**	**165**	**-**	**4**	**2,309**

Segmental review

Our segment reporting is based on country operations, which coincides with the Company's cash generating units. The Executive Board evaluates segment performance on the basis of EBITDA as reported internally. The following tables detail the segments' results for the year and the comparative year.

Further information on segments, including a reconciliation of the segment information to the consolidated statement of comprehensive income, can be found in the consolidated financial statements, as part of the note on Segment reporting, starting on page 101.

2021 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	4,157	3,345	957	1,229	-	-	9,688
Maintenance and Support	294	1,239	153	161	-	-	1,846
Consultancy	1,094	696	406	737	-	59	2,991
Licenses	39	230	42	20	-	-	331
Revenues	**5,584**	**5,509**	**1,557**	**2,146**	**-**	**59**	**14,856**
Other Income	-	455	-	-	-	-	455
Intercompany Sales	18	-	-	-	879	(897)	-
Total Income	**5,602**	**5,965**	**1,557**	**2,146**	**879**	**(838)**	**15,311**
Cost of Sales	(1,732)	(2,366)	(409)	(1,258)	(890)	904	(5,751)
Gross Margin	**3,870**	**3,598**	**1,148**	**889**	**(11)**	**66**	**9,560**
Operating Expenses							
Employee Benefits	(726)	(787)	(471)	(490)	-	(3,000)	(5,473)
Other Operating Expenses	(1,668)	(1,938)	(552)	(520)	-	2,502	(2,176)
Total Operating Expenses	**(2,393)**	**(2,725)**	**(1,023)**	**(1,009)**	**-**	**(498)**	**(7,649)**
EBITDA	**1,476**	**874**	**125**	**(121)**	**(11)**	**(432)**	**1,911**

2020 Segment information (continuing operations)

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	3,956	3,402	805	1,112	-	-	9,276
Maintenance and Support	324	1,802	181	333	-	-	2,639
Consultancy	1,075	656	459	801	-	-	2,991
Licenses	39	537	47	23	-	-	646
Revenues	**5,394**	**6,397**	**1,492**	**2,269**	**-**	**-**	**15,551**
Other Income	1	2	-	1	-	-	4
Intercompany Sales	75	118	-	36	860	(1,089)	-
Total Income	**5,469**	**6,517**	**1,492**	**2,306**	**860**	**(1,089)**	**15,555**
Cost of Sales	(1,509)	(3,011)	(364)	(1,481)	(869)	1,098	(6,136)
Gross Margin	**3,960**	**3,507**	**1,128**	**824**	**(9)**	**9**	**9,419**
Operating Expenses							
Employee Benefits	(832)	(704)	(340)	(426)	-	(2,636)	(4,939)
Other Operating Expenses	(1,280)	(1,980)	(373)	(544)	-	2,007	(2,170)
Total Operating Expenses	**(2,112)**	**(2,686)**	**(713)**	**(970)**	**-**	**(629)**	**(7,110)**
EBITDA	**1,848**	**821**	**415**	**(146)**	**(9)**	**(620)**	**2,309**

The Netherlands

Strategically important new contracts	Market
Rabobank	B2B
Dutch Ministry of Internal Affairs	B2G
Olympia Uitzendbureau	B2B
Wiltec	B2B
Centralpoint	B2B
Sodexo	B2B
Nutricia	B2B
UWV	B2G
Spar Holding	B2B
Intratuin	B2B
Municipality of Amsterdam - Contract extension	B2G

Revenues increased across the board in the Netherlands, with notable increases in SaaS revenues and consultancy revenues. These revenue increases are driven by sales to new customers and increased sales to existing customers. The increase is dampened by the divestiture of the TCMA business, which accounted for € 178k in revenues in 2020, or 22% of total TCMA sales.

Following slowed down processes of closing new contracts in 2020 caused by the COVID-19 restrictions, this trend was reversed in 2021 resulting in a significant number of new large contracts. While this does not immediately translate to increased revenues due to set-up and implementation needing to be performed before the customers can benefit from the FLOW platform's functionalities, this does contribute to a healthy pipeline for future consultancy and SaaS revenues.

Operating expenses increased mainly due to higher holding charges to cover the Group's central and R&D functions, resulting in a marked decrease in EBITDA.

United States

Strategically important new contracts	Market
Sun Mountain	B2B

Revenues of the US segment have decreased, mainly as a result of the divestiture of the TCMA business, which is included in continuing operations in the comparative figures. The US segment accounted for € 555k of TCMA sales in 2020, or 69% of total TCMA sales. Furthermore, US license revenues and maintenance revenues decreased, as a result of so-called 'End of Life' of the legacy eVision product. Existing customers have been offered a migration to our FLOW SaaS solution (with revenue being recognized over time) or, as the case may be, our on-premises Smartbridge license.

Offsetting the above, the US segment benefited from a COVID-19-related government grant, presented on the 'other income' line. Together with a reduced cost of sales (driven by lower direct purchase costs and lower third party hire costs), and reduced operating expenses this has resulted in an increase in EBITDA.

France

Strategically important new contracts	Market
Groupe Le Graët	B2B

The French segment has shown a notable increase in SaaS revenues, in line with the Company's strategy in this respect. The increase in revenues positively impacted the gross margin of this segment.

With the new French Managing Director in place we have decided to invest in the French market and increase our presence in this second largest European market. As a result, employee benefit expenses have increased as we are growing our operations. Also other operating expenses have increased due to increased holding charges. These factors resulted in a decreased EBITDA for France. Order intake in 2021 was strong, which will be converted in increased future SaaS revenues.

Germany

Strategically important new contracts	Market
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	B2G
Deutsche Gesetzliche Unfallversicherung (DGUV)	B2G

Revenues of the German segment have also decreased as a result of the divestiture of the TCMA business, which is included in continuing operations in the comparative figures. The German segment accounted for € 67k of TCMA sales in 2020, or 8% of total TCMA sales. Increased SaaS revenues were not sufficient to offset lower maintenance and support and consultancy revenues.

As a result of reductions in cost of sales (driven by lower direct purchase costs and direct employee costs), the gross margin of this segment, and in turn the EBITDA, remained relatively stable comparing to prior year.

Product Development
The operations of the Product Development segment have remained stable, with the segment continuing to improve functionalities of the FLOW portal and investing in research and development efforts. For further details in this respect, please refer to the Strategic review, starting on page 21.

Holding
At the corporate headquarters level, there are notable increases in employee benefit expenses as a result of the Company's investments in talent to fuel growth. To offset increased expenses, holding charges to the rest of the Group have increased, as is visible on the line 'Other operating expenses'. Additionally, such expenses were reduced in 2021 due to a lack of marketing and travel expenses as a result of the COVID-19 situation. It should be noted that the holding is not considered to be an operating or reportable segment in the context of IFRS 8 'Operating Segments'.

Outlook for Financial Year 2022

Financial
As a company we are dedicated to the commercial growth of our FLOW platform, especially in the Business-to-Business industries of manufacturing and retail, as well as in the Business-to-Government sector. To underscore the importance of such growth, we have set up customer success teams as explained in our Strategic review, starting on page 21.

While this should allow for generation of more revenues both from new customers and our existing customers, we do not expect that this will translate into increased revenues for 2022 immediately. Given our SaaS business model, revenues from new contracts are recognized over time so effects can only be seen from 2023 onwards.

On the other hand, setting up our customer success teams does require financial investment in the upcoming years. Attracting new talent and training them properly is instrumental to the success of these efforts and will take time.

Hence, we expect the Company to show steady to slightly increasing revenues in 2022, but the bottom-line result could be lower as a result of the aforementioned investments preceding their return.

Investments and R&D
In line with prior years, we will continue to invest in the development of the FLOW portal and its functionalities, in order to maintain our position as leading provider of SaaS managed solutions for supply chain digitization with EDI. Our development team is expected to remain at the same size, having the benefit of being able to focus solely on the development of FLOW as legacy products have gone end-of-life.

In 2022 we will continue to invest in our internal IT systems to help streamline our operations and facilitate our employees to the best extent possible. This will include moving some of our business applications from private cloud to the public cloud. Besides improving the effectiveness and cost advantages this will result in better connectivity for our employees working remotely.

Other than the above, no material capital investments are anticipated for 2022.

Personnel
As noted before, we are planning for an expansion of our number of employees in 2022 to effectively roll out the customer success teams and strengthen the overall organization.

Also, our employees will continue to partially work remotely from their homes. While COVID-19 restrictions are being lifted across our territories, we acknowledge the benefits of working remotely and will continue to facilitate this on a partial basis. Our policy is that each team decides what their optimal and preferred balance is between working from the office and working remotely.

Financing
The Company has a significant cash position at its disposal and this continues to grow. During our most recent General Meeting, the shareholders have approved the issue of new shares or other instruments (options, warrants or convertibles) in order for the Company to respond quickly to circumstances requiring new financing (such as a potential acquisition). In addition, our existing working capital facility (currently undrawn and no drawings are scheduled) will continue to be a source of short-term financing on an as-needed basis.

Based on this, the Company expects to have ample liquidity for not only its operations but possible significant transactions such as an acquisition, should an opportunity arise. As such, we do not currently plan to issue any debt instruments or obtain new debt financing, other than continuing to finance certain operational assets through leasing agreements, as we do currently.

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

Report from the Supervisory Board

To the shareholders,

This report reflects an overview of what was discussed with the Executive Board. In the financial year 2021, the Supervisory Board met 6 times and no board members were absent. During the financial year 2021, 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 by focusing on 100% digitization and EDI/Integration and to divest non-core business. This has been taking shape in the past years and continues to take shape now. Non-core business was divested in 2020 and the organization was aligned and continues to further align for the focus on and success of its vision of 100% digitization in 2021. Meanwhile, the FLOW platform continues to be developed and preparations have been taken in 2021 to start accelerating sales growth from 2022 with the introduction of the customer success teams.

Additionally, the Supervisory Board discussed the development of the strategy for growth of the Company with the main stakeholders of the Company. The Supervisory Board has built up a relationship of trust and confidence with these main stakeholders.

Organizational aspects

The Supervisory Board consists of three members. For detailed information of each individual member, reference is made to the section The Supervisory Board, starting on page 19. 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 Dutch Corporate Governance 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.

Term of appointment

A member of the Supervisory Board will be appointed for a maximum period of four 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. The current terms for each member are as follows:

» Mr. Georg Werger: Terms ends July 13, 2022 (re-appointment to be scheduled at the AGM of March 25, 2022);
» Mrs. Gerdy Harteveld: Term ends March 31, 2023;
» Mr. Per Nordling: Term ends March 29, 2024.

As per the decision of the AGM on March 26, 2021, the Supervisory Board has created an multi-year schedule for re-appointment, in order to prevent that a decision by the Annual General Meeting or an Extraordinary General Meeting of Shareholders is necessary for a re-appointment of all members of the Supervisory Board at the same time.

General business

The Supervisory Board supervised and monitored the following during the year:

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 2019 and 2020, TIE Kinetix was again cash flow positive (from operating activities) in the year 2021.

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. No further divestments were made nor necessary in FY 2021. The last tranche of the divestment of the Google AdWords / Demand Generation business in August 2020 was fully paid by the buyer in the course of FY 2021.

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 duties

The Supervisory Board as a whole monitored the accounting and reporting processes (for further explanation on this refer to the section Corporate Governance, starting on page 52). 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 auditor, 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. Reported recommendations of BDO in 2020 have been carefully considered and the Company is working on follow-up where necessary.

Meetings of the Supervisory Board

In FY 2021, the Supervisory Board as a whole met 6 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 to grow: Meetings with the Executive Board and other members of management were dedicated to specific aspects of company such as the revised growth strategy to focus on 100% digitization and EDI/Integration and to align the product strategy related to the FLOW proposition and development of additional FLOW modules within the EDI/Integration business;
- Remuneration: Evaluation of personal targets and targets for the performance share plan of the Executive Board and senior management;
- Evaluation of performance at country/segment level.

Evaluation of the Supervisory Board and the Executive Board

In FY 2021, the Supervisory Board has evaluated its own performance several times in an informal setting, in most cases immediately after the regular meeting and in some cases separately by telephone. Each year a formal evaluation of the performance of the Supervisory Board and the Executive Board is scheduled after the regular meeting in November. This is a Supervisory Board-only meeting and will be followed up with a feedback meeting with the Executive Board if this is deemed necessary. Based on the most recent evaluations performed, no follow-up actions were deemed necessary.

Remuneration

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, 2020, the General Meeting of Shareholders has adopted the revised Remuneration Policy for a period of 4 years (ending on March 27, 2024). 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.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board remained unchanged in FY 2021.

Remuneration of the Executive Board

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

» Salary;
» Variable compensation in cash, based on the realization of short term targets, and share-based variable compensation as adopted and confirmed in the General Meeting of Shareholders on March 27, 2020. The share-based variable compensation was implemented in 2016, in accordance with the Performance Share Plan as adopted by the General Meeting of Shareholders on March 31, 2016.

The Supervisory Board has decided upon a renewal of the Performance Share Plan as compensation for long term targets for the Executive Board and senior management. In FY 2021, 23,169 Performance Shares in total were awarded to the Executive Board. Details will be provided for in the Remuneration Report. Reference is also made to the notes Share-based payments, starting on page 98 and Related party disclosures, starting on page 114 of the consolidated financial statements.

The salary includes base salary, holiday allowance, a pension arrangement and a lease vehicle. 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 their 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.

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 shall be offered, when applicable, a severance package with a maximum of one year's salary. This was not changed compared to previous years.

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 J.B. Sundelin

In 2021, Mr. Sundelin had a base salary of € 276k.

The remuneration including expenses was paid to CAPTA Management B.V. and Bred Import B.V., Mr. Sundelin's consultancy and pension companies, respectively.

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 M. Wolfswinkel

In 2021, Mr. Wolfswinkel had a base salary of € 248k.

The remuneration including expenses was paid to Coucou Compagnie B.V., Mr. Wolfswinkel's consultancy company.

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.

Remuneration report

The remuneration of the Executive Board will be disclosed in detail in the Remuneration Report. Reference is also made to the Related party disclosures, starting on page 114 of the consolidated financial statements.

G. Werger

Chairman of the Supervisory Board, TIE Kinetix N.V.

Statements from the Executive Board

In control statement

The Executive Board is responsible for the internal risk management and control systems and the assessment of the effectiveness thereof. The Executive Board believes that there are adequate systems of monitoring and reporting, and that it has taken adequate steps to implement an appropriate risk management and internal control system. The system provides, with reasonable certainty, reliable internal and external information. 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.

Our systems significantly reduce, but cannot fully eliminate, the possibility of poor judgment in decision-making, human errors, abuse and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of other unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses. A properly designed and implemented risk management and internal control system will therefore provide reasonable, but not absolute, assurance that a company will not be hindered in achieving its business objectives, in orderly and legitimate conduct of its business. It can also not provide absolute insurance that a misstatement in the financial reporting would be prevented or detected. In this context, reasonable assurance refers to a degree of assurance that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances. Notwithstanding the forgoing and in view of the above, the 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 annual management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems, to the extent applicable. Reference is made to the section Risk Management and Control, starting on page 43;
- The internal risk management and control system provide a reasonable assurance that the financial reporting does not contain any material inaccuracies. Reference is made to the section Risk Management and Control, starting on page 43;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis. Reference is made to the section Impact of COVID-19, starting on page 69 in the consolidated financial statements; and
- The annual management report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Corporate governance statement

The Executive Board declares that the information required by Articles 3, 3a and 3b of the Decree on the Management Board's Report ('Besluit Inhoud Bestuursverslag') is included in the sections:

- Risk Management and Control, starting on page 43;
- Corporate Governance, starting on page 52; and
- Corporate Responsibility, starting on page 56;

All to the extent that the disclosure requirements apply to the Company.

Compliance with the Corporate Governance Code

The Company complies with all the relevant best practice provisions of the Corporate Governance Code 2016.

Information pursuant to the Decree Article 10 Takeover Directive

The Executive Board declares that the information required by the Decree Article 10 Takeover Directive ('Besluit Artikel 10 Overnamerichtlijn') is included in the section Corporate Governance, starting on page 18 and the section Investor Relations, starting on page 60, to the extent that the disclosure requirements apply to the Company.

Statutory financial statements and management report

The following sections of this Annual Report form the annual management report (“bestuursverslag”) within the meaning of article 2:391 of the Dutch Civil Code (and related Decrees): the section Our Corporate Story, starting on page 7 and the section Governance, starting on page 18, with the exception of the Report from the Supervisory Board, starting on page 37.

The annual financial statements within the meaning of article 2:361 of the Dutch Civil Code are included in the sections Consolidated Financial Statements, starting on page 63 and Company Financial Statements, starting on page 116.

Responsibility 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 Executive Board confirms to the best of its knowledge that:

A. The annual financial statements for the year ended September 30, 2021 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 annual 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, 2021 and the state of affairs during the financial year to which the report relates; and
C. The annual management report describes the principal risks the Company is facing.

Breukelen, 30 November 2021

J.B. Sundelin, CEO

M. Wolfswinkel, CFO

Risk Management and Control

Risk management forms an integral part of how TIE Kinetix is governed. The objective of our risk management system is to identify and mitigate risks with a potential major impact on achievement of our strategic and financial goals, and therefore on the overall value of the Company.

Our risk management and control system

As any business, the Company is exposed to a variety of risks. To be able to detect, assess, determine the risk appetite and take mitigating measures if needed, the Company relies on its risk management and control system. The main features of this system are described in the following paragraphs. Both the Executive Board and Supervisory board are satisfied that the structure and operation of the risk management and control system is organized adequately given the size and complexity of the Company and its business. To this extent, our system is designed to manage, rather than eliminate, the risk that we fail to realize our strategy and create long-term value for our stakeholders.

Control environment

The Executive Board has the ultimate responsibility for risk management and control within the Company. This responsibility includes identifying and evaluating opportunities and risks, and to take appropriate measures if deemed necessary, so that the Company may utilize opportunities and avoid losses where possible.

The Executive Board aims to maintain a culture of ethical behavior and integrity by setting the tone at the top. This contributes to avoiding unnecessary risks and the overall effectiveness of the Company's risk management and control system. This is done by, for example:

» Leading by example and acting in accordance with our Company values;
» Maintaining relevant policies such as our Code of Conduct and Whistleblower Policy and ensuring awareness of these policies among staff;
» Having clear practices and procedures with respect to corporate governance.

The Executive Board is monitored by the Supervisory Board and the performance of the Company's risk management and control system is reported on and evaluated annually.

Risk appetite

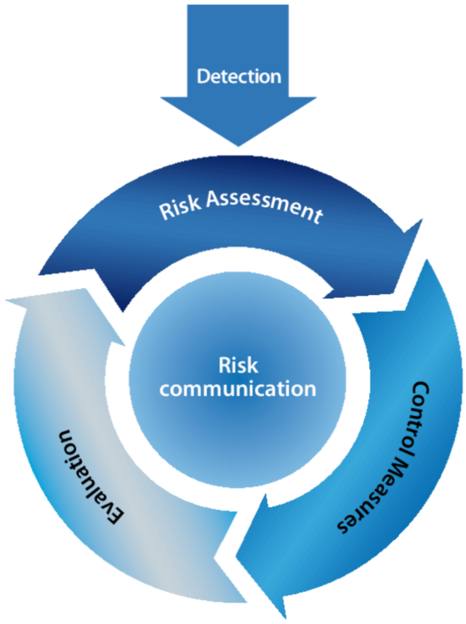
The risk appetite represents our willingness to assume calculated risks and uncertainties. The risk appetite is determined by the Executive Board and is regularly re-evaluated in the face of changing circumstances and as part of the process of evaluating and responding to risks. Our risk appetite differs per category of risks. At a high level, the level of the company's risk appetite is outlined in the following table, organized by the main categories of risks that we identify. This gives guidance on the level and extent of measures that are taken to control or mitigate the risks belonging to the respective categories, though it is at the discretion of the Executive Board to increase or decrease the extent to which the Company responds to an individual risk or uncertainty.

Risk appetite per risk category

Category of risks and uncertainties	Level of risk appetite
Strategic	Moderate
Operational	Low
Cyber security	Low
Financial position	Low
Financial reporting	Low
Compliance with laws and regulations	Low

Identifying, assessing and responding to risks and uncertainties

The following graphic maps out our process of identifying risks and uncertainties, assessing them and responding to them.



Risk detection

Events and circumstances that may give rise to opportunities or risks are monitored for on a recurring basis at an Executive Board level. The diversity in competencies and experience among the members of the Executive Board helps to identify and assess a variety of risks, including strategic risks, operational risks, cyber risks, risks relating to the financial position and performance, financial reporting risks as well as risks relating to compliance with laws and regulations.

In addition, the Executive Board receives input from segment management in the individual geographical areas, with whom the Executive Board has contact on a regular basis. Finally, the close ties to the business and other employees of the Company (given the limited size of the Company) help the Executive Board to detect events that may give rise to risks.

Risk assessment

In the second stage, detected risks are analyzed and assessed. The risk analysis focuses predominantly on the principal risks to the business, for which the Company is able to take managerial decisions to influence the exposure to such risks.

From a risk identification and assessment perspective, the Supervisory Board moreover discusses the Company's risk profile with the Executive Board at least annually.

Control measures

After risks and uncertainties have been assessed, the Executive Board decides whether or not to take measures to control the risk, taking into account the possible impact of the risk and the Company's risk appetite.

Decisions relating to measures responding to financial risks are always made by the Chief Financial Officer in the Executive Board, guaranteeing that management is aware of any changes and developments.

Evaluation

The Executive Board monitors whether the exposure to identified risks is still in line with the risk appetite and whether the control measures taken have been adequate in responding to those risks and uncertainties. The evaluation also covers whether the exposure to or the possible impact of risks and uncertainties has increased as a consequence of changed external or internal circumstances. It may be that, based on this evaluation, a re-assessment of the risk takes place followed by increasing, or decreasing, the number and rigor of control measures in response to that risk.

Communication

Throughout our risk management and control process, communication is key. As mentioned before, the Company's segment management and employees are an important source of information for the Executive Board on both external and internal developments that may affect the Company and the risks and uncertainties it is exposed to. Communication goes both ways and effective communication by the Executive Board throughout the organization on control measures that are introduced, amended or removed is considered imperative for the effectiveness of such control measures in responding to the risks they were designed for.

The Company's limited size and short communication lines between the Executive Board, management, staff and the Supervisory Board, as well as the Company values, work to the advantage of the effectiveness of the risk management process in this respect.

Principal risks and uncertainties

The following summary lists the following:

» The principal risks and uncertainties allocated to each of the categories of risks that we discern;
» The impact on result or financial position that we anticipate when such risks and uncertainties manifest themselves, classified as high, moderate or low;
» The trend that the development in the risk exposure is showing, classified as increasing, decreasing or remaining stable; and
» The Company's appetite for the respective risk or uncertainty.

The Executive Board's assessment of the development in the risk exposure represents how the risk is expected to develop in the near future compared to the past year. This regards to the inherent risk, excluding the mitigating effect of any measures that the Company has taken.

Please note that this overview may not be exhaustive. It is possible that principal risks that have not yet been identified, or that other types of risks that are currently regarded as not material, will have a significant adverse effect on the company’s ability to achieve its objectives at a later date. The Company’s internal risk management and control system is, as described before, geared to the timely identification of such risks as much as possible.

Category	Risk	Impact	Trend	Appetite
Strategic	Sensitivity to economic cycles	High	Decreasing	Low to moderate appetite
	Speed of technological developments	High	Increasing	Moderate appetite
	Dependance on large clients	Moderate	Decreasing	Low appetite
Operational	Inability to attract and retain talented staff	Moderate	Increasing	Low appetite
	Inadequate project control	Moderate	Stable	Moderate appetite
	Incremental costs to attract and retain talented staff	Moderate	Increasing	Low appetite
Cyber security	Unauthorized access to systems	High	Stable	Risk averse
	Data breach	High	Stable	Risk averse
Financial	Unfavorable movements in US dollar	Moderate	Stable	Low to moderate appetite
Reporting	Reporting risk	Moderate	Stable	Risk averse
Compliance	Failure to comply with changing laws and regulations	High	Stable	Risk averse

Legend

▲	High
›	Moderate
⌂	Increasing
=	Stable
▽	Decreasing
■	High appetite
■	Moderate appetite
■	Low appetite
■	Risk averse

The following tables describe the identified principal risks and uncertainties, their impact and their trend in more detail, as well as describe the measures the Company has taken in response to the respective risks and uncertainties.

Strategic risks

Risk	Description	Impact	Mitigation	Trend
Sensitivity to economic cycles	Economic trends have an impact on our business as (potential) customers may be more inclined to save on IT investments in their business and operations, or postpone new IT projects.	High: Any significant decreases in our revenues in such times of economic downturn, combined with our relatively stable cost structure, will directly impact bottom-line financial results.	» We have a clear strategic positioning within our vision of 100% supply chain digitization. The digitization trend has proven to be a continuous trend that is affected limitedly by changes in economic circumstances; » We maintain a leading position in the marketplace of e-invoicing and EDI solutions through ensuring that our products are state-of-the-art, so as to be a preferred supplier for customers and potential customers; » We grow our SaaS revenues and engage in long-term contracts with customers, resulting in a stable revenue stream over a longer term; » Our operations are spread across different geographical markets so we are not solely dependent on any single economy; » We continuously monitor our cost basis to ensure cost-effective operations and realize cost savings where possible.	Decreasing: The COVID-19 pandemic has proven the need for digitization and has put it on the agenda of more companies.
Speed of technological developments	As a Company we aim to remain the leader in the field of SaaS managed solutions for supply chain digitization with EDI. Not keeping up with rapid technological developments can compromise our position.	High: As the software industry is highly exposed to technological developments, or revenues and bottom-line financial results are highly dependent on this.	» We invest in new technologies through research and development, in order to improve the functionalities of our solutions in the field of supply chain digitization; » We engage in dialogue with customers to obtain feedback on our solutions and service levels for the purpose of continuous improvement; » We continuously train our professional staff on new technologies and solutions, through our FLOW Academy; » We engage in new partnership and maintain existing partnerships to optimize our view of market developments and ensure that our solutions are and remain compatible with ERP systems of our customers.	Increasing: The increasing attention to digitization leads to rapid developments in the technological field
Dependance on large clients	Dependance on large clients increases volatility of revenues when such a customer would not renew its contract.	Moderate: Any decrease in our revenues as a result of a large customer not renewing a contract, combined with our relatively stable cost structure, will impact bottom-line financial results.	» We continuously invest in the quality and functionality of our solutions, as well as improve our service levels to improve customer satisfaction and reduce our customer churn rate. » We are increasing our customer base and have signed several new large contracts in 2021, decreasing our dependency on any individual large client across all segments.	Decreasing: As we continue to sign contracts with new clients, the risk decreases.

Operational risks

Risk	Description	Impact	Mitigation	Trend
Inability to attract and retain talented staff	With increasing digitization comes increasing demand for IT professionals, leading to the labor market becoming more competitive. In order to continue to develop our solutions to remain at the forefront of e-invoicing and EDI technology, as well as service our customers at the service levels that we require and on a timely basis, we need to attract and retain talented staff.	Moderate: If we are unable to attract new talent and retain our talent, this would not likely have a significant immediate financial impact. In the longer term, however, this may impair our abilities to develop and grow our business in accordance with our strategy.	» We act and communicate in accordance with our Company values; » We use third party recruiters to scout for talent in the market, and have a rigorous employment process in place geared towards hiring the best talent; » During the COVID-19 pandemic we have stimulated in employee engagement through daily online team meetings; » We seek to remain an employer of choice by offering a challenging working environment and the ability to balance personal lives and business responsibility and continuing to work from home after the pandemic.	Increasing: Combined with our growth ambitions, we increasingly need to attract and retain talent.
Inadequate project control	A significant part of our business consists of consultancy work: both set-up and onboarding trading partners of our customers to the FLOW platform, as well as other client-specific consultancy work. Inadequately controlling consultancy projects may lead to an overspend in hours that we cannot bill to our customers.	Moderate: Overspend on projects that is not billable results in immediate financial loss for the Company. This effect is dampened by the fact that projects are spread over various project managers in each country of operations.	» We have qualified project managers with thorough knowledge of our business, products and services. Project managers are responsible for managing ongoing projects and monitoring hours spent comparing to budget on a weekly basis; » We have tools and procedures in place to respond to identify and mitigate any shortfall in adequate project control as it occurs. Our central finance department monitors the performance of projects and instructs the project managers to take action as necessary; » Consultancy staff is monitored for timely submission of hours spent on projects; » In 2021 we have improved our tooling to increase the accuracy and efficiency in the process of project management and project cost control.	Stable: The nature and complexity of the consultancy projects that we undertake remains stable.
Incremental costs to attract and retain talented staff	Inability to compensate increasing costs of retaining and attracting talent with higher sales prices for our solutions and thus increasing our revenues will lead to lower margins.	Moderate: As employee benefits are the Company's biggest source of expenses, inability to compensate increasing costs will erode the Company's bottom-line financial results over time.	» Maintaining a state-of-the-art quality product is a priority to remain a preferred supplier among our customers and potentials; » With increasing awareness of and attention for digitization in the marketplace, IT budgets of (potential) customers typically increase rather than decrease; » We continuously innovate to improve the efficiency and effectiveness of our staff. During 2021, we have revised the process and tools used for onboarding trading partners for our customers. Through the help of artificial intelligence, staff performs this increasingly cost-effective; » We seek to enter into open and honest dialogues with our customers on pricing matters.	Increasing: Combined with our growth ambitions, we increasingly need to attract and retain talent.

Cyber security risks

Risk	Description	Impact	Mitigation	Trend
Unauthorized access to systems	Our business operations are dependent on the integrity of our systems and their security. Not only in respect of our internal operations but especially in respect of the high volumes of business critical information that are processed on the FLOW platform.	High: Our commercial success is directly dependent on the security of our customer solutions. Incidents might lead to reputation damage and immediate decline in revenues and bottom-line financial results.	» Our FLOW platform undergoes continuous development with the highest level of attention for security. For example, 2-factor authentication was added during 2021. » The FLOW platform is ISO 27001 certified and undergoes an annual audit, assuring an effective information security management system; » During 2021, we have migrated hosting of the FLOW platform to Microsoft Azure cloud servers, ensuring best-in-class security against cyber threats; » We have appointed an Information Security Officer who heads the Information Security (InfoSec) team, who monitor security real-time and serves as a point of contact for reporting any security incidents; » We mandate periodical security awareness training for all staff and monitor through security questionnaires; » During 2021, we have renewed our internal IT security policy and have updated our security systems in response to staff working from home.	Stable: Risk remains high due to techno-logical developments.
Data breach	We process large volumes of business critical data and personal data for our customers through the FLOW platform. In addition, we control internal data including personal data of our employees.	High: Our commercial success is directly dependent on the integrity and security of the data that we process for our customers. Incidents might lead to reputation damage and immediate decline in revenues and bottom-line financial results.	» Ensuring the safety of that data is an integral part of FLOW. FLOW secures compliance with the latest best practices, controls and industry standards, has information security controls in place to address security risks to keep data protected & secured; » In addition to our InfoSec team, we have appointed a Privacy Officer who serves as a point of contact for reporting any data leaks or incidents; » We continuously monitor compliance with the EU General Data Protection Regulation (GDPR); » Our policies are GDPR-compliant in all our territories, not just the EU-territories we operate in; » We mandate periodical training on data security and privacy for all staff; » During 2021, we have performed several phishing tests with staff in order to raise awareness of data security.	Stable: Risk remains high due to techno-logical developments

Risk associated with financial position

Risk	Description	Impact	Mitigation	Trend
Unfavorable movements in US dollar	A significant part of our operations takes place in the United States, with local business being transacted in US dollars. As such, the Group has a currency risk exposure to this foreign currency.	Moderate: As our US operation is significant, a decrease in the value of the US dollar against the euro has an immediate effect on the bottom-line financial result of the Group.	» We seek to maintain natural hedges where possible by balancing assets and liabilities in US dollars and ensuring that the local balance sheet of group companies contains as much as possible only positions denominated in their own functional currency; » We currently do not use derivative financial instruments to hedge foreign currency risks but monitor the need to do so.	Stable: The relative share of the US operation has remained more or less stable.

Risk associated with financial reporting

Risk	Description	Impact	Mitigation	Trend
Reporting risk	The risk that the reliability of the external and internal reporting of the Company may be impaired. For example when the Company's financial statements would contain material misstatements or would otherwise fail to provide the required true and fair view, or that internal reporting to the Executive Board, which forms the basis for decision-making, contains errors.	Moderate: Defects in external reporting may lead to loss of confidence with shareholders and other stakeholders. Defects in internal reporting may lead to losses due to incorrect or untimely decision-making.	» The Company has internal procedures and guidelines for internal and external reporting. Our external financial reporting process control system is described in more detail further on in this section; » The Company has an annual budgeting process in place. Internally reported financials are always compared to budget and variations explained; » Internal financial reporting is prepared by our business control function; » External financial reporting is prepared by our external reporting function; » All internal and external reporting is performed under direct supervision of the Chief Financial Officer; » Several improvements were made in 2021 in our external reporting process, as detailed further on in this section. » The Supervisory Board performs its audit committee responsibilities; » The financial statements undergo an annual audit by our external auditor.	Stable: Currently there are no known upcoming significant developments.

Risk associated with compliance with laws and regulations

Risk	Description	Impact	Mitigation	Trend
Failure to comply with changing laws and regulations	Risks and uncertainties arising from non-compliance with laws and regulations may have a direct impact on the Company and its business processes. Such laws and regulations may pertain to labor laws, data and privacy regulations, tax legislation as well as governance and filing requirements applicable in jurisdictions in which the Company operates.	High: Consequences of non-compliance might include fines or claims with impact on the Company's bottom-line results, as well as reputational damage.	» The Company has an in-house legal counsel in the Netherlands responsible for continuous monitoring of changes to laws and regulations applicable to the Company and assessment of compliance; » The Company engages with outside legal counsel or other advisors as needed in the territories in which it operates. » Tax assessments and tax filings are done with support of external tax advisors in each territory in which the Company operates.	Stable: Currently there are no known upcoming significant developments.

Financial risk management

The Company is exposed to various types of risk arising from the use of financial instruments. These risks overlap to some extent with the principal risks and uncertainties as defined earlier, but also include risks which are not considered principal risks for the Company. The objectives and policies regarding the managing and hedging of risks related to financial instruments are disclosed in the consolidated financial statements in the section Financial risk management, starting on page 82. This analysis covers the following types of risks:

» Market risks (including currency risk, interest rate risk and other price risk);
» Credit risks; and
» Liquidity and cash flow risks.

Performance of the internal risk management and control system

During 2021, the Executive Board and the Supervisory Board have evaluated the design and operation of the internal risk management systems and control system. Design and operation were deemed satisfactory in responding to the principal risks summarized above.

The Executive Board and Supervisory Board have not observed any major failings in the internal risk management and control systems during the past year. No significant changes have been made either nor are any major improvements planned.

Financial reporting process control system

This section sets out the main features of the control system of the entity related to the financial reporting process of the Company and the Group for which the financial data are included in the financial statements.

The Group has a centralized finance department responsible for accounting of all group companies, and is overseen by the CFO. The management of the group's ERP system and surrounding procedures also falls under the finance department and the responsibility of the CFO. This central approach ensures that the Company's systems and procedures for capturing transactions and data are quickly and efficiently translated to accounting entries. Books are closed on a monthly basis and financial information of our Group companies is consolidated on a monthly basis in our consolidation system. External financial reporting is prepared on a quarterly basis, based on the information captured in the Company's accounting systems. The Company's external reports are prepared by the dedicated external reporting function, which also falls under the finance department and the responsibility of the CFO.

Developments 2021

In the past year, we have implemented a new system to streamline the Company's external financial reporting process. This system helps ensure that the data in our financial reports can be produced real-time and reconciles to our accounting systems.

As a next step for 2022, the Company plans to implement a direct interface with the Company's consolidation system. Such further automation eliminates the risk of errors due to manual data processing.

Our new financial reporting solution also facilitates reporting using eXtensible Business Reporting Language (XBRL) in accordance with the European Single Electronic Format (ESEF) taxonomy. In accordance with the regulatory technical standards (RTS) on ESEF, the Company is required to prepare and file its annual report digitally using XBRL as from FY 2022 (as the Company's current financial year started 1 October 2021 and the RTS requires application as from 1 January 2021).

At this time, the Company is already fully equipped and ready to meet these requirements. An unaudited XBRL version of this Annual Report, prepared in accordance with the requirements of the RTS on ESEF, shall be made available on our website.

TIE Kinetix is committed to conducting business in an open and honest way. The corporate governance structure of the Company, including its practices, rules and policies, is designed to support such transparency and accountability.

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, under the Investor Relations section.

Shareholders

Shares

The Company's share capital consists of Ordinary Shares that carry equal voting rights. 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 26, 2021 the General Meeting of Shareholders decided to grant authorization to the Executive Board to issue shares and rights to acquire shares (options, warrants, convertibles) up to a maximum of 20% of the outstanding shares.

The Company does not have any anti-takeover measures in place.

Shareholders Meeting and Voting Rights

Responsible corporate governance requires the full-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 exemptions 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 General Meeting of Shareholder of March 26, 2021 was held digitally due to COVID-19 meeting and travel restrictions. The Company will hold its next General Meeting of Shareholders of March 25, 2022 digitally, if circumstances require so.

Amendments to the Articles of Association

An amendment to the Articles of Association requires approval of the Annual General Meeting of Shareholders. Amendments have not been made since June 3, 2015.

Executive Board

Appointment & dismissal

A member of the Executive Board will be appointed or dismissed by the Supervisory Board and in accordance with the Articles of Association and the Executive Board Terms of Reference. A member of the Executive Board is to be appointed for a maximum period of four years. Upon expiry of the four-year term, a member of the Executive Board may be reappointed for successive terms of four years each.

Duties

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.

Composition

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 26, 2021 and will end on March 28, 2025.

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 26, 2021 and will end on March 28, 2025.

For future appointments, selection criteria are taken into account that reflect a balance between the requirements of the role to be filled in and diversity requirements. Further information is provided on this in the section Corporate Responsibility, starting on page 56.

Remuneration

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 the Report from the Supervisory Board, starting on page 37.

Conflicts of interest

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 2021, there were no reports on conflicts of interest.

Supervisory Board

Appointment & dismissal

The members of the Supervisory Board are appointed or dismissed by the General Meeting of Shareholders and in accordance with the Articles of Association and the Supervisory Board Terms of Reference. Members of the Supervisory Board do not participate in the voting process regarding their own appointment. Members of the Supervisory Board shall be appointed for a period of four years and resign at the first General Meeting of Shareholders after such period has elapsed.

Members of the Supervisory Board may be reelected two times for a period of four years. Reelection may only take place after careful consideration.

Duties

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 to 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.

Composition

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 section The Supervisory Board, starting on page 19. All members of the Supervisory Board are independent, subject to the relevant requirements of provision 2.1.7, 2.1.8 and 2.1.9 of the 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.

More details on the profile of the Supervisory Board can be found in the most recent Terms of Reference, available through our website. For future appointments, selection criteria are taken into account that reflect a balance between the requirements of the role to be filled in and diversity requirements. Further information is provided on this in the section Corporate Responsibility, starting on page 56.

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.

Remuneration

The General Meeting of Shareholders approves the remuneration of the members of the Supervisory Board. The current annual fixed remuneration of Mrs. Harteveld and Mr. Nordling is € 10k and the remuneration of Mr. Werger is € 20k.

Committees

Since the Supervisory Board comprises only three members, no separate remuneration committee and selection and appointment committee have been formed. Also, due to the size of the Supervisory Board, no separate audit committee has been appointed. Rather, the matters for an audit committee, remuneration committee and a selection and appointment committee are addressed by the entirety of the Supervisory Board during its regular meetings.

Internal audit function

It is the opinion of the Supervisory Board that, at present, there is no need for an internal audit function in the Company. Due to the company's limited size, the internal controls including the accounting and governance processes, are of limited complexity. As such, this allows for the Executive Board to closely monitor the internal control system and report to the Supervisory Board. The company stimulates its employees to identify areas for improvement in risk management and control systems. The employees are in direct contact with the executive board so that suggestions are assessed at the appropriate level and an improvement plan rolled out as appropriate. Furthermore, the absence of an internal audit function has not been identified as a principal risk that would require mitigation. In this respect, reference is made to the section Risk Management and Control, starting on page 43.

Conflicts of interest

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 2021, there were no conflicts of interest.

Further 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 2021, being appointed at the General Meeting of Shareholders of March 26, 2021.

Legal structure

The Group consists of TIE Kinetix N.V. and its direct and indirect subsidiaries, and may be referred to in this report as "TIE Kinetix", "the Company" or "the Group". The subsidiaries include holding entities and operating entities. The operating entities are located in the Netherlands, Germany, France and the United States.

On 30 September 2021, the Company executed a legal restructuring, transferring all of its investments in other subsidiaries to its sole remaining subsidiary, TIE Kinetix Holding B.V., through a contribution in kind. Alongside the investments in subsidiaries (and related balances such as goodwill), the Company's staff and most other assets and liabilities were transferred as part of this plan to achieve a straightforward and clear holding structure within the Group and a lean ultimate parent company by moving overheads to TIE Kinetix Holding B.V.

The Company does not meet the size criteria for classification under the structure regime ("structuurvennootschap") due to its size in the Netherlands.

Corporate Responsibility

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

Social

Our human capital

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 through our internal FLOW Academy courses and other in- and external courses. 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 and awareness of security. This belief is the reason for TIE Kinetix to further improve its existing performance and competency management towards its employees in 2021, in order to enable and optimize the realization and support of the organizational strategy.

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. In general TIE Kinetix aims to provide its staff members with safe and healthy working conditions.

During the COVID-19 crisis all our offices have been closed. We noticed that our employees were very well able to continue the business from their home offices. All employees have received a reimbursement to cover costs for working from home. By facilitating its employees the possibility to balance their private life with their business responsibilities, TIE Kinetix endorses working from home offices in the future for nearly all employees. TIE Kinetix offers flexible working hours and extensive special leave arrangements as well.

Diversity and inclusion

The workforce of TIE Kinetix is diverse and multicultural as TIE Kinetix employs a large variety of nationalities. At the development and marketing department approximately 12 nationalities are represented. Currently around 18% of the employees is female. TIE Kinetix endorses females to apply as employee at the corporate head office and the local offices.

In official announcements and communication we use English as the main international business language. Furthermore, we promote an inclusive corporate culture by emphasizing our Company values.

In preparation of appointment of a new member of the Supervisory Board or Executive Board, selection criteria are taken into account that reflect a balance between the requirements of the role to be filled in and diversity requirements. In determining the optimal composition of the Executive Board and Supervisory Board, the Company considers the various aspects of diversity that are listed below. These aspects are listed in order of importance to the decision-making regarding appointment:

1. Expertise
2. Experience
3. Competencies
4. Development opportunities/potential
5. Gender
6. Age
7. Nationality
8. Ethnic background
9. Education

The current compositions of the Executive Board and the Supervisory board satisfy the policy objectives for the diversity of the Boards. Nonetheless, the Company continues to re-evaluate its policies and criteria as necessary and has taken notice of the recent developments in the field of diversity and expectations of stakeholders around this subject. This includes the new law on growth quota for a better male-female ratio in the Netherlands, which has recently been approved by the Dutch senate and will enter into effect on January 1, 2022.

This new law requires that at least one third of the supervisory board of listed companies must consist of men, and at least one third of women. This quota applies to new appointments. The current composition of the Supervisory Board of TIE Kinetix (refer to the section The Supervisory Board, starting on page 19) is therefore already in compliance with the requirements of this new law.

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 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. No issues were reported or noticed in FY 2021.

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 and is responsible for ensuring that every employee, executive, specified person, Executive Board member and Supervisory Board member abides by the applicable laws and restrictions.

The closed 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, included in this report in the section Investor relations, starting on page 60 and communicated at the start of every closed period.

TIE Kinetix actively enforces an IT & Security Policy, a data breach policy and a privacy policy in order to ensure data security and act in compliance with the GDPR (known in the Netherlands as the AVG Act). The General Counsel is appointed as Privacy Officer ('Functionaris Gegevensbescherming'). The Privacy Officer operates in close cooperation with the Chief Technology Officer, who is is appointed as the Security Officer. All issues related to privacy or security can be reported at privacy@tiekinetix.com and will be investigated by the Infosec (Information Security) team at the corporate head office.

For members of the Supervisory Board, the Executive Board and senior management a Directors and Officers liability insurance is in place.

More information on compliance with laws and regulations can be found in the Code of Conduct which, together with our other policies, is published on our website in the section Investor Relations section.

Workers Council

TIE Kinetix recognizes the employees' right to organize them in order to protect their own rights. Since 1999, the Company 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, 2021 the appointment of a new Worker's Council in the Netherlands is still pending.

Upskilling

As noted earlier, the skills and expertise of our staff is paramount to the success of the Company, both from a product perspective as from a commercial perspective. As such, the Company greatly values keeping its employees up to date on the latest developments that are relevant for their work and helps them to develop professionally. In this regard, the Company has initiated the FLOW Academy.

With the internal FLOW Academy, the Company has a mandatory course plan available for every employee depending on their area of activities. The course plan contains mandatory and recommended/voluntary courses. The FLOW Academy also aims for the Company to be able to get new employees quickly up to speed on the Company's activities and products to increase the efficiency of the employee onboarding process, especially in the situation where employees work from home.

Courses vary from technical courses on various aspects of the FLOW platform, security awareness, but also to Social Media 101 on how to properly communicate and publish on social media, as an example.

The Company informs its employees on a monthly basis through a newsletter on FLOW Academy developments (for example, the number of training hours reached or the availability of new courses) and monitors compliance with the mandatory course curriculum. The Company has set a target of completion of 95% of all mandatory courses. The following table shows that all country operations have met the target for 2021.

FLOW Academy target compliance

Country	% Completion of mandatory courses
the Netherlands	99%
United States	98%
Germany	98%
France	100%
Overall	**99%**

Culture

The Company's culture is based on our Company values that are disclosed in the section Our Vision, Mission, Strategy and Values, starting on page 8.

- Opennes and Honesty
- Trust and Togetherness
- Competence and Quality

The Executive Board is in close informal contact with many of the company's employees. While the Executive Board currently has no formal procedures or measures in place for measuring effectiveness of the company's culture, informally the Executive Board and the company's HR department monitor adherence to the Company values and advocate acting according to the values. Employees are encouraged to be direct and speak up when they observe behavior that is not in line with the Company values. The Company's executives are committed to leading by example in this respect. The Company's culture is further discussed within the Executive Board and with the Supervisory Board.

Environmental

How our solutions contribute to a sustainable environment

At TIE Kinetix we are dedicated to fulfill our corporate social responsibility. This dedication reflects in our continuous efforts to develop Software as a Service (SaaS) 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.

This is evidenced by for example our FLOW proposition (including e-document exchange and e-invoicing), which decreases paper-usage substantially up to 100%. With our FLOW platform, we provide a paper-free solution to digitally process business documents and 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.

For 34 years and counting, we have supported local EDI and e-invoicing standards in different countries and industries worldwide. We know how we can help our customers engage in smarter business exchanges and streamline communication through seamless integration with any existing (ERP) system.

Today, we are already facilitating the exchange of over 1 billion documents each year, which is would equal over 120,000 trees saved (assuming documents would be printed on non-recycled copier paper).

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.

Recent developments

The Company closely monitors the recent and future developments in the field of Environmental, Social and Governance (ESG) reporting and aims to be fully compliant with any future reporting requirements. Below we have summarized the expected impact at this time on some of the major future reporting developments.

EU sustainable finance taxonomy

The EU sustainable finance taxonomy requires companies to disclose the proportion of economic activities (turnover, capital expenditure and operating expenditure) that are classified as environmentally sustainable under the taxonomy, with the first phase of disclosure requirements taking effect as from 1 January 2022. Since TIE Kinetix N.V. does not fall under the scope of the Non-Financial Reporting Directive (NFRD) as a publicly listed company with less than 500 employees, the EU taxonomy will not be mandatory for the Company to apply at this time.

Corporate Sustainability Reporting Directive

In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing requirements of the NFRD by:

- » Extending its scope to include all large and all listed companies, which would include TIE Kinetix as of 2026;
- » Requiring audit of the reported information;
- » Introducing more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards (still to be developed and a first set is to be adopted by October 2022);
- » Requiring to digitally tag the reported information in accordance with a sustainability standards taxonomy.

The Company will continue to monitor developments and revise its impact assessment and implementation plans going forward as more information becomes available.

Investor relations

TIE Kinetix publishes an annual report, a half year report as well as quarterly trading updates. In addition, TIE Kinetix keeps its stakeholders informed through press releases. TIE Kinetix also issues press releases of a commercial or strategic nature, if and when the company deems that to be of interest to its stakeholders.

Commercial sensitivity may prevent us from disclosing contract details (such as customer names, transaction value etc.). TIE Kinetix' policy is to issue a press release when it receives an order with an order value exceeding € 250,000, or an order of strategic nature or when TIE Kinetix engages in a strategic partnership.

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

Objectives

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.

Quarterly reporting

As from the quarter ending 30 June 2021 (Q3), the Company has started to inform investors and capital markets more frequently of the Company's performance on key aspects such as (SaaS) revenue growth and other strategically important information. This is done through our quarterly Trading Update. This developments fits the Company's desire to promote transparency and the Company values.

The TIE Kinetix share

Euronext listing

The Company is listed on the Euronext Amsterdam exchange, trading under the ticker symbol TIE with ISIN code NL0010389508. All of the Company's outstanding shares are ordinary shares with a nominal value of € 0.10. As at 30 September 2021, a total of 1,678,718 ordinary shares were in issue.

Share price information

The Company has an authorized share capital to € 500,000, consisting of 5 million ordinary shares, with a nominal value of € 0.10.

TIE Kinetix ordinary shares

Share price (€)	2021	2020
- 30 September	22.20	15.30
- Highest close	25.60	15.40
- Lowest close	13.20	6.55
Price/earnings ratio[1)]	57.9	(351.4)
Number of shares outstanding as at 30 September	1,678,718	1,632,665
Volume traded (no. of shares)	470,223	227,666
Market capitalization as at 30 September (€ x 1)	37,267,540	24,979,775

[1)] Price/earnings ratio is calculated on the basis of the earnings per share from continuing operations

Substantial shareholdings

In the context of the requirement for investors to report substantial holdings and gross short positions, stakes of 3% or more in the Company's issued share capital must be reported by investors to the Dutch Authority for the Financial Markets ('AFM'). The table below lists shareholdings (excluding potential interests) based on notifications to the AFM through 30 November 2021, insofar that the reported shareholdings exceed 3% based on the total number of outstanding share capital of the Company as at year-end.

Substantial shareholdings (art. 5:43 Financial Supervision Act ["Wft"])

Shareholder	% of ordinary shares
Mr. P. van Schaick (Alto Imaging Group N.V. & Jalak Investments B.V.)	25.94%
Mr. C. Komen (DW Vastgoed Holding B.V.)	24.48%
Axxion S.A.	5.96%
Mr. G. van Lookeren Campagne (Loca Holding B.V.)	3.66%

In 2021, no shareholders agreements have been concluded between the Company and these major shareholders.

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. 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.

Press releases issued

The following table details the press releases issued by TIE Kinetix since 1 October 2020 up until 30 November 2021, that have or are reasonably expected to may have financial relevance.

FY 2021 key press releases

Date	Topic
14 October 2020	Full year 2020 Trading Update
18 November 2020	Full year 2020 Performance
28 December 2020	Publication of Annual Report 2020
25 January 2021	Dutch Employee Insurance Agency (UWV) chooses TIE Kinetix
3 February 2021	TIE Kinetix and CGS enter strategic Value-Added Reseller Agreement
11 February 2021	Convocation Annual General Meeting of Shareholders 2021
24 February 2021	Municipality of Amsterdam extends contract with TIE Kinetix
5 March 2021	TIE Kinetix helps Intratuin achieve next level p2p automation
26 March 2021	AGM Voting results
1 April 2021	TIE Kinetix wins major contract with Dutch Central Government
20 April 2021	TIE Kinetix helps Dutch Ministry of the Interior & Kingdom Relations to advance government-wide e-procurement
12 May 2021	Publication of half year 2021 report
14 May 2021	Full loan repayment provided upon divestiture of TCMA Applications
2 June 2021	TIE Kinetix wins Sun Mountain contract via SYSPRO Partnership
30 June 2021	TIE Kinetix signs new municipality of Amsterdam supplier, Olympia
28 July 2021	TIE Kinetix delivers electronic invoicing solution to Rabobank
4 August 2021	Publication of Q3 2021 Trading Update
26 October 2021	TIE Kinetix earns Microsoft Co-Sell Ready status
18 November 2021	TIE Kinetix partners with EDI Support LLC to maximize customer value via EDI integration in any ERP

Financial Calendar

FY 2022

Date	Event
2 February 2022	Publication Q1 2022 Trading update
25 March 2022	Annual General Meeting
11 May 2022	Publication of half year 2022 report
3 August 2022	Publication of Q3 2022 Trading update
16 November 2022	Publication of 2022 full year press release

Disclosure of price-sensitive information and closed periods

In accordance with the Dutch Act of Financial Supervision, the Company will ensure that any price-sensitive information – information that is concrete and has not publicly been disclosed and whose disclosure might significantly affect TIE Kinetix N.V.'s share price - will be disclosed without delay to the general public in the form of a press release. The press release will be disseminated over one or more major wire services, at least one national daily newspaper, and publication on the Company's website.

In accordance with the applicable regulation on market abuse, the Company has closed periods in place before the announcement of an interim financial report or a year-end report. During such closed periods, persons having managerial responsibilities shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares of the Company or to derivatives or other financial instruments linked to them.

The closed periods for the financial year 2022 are as follows:

FY 2022

Report	Closed period
Interim Q1	3 January - 2 February 2022
Interim Q2	4 April - 11 May 2022
Interim Q3	4 July - 3 August 2022
Year-end	3 October - 16 November 2022

Important Information

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 2021 (October 1, 2020 - September 30, 2021).

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, including but not limited to the impact of the COVID-19 pandemic;
- 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. Accordingly, TIE Kinetix also refuses to accept any obligation to update statements made in this document.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets

(€ x 1,000)

	Notes	30 September 2021	30 September 2020
Non Current Assets			
Goodwill	2	2,250	2,245
Other Intangible Fixed Assets	2	2,648	3,056
Tangible Fixed Assets	3	818	1,019
Deferred Tax Asset	4	625	267
Contract Cost Asset	15	122	140
Total Non Current Assets		**6,463**	**6,727**
Current Assets			
Trade Debtors	5	1,442	1,470
Income Tax Receivable		31	44
Taxation and Social Security		-	63
Contract Cost Asset (Current)	15	173	181
Other Receivables and Prepayments	6	257	346
Loan Receivable	1	-	3,000
Contract Asset	15	379	303
Cash and Cash Equivalents	7	9,921	5,886
Total Current Assets		**12,203**	**11,293**
Total Assets		**18,666**	**18,020**

Equity and Liabilities

(€ x 1,000)

	Notes	30 September 2021		30 September 2020	
Equity	8				
Share capital		168		163	
Share premium		58,462		58,304	
Foreign Currency Translation Reserve		27		45	
Other Reserves and Retained Earnings		(47,431)		(48,590)	
Total Equity attributable to Shareholders			**11,225**		**9,922**
Non Current Liabilities					
Deferred Tax Liability	4	2		10	
Deferred Revenue	15	571		484	
Provisions	10	190		170	
Lease Liability	11	385		609	
Total Non Current Liabilities			**1,147**		**1,273**
Current Liabilities					
Trade Creditors		833		857	
Deferred Revenue (Current)	15	2,992		2,891	
Taxation and Social Security Payable	12	475		481	
Income Tax Payable		101		63	
Other Payables and Accruals	13	1,512		2,137	
Lease Liability (Current)	11	380		396	
Total Current Liabilities			**6,294**		**6,825**
Total Equity and Liabilities			**18,666**		**18,020**

Consolidated Statement of Comprehensive Income

(€ x 1,000)

	Notes		2021		2020
Revenues					
Software as a Service		9,688		9,275	
Maintenance and Support		1,846		2,639	
Consultancy		2,991		2,991	
Licenses		331		646	
Total Revenues	**15**		**14,856**		**15,551**
Cost of Sales			(5,751)		(6,137)
Total Gross Margin			**9,105**		**9,414**
Other income	16		455		4
Operating Expenses					
Research & Development		(1,387)		(1,336)	
Selling & Marketing		(2,533)		(3,179)	
General & Administrative		(5,391)		(4,781)	
Total Operating Expenses	**17**		**(9,311)**		**(9,296)**
Operating Income/(Loss)			**249**		**123**
Interest and Other Financial Income	18		307		25
Interest and Other Financial Expense	18		(40)		(62)
Income/(Loss) before Tax			**515**		**85**
Corporate Income Tax	19		116		(156)
Net Income/(Loss) from Continuing Operations			**632**		**(71)**
Net Income from Discontinued Operations	**1**		**-**		**6,582**
Net Income/(Loss)			**632**		**6,511**
Other Comprehensive Income					
Items which may be recycled to profit or loss (net of tax)					
Exchange differences on translation of foreign operations			(18)		(31)
Total Comprehensive Income attributable to shareholders			**614**		**6,480**

Earnings per share	**Notes**	**2021**	**2020**
Net income/(loss) from continuing operations (€ * 1,000)		632	(71)
Weighted avg. shares outstanding (thousands) - basic		1,649	1,623
Basic earnings per share from continuing operations (€)	**20**	**0.38**	**(0.04)**
Weighted avg. shares outstanding (thousands) - fully diluted		1,839	1,701
Diluted earnings per share from continuing operations (€)	**20**	**0.34**	**(0.04)**

Consolidated Statement of Changes in Equity

(€ x 1,000)

	Notes	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves and Retained Earnings	Group equity
Balance as at October 1, 2019		**162**	**58,256**	**76**	**(55,101)**	**3,393**
Net Income		-	-	-	6,511	6,511
Other Comprehensive Income		-	-	(31)	-	(31)
Total Comprehensive Income		**-**	**-**	**(31)**	**6,511**	**6,480**
Shares Issued	8	1	48	-	-	49
Balance as at September 30, 2020		**163**	**58,304**	**45**	**(48,590)**	**9,922**
Opening balance as at October 1, 2020		**163**	**58,304**	**45**	**(48,590)**	**9,922**
Net Income		-	-	-	632	632
Other Comprehensive Income		-	-	(18)	-	(18)
Total Comprehensive Income		**-**	**-**	**(18)**	**632**	**614**
Shares Issued	8	5	158	-	-	163
Share-based payments	9	-	-	-	542	542
Other		-	-	-	(15)	(15)
Balance as at September 30, 2021		**168**	**58,462**	**27**	**(47,431)**	**11,225**

Consolidated Statement of Cash Flows

(€ x 1,000)

	Notes		2021		2020
Income before tax from continuing operations			**515**		**85**
Adjustments for:					
Depreciation and Amortization	2,3	1,659		1,889	
Impairments	2	4		298	
Share-based payment expense	9	542		-	
Interest and unrealized exchange income and expenses	18	(268)		(13)	
Increase (decrease) in provisions	10	20		(9)	
Total Adjustments			**1,957**		**2,165**
Working Capital Movements:					
(Increase) decrease in debtors, contract (cost) assets and other receivables		71		653	
(Decrease) increase in deferred revenue	15	180		(1,988)	
(Decrease) increase in current liabilities		(634)		1,876	
Total Working Capital Movements			**(383)**		**541**
Cash generated from (used in) operations			**2,089**		**2,791**
Interest paid			(40)		(33)
Interest received			202		25
Income tax paid			(136)		(82)
Net cash flow from operating activities attributable to continuing operations			**2,114**		**2,700**
Net cash flow from operating activities attributable to discontinued operations	1		-		603
Net cash flow from (used in) operating activities			**2,114**		**3,303**
Investments in intangible fixed assets	2	(844)		(1,003)	
Investments in tangible fixed assets	3	(55)		(21)	
Loan repayment received	1	3,000		-	
Disposal of subsidiary, net of cash disposed of	1	-		2,156	
Net cash flow from (used in) investing activities			**2,100**		**1,132**
Lease payments	11	(411)		(517)	
Issue of new shares	8	163		49	
Net cash flow from (used in) financing activities			**(249)**		**(468)**
Net increase (decrease) in Cash and Cash Equivalents			**3,966**		**3,967**
Opening balance of Cash and Cash Equivalents			**5,886**		**2,041**
Net increase in Cash and Cash Equivalents			3,966		3,967
Exchange differences			69		(122)
Closing balance Cash and Cash Equivalents			**9,921**		**5,886**

Notes to the Consolidated Financial Statements

General

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address at De Corridor 5d, Breukelen (Dutch Chamber of Commerce number: 34072305 0000, LEI code: 724500IS1M4H9S4SDD39). Subsidiaries are located in France, Germany, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam (EAM: TIE). In these consolidated financial statements, the names "TIE Kinetix", "the Company" or "the Group" 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, 2021 are authorized for issuing through a resolution of the Executive Board dated November 30, 2021. The Annual General Meeting of Shareholders, to be held on March 25, 2022 in the Netherlands will be requested to adopt the Consolidated Financial Statements.

The consolidated financial statements are presented in Euros, and all values are rounded to the nearest thousand (€ x 1,000), unless stated otherwise.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and Title 9 of Book 2 of the Dutch Civil Code (DCC).

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated.

Impact of COVID-19

COVID-19 and the government measures to contain the virus have impacted the TIE Kinetix operations in FY 2021 in a limited way. Our offices have been closed, and travel was suspended. We noticed that our employees were very well able to continue the business from their home offices. Starting FY 2022, the Company continued its path to maintain a fair and flexible working environment, offering its staff ample flexibility to maintain a healthy work-life balance and continue to work partially from home.

Some customers of the Company continued to suffer from the COVID-19 measures imposed by governments. As the case may be such customers have been granted extended payment terms or other mechanisms to help them through this difficult period. Fortunately this occurred very limitedly in FY 2021. Such customer situations may occur if new measures are taken in subsequent periods, though this is not expected as the countries in which the Group operates have vaccinated the majority of their citizens, and/or governmental support programs are reduced. Potentially negative effects of decreasing GDP may hurt our customers' income and ability to pay our invoices or engage into new sales contracts. At the same time TIE Kinetix acknowledges that most of its customer base is in sectors that are robust in economically challenging times – such as food retail.

We have assessed that the second and third waves of COVID-19 that have occurred during FY 2021 have not affected the valuation of assets and did not lead to any deterioration of our receivables position. In prior year, new sales to large enterprise level customers and large governmental customers had been affected negatively by the travel and meeting restrictions imposed as well as customer personnel working from home. In the current year, however, we have seen large new sales opportunities materializing in both the business-to-business and the business-to-government market. If anything, the ramifications after a one and a half year of COVID-19 are that its effect is neutral to positive through increased customer awareness on the need for 100% digitization, driving sales in combination with cost savings in travel, marketing and office costs. Given these developments as well as the financial position of the Company, the going concern is considered to be sufficiently safeguarded.

Restatement of comparatives

These financial statements reflect certain changes in presentation, which qualify as changes in accounting policy. As such, the comparative figures have been amended to reflect these presentation changes. Changes were made in the following areas:

Presentation of expenses

In prior years, the analysis of expenses in the consolidated statement of comprehensive income contained elements of expenses both by function and by nature. Management has considered that amending this presentation to an analysis of expenses by function only will provide users of the financial statements with more relevant information due to improved comparability to peers. This change in presentation has had no effect on gross margin, total operating expenses, earnings (per share) or EBIT(DA). An analysis of the expenses by nature, which also serves as reconciliation to the consolidated statement of comprehensive income in the 2020 consolidated financial statements, is presented in the note Operating expenses, starting on page 108.

Presentation of equity

In prior years, the presentation of components of equity in the consolidated financial statements was not aligned with the company financial statements. In these consolidated financial statements, management has amended the presentation of the components of equity in the consolidated statement of financial position and consolidated statement of changes in equity. An exception to this are the other legal reserves which are not presented in the consolidated financial statements as this concept is not defined in IFRSs. Other legal reserves are presented as part of 'other reserves and retained earnings' in the consolidated statement of financial position and consolidated statement of changes in equity.

The amended presentation facilitates easier reconciliation between both consolidated and company financial statements and is in line with common accounting practice seen among peers and therefore improves comparability. The restatement had no impact on total equity as reported in last year's consolidated financial statements.

Grouping of non-current assets

In prior years, non-current assets were grouped in the consolidated statement of financial position as being part of intangible fixed assets, tangible fixed assets or financial fixed assets. In this year's statement of financial position these groupings management has removed these groupings to achieve a presentation of the statement of financial position that is more in line with common accounting practice seen among peers and therefore improves comparability.

Implications of new, amended and improved standards

New standards, amendments and interpretations applicable to the Company as of 1 October 2020

The Company has adopted the following amendments with a date of initial application of 1 October 2020:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 Business Combinations: Definition of a business;
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform;
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions.

The Company has determined that these amendments had no current impact on the consolidated financial statements of the Company, but nonetheless may impact future periods.

Standards and amendments not mandatorily applicable to the company as of 1 October 2020

The standards, amendments and interpretations that are issued, but not yet effective up to the date of issuance of the interim consolidated financial statements are disclosed below, insofar that they are reasonably expected to be relevant to the company. The Company intends to adopt these, if applicable, when they become effective and have been endorsed by the European Union.

- Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021 (endorsed and effective as of FY 2022);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2 (endorsed and effective as of FY 2022);

- Amendments to IFRS 3 Business combinations: Reference to the Conceptual Framework for Financial Reporting (endorsed and effective as of FY 2023);
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (endorsed and effective as of FY 2023);
- Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract (endorsed and effective as of FY 2023);
- Annual Improvements 2018-2020 (endorsed and effective as of FY 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (expected to be effective as of FY 2024 when endorsed);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (expected to be effective as of FY 2024 when endorsed);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (expected to be effective as of FY 2024 when endorsed);
- Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (expected to be effective as of FY 2024 when endorsed).

These amendments are not expected to have a material impact on the financial statements of the Company, though the amendments to IAS 1 related to disclosure of accounting policies – which require an entity to disclose its material accounting policies rather than its significant accounting policies – may lead to a reduced number of accounting policies disclosed in the Company's financial statements when adopted.

Significant accounting judgements and estimates

The preparation of the consolidated financial statements involves making judgments, estimates and assumptions with respect to the recognition and measurement of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions, due to changes in facts and circumstances.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable, and are continuously evaluated.

Significant estimates

The major sources of estimation uncertainty, where a change in the underlying assumptions may have a material impact on the income statement of a subsequent period, are the following:

Impairment of goodwill and other non-financial assets

When testing for impairment, a value-in-use model is applied to determine net present values of future cash flows for CGU's in order to compare with the fixed assets' carrying values of the CGU. This encompasses management exercising judgment and making certain assumptions. The assumptions applied to which the value-in-use of fixed assets including goodwill is most sensitive are disclosed in the note Intangible fixed assets, starting on page 88.

Recognition of deferred tax assets

The Company recognizes deferred tax assets arising from tax losses carried forward and deductible temporary differences, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized. Assessing the probability of future taxable profits involves significant estimation uncertainty as it requires forecasting taxable income and deductible expenses, while taking into account the horizon to utilize tax losses carried forward. In prior years, management had assessed that such probability could not be sufficiently substantiated and accordingly, deferred tax assets were only recognized to the extent that future taxable temporary differences were available against which any deductible temporary differences could be realized. Per 30 September 2021, management has re-assessed the probability of future taxable income and as a consequence, deferred tax assets have been recognized, refer to the note Deferred taxes, starting on page 92.

Capitalization of 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 involves assessing the potential market for the product under development, but also estimating potential sales volumes. The amount of capitalized development costs is disclosed in the note Intangible fixed assets, starting on page 88.

Significant judgments

Set-up costs in SaaS contracts

When a new customer signs a contract for the FLOW platform, the company incurs expenses related to the set-up of the customer. In accordance with the accounting policy, such costs to fulfill the contract are capitalized under the contract cost assets and amortized over the expected customer life. Due to lack of historical information or other means of reliably determining the expected customer life, the Company currently assumes that contract life equals customer life. It may be that the customer life exceeds the contract term, which, if this were known at the time of entering into the contract, would have led to a different amortization pattern, namely over a longer term.

SaaS revenue recognition

SaaS revenue is to be recognized over time (as a right to access the FLOW portal exists during the contract period) commencing on the go-live date, being the date at which a customer is granted access. This revenue recognition pattern coincides with the consumption of the subscription to the FLOW portal. In practice, however, the Company starts recognizing revenues as from the initial invoice date for the SaaS subscription. Management has judged that this date approximates the go-live date. As such, any difference in revenue recognition that is be attributable to the time between the initial invoice date and the go-live date has not been assessed.

Presentation of government grants

During the financial year, the Group has recognized a COVID-19 related government grant. Where the Group had previously received government grants related to income (for example for employee benefits related to R&D activities in the Netherlands), income under such grants was presented net of the related expenses. The Group has determined, however, that the COVID-19 related grant is dissimilar in nature and conditions to earlier grants received. As such, the Group has elected to present income under this COVID-19-related grant as part of 'Other Income' as of the moment that reasonable assurance was obtained on compliance with the conditions of the grant. See the note Other income, starting on page 108.

Significant accounting policies

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.

Basis of consolidation

The consolidated financial statements include the financial information 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 or rights to variable returns from the investee, and the ability of the Company 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 on which the Company obtains control. They will continue to be consolidated until the date that such control ceases. All intercompany balances, transactions, and income and expenses resulting from intercompany transactions are eliminated in full.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the income and expenses related to the discontinued operation are presented in the statement of comprehensive income on a single line separately from the results of continuing operations. Comparative figures are re-presented as if the operation had been discontinued from the start of the comparative year.

Foreign currencies

Certain foreign operations have a functional currency other than the Euro depending on the primary environment in which they operate. For consolidation purposes, foreign operations with a foreign functional currency are translated into Euro, the functional currency of TIE Kinetix N.V. and the designated presentation currency of these consolidated financial statements.

Assets and liabilities of such foreign operations are translated using the closing rate at the balance sheet date. Income and expenses are translated using average exchange rates or the actual rate at the date of the transaction, if more appropriate. All resulting exchange rate differences are recognized in other comprehensive income and consequently in the foreign currency translation reserve in equity. In the event of a disposal of a foreign operation, the relevant part of the foreign currency translation reserve pertaining to the respective foreign operation that is sold will be released from equity and included in the realized gain or loss on the sale.

Per the balance sheet date, monetary assets and liabilities are translated against the closing exchange rate. Resulting exchange rate differences on monetary items are recognized in profit or loss. Non-monetary items are translated by using the exchange rate at the date of the transaction.

In consolidation, exchange differences resulting from the translation of an intercompany monetary item, which forms part of the net investment in a consolidated foreign operation, is recognized in other comprehensive income and consequently in the foreign currency translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Intangible fixed assets

Goodwill

Goodwill arising from a business combination is recognized as an intangible asset and is measured initially as the difference between the fair value of the net identifiable assets and the sum of the consideration transferred plus any non-controlling interest recognized, if applicable. Subsequently, goodwill is carried at cost less accumulated impairment charges.

From the acquisition date, goodwill is allocated to (groups of) cash generating units that are expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level, being country level.

Upon disposal of a cash generating unit to which goodwill has been allocated, the remaining goodwill balance associated with that operation will be included in the carrying amount of the operation when determining the gain or loss on disposal.

Customer base

The customer base of acquired businesses is identified as a separate intangible asset upon acquisition, and is initially carried at cost, being its fair value at the acquisition date. Subsequently it is carried at cost less accumulated amortization and impairment. It is amortized over its useful life in a straight-line manner. This is re-assessed annually 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 a 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 less amortization and accumulated impairments.

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 annually and adjusted when circumstances give rise to such action.

All FLOW development costs are monitored 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 marketplace and may be expected to be replaced by our next generation products after their useful life, over which they are amortized on a straight-line basis.

Development costs of products other than FLOW are amortized straight-line based on their expected useful life.

Software

Software purchased from third parties, as well as any related development and implementation costs, are recognized at cost and are amortized based upon a straight-line method over their estimated useful life. The useful life of these assets is reassessed annually and adjusted when circumstances give rise to such action.

Where the company is party to a SaaS-arrangement as a customer, the costs incurred under such an arrangement (including fees for the use of software and any implementation fees) are not capitalized where the Company does not have control over the software and the arrangement does not does not contain a lease. These costs are expensed as incurred.

Tangible fixed assets

Tangible fixed assets (which include hardware and leasehold improvements) are initially recognized 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 tangible fixed asset when that cost is incurred and the recognition criteria are met. Each component of an item of tangible fixed assets with an initial carrying value (cost) that is significant in relation to the total cost of the item is separately identified and depreciated over its useful life. Subsequently, tangible fixed assets are depreciated on a straight-line basis over their estimated useful life to their estimated residual value (generally nil).

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 lease term of the respective office buildings, taking into account anticipated extensions of leases. Residual values are reviewed annually and are adjusted when appropriate.

The carrying amount of an asset is derecognized in the event that no future economic benefit is expected to arise from its use or when it is disposed of. 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 profit or loss.

Impairment of non-current assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-current non-financial assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To this extent, an assessment is performed at the balance sheet date to establish whether such indicators exist.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Impairment losses for cash generating units are first charged against the goodwill balances allocated to that cash generating unit. Any remaining impairments are allocated to the other fixed assets of the cash generating unit.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the balance sheet date.

Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses carried forward.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill unless that goodwill is deductible in determining taxable result. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Financial assets

Recognition and initial measurement

Regular way purchases and sales of financial assets are initially recognized when they are originated, being the trade date i.e. the date when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not measured subsequently at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset that is a debt instrument is classified in one of the following three measurement categories:

- At amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included under Interest and Other Financial Income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in Interest and Other Financial Income or Expense together with foreign exchange gains and losses. Impairment losses are classified as part of General & Administrative expenses in the profit or loss.
- At fair value through OCI (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. The Company currently does not hold instruments classified as FVOCI.
- At fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The Company currently does not hold instruments classified as FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

Business model assessment

The Company 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.

Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortized cost. To this extent, a three stage impairment model is applied, 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 – 12 months ECL is applied (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 interest is recognized on a gross basis.

- Stage 2: Credit risk has increased significantly since initial recognition –lifetime ECL is recognized (i.e., ECLs that result from all possible default events over the expected life of a financial instrument), and interest is recognized on a gross basis.
- Stage 3: Financial asset is credit impaired – lifetime ECL is recognized, and interest is recognized on a net basis (i.e. on the gross carrying amount less credit allowance).

The Company considers the probability of default upon initial recognition of financial assets 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 Company 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 (in accordance with the simplified approach permitted by IFRS 9 'Financial Instruments').

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.

Equity

Shareholders' equity

Financial instruments issued by the Company to the extent that they indicate a residual interest in the assets of the Company, including ordinary shares, 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 withholding tax. A liability for dividends payable is not recognized until the dividends have been declared and approved by the General Meeting of Shareholders.

Warrants

The Company has issued warrants other than as consideration for goods or services received. Under the terms of the respective contracts, such warrants are derivative financial instruments that will be settled by the Company in own equity instruments. Upon exercise, a fixed amount of ordinary shares is exchanged for a fixed amount of cash. Therefore, such warrants are classified as equity instruments. Consideration received for such warrants upon issue is accounted for in equity. Cash received upon exercise is accounted for in equity as well.

Borrowings

Loans and borrowings are recognized initially at fair value, net of 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 profit or loss when the liabilities are derecognized as well as through the amortization process. The 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 under Interest and Other Financial Expense in the statement of comprehensive income.

Trade payables and other financial liabilities

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

The Company recognizes a provision in cases where the Company has a present legal or constructive obligation resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the future outflow required to settle the obligation. Where the time value of money is material, it is measured at the present value of such future outflow, 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 Interest and Other Financial Expense in the statement of comprehensive income.

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.

Revenue recognition

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 company has four revenue streams, namely:

» Software as a Service (SaaS);
» Maintenance and Support;
» Consultancy; and
» Licenses.

We have described the revenue recognition for each of the revenue streams below using the 5-step model of IFRS 15 'Revenue from Contracts 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 parties' rights and obligations, the consideration 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. SaaS and maintenance fees are typically invoiced upfront. As the period over which the invoicing up front takes place generally does not exceed a year, the Company applies the practical expedient of IFRS 15 with respect to the existence of a significant financing component, which is then not deemed to exist.

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 represent a right to use the software 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 licensed software. As such, the installed licensed software is the company's performance obligation.

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. These services are considered to be distinct from the license.

Software as a Service revenue

The service under a SaaS contract is the ongoing effort of the Company to provide connectivity of the FLOW portal to the customer and its trading partners in order to allow the exchange of data between the customer and each trading partner. When setting up the service, the FLOW portal is typically connected to other data networks. The FLOW portal is owned and controlled by the Company and not transferred to the customer.

Through the SaaS, 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/set up, 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 setup, workflow configuration, notifications setup, portal setup, business rules configuration, communication setup, trading partner setup, trading partners onboarding mechanism design, building landing pages, partner onboarding, business models setup, 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.

Volume and overage

SaaS contracts include a component for a bundle of messages which the client can process via the FLOW portal, plus an option for additional messages sent beyond the contracted volumes (“overage”). As any unused capacity under the contracted bundle cannot be carried forward to a subsequent period, this is not distinct and as such not identified as a separate performance obligation.

Consultancy revenue

The company provides consultancy services which comprise of various kinds of consulting, including software customization work, or 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. The performance obligation of the Company is to provide the customer with these consultancy 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 prices are separately included in the contract and are the standalone selling prices. The transaction price is allocated to 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 (SaaS fees, if applicable a non-refundable set-up fee, plus a contractual bundle of messages component), and a variable component for additional messages sent beyond the contracted volumes. There are no volume discounts given when message levels exceed contracted volumes.

The fixed component of the transaction price is allocated to the SaaS performance obligation. The variable component of the transaction price represents a usage-based royalty that is also allocated to the SaaS performance obligation.

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 the customer has the indefinite right to use the (software) license when control is transferred.

Maintenance and Support revenue

Maintenance and Support revenue is recognized over time as control over the services is transferred over the course of the contract period. Progress is measured based on the output method (passage of time), as a linear revenue recognition pattern most faithfully represents the Company's performance under its promise to provide maintenance and support on an as-needed basis.

Consultancy revenue

Consultancy revenue is recognized over time as control over the services is transferred as the customer utilizes the contracted consultancy hours. Progress is measured on the input method (hours utilization), as the ratio of hours utilized to total hours most faithfully represents the Company's performance under its promise to provide consultancy services.

Software as a Service revenue

Software as a Service revenue (that is, the fixed component of the total consideration) is recognized over time as control over the services is transferred over the course of the contract period. Progress is measured based on the output method (passage of time), as a linear revenue recognition pattern most faithfully represents the Company's performance under its promise to provide access to the software.

Overage revenues are recognized in the period in which the usage occurs and the SaaS performance obligation has been partially satisfied for the respective period.

Contract balances

Contract assets

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

A contract asset becomes a receivable when the Company’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.

Contract liabilities

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

Contract cost assets

Capitalized costs incurred to fulfill customer contracts consist of direct costs for set-up of the FLOW platform for customers under SaaS-contracts, as far as these costs are not in scope of other standards than IFRS 15 and as far as they are expected to be recovered. These costs are amortized after completion of the set-up on a straight-line basis over the average expected customer life (refer to Significant accounting judgements and estimates, starting on page 71). Amortization of capitalized costs to fulfill contracts is included in the Cost of Sales in the statement of comprehensive income.

Government grants

Grants from a government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Where governments grants become receivable as compensation for expenses or losses already incurred, they are recognized in profit or loss in the period in which they become receivable.

Employee benefits

Short term employee benefits

Short term employee benefits entail salaries payable over past service, short-term compensated absences that 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. Short term employee benefits expenses are presented in the statement of comprehensive income net of government grants received in relation to the Company's employee benefit costs.

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 France. 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.

The Company has a defined benefit arrangement in place for a single employee in Germany. This plan is unfunded and only a defined benefit obligation is recognized for it. In addition, the Company also has a defined benefit arrangement in place for employees in France. This plan is also unfunded and only a defined benefit obligation is recognized for it. As these plans are immaterial, no further details are provided on them in these consolidated financial statements.

In the US, the Company staff participates in a corporate 401(k) savings plan with discretionary contributions. These discretionary payments are recognized in income if and when they are paid into the plan.

Share-based payments

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 (a non-vesting condition). In the past, stock options were also granted under a Stock Option Plan to TIE Kinetix staff that entitles staff members to receive equity instruments it has issued. These grants of shares and of stock options are classified as equity settled share-based payment plans.

Granted shares vest immediately at the grant date in absence of a service condition. Stock options granted had a vesting period of three years. The expense resulting from these grants is based on the fair value of the instruments at grant date. The corresponding 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 where this applies. The expense reflects management's best estimate of the number of instruments expected to vest, where applicable. Any consideration received net of any directly attributable transaction costs is accounted for in equity upon issue of shares or exercise of the options. When the non-vesting condition under the Performance Share Plan is not satisfied, or when a stock option is cancelled, the grant is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the grant 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.

Leasing

The Company leases various offices and vehicles to support its operations. Contract may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Company recognizes a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially measured at the present value of lease payments not yet paid at commencement date, less any lease incentives receivable. Such lease payments include fixed payments but may also include lease payments to be made under extension options to the extent that it is reasonably certain that the Company will exercise such an option. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the incremental borrowing rate is used. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments are allocated between principal and finance cost. After initial recognition, the lease liability is increased by the finance cost, which is recognized in profit or loss as part of Interest and Other Financial Expense, and decreased by principal payments made. The lease liability is remeasured when there is a change in future lease payments or based on changes in the assessment of execution of certain extension or termination options in the contracts. The Company applies judgement to determine the lease term for lease contracts that contain renewal options.

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs. The right-of-use asset is subsequently carried at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use asset is adjusted for certain re-measurements of the lease liabilities.

The Company recognizes lease payments associated with short term leases (lease term <1 year) as well as low value leases (value of the leased asset < € 5k) as an expense on a straight-line basis over the lease term.

Earnings per share

Basic earnings per share are calculated by dividing net income attributable to equity holders of the Company by the weighted average number of outstanding shares. Diluted earnings per share take into effect the dilutive effect of outstanding warrants upon exercise. The dilutive effect of these instruments equals the number of shares issuable under the terms and conditions of these arrangements for no consideration. Warrants are considered non-dilutive when the exercise price is in excess of the average market price of the shares of the Company during the period.

Analysis of expenses

Expenses are presented in the consolidated statement of comprehensive income according to their function. Management has defined the functions of expenses as follows:

- Cost of Sales: Expenses that are directly or indirectly attributable to the Company's performance under ongoing contracts with customers;
- Research & Development: Expenses that are attributable to activities of the Company in the field of

research of new products or applications or development activities with respect to the FLOW platform or otherwise;
» Selling & Marketing: Expenses that are attributable to the activities of the Company in the field of marketing and sales; and
» General & Administrative expenses: Includes all other operating expenses of the Company in relation to its ordinary activities.

Statement of cash flows

The cash flows from operating activities in the statement of cash flows are presented in accordance with the indirect method. Under this method, the income before tax is adjusted for items in the profit and loss account that do not influence receipts and expenditures 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 solely of cash and cash equivalents. Exchange differences on cash and cash equivalents are presented separately in the statement of cash flows. Interest received and paid as well as income taxes paid are included in the cash flows from operating activities. Dividends paid are included in the cash flows from financing activities. The selling price of divested group companies (divestments) is presented in the cash flows from investing activities insofar as payment has been received in cash, net of any cash balances present in divested group companies.

Subsequent events

These consolidated 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. Where 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 risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Company has policies in place towards managing these risks, insofar as relevant and depending on the risk appetite of the Company with respect to a certain risk. The Executive Board has overall responsibility for the establishment and oversight of the Company's risk management system, including identifying an analyzing risks faced by the Company, implementing risk limits and controls as appropriate as well as monitoring the exposure to risks against these limits and maintaining the risk management system in the light of changes in the Company and market conditions. The Supervisory Board oversees how the Company monitors adherence to risk management policies and procedures and assesses the effectiveness of its risk management system in relation to the relevant risks.

The Company does not have an exposure to financial risks associated with derivatives. The Company's exposure to financial instruments is mainly concentrated in its working capital. The Company neither holds nor issues financial instruments for trading purposes, and currently does not contract any derivative financial instruments to hedge risks.

Classification of financial assets and liabilities

Financial assets and liabilities recognized on the consolidated Statement of Financial Position are classified in the following table.

Classification of financial instruments
(€ x 1,000)

	Financial assets at amortized cost		Financial liabilities at amortized cost	
Class of financial instruments	**30 September 2021**	**30 September 2020**	**30 September 2021**	**30 September 2020**
Cash and cash equivalents	9,921	5,886		
Trade receivables	1,442	1,470		
Other receivables	257	346		
Loan receivable	-	3,000		
Lease liabilities			765	1,005
Trade creditors			833	857
Other payables			1,512	2,137
Total	**11,620**	**10,702**	**3,110**	**3,999**

Use of fair values

The fair values of financial instruments carried at amortized cost, which include trade debtors, other receivables, loans receivable, trade creditors and other payables have been assessed to be in line with their carrying values due to the short-term nature of such items and applicable market interest rates. Such fair value measurements are classified as level 2 of the fair value hierarchy of IFRS 13 'Fair Value Measurement'. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments. Such transfers may occur where directly observable prices may become available or where market data from independent sources may no longer be available.

There are no items in the statement of financial position at the end of either period presented in these consolidated financial statements that are carried at fair value on a recurring or non-recurring basis.

Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates across the globe in various currency environments and is exposed to foreign exchange risks, mainly with respect to the US dollar. The Group does not hedge the foreign exchange risks associated with its net investments in foreign operations. To manage currency risks, however, it is the intention to balance assets and liabilities in foreign currencies as much as possible and ensure that the local balance sheet of group companies contain as much as possible only positions denominated in the functional currency of that group company. The Group's exposure to risk arising from other currencies than the euro arises almost exclusively from the US dollar, hence the following disclosures are only made for the US dollar.

The Group has applied an USD/EUR exchange rate at balance sheet date of 1.16 (30 September 2020: 1.17). The average exchange rate used to translate the income and expenses in the US was 1.20 (2020: 1.10). The following table details the sensitivity of consolidated equity and net income had the year-end exchange rates varied by a reasonably possible change in such rates – all other variables held constant.

For purposes of the sensitivity analysis, financial instruments are only considered sensitive to foreign exchange rates when they are not denominated in the functional currency of the group company holding the relevant financial instrument. This analysis, presented under the heading 'Foreign currency risk' in the following table, takes into account only outstanding foreign currency-denominated monetary assets and liabilities (in other words - those monetary assets and liabilities denominated in a currency that differs from the relevant group company’s functional currency) and adjusts their translation at the period-end for a reasonably possible change in the dollar/euro exchange rate. The sensitivity analysis includes external receivables and payables, as well as intercompany positions within the group, but excludes translation differences due to translating from functional currency to presentation currency.

Foreign currency sensitivity analysis

(€ x 1,000)

		2021		2020
Change in rate	**Impact on y/e equity**	**Impact on net income**	**Impact on y/e equity**	**Impact on net income**
Foreign currency risk				
USD +10% against EUR	(936)	364	(919)	218
USD -10% against EUR	766	(298)	752	(179)
Translation risk				
USD +10% against EUR	1,064	-	982	-
USD -10% against EUR	(871)	-	(804)	-
Impact of USD movement	10	(47)	(8)	(25)

The analysis shows that equity is exposed to sensitivity that arises from a US dollar-denominated intercompany liability to the US-subsidiary that is considered to be part of the net investment (and as such, foreign exchange differences on this intercompany liability are accounted for in other comprehensive income, impacting equity). The section 'Translation risk' below explains the offsetting translation effect in equity.

The analysis also shows that net income is also exposed to sensitivity that arises from the USD bank account balance of TIE Kinetix N.V.

Translation risk

The table above also includes an analysis of translation risk. While translation risk is disregarded in the above analysis of foreign currency risk (as defined by IFRS), translation risks together with foreign currency risks form an integral part of the Group's management of the exposure of financial instruments to foreign currencies.

To this extent, the Company has disclosed the translation risk analysis. This analysis takes into account the translation effect of the monetary assets and liabilities of the US subsidiary (which has a US dollar functional currency) and adjusts their translation at the period-end for the same changes in foreign currency rates. This sensitivity analysis includes external receivables and payables, as well as intercompany positions within the group, but excludes the foreign operation's non-monetary assets and liabilities. The effect from translating from the functional currency to the Group's presentation currency is recorded in other comprehensive income and therefore impacts equity (please note that this also applies to the translation of non-monetary assets and liabilities of the foreign operation though these are excluded from the analysis).

The analysis shows an offsetting effect to the exposure of equity to foreign currency risk. This is due to the aforementioned US dollar-denominated intercompany position, which acts as a natural hedge, balancing foreign currency risk against translation risk.

In addition, the bottom row ('Impact of USD movement') presents an further, backward-looking, analysis of the Group's exposure currency translation exposure. This measures the impact on the net assets at year-end and impact on net income of the US foreign operation, when comparing to the hypothetical situation that the exchange rate had not moved during the year (thus would have remained at the opening rate at the beginning of the year). In essence, this illustrates the impact of movements in the USD exchange rate during the year on the net assets and net result of the US segment. For the purpose of this analysis, the net assets of the US-subsidiary include non-monetary assets and exclude intercompany positions, while the net income excludes intercompany gains and losses, as these are eliminated in consolidation. The resulting numbers show the impact on net income for the years presented (impact of income translated against the year's opening exchange rate rather than at the weighted-average exchange rate for the year) and on equity at year-end (impact of net assets translated against the opening exchange rate rather than at the closing rate).

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 as the Company currently does not have any variable-rate borrowings per 30 September 2021 (30 September 2020: nil). While the credit facility with Rabobank has a variable rate (EURIBOR plus 390 basepoints), the Company has not withdrawn any funds under this credit facility. Debt of the Company is concentrated in its lease liabilities which have fixed cash flows based on fixed rates of interest.

Other price risk

Other price risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than arising from currency risk or interest rate risk. As the Company's financial instruments are limited to short term debt instruments (carried at amortized cost) and long-term debt in the form of lease liabilities, the Company does not have an exposure to other forms of price risk such as commodity price risk or equity price risk.

Credit risk

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 mainly from its operating activities: this risk is primarily associated with the trade receivables and contract assets, but also arises from deposits with banks.

The Company manages the exposure on its cash deposits with banks by only working with reputable banks that have proven in the past to be financially stable, have appropriate licenses to operate and are under the supervision of regulatory authorities. Cash is managed centrally within the Group.

With respect to credit risk arising from trade receivables and contract assets from customer contracts, the Company generally works with large and well-known organizations as customers for which the credit risk is deemed to be limited. In other cases, before a contract is signed, research is performed for a prospective customer prior to signing the contract. In addition, the Company generally invoices in advance and has the ability to discontinue the access of a customer to the product remotely in the event of unceasing defaults of contractual payment obligations. As the Company has measures in place that reduce the credit risk exposure to a sufficiently low level, it has not insured its trade receivables. Instead, in the event of (expected) collectability issues or defaults, this is reflected in the lifetime expected credit losses that are recognized on the relevant receivables to cover the potential loss. Loss rates are determined based on historical credit losses realized and any expectations on economic downturn. In measuring expected credit losses, trade receivables are grouped according to their ageing profile. Based on this ageing profile, any significant increase in credit risk since initial recognition is determined (typically when a contractual payment is more than 30 days past due).

Management monitors any extended default (instances where a debtor continues to not meet its payment obligations) by a customer and determines on an individual basis whether such receivables are considered credit-impaired. A receivable is written off and the corresponding expected credit loss derecognized if it is determined to be uncollectible. The Company does not have a history of significant credit losses. This has not changed as a consequence of the COVID-19 pandemic.

The Company has no significant concentrations of credit risk. The top 100 customers account for 52% (2020: 9.3%) of total revenues, while no individual customers accounts for more than 3% (2020: 1%) of total revenues. The Company serves a number of vertical supply chains 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 relying upon a single industry.

The Company's maximum exposure to credit risk equals the outstanding balance of its financial assets. The top 10 outstanding debtors amount to 46% (2020: 34%) of the outstanding trade receivables. The note Trade receivables, starting on page 94 details the expected credit losses and loss rates applied to trade receivables as of the balance sheet date.

Liquidity risk

The Company's liquidity management is geared towards having sufficient liquidity available to fund its operations. In this regard, projections of cash flows from operating activities are positive. The Company's SaaS business is growing, and consequently the Company is becoming more resilient to cashflow seasonality. Occasionally, the Company engages in contracts with commercially dominant counterparties with whom extended payment terms are agreed. Such payment terms may put a strain on working capital balances of group companies.

The Company has a working capital facility in place for funding working capital as needed. During the year, however, the Company did not make any withdrawals under this credit facility (FY 2020: nil). Liquidity is managed centrally within the Group. As such, Group management monitors the liquidity positions of the individual group companies. There is a structure of intercompany current accounts in place to support the liquidity management.

As at the balance sheet date, the Company had ample resources. As such, the liquidity risk of the Company originating from financial instruments is deemed limited. In this respect it should also be noted that the Company's current liabilities consist for a substantial part of deferred revenue, which under normal circumstances would not be refunded to customers but recognized as revenues and as such are not financial liabilities.

The following maturity analyses details the remaining undiscounted cash flows under its non-derivative financial liabilities (the Company does not have derivative financial liabilities), classified by their maturity, being the earliest date on which the Company can be required to settle the liability. This analysis included both interest and principal cash flows.

2021 Maturity analysis of financial liabilities
(€ x 1,000)

	Short term		Long term	Total
	< 1 year	> 1 year <5 years	> 5 years	30 September 2021
Lease Liabilities - Principal payments	380	385	-	765
Lease Liabilities - Interest payable	19	5	-	24
Trade Creditors	833	-	-	833
Other Payables	1,512	-	-	1,512
Total	**2,744**	**390**	**-**	**3,134**

2020 Maturity analysis of financial liabilities
(€ x 1,000)

	Short term		Long term	Total
	< 1 year	> 1 year <5 years	> 5 years	30 September 2020
Lease Liabilities - Principal payments	396	609	-	1,005
Lease Liabilities - Interest payable	27	21	-	48
Trade Creditors	805	52	-	857
Other Payables	2,137	-	-	2,137
Total	**3,365**	**682**	**-**	**4,047**

Capital risk management

The management of capital is centralized and is aimed at both ensuring the Company has a healthy capital structure so that the continuity of its operations are safeguarded, as well as having sufficient means available to fund the Company's future growth ambitions. To this extent, management regularly assesses outstanding share capital, options, warrants, convertible instruments, the need for issuing any such instruments (in line with limits set by the shareholders), outstanding debt positions and evaluates funding opportunities in line with strategic targets. The Company considers its equity as capital, in line with prior period. Management's policy with respect to managing capital 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 cash or by issuing equity Instruments, also in the event of a cash component payable arising from a business combination.

1 Acquisitions and disposals

Acquisitions

No acquisitions have been made during 2021 or 2020.

Disposals

2021

There have been no disposals during 2021.

2020

During 2020 the Company decided to strategically divest the business lines Demand Generation and Google AdWords for Channel. The divestiture of business line Demand Generation was an asset sale for which an Asset Purchase Agreement was made. These assets, staff and intellectual property rights did not comprise a separate profit and loss account or balance sheet. The divestiture of Google AdWords for Channel was a share transaction covering the sale of TIE International B.V. The solutions, including intellectual property rights, customer contracts and staff were sold for a consideration of € 6 million. The basis for this decision was the desire to free up resources to invest in our focus on 100% digitization of documents with EDI and e-Invoicing solutions. Financial close of the transaction was postponed twice due to the worldwide COVID-19 measures taken and associating insecurities affecting business outlooks The transaction financially closed in August 2020 (effective date: 31 July 2020). The consideration of € 6 million was paid with € 3 million in cash, and € 3 million in a one year 10% secured loan. Interest due on the vendor loan was paid in monthly installments. In May 2021 repayment of the loan was received.

The table below details the results and cash flows from discontinued operations.

Discontinued operations

(€ x 1,000)

Results from discontinued operation	2021	2020
Sales	-	1,579
Cost	-	(1,240)
Income before tax from discontinued operations	-	339
Income tax expense	-	-
Results from discontinued operations, net of tax	-	339
Gain on sale of disposal group	-	6,243
Total income from discontinued operations	**-**	**6,582**

Cash flow from discontinued operation		
Consideration received in cash	3,000	3,000
Cash disposed of	-	(844)
Cashflow from investing activities	3,000	2,156
Cashflow from operating activities	-	603
Cashflow from discontinued operations	**3,000**	**2,759**

2 Intangible fixed assets

The movements in Intangible fixed assets are summarized below:

Movement schedule of intangible fixed assets
(€ x 1,000)

	Goodwill	Customer Base	Software development costs	Purchased Software	Total
Balance as at 1 October, 2019	**2,278**	**19**	**3,443**	**211**	**5,951**
Movements 2020					
Additions	-	-	1,021	2	1,023
Amortization	-	-	(1,236)	(106)	(1,342)
Impairment	-	-	(298)	-	(298)
Translation adjustments on acc. investments	(33)	-	(60)	(3)	(95)
Translation adjustments on acc. amortization	-	-	60	3	63
Balance as at September 30, 2020	**2,245**	**19**	**2,930**	**106**	**5,300**
Accumulated investments	3,559	849	10,011	945	15,364
Accumulated amortization	-	(821)	(7,043)	(828)	(8,692)
Accumulated impairments	(1,314)	(9)	(38)	(11)	(1,372)
Balance as at September 30, 2020	**2,245**	**19**	**2,930**	**106**	**5,300**
Movements 2021					
Additions	-	-	833	11	844
Amortization	-	(15)	(1,160)	(72)	(1,247)
Impairment	-	(4)	-	-	(4)
Translation adjustments on acc. investments	5	-	10	-	15
Translation adjustments on acc. amortization	-	-	(10)	-	(10)
Balance as at September 30, 2021	**2,250**	**-**	**2,603**	**45**	**4,898**
Accumulated investments	3,671	849	10,854	957	16,331
Accumulated amortization	(107)	(836)	(8,213)	(901)	(10,055)
Accumulated impairments	(1,314)	(13)	(38)	(11)	(1,376)
Balance as at September 30, 2021	**2,250**	**-**	**2,603**	**45**	**4,898**
Useful life	Indefinite	10 years	5 years	3-5 years	

The impairment loss in 2020 of € 298k related to the Concept Digital Channel (CDC). The CDC is an interface for the front-end and back-end of the FLOW platform, which was in place for Google AdWords contracts. After the disposal of TIE International, this interface would no longer generate future cash flows for the Group and as such was impaired in the financial year 2020.

Cash generating units

TIE Kinetix has active country operations in the Netherlands, in the US, in Germany, and in France through its various subsidiaries. Management has identified the following cash generating units:

» TIE Netherlands
» TIE France
» TIE US
» TIE Germany
» TIE Product Development

Allocation of the carrying value of the intangible fixed assets tested to the CGU's and segments for impairment per September 30, 2021 and comparative number per September 30, 2020 are as follows (please note that there are no intangibles allocated to Germany):

2021 Allocation of intangible assets to CGUs
(€ x 1,000)

	NL	France	US	Product Development	Total 30 September 2021
Goodwill	1,640	153	457	-	2,250
Customer base	-	-	-	-	-
Software development costs	-	-	-	2,603	2,603
Purchased software	36	-	-	9	45
Total	**1,676**	**153**	**457**	**2,612**	**4,898**

2020 Allocation of intangible assets to CGUs
(€ x 1,000)

	NL	France	US	Product Development	Total 30 September 2020
Goodwill	1,640	153	451	-	2,245
Customer base	19	-	-	-	19
Software development costs	-	-	-	2,930	2,930
Purchased software	106	-	-	-	106
Total	**1,765**	**153**	**451**	**2,930**	**5,300**

Annual impairment testing

Goodwill is tested annually for impairment. The Company does not have indefinite-lived intangible assets. As in past years we used a discounted cash flow model to determine the value in use of CGUs to which goodwill has been allocated, based on a 10-year horizon without terminal value projections.

The following key assumptions have been applied in the impairment test:

» Adjusted EBITDA growth rate: Estimated EBITDA is adjusted for expected corporate management fees and royalty fees on the use of the IP that is located in the Product Development CGU. For all cash generating units modest annual growth rates have been applied (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 flows beyond the budget for FY 2022, as approved by the Executive Board and Supervisory Board, and the following nine years.

» Terminal value and growth rate: Our discounted cash flow calculations includes no residual value after 10 years; adding additional years to the cash flow calculation has limited effect under the applied discount rates and the residual value becomes less predictable.
» Discount Rate: The test is based on a post tax WACC of 11.4% (2020: 12%) 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 costs of debt. The cost structure of shareholder's capital is determined on the basis of the interest rate adjusted for cyclical and market risks. The cost of debt is determined on the basis of the weighted average interest interest rate for long term loans (effectively the Company's lease liabilities). The pretax discount rate is determined through an iterative computation.

The values assigned to each key assumptions are outlined in the table below.

Key assumptions used in impairment testing

	NL		France		US	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Adjusted EBITDA growth rate	15-20%	22.5-27.5%	20-25%	12.5-17.5%	10-15%	17.5-22.5%
Pretax discount rate	14%	16%	17%	16%	17%	16%
Terminal growth rate	0%	0%	0%	0%	0%	0%

Management has conducted annual impairment testing and assessed that for all cash generating units the value in use of the cash generating units tested exceeds the carrying value of the non-financial non-current assets allocated to those cash generating units. Furthermore, management has no indications that individual assets of any cash generating units may be impaired. With regard to the assessment of the recoverable amount of each CGU and the total Company, management believes that a reasonably possible change in any of the above key assumptions would not lead to an impairment. Given the available headroom, no sensitivity analysis has been disclosed.

3 Tangible fixed assets

Movements in tangible fixed assets are shown below:

Movement schedule of tangible fixed assets
(€ x 1,000)

	Leasehold Improvements	Right-Of-Use Asset	Hardware	Total
Carrying value as at 1 October, 2019	**50**	**803**	**57**	**911**
Movements 2020				
Additions	-	649	21	670
Depreciation	(37)	(507)	(19)	(563)
Translation adjustments on acc. investments	1	-	(17)	(16)
Translation adjustments on acc. depreciation	-	-	17	17
Carrying value as at September 30, 2020	**15**	**945**	**59**	**1,019**
Accumulated investments	832	1,452	1,509	3,793
Accumulated depreciation	(817)	(507)	(1,091)	(2,415)
Accumulated disposals	-	-	(359)	(359)
Carrying value as at September 30, 2020	**15**	**945**	**59**	**1,019**
Movements 2021				
Additions	-	168	55	223
Disposals	-	(103)	-	(103)
Depreciation	(10)	(367)	(24)	(401)
Depreciation on disposals	-	103	-	103
Other	-	(22)	-	(22)
Translation adjustments on acc. investments	6	-	3	9
Translation adjustments on acc. depreciation	(8)	-	(3)	(10)
Carrying value as at September 30, 2021	**3**	**724**	**91**	**818**
Accumulated investments	838	1,495	1,567	3,900
Accumulated depreciation	(835)	(771)	(1,118)	(2,724)
Accumulated disposals	-	-	(359)	(359)
Carrying value as at September 30, 2021	**3**	**724**	**91**	**818**
Useful lives	Max. 10 years	Lease term	3 - 5 years	

At balance sheet date there are no restrictions on title. No items of tangible fixed assets have been pledged as security against liabilities.

The following table details the carrying amounts at the balance sheet date of right-of-use assets by class of underlying asset, as well as the depreciation charge for the year of right-of-use assets by class of underlying asset.

Right of Use assets by class
(€ x 1,000)

	Carrying amount	Depreciation	Carrying amount	Depreciation
	30 September 2021	2021	30 September 2020	2020
Offices and parking space	453	110	734	362
Vehicles	271	257	211	145
Total	**724**	**367**	**945**	**507**

4 Deferred taxes

The following table details the amounts of deferred tax assets and liabilities rising from both temporary differences and unused tax losses carried forward, including the effects of offsetting some of those deferred tax assets and liabilities.

Deferred tax assets & liabilities
(€ x 1,000)

Category of temporary difference	30 September 2021	30 September 2020
Property, Plant & Equipment	16	16
Trade Receivables	2	2
Deferred Revenue	275	330
Lease Liabilities	123	60
Other Payables and Accruals	31	29
Tax Credits	9	-
Tax Losses Carried Forward	408	-
Total Gross Deferred Tax Assets	**863**	**437**
Offset against deferred tax liabilities	(239)	(170)
Total Net Deferred Tax Assets	**625**	**267**
Goodwill	(124)	(122)
Right-of-use assets	(115)	(49)
Other	(2)	(10)
Total Gross Deferred Tax Liabilities	**(240)**	**(181)**
Offset against deferred tax assets	239	170
Total Net Deferred Tax Liabilities	**(2)**	**(10)**
Total Deferred Tax Positions (Net)	**623**	**256**

The deferred tax liability on goodwill relates to goodwill that is tax deductible in the United States and for which the temporary difference arose after initial recognition of the goodwill.

In determining the recognition of deferred tax assets from unused tax losses carried forward, management has considered whether sufficient taxable temporary differences exist or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized. Per year-end 2020, deferred tax assets for the Dutch fiscal unity were only recognized to the extent that deductible temporary differences existed to offset the taxable temporary differences and unused tax losses. In 2021, management's assessment has lead to the recognition of deferred tax assets in the Dutch fiscal unity for tax losses carried forward in excess of the deferred tax liabilities from deductible temporary differences. Management has assessed that sufficient convincing evidence existed to justify the recognition of deferred tax assets from unused tax losses for the amount of € 408k. Given the sizeable amount of tax losses carried forward available in the Netherlands, this has only lead to partial recognition.

In addition, in 2016 the Company applied tax planning structures in the Netherlands to prevent the expiring of its available tax loss carry forward position. Although the Dutch Tax authorities have not yet reviewed this structure, the tax loss carry forward position includes the effects of this structure. While management does not expect this, a possible adverse position taken by the Dutch Tax authorities would not likely have no effect on the carrying value of the deferred tax asset from unrealized tax losses given the size of the respective tax losses in relation to the total available tax losses and those for which a deferred tax asset has been recognized.

There are no temporary differences related to investments in subsidiaries for which no deferred tax liability is recognized, as the aggregate amount of retained earnings and currency translation differences related to those investments is negative as of the balance sheet date.

Movements in the net deferred tax position during the year are detailed in the following table.

Movement schedule of net deferred tax position
(€ x 1,000)

	2021	2020
Balance as at October 1	**256**	**294**
Recognized in profit or loss	365	(18)
Currency translation differences recognized in OCI	2	(20)
Balance as at September 30	**623**	**256**

Unused tax losses, deductible temporary differences and unused tax credits

The following tables detail the availability of available gross unused tax losses, tax credits and deductible temporary differences, classified by expected period of expiry, as well as to what extent such items have been recognized resulting in a deferred tax asset. The tables does not include all deductible temporary differences but only those for which no deferred tax asset has been recognized. Those items that are classified as indefinite do not have an expiration term.

2021 Expiration of tax losses, tax credits and deductible temporary differences
(€ x 1,000)

	< 1 year	1 - 5 years	6 - 10 years	> 10 years	Indefinite	Total
Available as at 30 September 2021	**1,511**	**267**	**-**	**87**	**10,057**	**11,922**
Less: Recognized as deferred tax asset	-	-	-	87	2,717	2,804
Unrecognized as at 30 September 2021	**1,511**	**267**	**-**	**-**	**7,340**	**9,118**

2020 Expiration of tax losses, tax credits and deductible temporary differences

(€ x 1,000)

	< 1 year	1 - 5 years	6 - 10 years	> 10 years	Indefinite	Total
Available as at 30 September 2020	**369**	**4,440**	**1,862**	**-**	**-**	**6,671**
Less: Recognized as deferred tax asset	-	-	-	-	-	-
Unrecognized as at 30 September 2020	**369**	**4,440**	**1,862**	**-**	**-**	**6,671**

Tax losses carried forward in the Netherlands have been partially reclassified to the indefinite category per year-end 2021. This is due to new Dutch tax legislation that was enacted at the balance sheet date whereby part of the losses no longer have an expiration term.

5 Trade receivables

Details of trade receivables

(€ x 1,000)

	30 September 2021	30 September 2020
Trade receivables	1,515	1,496
Less: Valuation allowance	(73)	(26)
Trade receivables net of valuation allowance	**1,442**	**1,470**

Trade receivables in the Netherlands are pledged as collateral, refer to the note Commitments and contingent liabilities, starting on page 115.

Impairment of trade receivables

The following tables reflect the gross outstanding trade receivable balance as of September 30th, broken down into balances that have not passed their due dates and 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 days” outstanding category represents receivables that have not yet passed their respective due dates.

2021 Aging of trade receivables by region

(€ x 1,000)

	Not past due	Past due not individually credit impaired			Total
	Less than 30 days	31 to 60 days	61 to 90 days	In excess of 90 days	30 September 2021
The Netherlands	357	52	6	7	422
United States	445	41	51	-	537
France	91	12	-	-	103
Germany	173	145	62	-	380
Total	**1,066**	**250**	**119**	**7**	**1,442**

2020 Aging of trade receivables by region

(€ x 1,000)

	Not past due	Past due not individually credit impaired			Total
	Less than 30 days	31 to 60 days	61 to 90 days	In excess of 90 days	30 September 2020
The Netherlands	318	35	4	16	373
United States	478	96	83	39	696
France	62	8	29	3	102
Germany	211	24	62	2	299
Total	**1,069**	**163**	**178**	**60**	**1,470**

The Company has applied the following loss rates to these categories of trade receivables to determine the allowance for expected credit losses:

2021 Loss rates applied

(€ x 1,000)

Days outstanding	Weighted average loss rate applied	Gross carrying amount	ECL recognized
1 to 30 days (not due)	0%	1,066	-
31 to 60 days (past due)	0%	250	-
61 to 90 days (past due)	0%	119	-
91 to 360 days (past due)	0.1%	7	-
More than 360 days (past due)	0.1%	-	-
Individually credit-impaired (stage 3 ECL)	n/a	73	(73)
Total		**1,515**	**(73)**

2020 Loss rates applied

(€ x 1,000)

Days outstanding	Weighted average loss rate applied	Gross carrying amount	ECL recognized
1 to 30 days (not due)	0%	1,069	-
31 to 60 days (past due)	0%	163	-
61 to 90 days (past due)	0%	178	-
91 to 360 days (past due)	0.1%	53	-
More than 360 days (past due)	0.1%	7	-
Individually credit-impaired (stage 3 ECL)	n/a	26	(26)
Total		**1,496**	**(26)**

Details on the movements in the valuation allowance (excluding recoverable VAT) are included in the following table.

Movements in the valuation allowance
(€ x 1,000)

	ECL on individually credit-impaired receivables	ECL on receivables past due not individually credit-impaired	Total
Balance as at October 1, 2019	**49**	**1**	**50**
Charge for the year	26	-	26
Utilized	(30)	-	(30)
Unused amounts reversed	(18)	(1)	(19)
Currency exchange rate differences	(1)	-	(1)
Balance as at September 30, 2020	**26**	**-**	**26**
Charge for the year	73	-	73
Utilized	(7)	-	(7)
Unused amounts reversed	(19)	-	(19)
Currency exchange rate differences	-	-	-
Balance as at September 30, 2021	**73**	**-**	**73**

6 Other receivables and prepayments

Details of other receivables and prepayments
(€ x 1,000)

	30 September 2021	30 September 2021
Security Deposits	78	78
Employees	-	13
Prepayments	179	255
Total	**257**	**346**

Security deposits mainly regard to rental agreements. Prepayments include short term prepaid amounts to suppliers (resulting from SaaS sales to customers < 1 year), prepaid rent and insurance premiums.

7 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.

8 Equity

Share Capital

The Company's authorized share capital amounts to € 500k (2020: € 500k), consisting of 5 million ordinary shares with a nominal value of € 0.10 each. Shareholders' equity (which equals Group equity) amounts to € 11,225k (or € 6.69 per share) on September 30, 2020 (2020: € 9,922k, or € 6.08 per share). The movements in the number of common shares outstanding are summarized in the following table.

Shares outstanding

	2021	2020
Balance as at October 1	**1,632,665**	**1,627,281**
Issued	46,053	5,384
Balance as at September 30	**1,678,718**	**1,632,665**
In € (x 1,000)	**168**	**163**

Shares issued include those issued for no consideration under share-based payment arrangements. For details refer to the note Share-based payments, starting on page 98.

Warrants

For the acquisition of TFT in 2013, 388,846 warrants were 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 2021, warrants were exercised for a consideration of € 160k in cash (2020: € 12k).

Warrants outstanding

	2021		2020	
	Excercise Price (€)	**Number of warrants**	**Excercise Price (€)**	**Number of warrants**
Warrants outstanding at October 1	**7.00**	**318,592**	**7.00**	**320,276**
Warrants exercised	7.00	(22,884)	7.00	(1,684)
Warrants outstanding at September 30	**7.00**	**295,708**	**7.00**	**318,592**

Other reserves

The 'other reserves and retained earnings' component of equity contains other reserves, consisting of the legal reserves under Dutch law, which restrict the distribution of dividends or capital in the amount of € 2,603k (2020: € 2,930k).

Such restrictions also apply to the foreign currency translation reserve, carried at € 27k (2020: € 45k), which is also regarded as a legal reserve under Dutch law.

Recycling of reserve for currency translation differences

During the financial year 2021, the subsidiary TIE Asia-Pacific Ltd was liquidated. While this did not result in any liquidation gain or loss, the part of the foreign currency translation reserve that was associated with this foreign subsidiary was derecognized and reclassified to profit or loss. As a result, a gain of € 36k was recognized as part of the exchange gains and losses. Refer to the note Financial income and expenses, starting on page 111. As part of the other comprehensive income in the statement of comprehensive income, the exchange differences are presented net of this reclassification adjustment.

9 Share-based payments

Performance Share Plan

Under this Plan, members of the Executive Board 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 (a non-vesting condition). The fair value of the shares issued is determined based on the share price at the grant date, taking into account the effect of non-vesting conditions, not taking into account expected dividends. The following table details the number and weighted average fair value of the shares granted during the year.

Shares granted

	2021	2020
Number of shares granted	23,169	-
Weighted average fair value at grant date	EUR 23.4	-

The performance shares granted and issued in 2021 pertain to both a grant related to FY 2021 as well as a grant related to FY 2020. Both grants were approved in 2021 and as such the fair value of the shares granted was determined at the approval date. An expense of € 542k was recognized under the employee benefits expenses (2020: nil). Reference is made to the note Operating expenses, starting on page 108.

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 2021 or 2020, no new stock options have been issued under this plan. In 2020, 300 stock options exercised and converted into 300 shares for a consideration of € 3k in cash. Per the end of 2020, no stock options were outstanding under this plan anymore.

Stock options outstanding

	Exercise Price (€)	Number of options
Options outstanding as at October 1, 2019	**15.65**	**15,737**
Options lapsed	19.1	(7,500)
Options forfeited	12.6	(7,936)
Options exercised	10	(300)
Option outstanding as at September 30, 2020	**-**	**-**

Non-employee stock options

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.

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 instruments at issue were credited to equity as this was assessed to be an equity-settled arrangement. In 2020, 3,700 stock options were exercised and converted into 3,700 shares for a consideration of € 37k in cash. This includes the 300 options exercised under the Annual Stock Option Plan. As at September 30, 2020 no stock options to third party investors were outstanding anymore.

10 Provisions

The provisions relate to a pension provision for an unfunded defined benefit plans in Germany. Movements in the provision are disclosed below. As management has determined that the amounts of the defined benefit obligations are immaterial - both individually per plan and in aggregate - no further disclosures are provided in respect of these plans.

Movement schedule of pension provision
(€ x 1,000)

	2021	2020
Balance as at October 1	**170**	**184**
Charged to income	20	(15)
Balance as at September 30	**190**	**170**

11 Leasing

The Company mainly leases offices and vehicles to support its operations. The total lease liability can be broken down into a current and non-current components as shown in the following table.

Details of lease liability
(€ x 1,000)

	30 September 2021	30 September 2020
Non-current portion	385	609
Current portion	380	396
Total lease liability	**765**	**1,005**

Details on the Right of Use-assets and movements thereof are provided in the note Tangible fixed assets, starting on page 91. The movements of the lease liability are detailed in the following table.

Movement schedule of lease liability
(€ x 1,000)

	2021	2020
Balance as at October 1	**1,005**	**892**
New lease contracts	168	657
Repayment of lease liabilities	(411)	(517)
Translation differences	3	(27)
Balance as at September 30	**765**	**1,005**

Additional disclosures on the expenses recognized and cash outflows from leasing activities are disclosed in the following table.

Cash outflow for leases
(€ x 1,000)

	2021	2020
Short term lease expenses	126	93
Low value lease expenses	16	26
Less: Sublease income	-	(41)
Repayments of lease liabilities	411	517
Interest expense on lease liabilities	32	33
Total cash outflow for leases	**585**	**628**

12 Taxation and social security

Details of taxation and social security payables
(€ x 1,000)

	30 September 2021	30 September 2020
Payroll tax	218	231
VAT	256	250
Total	**475**	**481**

Payroll tax liabilities include also liabilities for social security.

13 Other payables and accruals

Details of other payables and accruals
(€ x 1,000)

	30 September 2021	30 September 2020
Accrued Expenses	1,057	1,126
Other Payables and Accruals	461	1,004
Pension Premiums	(6)	7
Total	**1,512**	**2,137**

The accrued expenses include, among others, accrued holiday allowance and variable compensation for employees. The line other payables and accruals includes, among others, accruals for holiday rights outstanding with employees and salary payables. Per year-end 2020 this also included an amount of € 469k (US$ 550k) as loan received by TIE Commerce Inc under the United States Payroll Protection Program. In 2021 this loan was converted into a grant and recognized in the Statement of Comprehensive Income, refer to the note Other income, starting on page 108.

14 Segment reporting

The segment reporting in these consolidated financial statements is aligned with the internal reporting to the Executive Board as Chief Operating Decision Maker of the Company. Reporting is based on country segments. All revenue, direct costs and fee earning staff are allocated to country operations (or holding functions). The Company applies intercompany transfer 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 segment reporting purposes, the Company applies the accounting policies as applied to these interim consolidated financial statements. The Executive Board evaluates segment performance on the basis of EBITDA. Inter-segment sales are only monitored by the Executive Board on a CGU level and not for the purpose of segment reporting. Information on segment assets and liabilities is not regularly provided to the Executive Board.

Segment highlights are reported in the Executive Board's Segmental review, starting on page 32. That information is not part of these consolidated financial statements.

The tables on the following pages detail the segment information as well as the reconciliations of such segment information to profit before tax as per the the Statement of Comprehensive Income.

2021 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	4,157	3,345	957	1,229	-	-	9,688
Maintenance and Support	294	1,239	153	161	-	-	1,846
Consultancy	1,094	696	406	737	-	59	2,991
Licenses	39	230	42	20	-	-	331
Revenues	**5,584**	**5,509**	**1,557**	**2,146**	**-**	**59**	**14,856**
Other Income	-	455	-	-	-	-	455
Intercompany Sales	18	-	-	-	879	(897)	-
Total Income	**5,602**	**5,965**	**1,557**	**2,146**	**879**	**(838)**	**15,311**
Cost of Sales	(1,732)	(2,366)	(409)	(1,258)	(890)	904	(5,751)
Gross Margin	**3,870**	**3,598**	**1,148**	**889**	**(11)**	**66**	**9,560**
Operating Expenses							
Employee Benefits	(726)	(787)	(471)	(490)	-	(3,000)	(5,473)
Other Operating Expenses	(1,668)	(1,938)	(552)	(520)	-	2,502	(2,176)
Total Operating Expenses	**(2,393)**	**(2,725)**	**(1,023)**	**(1,009)**	**-**	**(498)**	**(7,649)**
EBITDA	**1,476**	**874**	**125**	**(121)**	**(11)**	**(432)**	**1,911**

2021 Reconciliation of total segments EBITDA to profit or loss

(€ x 1,000)

	2021
EBITDA	**1,911**
Depreciation and amortization	(1,659)
Impairment	(4)
EBIT	**249**
Interest and Other Financial Income	307
Interest and Other Financial Expense	(40)
Income/(Loss) before Tax	**515**
Corporate Income Tax	116
Net Income from Continuing Operations	**632**
Net Income from Discontinued Operations	-
Net Income	**632**

2020 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total Con't Op	TIE Int	Total
Software as a Service	3,956	3,402	805	1,112	-	-	9,276	1,148	10,424
Maintenance and Support	324	1,802	181	333	-	-	2,639	1	2,639
Consultancy	1,075	656	459	801	-	-	2,991	430	3,422
Licenses	39	537	47	23	-	-	646	-	646
Revenues	**5,394**	**6,397**	**1,492**	**2,269**	**-**	**-**	**15,551**	**1,579**	**17,127**
Other Income	1	2	-	1	-	-	4	-	4
Intercompany Sales	75	118	-	36	860	(1,089)	-	-	-
Total Income	**5,469**	**6,517**	**1,492**	**2,306**	**860**	**(1,089)**	**15,555**	**1,579**	**17,133**
Cost of Sales	(1,509)	(3,011)	(364)	(1,481)	(869)	1,098	(6,136)	(788)	(6,924)
Gross Margin	**3,960**	**3,507**	**1,128**	**824**	**(9)**	**9**	**9,419**	**791**	**10,210**
Operating Expenses									
Employee Benefits	(832)	(704)	(340)	(426)	-	(2,636)	(4,939)	(268)	(5,207)
Other Operating Expenses	(1,280)	(1,980)	(373)	(544)	-	2,007	(2,170)	(187)	(2,357)
Total Operating Expenses	**(2,112)**	**(2,686)**	**(713)**	**(970)**	**-**	**(629)**	**(7,110)**	**(455)**	**(7,563)**
EBITDA	**1,848**	**821**	**415**	**(146)**	**(9)**	**(620)**	**2,309**	**337**	**2,647**

2020 Reconciliation of total continuing segments EBITDA to profit or loss

(€ x 1,000)

	2020
EBITDA (continuing operations)	**2,309**
Depreciation and amortization	(1,889)
Impairment	(298)
EBIT	**123**
Interest and Other Financial Income	25
Interest and Other Financial Expense	(62)
Income/(Loss) before Tax	**85**
Corporate Income Tax	(156)
Net Income from Continuing Operations	**(71)**
Net Income from Discontinued Operations	6,582
Net Income	**6,511**

The following tables include information on assets and liabilities of segments as well as other selected segment information, other than the measures of profit or loss for each segment. For the purposes of segment reporting, intercompany receivables and payables are included under the liabilities and not reclassified to assets if they are in a (net) receivable position for the respective segment.

2021 Other information on segments

(€ x 1,000)

Assets	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Intangible Fixed Assets	597	457	-	-	2,612	1,232	4,898
Tangible Fixed Assets	99	78	21	-	-	620	818
Deferred Tax Asset	-	215	-	-	-	409	625
Contract Cost Asset	61	50	11	-	-	-	122
Current Assets	2,026	1,897	454	561	24	7,241	12,203
Total Assets	**2,783**	**2,697**	**486**	**561**	**2,636**	**9,503**	**18,666**
Liabilities							
Non Current Liabilities	389	149	123	160	-	326	1,147
Current Liabilities	2,043	1,716	573	723	16	1,221	6,294
Intercompany Positions	(3,479)	(9,331)	(586)	(256)	14,292	(640)	-
Total Liabilities	**(1,047)**	**(7,466)**	**111**	**627**	**14,308**	**907**	**7,441**
Other Selected Items							
Capital expenditure	-	-	-	-	843	57	900
Impairment of fixed assets	4	-	-	-	-	-	4
Amortization and depreciation	78	107	17	2	1,175	280	1,659
FTE at year end	26	25	12	12	12	18	104

2020 Other information on segments

(€ x 1,000)

Assets	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Intangible Fixed Assets	618	451	-	-	2,931	1,300	5,300
Tangible Fixed Assets	98	186	37	7	-	690	1,019
Deferred Tax Asset	-	267	-	-	-	-	267
Contract Cost Asset	56	78	6	-	-	-	140
Current Assets	1,068	1,952	575	499	12	7,187	11,293
Total Assets	**1,840**	**2,935**	**618**	**506**	**2,943**	**9,177**	**18,019**
Liabilities							
Non Current Liabilities	116	183	105	95	-	774	1,273
Current Liabilities	1,573	2,563	544	828	6	1,311	6,825
Intercompany Positions	(2,340)	(9,366)	(403)	(473)	13,417	(835)	-
Total Liabilities	**(651)**	**(6,620)**	**245**	**450**	**13,423**	**1,250**	**8,098**
Other Selected Items							
Capital expenditure	-	-	-	-	1,032	23	1,055
Impairment of fixed assets	-	-	-	-	298	-	298
Amortization and depreciation	75	94	16	83	1,236	385	1,889
FTE at year end	25	25	10	13	3	16	92

The actual geographical distribution of intangible assets differs from the intangible assets distribution displayed above as part of the segment information as goodwill allocated to the French CGU is carried in a Dutch holding company. The geographical distribution of intangible assets is displayed below.

Geographical distribution of intangible fixed assets

(€ x 1,000)

	30 September 2021	30 September 2020
The Netherlands	4,288	4,696
North America	457	451
Germany	-	-
France	153	153
Total	**4,898**	**5,300**

In the table above, the intangible assets in the Netherlands include 100% of the TIE Kinetix N.V. and TIE Kinetix Holding B.V. intangible assets.

15 Revenues

The Company derives its revenues from four different streams:

» Software as a Service (SaaS);
» Maintenance and Support;
» Consultancy; and
» Licenses.

Further background on these revenue streams and associated performance obligations can be found in the Significant accounting policies, starting on page 72. Disaggregated information on revenues by type of revenue as well as by geographical region is disclosed in the Segment reporting, starting on page 101. In addition, the table below shows the disaggregation of revenues by timing of transfer of services to customers. Revenue that is recognized at a point in time regards to license revenue.

Disaggregation of revenue by timing of recognition
(€ x 1,000)

	2021	2020
At a point in time	331	646
Over time	14,525	14,905
Total Revenues	**14,856**	**15,551**

Contract assets and liabilities

Contract assets and liabilities per the balance sheet date can be specified as follows:

Details of contract balances
(€ x 1,000)

	30 September 2021	30 September 2020
Total contract assets	**379**	**303**
Deferred revenue (non-current)	571	484
Deferred revenue (current)	2,992	2,891
Total contract liabilities	**3,563**	**3,375**

Contract assets represent the Company's right to consideration for services delivered to a customer, but where the Company is not yet entitled to invoice the customer (for example because a contractual milestone is not yet reached). Contract assets mainly regard to consultancy revenues and partly to overage for which the Company does not yet have a right to receive consideration. There have been no significant changes to the contract asset balance during the period.

Deferred revenue represents the unearned portion of revenues for which consideration has been received from the customer. The Company strives to continuously balance its sales funnel so that there are sufficient consultancy projects planned and to prevent consultants becoming idle, while ensuring an excellent customer experience where customers can be served quickly. As such, any work that is prepaid for by customers will typically lead to recognition of consultancy revenues within a year after receipt of payment. An exception to this are setup fees for SaaS contracts. SaaS contracts include subscription fees and setup fees. Subscription fees are typically invoiced upfront annually. Subsequently revenue is recognized over the year. Setup fees for a contract are invoiced upfront and deferred over the contract life, which is on average 3 years. Maintenance and support agreements with customers entitle them to support and updates of our software. These maintenance and support revenues are typically invoiced upfront, deferred and recognized over the contract period, which is usually 12 months. There have been no significant changes to the contract liabilities balance during the period.

Of the total deferred revenue balance as of 30 September 2020, € 2,891k has been recognized as revenue in financial year 2021 (2020: € 4,807k included in the deferred revenue balance as of 30 September 2019). These amounts equal the short-term deferred revenue balances at the previous balance sheet date as these pertain largely to short term consultancy contracts and partially to deferred setup fees for which the revenue recognition pattern is known based on the contract life. There was no revenue recognized during the current or prior year from performance obligations (partially) satisfied in previous periods.

Remaining performance obligations

The revenue expected to be recognized in the future related to performance obligations that are (partially) unsatisfied at the balance sheet date amounts to € 12,931k (30 September 2020: € 11,896k). As SaaS contracts have an average duration of 3 years, the Company expects to realize these revenues over the course of the following 3 to 4 years (including implementation and setup time for SaaS contracts).

This estimate includes expected future revenues from ongoing SaaS and maintenance & support contracts, as well as deferred set-up fees to be recognized as revenues for those contracts. However, this estimate does not include:

» Revenue from future renewals after the initial contract term (or subsequent ongoing renewal term) has ended for SaaS and maintenance & support performance obligations;
» Overage revenue that is connected with SaaS. For overage fees charged, being usage-based royalties, the Company's right to consideration corresponds directly with the value to the customer of the Company's performance to date;
» Revenue from consultancy contracts that are partially or wholly unperformed, as those contracts have an expected duration of less than one year.

Contract costs

Contract cost assets are presented separately on the face of the statement of financial position and represent setup costs incurred under SaaS contracts. The amortization charge incurred during the year on such assets is included in the cost of sales.

Details of contract costs

(€ x 1,000)

	30 September 2021	30 September 2020
Non-current	119	140
Current	176	181
Total contract cost assets	**295**	**321**
Amortization recognized during the year	203	170

16 Other income

Details of other income
(€ x 1,000)

	2021	2020
Government grants	455	-
Other	-	4
Total other income	**455**	**4**

Government grants
During the financial year, the Group has recognized a COVID-19 related government grant. In FY 2020, the Company's subsidiary TIE Commerce Inc had received a loan under the United States Payroll Protection Program (PPP) - see also the note Other payables and accruals, starting on page 100. When relevant conditions were met during 2021, this loan was converted into a grant. A gain of € 455k ($ 550k) was recognized under 'Other income'.

The Company has further received (dissimilar) government grants that are deducted from the related expenses, refer to the note Operating expenses, starting on page 108.

17 Operating expenses

The expenses in the Consolidated Statement of Comprehensive Income have been presented based on their function.

Expenses by nature

The following tables detail the expenses by their nature, in a way that facilitates reconciliation to the expenses presented by their function.

2021 Expenses by nature
(€ x 1,000)

	Cost of Sales	Research & Development	Selling & Marketing	General & Administrative	Total Expenses 2021
Nature of expenses					
Direct Purchase Costs	2,155	-	-	-	2,155
Employee Benefits	3,596	129	2,285	3,059	9,069
Depreciation and Amortization	-	1,178	11	470	1,659
Impairments of Fixed Assets	-	-	-	4	4
Other Operating Expenses	-	80	237	1,859	2,176
Total	**5,751**	**1,387**	**2,533**	**5,391**	**15,063**

2020 Expenses by nature

(€ x 1,000)

	Cost of Sales	Research & Development	Selling & Marketing	General & Administrative	Total Expenses 2020
Nature of expenses					
Direct Purchase Costs	2,314	-	-	-	2,314
Employee Benefits	3,823	(250)	2,796	2,393	8,762
Depreciation and Amortization	-	1,218	2	669	1,889
Impairments of Fixed Assets	-	298	-	-	298
Other Operating Expenses	-	70	381	1,719	2,170
Total	**6,137**	**1,336**	**3,179**	**4,781**	**15,433**

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

Employee benefits under the R&D function represent the net of incurred employee benefits expenditures, any subsidies received, and the employee benefits capitalized as part of the software development costs under intangible fixed assets. Amortization and depreciation under the R&D function largely consists of the amortization of the capitalized software development costs.

The cost of sales for 2020 include an amount of € 338k of third party contractor expenses on the line 'employee benefits', which was classified as a separate line item called 'third party hire' in the statement of comprehensive income in the consolidated financial statements 2020.

The other operating expenses include impairment losses on financial assets as further detailed in the note Trade receivables, starting on page 94.

Employee Benefits

Details of employee benefit expenses

(€ x 1,000)

	2021	2020
Salaries	5,885	6,024
Salaries variable component	811	1,011
Social security charges	639	584
Contributions to post employment arrangements	281	238
Invoiced management fees	555	260
Supervisory Board remuneration	47	42
Third party contractors and temporary employees	444	612
Share-based payment expense	542	-
Other employee benefit expenses	1,098	1,412
Government grants	(227)	(173)
Transfer to contract cost asset	(173)	(227)
Capitalized R&D employee cost	(833)	(1,021)
Total	**9,069**	**8,762**

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 (401k) in the United States.

The invoiced management fees regard to remuneration due to the members of the Executive Board that is invoiced through a management company. Further details on this and on the Supervisory Board remuneration are provided in the note Related party disclosures, starting on page 114.

For details on the share-based payments, reference is made to note Share-based payments, starting on page 98.

The governments grants relate to WBSO ('Wet Bevordering Speur- en Ontwikkelingswerk') received in the Netherlands for employee costs spent incurred for research & development activities and to a lesser extent to Kug ("Kurzarbeidergeld") subsidies received in Germany.

The capitalized R&D employee costs relates to research and development costs that are capitalized as internally developed intangible assets, refer to note Intangible fixed assets, starting on page 88.

Number of employees

FTE per department as at year-end

	2021	2020
Research and Development	11	8
Sales and Marketing	28	25
Consulting and Support	42	41
General and Administrative	23	18
Total[1)]	**104**	**92**

[1)] Of which 48 are employed abroad (2020: 47)

Other Operating Expenses

Details of other operating expenses

(€ x 1,000)

	2021	2020
Accommodation Expenses	177	183
Professional Service	860	518
Communications Expenses	440	454
Marketing Expenses	151	341
Travel	21	147
Office & Computer Supplies	303	327
General & Administration	224	200
Total	**2,176**	**2,170**

Auditor's remuneration

Included in the expenses for professional services are the fees charged by the Company's external auditor. These are detailed in the table below and represent the amounts expensed by the Company for the periods presented.

Details of auditor's remuneration
(€ x 1,000)

	2021	2020
	BDO Audit & Assurance B.V.	BDO Audit & Assurance B.V.
Audit of the financial statements	242	236
Other audit services	24	-
Tax advisory services	-	-
Other non-audit services	-	-
Total	**266**	**236**

18 Financial income and expenses

Details of financial income and expenses
(€ x 1,000)

	2021	2020
Interest income	202	25
Interest expense	(40)	(33)
Exchange rate gain/loss	106	(30)
Total	**267**	**(37)**

Exchange rate gains and losses include realized and unrealized gains and losses. They are classified as either financial income or financial expense in the statement of comprehensive income depending on their aggregate amount.

In 2021, the exchange rate gains and losses include a gain of € 36k related to the currency translation reserve attributable to TIE Asia-Pacific Ltd, which was reclassified to profit or loss upon liquidation of this group company during 2021. In this respect, reference is also made to the note Equity, starting on page 97.

19 Corporate income tax charge

Details of corporate income tax charge
(€ x 1,000)

	2021	2020
Deferred tax expense/(income) relating to origination and reversal of temporary differences	44	(32)
Deferred tax expense/(income) relating to (de)recognition of unused tax losses	(408)	-
Deferred tax charge	**(364)**	**(32)**
Current period tax charge	184	188
Adjustments recognized for current tax of prior periods	63	-
Current tax charge	**247**	**188**
Income Tax reported in the Statement of Comprehensive Income	**(116)**	**156**

Effective tax reconciliation

The Company is domiciled in the Netherlands and its subsidiaries operate predominantly in the Netherlands, Germany, France and North America. As a basis for the effective tax reconciliation, management has applied the applicable tax rates in the Netherlands to the Company's profit before tax. Such rates are 25%, or 16.5% for profits until € 200k (2020: 25%/19%).

Reconciliation between applicable and effective income tax
(€ x 1,000)

	2021	2020
Result from continuing operations before income tax expense	515	85
Result from discontinued operations before income tax expense	-	6,582
Total result before income tax expense	**515**	**6,668**
Tax expense at the Company's statutory tax rate	**112**	**1,655**
Effect of foreign tax rates	(37)	(38)
Non-taxable income	-	(1,508)
Non-deductible expenses	10	105
Utilization of previously unrecognized tax losses against current tax	-	(106)
Recognition of previously unrecognized tax losses as deferred tax asset	(408)	-
Tax losses and deductible temporary differences not recognized	93	36
Impact of other taxes classified as income taxes	49	-
Prior period tax adjustments	63	-
Other	3	12
Corporate income tax charge (benefit)	**(116)**	**156**

The non-taxable income in 2020 regards to the gain on the sale of TIE International B.V. (see the note Acquisitions and disposals, starting on page 87) which was exempt from corporate income taxes.

The impact of other taxes classified as income taxes regards to US state taxes that classify as income taxes.

20 Earnings per share

Basic earnings per share

The following table details basic earnings per share, broken down into basic earnings per share from continuing and from discontinued operations.

Basic earnings per share

	2021	2020
Net income from continuing operations (€ * 1,000)	632	(71)
Net income from discontinued operations (€ * 1,000)	-	6,582
Net income (€ * 1,000)	**632**	**6,511**
Weighted average number of shares outstanding (thousands)	**1,649**	**1,623**
Basic earnings per share from continuing operations (€)	0.38	(0.04)
Basic earnings per share from discontinued operations (€)	-	4.06
Basic earnings per share - total (€)	**0.38**	**4.01**

Diluted earnings per share

Diluted earnings per share take into effect the dilutive effect of warrants upon exercise. There are no other instruments with dilutive effects. The following table details diluted earnings per share, broken down into diluted earnings per share from continuing and from discontinued operations.

Diluted earnings per share

	2021	2020
Net income from continuing operations (€ * 1,000)	632	(71)
Net income from discontinued operations (€ * 1,000)	-	6,582
Net income (€ * 1,000)	**632**	**6,511**
Weighted average number of shares outstanding (thousands)	1,649	1,623
Dilutive effect of warrants (thousands)	190	78
Weighted average number of shares outstanding (thousands) - fully diluted	**1,839**	**1,701**
Diluted earnings per share from continuing operations (€)	0.34	(0.04)
Diluted earnings per share from discontinued operations (€)	-	3.87
Diluted earnings per share - total (€)	**0.34**	**3.83**

21 Related party disclosures

Key Management remuneration

Key management consists of the members of the Executive Board.

Executive Board remuneration
(€ x 1,000)

	Jan Sundelin, CEO		Michiel Wolfswinkel, CFO		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Periodic remuneration	276	250	248	200	524	450
Variable remuneration	150	288	135	230	285	518
Company car	16	18	14	17	30	35
Total short term employee benefits	**442**	**556**	**397**	**447**	**839**	**1,003**
Post-employment benefits	-	-	6	25	6	25
Share-based payment	285	-	257	-	542	-
Total remuneration	**727**	**556**	**660**	**472**	**1,387**	**1,028**

The periodic remuneration expensed in 2021 relates partly to a catch-up of base salary for 2020 as the Executive Board members did not receive an increase in base salary in 2020.

The share-based payment that is accounted for in 2021 relates to both 2020 and 2021. Reference is made to the note Share-based payments, starting on page 98.

Part of the variable compensation in 2020 related to the divestment of TIE International B.V. for which the CEO received € 162.5k gross compensation and the CFO received € 130k gross compensation. These expenses were treated as transaction costs for the sale and classified as part of the result on the sale. Refer to the disclosure note Acquisitions and disposals, starting on page 87 on the divesture.

Remuneration and expenses of the CEO are paid to his personal management B.V., CAPTA Management B.V. and his pension B.V., Bred Import B.V.. Starting during 2021, remuneration and expenses of the CFO are also paid to his personal management B.V., CouCou Compagnie B.V.

Supervisory Board remuneration

The General Meeting of Shareholders sets the remuneration of the members of the Supervisory Board. Members of the Supervisory Board are entitled to a fixed remuneration as well as a reimbursement for travel expenses incurred.

Supervisory Board remuneration
(€ x 1,000)

	Position	Remuneration 2021	Remuneration 2020
Georg Werner	Chairman	20	20
Gerdy Harteveld-Smeets	Member	10	10
Per Nordling	Member	10	10
Total fixed remuneration		**40**	**40**
Travel expenses reimbursed		7	2
Total remuneration		**47**	**42**

Composition of the Group

The consolidated financial statements include the financial information of TIE Kinetix N.V., located in Breukelen, the Netherlands, and its direct and indirect subsidiaries as included in the following table.

Group companies

Name	Statutory Seat	30 September 2021	30 September 2020
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE Kinetix Europe B.V.	Amsterdam, The Netherlands	100%	100%
TIE Kinetix Holding B.V.[1)]	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE Kinetix S.A.S.	Montpellier, France	100%	100%
TIE Asia-Pacific Ltd[2)]	Hong Kong, People's Republic of China	0%	100%
TIE Kinetix DACH GmbH[3)]	München, Germany	100%	100%
Performance Analytics GmbH[4)]	München, Germany	100%	100%
TIE Ascention GmbH	St. Gallen, Switzerland	100%	100%
TIE Kinetix Ltd	Marlow, United Kingdom	100%	100%

1) Formerly named Gordian Investments B.V.
2) TIE Asia-Pacific Ltd has been liquidated during 2021
3) Formerly named TIE TFT Holding GmbH
4) Formerly named TFT TIE Kinetix GmbH

22 Commitments and contingent liabilities

Collateral

The Company has a working capital facility with Rabobank amounting to € 1,210k. 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 lease of the office in Breukelen, the Netherlands the Company issued a bank guarantee of € 69k, and for the lease of space in Germany a bank guarantee of € 40k.

Litigation

In 2020, the Company reached an out of court settlement with a third party software provider. The settlement provided for compensation of costs related to prior years, payable by the Company, amounting to € 85k ($ 100k). These costs have been included under cost of sales in 2020.

23 Subsequent events

There have been no subsequent events requiring disclosure.

Company Financial Statements

Company Balance Sheet

(€ x 1,000)

	Notes	30 September 2021		30 September 2020	
Non-Current Assets					
Intangible Fixed Assets	A	-		1,147	
Tangible Fixed Assets	B	-		690	
Financial Fixed Assets	C	6,459		15,946	
Total Non-Current Assets			**6,459**		**17,783**
Current Assets					
Receivables and Prepayments	D	108		3,341	
Cash and Cash Equivalents		7,057		3,771	
Total Current Assets			**7,165**		**7,112**
Total Assets			**13,624**		**24,895**
Shareholders' Equity	E				
Share Capital		168		163	
Share Premium		58,462		58,304	
Foreign Currency Translation Reserve		27		45	
Other Legal Reserves		2,603		2,930	
Retained Earnings		(50,665)		(58,031)	
Result for the Year		632		6,511	
Total Equity			**11,225**		**9,922**
Provisions	F		**2,037**		**1,872**
Non-Current Liabilities	G		**-**		**428**
Current Liabilities	H		**362**		**12,674**
Total Equity and Liabilities			**13,624**		**24,895**

Company Income Statement

(€ x 1,000)

	Notes		2021		2020
Income					
Revenues		59		-	
Other Income		3,552		3,019	
Total Income			**3,611**		**3,019**
Operating expenses					
Employee Benefits	I	(2,591)		(2,191)	
Depreciation and Amortization	A,B	(280)		(385)	
Other Operating Expenses		(1,436)		(1,444)	
Total Operating Expenses			**(4,306)**		**(4,020)**
Operating Income/(loss)			**(695)**		**(1,001)**
Interest and Other Financial Income			291		25
Interest and Other Financial Expense			(29)		(98)
Income/(loss) before Tax			**(433)**		**(1,074)**
Corporate Income Tax	J		408		-
Share in Result of Subsidiaries	K		657		7,585
Net Income/(loss)			**632**		**6,511**

Corporate Information

The Company financial statements for the year ended September 30, 2021 are authorized for issue through a resolution of the Executive Board dated 30 November, 2021. The General Meeting of Shareholders, to be held on March 25, 2022, will be requested to adopt 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 and the firm pronouncements of the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board (DASB). The Company uses the option based on article 2:362 subsection 8 of the Dutch Civil Code to apply the principles applied in the consolidated financial statements to recognition and measurement of assets and liabilities and determination of the result. In addition, the Company applies the accounting policies below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at net asset value determined in accordance with the accounting principles as applied in the consolidated financial statements. Under the net asset value method, the gain or loss of a subsidiary is recognized in the income statement under the 'Share in result of subsidiaries' and debited or credited to the investment's carrying value in the balance sheet. The carrying value of the investment is reduced by any dividends received from the investment. When a subsidiary is loss making and the recognition of such losses reduces the carrying value of the investment to zero, further losses are attributed to any receivables on the investee that form part of the net investment in the subsidiary.

Foreign currency translation differences on investments in subsidiaries with a different functional currency than the euro, the Company's functional and presentation currency in these financial statements, are recognized directly in equity in the foreign currency translation reserve. This also applies to any currency translation differences on receivables and payables that form part of the net investment in the subsidiary and are denominated in a currency other than the euro.

Expected credit losses on intercompany receivables

Expected credit losses are recognized on all financial assets in line with the accounting policy on impairment of financial assets as included in the consolidated financial statements. This includes any intercompany receivables. In line with the exemption provided by the DASB, however, such expected credit losses on intercompany receivables are eliminated in these financial statements. The elimination takes place against the carrying value of the intercompany receivables themselves.

Provision for subsidiaries

Where the carrying value of the net investment in a subsidiary has been reduced to zero, further losses are not recognized, unless the Company is liable for the subsidiary under a legal or constructive obligation arising from a past event, it is probable than an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenues

For purposes of these financial statements, revenues concern income under contracts with third parties. Other income pertains to holding charges and management fees that are charged to group companies.

Restatement of prior period

Changes in presentation

During the year, management has made the changes to the presentation of the primary statements in these Company financial statements to align closer with model D of the Decree on Model Accounts ("Besluit Modellen Jaarrekening") for the balance sheet and model E of the Decree on Model Accounts for the income statement. These changes were made in order to achieve an improved presentation that is more in line with common accounting practice and therefore improves comparability. These presentation changes qualify as a change in accounting policy and the comparative figures have therefore been restated to reflect the amended presentation. The restatement had no impact on equity or result as reported in last year's Company financial statements. The changes were as follows:

» In line with the applied model, the current assets, non-current liabilities and current liabilities are presented in an abbreviated manner on the face of the balance sheet with details provided in the disclosure notes;
» Provisions are presented as a separate category on the face of the balance sheet rather than as part of respectively non-current and current liabilities; and
» Items of income and expenses are more clearly separated on the face of the income statement.

Correction of error

During the year, management concluded that the company financial statements of prior year contained an error as the net investments in subsidiaries and payables to group companies had been incorrectly determined in accordance with the applicable accounting principles in prior years. This impacted several line items. As a result, a provision for investments in subsidiaries in a negative net investment position should have been recorded. In turn this impacted the equity and result of the Company. Additionally, an amount of € 1.1 million of intercompany liabilities was erroneously presented as other (non-intercompany) current liabilities, more specifically under the 'Other payables and accruals'. As the effect of these errors was determined to be material, the comparatives in these company financial statements have been restated. The effect of such restatements on balances as at 30 September 2020 is detailed in the table below. In addition, adjustments have been made to the opening balances of the comparative year (as at 1 October 2019) as included in the movement schedules in these company financial statements.

Effect of prior period restatement
(€ x 1,000)

	Amount per 2020 financial statements	Restated amount	Impact
Balance sheet			
Financial fixed assets	13,494	15,946	2,452
Total assets	**22,443**	**24,896**	**2,453**
Shareholders' equity	10,217	9,922	-295
Provisions	-	1,872	1,872
Intercompany liabilities	9,250	11,228	1,978
Other current liabilities	2,547	1,446	-1,101
Total current liabilities	**11,797**	**12,674**	**877**
Total equity and liabilities	**22,443**	**24,896**	**2,453**
Income statement			
Income/loss before tax	-1,074	-1,074	-
Share in result of subsidiaries	7,901	7,585	-316
Net result	**6,827**	**6,511**	**-316**

A Intangible fixed assets

The movements in intangible fixed assets are disclosed in the movement schedule below.

Movement schedule of intangible fixed assets
(€ x 1,000)

	Goodwill	Software	Total
Carrying value as at October 1, 2019	**1,046**	**204**	**1,250**
Movements 2020			
Investments	-	2	2
Amortization	-	(104)	(104)
Carrying value as at September 30, 2020	**1,046**	**101**	**1,147**
Accumulated investments	1,046	714	1,760
Accumulated amortization	-	(502)	(502)
Accumulated impairments	-	(110)	(110)
Carrying value as at September 30, 2020	**1,046**	**101**	**1,147**
Movements 2021			
Additions	-	2	2
Amortization	-	(70)	(70)
Restructuring	(1,046)	(33)	(1,079)
Carrying value as at September 30, 2021	**-**	**-**	**-**
Accumulated investments	-	-	-
Accumulated amortization	-	-	-
Accumulated impairments	-	-	-
Carrying value as at September 30, 2021	**-**	**-**	**-**
Useful life	Indefinite	3-7 years	

Purchased software consisted of third party software used for the My-TIE internal support system.

Per 30 September 2021, the intangible assets were transferred in full as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 123.

B Tangible fixed assets

The movements in tangible fixed assets are disclosed in the movement schedule below.

Movement schedule of tangible fixed assets
(€ x 1,000)

	Leasehold Improvements	Right-Of-Use Asset	Hardware	Total
Balance as at October 1, 2019	**35**	**201**	**55**	**291**
Movements 2020				
Additions	1	657	21	680
Depreciation	(31)	(233)	(17)	(281)
Balance as at September 30, 2020	**6**	**625**	**59**	**690**
Accumulated investments	398	858	212	1,468
Accumulated depreciation	(392)	(233)	(153)	(778)
Balance as at September 30, 2020	**6**	**625**	**59**	**690**
Movements 2021				
Additions	-	102	50	152
Disposals	-	(39)	-	(39)
Depreciation	(5)	(182)	(24)	(211)
Depreciation on disposals	-	39	-	39
Other	-	(17)	-	(17)
Restructuring	(1)	(528)	(85)	(614)
Balance as at September 30, 2020	**-**	**-**	**-**	**-**
Accumulated investments	-	-	-	-
Accumulated depreciation	-	-	-	-
Balance as at September 30, 2020	**-**	**-**	**-**	**-**
Useful life	4 to 10 years	Lease term	3 to 5 years	

The investments in leasehold improvements and the right of use assets predominantly relate to the lease of the Breukelen head office, leasehold improvements thereof and office equipment.

Per 30 September 2021, the tangible fixed assets were transferred in full as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 123.

C Financial fixed assets

The movements in financial fixed assets are disclosed in the movement schedule below.

Movement schedule of financial fixed assets

(€ x 1,000)

	Investments in subsidiaries	Receivables from subsidiaries	Deferred tax asset	Total
Balance as at September 30, 2019	**14,499**	**2,036**	**-**	**16,535**
IFRS 16 restatement of opening balance	(64)	(20)	-	(84)
Opening balance as at October 1, 2019	**14,434**	**2,017**	**-**	**16,451**
Movements 2020				
Share in result of subsidiaries	2,010	(176)	-	1,834
Add: Share in result recognized in provision	-	136	-	136
Currency translation differences	(639)	33	-	(606)
Movements in intercompany funding	-	337	-	337
Disposals	(2,206)	-	-	(2,206)
Balance as at September 30, 2020	**13,599**	**2,347**	**-**	**15,946**
Movements 2021				
Share in result of subsidiaries	1,954	(1,297)	-	657
Add: Share in result recognized in provision	(2)	167	-	165
Currency translation differences	130	(7)	-	123
Movements in intercompany funding	-	524	-	524
Restructuring	(9,631)	(1,734)	-	(11,365)
Recognition of deferred tax asset	-	-	408	408
Balance as at September 30, 2021	**6,051**	**-**	**408**	**6,459**

Investments in subsidiaries

The Company holds investments in the following subsidiaries:

Shares in directly held subsidiaries

Name	Statutory Seat	30 September 2021	30 September 2020
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	0%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	0%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	0%	100%
TIE Kinetix Europe B.V.	Amsterdam, The Netherlands	0%	100%
TIE Kinetix Holding B.V.[1)]	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	0%	100%
TIE Commerce Inc.	Burlington, MA, USA	0%	100%
TIE Asia-Pacific Ltd[2)]	Hongkong, People's Republic of China	0%	100%

1) Formerly named Gordian Investments B.V.

2) TIE Asia-Pacific Ltd has been liquidated during 2021

The share in result and direct equity movements of subsidiaries (such as currency translation effects) are applied to the receivables from subsidiaries where such receivables are part of the net investment and the investment in the respective subsidiary is carried at nil, hence the net asset value method is applied to the intercompany receivable. Such receivables include informal capital contributions made. Currency translation differences on investments in subsidiaries, as well as on receivables that are part of the net investment and payables that are part of the net investment (refer to the note Current liabilities, starting on page 128) are recognized in the foreign currency translation reserve in equity.

Disposals in 2020 related to the disposal of TIE International B.V. Part of the disposal was also a current intercompany liability that was settled.

Legal restructuring

On 30 September 2021, the Company transferred all of its investments in other subsidiaries to its sole remaining subsidiary, TIE Kinetix Holding B.V., through a contribution in kind. Alongside the investments in subsidiaries, also the related goodwill and intercompany receivables and payables were contributed. Besides this, nearly all of the Company's staff and most other assets and liabilities were also transferred. This included also all intangible fixed assets and tangible fixed assets of the Company. Deferred tax assets for tax losses carried forward of the Dutch fiscal unity continue to be held by the N.V.

The transfers were made as part of the plan to achieve:

» A straightforward and clear holding structure within the Group (i.e. the N.V. holds only one investment in an intermediate holding, which in turn holds the rest of the group companies); and
» A lean ultimate parent company (i.e. by moving overheads to TIE Kinetix Holding B.V. resulting in a simpler company-only income statement for the N.V.).

Receivables from subsidiaries

The receivables from subsidiaries included both receivables from directly and indirectly held subsidiaries. Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2020: 0% and 5.5%). There were no repayment schedules, nor did management have the intention to recall funds and as such, they were classified as non-current.

Per 30 September 2021, all intercompany receivables and payables were contributed to TIE Kinetix Holding B.V.

Deferred tax asset

The deferred tax asset relates to tax losses carried forward attributable to the Company as head of the fiscal unity. See also the note Income taxes, starting on page 128.

For further details, reference is made to the consolidated financial statements, note Deferred taxes, starting on page 92.

D Receivables and prepayments

Details of receivables and prepayments
(€ x 1,000)

	30 September 2021	30 September 2020
Trade debtors	-	23
Income tax receivable	-	-
Taxation and social security	107	106
Other receivables and prepayments	1	212
Loan receivable	-	3,000
Total	**108**	**3,341**

Taxation and social security relates to recoverable VAT for both years presented.

E Shareholders' equity

The Company's authorized share capital amounts to € 500k, consisting of 5 million ordinary shares with a nominal value of € 0.10 each. Details on shares issued during the year can be found in the note Equity, starting on page 97.

Movement schedule of shareholders' equity
(€ x 1,000)

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Legal Reserves	Retained Earnings	Result for the year	Total Equity
Balance as at 30 September, 2019	**162**	**58,256**	**76**	**3,044**	**(56,734)**	**(1,315)**	**3,489**
IFRS 16 restatement of opening balance	-	-	-	-	(97)	-	(97)
Balance as at 1 October, 2019	**162**	**58,256**	**76**	**3,044**	**(56,830)**	**(1,315)**	**3,393**
Appropriation of prior year result	-	-	-	-	(1,315)	1,315	-
Shares issued	1	48	-	-	-	-	49
Currency translation differences	-	-	(31)	-	-	-	(31)
Transfers to (from) legal reserve	-	-	-	(114)	114	-	-
Result for the year	-	-	-	-	-	6,511	6,511
Balance as at September 30, 2020	**163**	**58,304**	**45**	**2,930**	**(58,031)**	**6,511**	**9,922**
Appropriation of prior year result	-	-	-	-	6,511	(6,511)	-
Shares issued	5	158	-	-	-	-	163
Currency translation differences	-	-	(18)	-	-	-	(18)
Transfers to (from) legal reserve	-	-	-	(327)	327	-	-
Share-based payment expense	-	-	-	-	542	-	542
Other	-	-	-	-	(15)	-	(15)
Result for the year	-	-	-	-	-	632	632
Balance as at September 30, 2021	**168**	**58,462**	**27**	**2,603**	**(50,665)**	**632**	**11,225**

Legal reserves
The legal reserves consist of:

» Foreign currency translation reserve: This represents the cumulative foreign currency exchange differences from the translation of the financial statements of the foreign subsidiaries
» Other legal reserves: This pertains to a reserve for subsidiaries. The equity of TIE Kinetix Holding B.V. (in prior year: TIE Product Development B.V.) is not fully distributable due to a legal reserve for capitalized software development costs at the level of TIE Product Development B.V..

In 2021, the movement in the foreign currency translation reserve includes a reclassification adjustment that is recognized in Interest and Other Financial Income in the Company's income statement. For details refer to the note on Financial income and expenses, starting on page 111 of the consolidated financial statements.

Appropriation of 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 Executive Board proposes that the net result of € 632k will be added to retained earnings in shareholders' equity.

F Provisions

Movement schedule of provision for subsidiaries
(€ x 1,000)

	30 September 2021	30 September 2020
Opening balance as at October 1	**1,872**	**1,576**
Share in negative result of subsidiaries	165	136
Movements in intercompany funding	-	160
Closing balance as at September 30	**2,037**	**1,872**

The restated company balance sheet (refer to the Notes to the Company Financial Statements, starting on page 119) includes a provision for investments in subsidiaries of the Company, for which the restated net investment was nil per 30 September 2020, and the Company has a legal obligation for liabilities of those subsidiaries, arising from liability declarations under article 2:403 DCC.

The share in negative result of subsidiaries that is recognized in the provision for subsidiaries is classified in the income statement under the share in result of subsidiaries.

The movements in intercompany funding in 2020 pertain to derecognition of an intercompany receivable that was part of the net investment in a subsidiary for which a provision was recognized. Per 30 September 2020, provisions would have been expected to be settled after one year (hence non-current).

While the subsidiaries to which the provision pertains were transferred to TIE Kinetix Holding B.V. as part of the legal restructuring of the Group per 30 September 2021 (refer to the note Financial fixed assets, starting on page 123), the provision itself remains recognized by the Company as the liability declarations under article 2:403 DCC for the respective subsidiaries (refer to the note Commitments and contingent liabilities, starting on page 129) remain in effect. Per 30 September 2021, provisions are expected to be settled within one year.

G Non-current liabilities

As at 30 September 2020, the non-current liabilities regarded fully to lease liabilities. Per 30 September 2021, these have been transferred als part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 123.

H Current liabilities

Details of current liabilities
(€ x 1,000)

	30 September 2021	30 September 2020
Trade creditors	268	258
Taxation and social security contributions	92	95
Income tax payable	-	-
Intercompany payables	1	11,228
Other accruals and payables	1	888
Lease liability (current)	-	205
Total	**362**	**12,674**

No interest is due on the intercompany payables. In 2021, an amount of € 105k of currency translation loss on the intercompany payable denominated in USD as recognized directly in equity, as this payable was part of the Company's net investment in TIE Commerce Inc (2020: currency translation gain of € 575k).

Per 30 September 2021, most current liabilities were transferred in full as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 123.

I Employee benefits

The Company has 2 employees per year-end 2021 (2020: 15). Employees have been transferred to TIE Kinetix Holding B.V. per 30 September 2021 as part of the legal restructuring, see the note Financial fixed assets, starting on page 123. The remaining 2 employees are still to be transferred in 2022.

J Income taxes

The fiscal unity that the Company is the head of, holds unrecognized deferred tax assets with respect to past tax losses amounting to € 8.818k (2020: 6.671k). Given the available tax losses carried forward, there is no current tax payable. The corporate income tax benefit for the year 2021 regards fully to the recognition of a deferred tax asset (see note: Financial fixed assets, starting on page 123) for tax losses carried forward in the amount of € 2.717k. Reference is made also to the note Corporate income tax charge, starting on page 112 of the consolidated financial statements.

K Share in result of subsidiaries

The share in results of subsidiaries is specified below in a way that allows for reconciliation to results from continuing and discontinued operations in the consolidated financial statements.

Share in result of subsidiaries
(€ x 1,000)

	2021	2020
Share in result of subsidiaries	657	1,834
Less: Share in result of TIE International B.V.	-	(339)
Less: Gains on settled IC positions with TIE International B.V.	-	(492)
Share in result of subsidiaries for continuing operations	**657**	**1,002**
Share in result of TIE International B.V.	-	339
Gain on sale of TIE International B.V.	-	6,243
Net income from discontinued operations	**-**	**6,582**
Total income from subsidiaries	**657**	**7,585**

TIE International B.V. is a former 100% subsidiary that was sold in 2020; its results were accounted for as a discontinued operation in the consolidated financial statements.

The gains on settled intercompany positions with TIE International B.V. in 2020 relate to intercompany positions of subsidiaries of the Company and as such those gains were recognized as part of the share in result of subsidiaries.

L Commitments and contingent liabilities

Fiscal unity

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.

Income taxes are settled between members of the fiscal unity based on the taxable result of the members, taking into account the allocation of benefits of the fiscal unity to each of its members. Tax losses carried forward are accounted for at the level of TIE Kinetix N.V. as head of the fiscal unity. Other deferred tax positions are accounted for at the level of the members of the fiscal unity.

Other

In respect of Dutch subsidiaries the Company has issued written declarations of liability as referred to in Art. 403, Title 9 Book 2 of the Dutch Civil Code. As a consequence it is a legal requirement to produce but not file the annual report of these companies in conformity with the article of the law mentioned.

These liability declarations pertain to the following group companies:

» TIE Product Development B.V.
» TIE MamboFive B.V.
» TIE Nederland B.V.
» TIE Kinetix Holding B.V. (formerly named Gordian Investments B.V.)
» TIE Kinetix Europe B.V.
» Pingli B.V.

M Signatures

Breukelen, 30 November 2021

J.B. Sundelin CEO, TIE Kinetix N.V.	M. Wolfswinkel CFO, TIE Kinetix N.V.

Other Information

Appropriation of Net Result

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.

Independent Auditor's Report

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

A. Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements for the year ended 30 September 2021 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	OUR OPINION
The consolidated financial statements comprise: 1. the consolidated statement of financial position as at 30 September 2021; 2. the following statements for the year ended 30 September 2021: the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	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 2021 and of its result and its cash flows for the year ended 30 September 2021 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 2021; 2. the company income statement for the year ended 30 September 2021; 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 2021 and of its result for the year ended 30 September 2021 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 audit materiality applied for the financial statements as a whole at € 260,000. Materiality is based on revenues (representing 1.75% 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 refer to section "Scope of the group audit".

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 any audit misstatements in excess of € 13,000 would be reported to them, as well as smaller misstatements that in our view must be reported for qualitative reasons.

Scope of the group audit

TIE Kinetix N.V. is at the 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 considered an entity significant when:

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

To this extent we:

» performed audit procedures ourselves at group entities TIE Kinetix N.V. (Netherlands), TIE Kinetix Nederland B.V. (Netherlands), TIE Product Development B.V. (Netherlands), TIE Commerce Inc. (United States), TIE Kinetix S.a.S. (France), TIE TFT Holding GmbH (Germany) and TIE Kinetix GmbH (Germany);
» performed review procedures or specific audit procedures ourselves 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 on the consolidated financial statements.

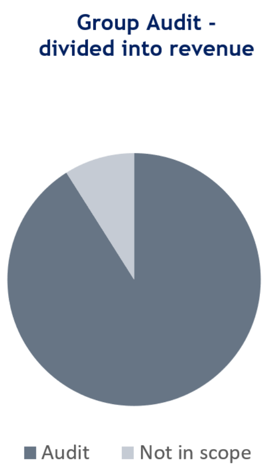
Our key audit matters

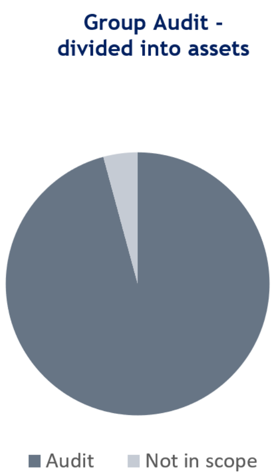
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We communicated the key audit matters to the Supervisory Board**.** The key audit matters are not a comprehensive reflection of all matters discussed.

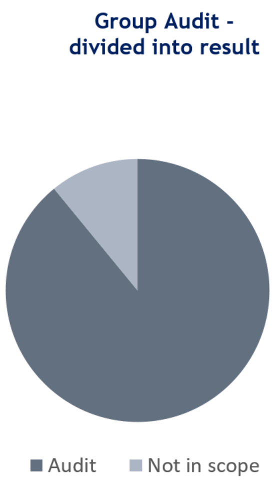
The below two key audit matters are consistent with prior year. Last year, we also reported a key audit matter related to the discontinued operations with regard to the sale of TIE International B.V. As the divestment was completed in the prior year, it no longer is a key matter in our audit.

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 present and overview of coverage of revenue, assets and results attained by the audit procedures in scope:







REVENUE RECOGNITION, INCLUDING TIMING OF REVENUE RECOGNITION	OUR AUDIT APPROACH
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. Refer to the accounting policy Revenue recognition on page 77. Revenue arrangements 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 we considered revenue recognition to be a key audit matter.	For each source of income, except for the non-significant source of income 'software licenses fees', 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: » Regarding Consultancy revenues, we tested whether the related revenues are recorded when the performance obligations are satisfied. » For Software as a Service (SaaS) revenues, we 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 tested the reliability 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. » Additional procedures are also performed for (less significant) Maintenance and Support revenues: we 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. 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 various substantive testing, including detailed contract reviews, revenue cut-off procedures, journal entry testing and data- and logging analyses. Additionally, we performed analytical procedures.

INTERNALLY GENERATED INTANGIBLE ASSETS	OUR AUDIT APPROACH
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 € 0.8 million development costs was capitalized in respect of development hours with respect to the FLOW proposition. Refer to note 2 Intangible fixed assets on page 88. 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 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 inquired at appropriate management levels within the company, reviewed development projects and reviewed sales forecasts. » We assessed the adequacy of the presentation and 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:

- Report from the Supervisory Board;
- Report from the Executive Board;
- the remuneration report on page 38;
- the other information on page 132;
- Letter from the Chief Executive Officer, Statements from the Executive Board, Risk Management and Control, Corporate Governance, Corporate Responsibility, and Investor Relations.

Based on the following procedures performed, we concluded 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 and Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code.

We read the other information. Based on 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 Section 2:135b sub-Section 7 of the Dutch Civil Code 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.

The Executive Board is responsible for the preparation of the other information, including the Report from the Executive Board, the Letter from the Chief Executive Officer, Statements from the Executive Board, Risk Management and Control, Corporate Governance, Corporate Responsibility, and Investor Relations 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 and the remuneration report in accordance with Sections 2:135b and 2:145 sub-Section 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 financial year ended 30 September 2014 and we have been engaged as statutory auditor ever since that financial year.

No prohibited non-audit services
We did not provide 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 exercised professional judgement and maintained professional scepticism 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.

Since we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we determined the nature and extent of the audit procedures to be carried out for group entities. In this context, the size and/or the risk profile of the group entities or operations were decisive for the scope of procedures performed. 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 communicated 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 identified during our audit. In this respect, we also submitted 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 provided the Supervisory Board with a statement that we complied with relevant ethical requirements regarding independence, and communicated to 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 determined the key audit matters: those matters that were of most significance in the audit of the financial statements. We described these matters in our auditor's report unless law or regulation precludes public disclosure of the matter or when, in extremely rare circumstances, not communicating the matter is in the the public's interest.

Amstelveen, 30 November 2021

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

sgd. A.P. van Veen RA

(€ x 1,000)

	2021	2020	2019[1)]
Results from continuing operations			
Adjusted revenues[2)]	14,856	14,749	12,797
of which: SaaS revenues	9,688	8,478	7,086
Revenues (IFRS)	14,856	15,551	14,321
Of which: SaaS revenues	9,688	9,275	8,267
Gross margin	9,105	9,414	8,111
Gross margin (% of revenues)	61%	61%	57%
EBITDA	1,911	2,309	328
EBITDA margin (% of revenues)	13%	15%	2%
EBIT	249	123	(970)
Net result	632	(71)	(1,282)
Year-end balance sheet			
Cash and cash equivalents	9,921	5,886	2,041
Equity	11,225	9,922	3,490
Number of FTE at year-end	104	92	103
Per share information			
Number of weighted average shares outstanding (thousands)	1,649	1,623	1,623
Basic earnings per share from continuing operations (€)	0.38	(0.04)	(0.79)
Number of shares outstanding at year-end (thousands)	1,679	1,633	1,627
Net asset value per share (€)	6.69	6.08	2.14
Cash and cash equivalents per share (€)	5.91	3.61	1.25
Share price at year-end (€)	22.20	15.30	8.80

1) Year 2019 excludes the effects from adoption of IFRS 16 Leasing

2) Excluding TCMA business line sold in 2020, refer to the Financial review, starting on page 26 for details

Use of Alternative Performance Measures

In this report alternative performance measures (APMs) are presented. The comparative information on revenues, costs, and EBITDA as derived from the consolidated financial statements has been adjusted to exclude the financial information related to TCMA, otherwise known as the 'Demand Generation' business line. This also applies to the comparative ISP information. Such adjustments were made in the sections Financial Highlights, starting on page 6 and Report from the Executive Board, starting on page 21 of this annual report.

According to management, such adjustments to the comparatives provide an improved basis for comparison of the performance of the continued business lines. Comparative figures reported on an IFRS basis are included in the consolidated financial statements.

Summarized financial information on TCMA including a reconciliation of these figures to the IFRS comparative figures is included in the Report from the Executive Board, starting on page 21.

Moreover, in this report, reference is made to several other APMs, which are defined below. Management believes these provide useful information to assess the company's performance and financial position both when comparing reporting periods and when comparing to a peer group. No separate reconciliations are provided for these APMs as the inputs may be directly derived from their definitions, the face of the consolidated financial statements, combined with other information provided, or the reconciliations are presented together with such APMs.

Applied alternative performance measures

APM	Definition
Adjusted EBITDA	Adjusted revenues less adjusted expenses. This therefore also excludes other income, which has one-off nature.
Adjusted expenses	Expenses adjusted to improve comparability of results. This excludes expenses from the sold TCMA business line, as well as significant one-off expenses (determined at the discretion of the Executive Board), such as impairment losses.
Adjusted revenues	Revenues adjusted to improve comparability of results. This excludes revenues from the sold TCMA business line.
Cash and cash equivalents per share	Cash and cash equivalents per balance sheet divided by number of outstanding shares at the balance sheet date
Current ratio	Current assets divided by current liabilities
EBIT	Earnings Before Interest and Taxes, calculated as Operating Income/(Loss) per the Statement of Comprehensive Income
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization, calculated as Operating Income/(Loss) per the Statement of Comprehensive Income, adding back Depreciation, Amortization and Impairment losses
EBITDA Margin	EBITDA expressed as a percentage of total revenues
Equity ratio	Equity divided by total assets
ISP	Intake Signed Proposals: Includes the gross sales value of all signed contracts in a period. Also referred to as "Order intake"
Net asset value per share	Group equity per balance sheet divided by number of outstanding shares at the balance sheet date
Price/earnings ratio	Closing share price divided by basic earnings per share
Subscription-based revenues	Sum of SaaS revenues and Maintenance and Support revenues

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