TIE Kinetix N.V.

ANNUAL REPORT 2018

TIE KINETIX
total integrated e-commerce

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

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

TIE Kinetix N.V.

ANNUAL REPORT 2018

Cloud computing offers individuals access to data and applications from nearly any point of access to the Internet, offers businesses a whole new way to cut costs for technical infrastructure, and offers big computer companies a potentially giant market for hardware and services.

Jamais Cascio

6 Key Figures

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

FINANCIAL RESULTS	**2018**	2017
Total Revenue	**16,892**	18,854
EBITDA	**1,737**	1,575
Depreciation and Amortization Expense	**1,229**	1,416
Impairment Gain (Loss)	**-**	(2,287)
Operating Result	**508**	(2,129)
Net Income	**184**	(2,533)
Cash Flow from operating activities	**399**	1,109
Net Cash Flow generated	**(953)**	(370)

SHARE PRICE		
Last Trading Day in reporting period	**7.10**	10.60
Highest	**10.75**	11.50
Lowest	**6.40**	8.85

EMPLOYEES (expressed as full time equivalents)		
Average Number of Employees	**115**	123
Average Revenue per Employee	**147**	154

EQUITY		
Total Assets	**11,116**	12,449
Total Shareholders' Equity	**4,871**	4,710
Total Equity Instruments	**45**	45
Total Equity	**4,916**	4,755
Solvency Ratio	**44%**	38%

PER SHARE OF ORDINARY SHARES		
Net Income	**0.11**	(1.57)
Shareholders' Equity	**3.04**	2.94
Number of Shares Outstanding at year-end (x 1.000)	**1,617**	1,617
Weighted Average Number of Shares Outstanding (x 1,000)	**1,617**	1,607
Weighted Average Number of Shares adjusted for calculation	**1,953**	1,612
diluted earnings per share (x 1,000)	**0.09**	(1.30)

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Performance Highlights

TOTAL REVENUE 2018:

€ 16,892k

2017: € 18,854k

NET INCOME 2018:

€ 184k

2017: € -2,533k

SHAREHOLDER EQUITY 2018:

€ 4,871k

2017: € 4,710k

NUMBER OF OUTSTANDING SHARES 2018:

1,617k

2017: 1,617k

AVERAGE NUMBER OF EMPLOYEES IN 2018:

115

2017: 123

SOLVENCY RATIO 2018:

44%

2017: 38%

DEMAND GENERATION BUSINESS LINE 2018:

€ 2,388k

2017: € 3,745k

ANALYTICS & OPTIMIZATION BUSINESS LINE 2018:

€ 2,673k

2017: € 3,219k

AVERAGE REVENUE PER EMPLOYEE 2018:

€ 147k

2017: € 154k

SAAS REVENUE 2018:

€ 9,420k

2017: € 9,980k

2018 SHAREHOLDER EQUITY PER SHARE

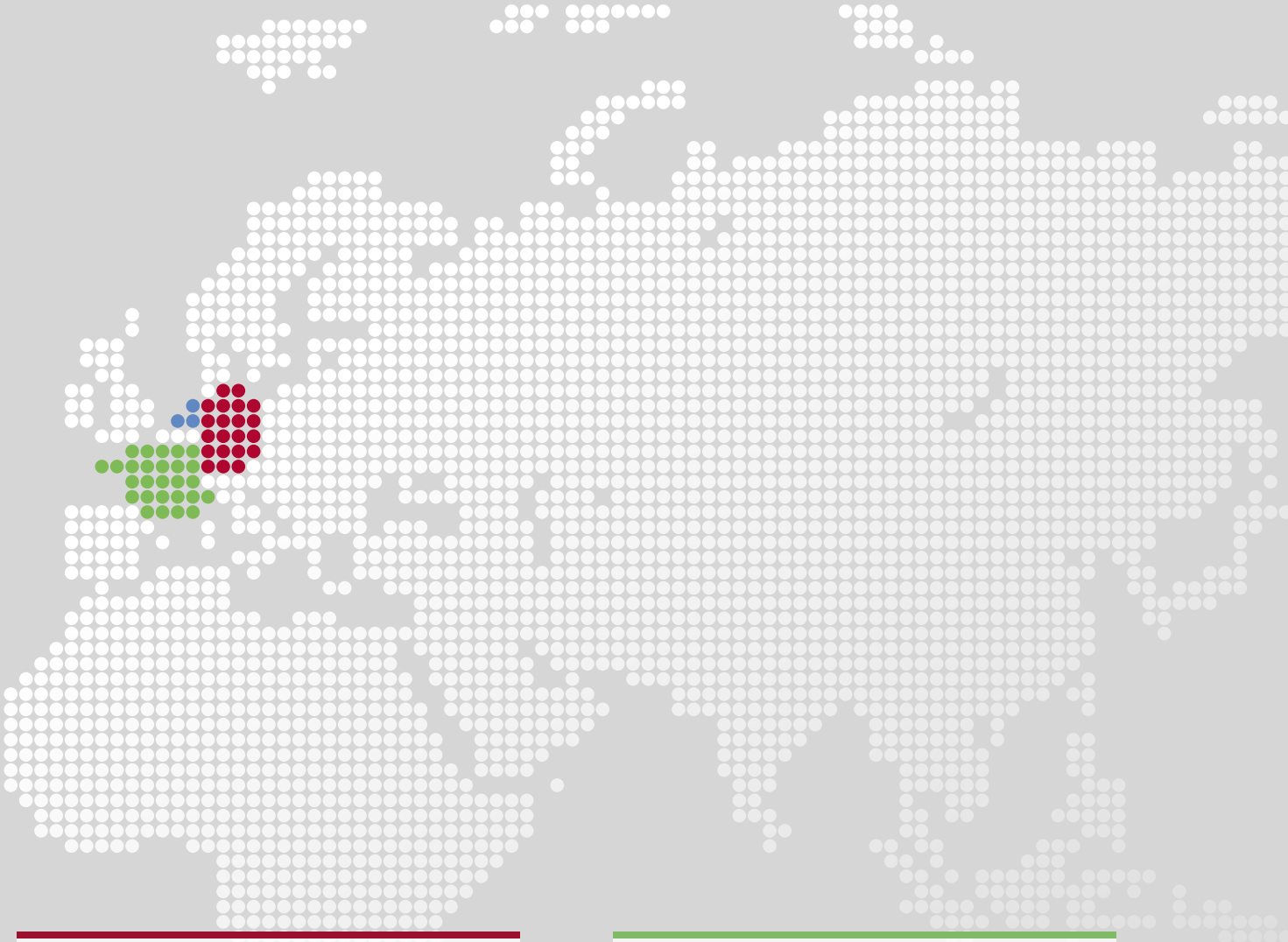
€ 3.04

2017: € 2.94

Revenue type by Geographic Region

North America	2018	2017
Software as a Service	2,906	2,956
Maintenance and Support	1,992	2,103
Consultancy	994	1,172
Licenses	314	319
Intercompany Income	693	692
Total Revenue	**6,899**	**7,242**

The Netherlands & International	2018	2017
Software as a Service	3,976	4,238
Maintenance and Support	405	482
Consultancy	1,275	1,674
Licenses	1	109
Intercompany Income	124	339
Total Revenue	**5,781**	**6,841**

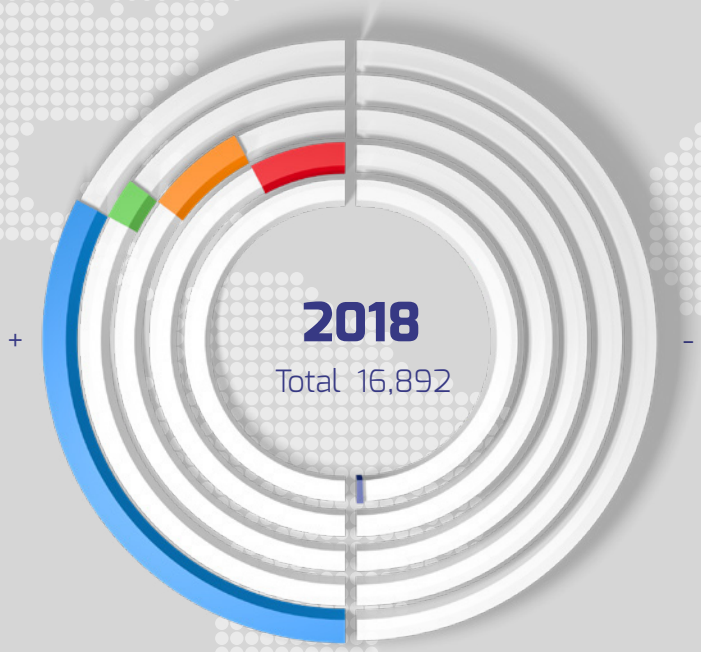


DACH	2018	2017
Software as a Service	1,774	2,059
Maintenance and Support	232	212
Consultancy	1,468	1,814
Licenses	49	73
Intercompany Income	405	544
Total Revenue	**3,928**	**4,702**

France	2018	2017
Software as a Service	763	728
Maintenance and Support	168	162
Consultancy	402	326
Licenses	51	74
Intercompany Income	-2	16
Total Revenue	**1,382**	**1,306**

Revenue Breakdowns (€ x 1,000)

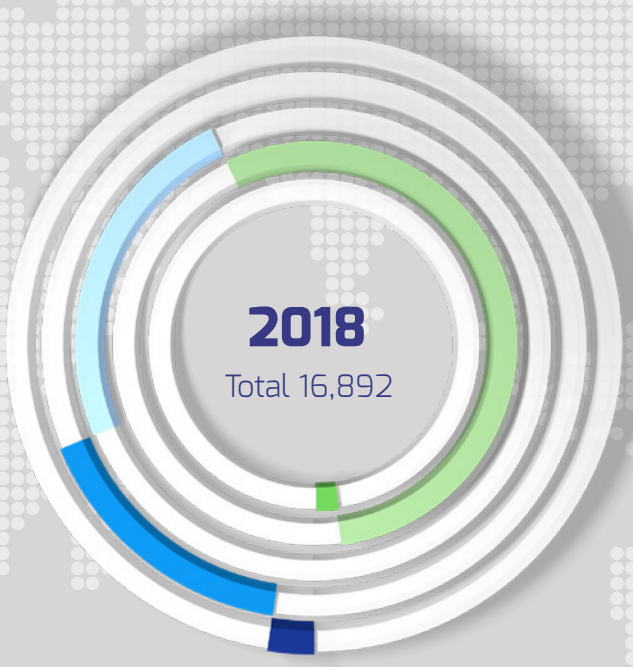
Revenue per Business Line



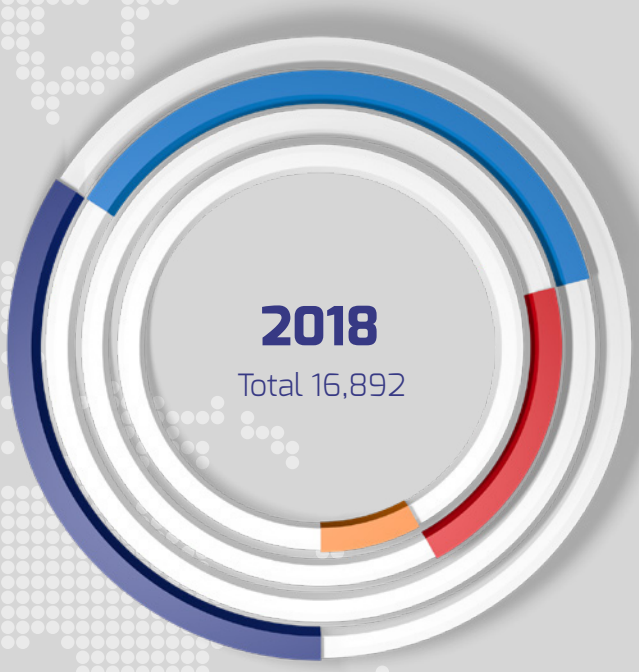
Revenue per Business Line	2018		2017	
Integration	11,198	66%	10,842	58%
E-Commerce	854	5%	1,666	9%
Demand Generation	2,387	14%	3,745	20%
Analytics & Optimization	2,674	16%	3,219	17%
EU & Other projects*	(221)	-1%	(618)	-3%
Total Revenue	**16,892**	**100%**	**18,854**	100%

* including intercompany sales/eliminations

Revenue per Type



Revenue per Region



Revenue per Type	2018		2017	
Licenses	415	2%	575	3%
Maintenance and Support	2,798	17%	2,960	16%
Consultancy	4,138	24%	4,987	26%
Software as a Service	9,420	56%	9,980	53%
Revenues	**16,771**	**99%**	**18,503**	**98%**
Intercompany Income	121	1%	352	2%
Total Revenue	**16,892**	**100%**	18,854	100%

Revenue per Region	2018		2017	
The Netherlands incl International	5,763	34%	6,821	36%
North America	6,210	37%	6,554	35%
France	1,382	8%	1,291	7%
DACH	3,538	21%	4,189	22%
Total Revenue	**16,892**	**100%**	**18,854**	**100%**

FLOW Brand Control & Demand Generation

FLOW is a good fit for global brands that are looking for low-code, flexible solutions that are easy to implement and integrate.

Key Headlines FY2018

Financial Press Releases

03-10-2017
Significant increase in FLOW Order Intake

11-10-2017
Contract with city of Rotterdam for E-invoicing on FLOW platform

12-10-2017
Launch of Google Adwords for Channel

18-10-2017
Strategy update

31-10-2017
Launch of Business-to-Government E-Invoicing for Unit4 Wholesale users

15-11-2017
Trading update Q4 and full year financial statements

30-11-2017
Supervisory Board

04-01-2018
Contract with city of Haarlem and Ministry of Justice for FLOW Platform

15-01-2018
Supervisory Board resigns

29-01-2018
Publication of Annual Report 2017

30-01-2018
TIE Kinetix becomes Oracle Gold Partner

16-05-2018
Trading Update First Half Year 2018

31-05-2018
TIE Kinetix nominates new Supervisory Board

13-07-2018
AGM appoints new Supervisory Board

20-07-2018
Contract with city of Tilburg for FLOW Platform

09-08-2018
TIE Kinetix launches digital transformation Program with Google

27-09-2018
Contract with Rijksdienst voor het Wegverkeer for FLOW platform

Letter from the Chief Executive Officer, Jan Sundelin

Dear reader,

We proudly completed the core development of our FLOW platform with 45 applications containing both supply side information and marketing information. In 2018 the company fully engaged in the commercial roll out of the FLOW platform. New sales staff was hired and existing sales were trained in FLOW. The speed and depth of the roll out strategy of FLOW appeared to be the seed of an unsolvable conflict between our major shareholders and the company's supervisory board. As a result the members of the supervisory board were replaced during FY 2018. Whilst we are generally content with the commercial positioning of FLOW, we also faced some challenges with the lack of traction from certain third party applications. In particular the Google products in Analytics and AdWords for Channel performed below expectation.

Even though it is early days, we can see that the change in strategy towards a multi partner approach pays off. Distribution agreements with ERP resellers bring us to new customers. In FY 2019 we will further expand our ERP partner network with Microsoft, Sage and SAP.

In 2018, our Business to Government E-invoicing positioning took off with more government business in the Netherlands. We expect for FY 2019 that this part of the market will further blossom. We intend to export our success in this space to the German and French markets which will open up in 2019 and beyond. FLOW is the perfect platform with the self-service onboarding of suppliers and customers.

Scaling up Google AdWords for Channel proved challenging. Tapping a company's marketing budget with an innovative technical solution appears difficult without ownership and management of the marketing collateral. We are reconsidering our go to market strategy for Google AdWords for Channel in FY 2019.

The Google Analytics 360 suite of solutions only really took off in the second half of FY 2018. Roll out still is primarily with our German customers. Our international expansion plans for Google Analytics have been pushed out to FY 2019.

Also in FY 2018 the planned phase out of some of our non-FLOW customers took place. As we have mentioned before, the build of FLOW subscription business is insufficient to compensate the loss of non-FLOW revenue. We remain committed to drive our FLOW strategy and we are launching new initiatives in FY 2019 to bring FLOW deeper into our existing customer base. Our aim remains to build a homogeneous revenue base with high quality of revenue coupled with efficient operating processes in the mid-term.

Continued support from our staff, our customers and partners and not in the last place from our shareholders will remain of key importance for the company.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

Our Corporate Story

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

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

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

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

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

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

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

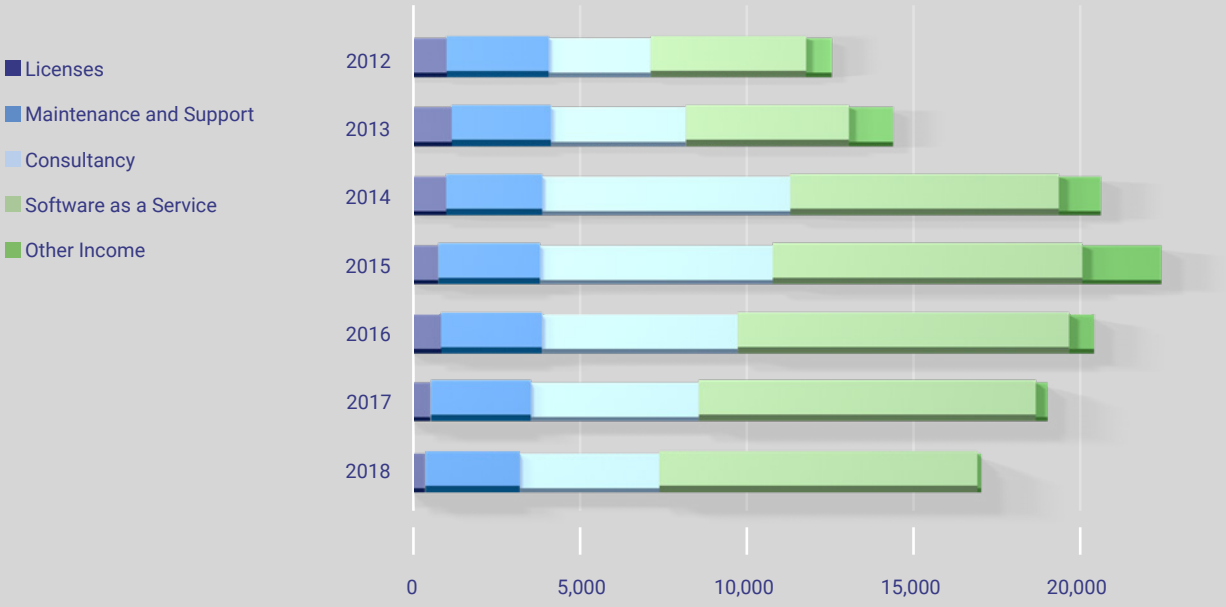
2014 Acquisition of Tomorrow Focus Technologies GmbH (TFT) expanding coverage in Germany with respect to web business performance, user experience, e-commerce strategy, consulting and hosting.

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

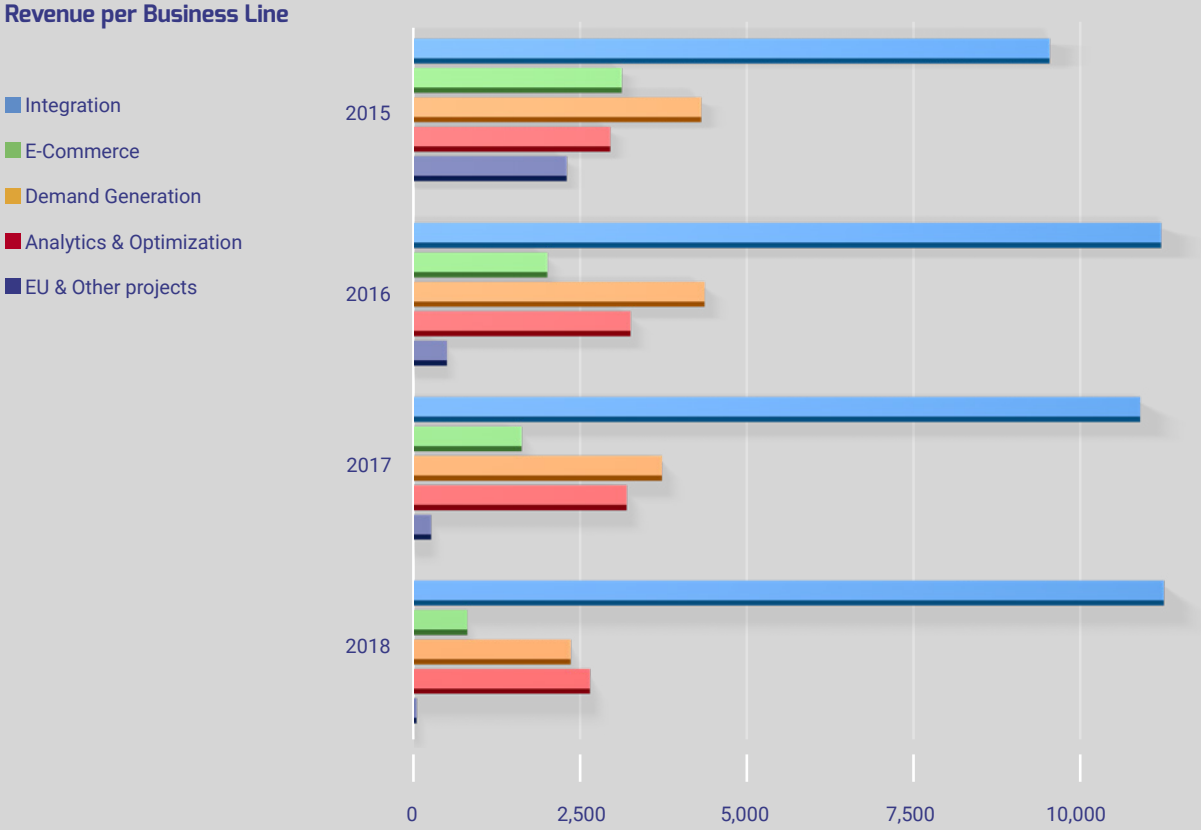
2018 Expand partnership network with Exact, Oracle, Syspro, Unit4, Google and Microsoft.

Key Business Metrics – Financial Year 2018

Revenue Mix Total 2012-2018



Revenue per Business Line



Our Vision

Optimizing the supply chain with higher revenue and lower cost

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

Our Mission

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

Our analytics applications provide relevant performance measurement information (document processed data per type – including revenue/cost aspects per document, lead conversion data per partner etc) enabling our customers to optimize their entire supply chain. Our solutions are offered under the name of FLOW: the world's First Partner Automation Platform, combining our supply chain integration solutions with our demand generation and E-commerce solutions on the same platform.

Our Strategy

TIE Kinetix maximizes return on investment in the supply chain with Software as a Service based applications. Customers on our FLOW platform benefit from innovative, field-tested technology and are able to remain focused on their core business. TIE Kinetix develops cloud based solutions, backed with over 30 years of proven technology and awards.

These solutions empower organizations to improve their supply chain efficiency and coordination. Our integrated FLOW platforms enable trading partners to work seamlessly together on the major business processes throughout the supply chain: market, sell, deliver, optimize.

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

Our Company Values

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

» Openness and Honesty.

» Trust and Togetherness.

» Competence and Quality.

Openness and Honesty

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

Trust and Togetherness

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

Competence and Quality

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

FLOW Partner Automation

The next generation Supply Chain Integration

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

» we enable the seamless integration of all data, documents, content and information through (independent) suppliers, trading partners and channel partners connected in any supply chain;

» we ensure a seamless integration with the full technology stack of our customers;

» our solutions maximize revenue potential with minimal efforts for channel partners.

FLOW By TIE Kinetix | PARTNER AUTOMATION™

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

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

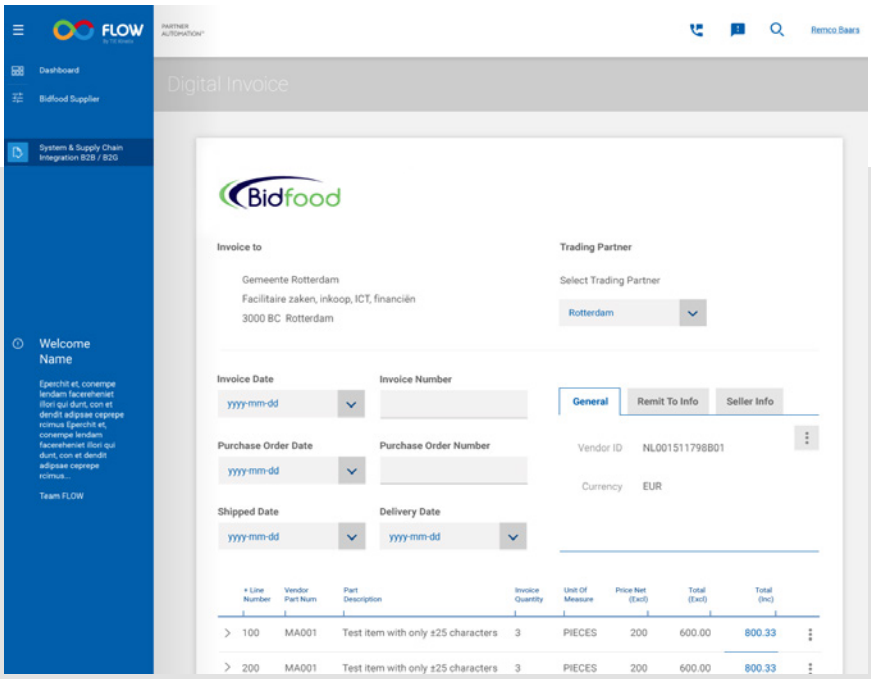
The launch of FLOW Partner Automation from TIE Kinetix in 2016 marked the next generation of Supply Chain Integration. FLOW brings together BOTH supply side solutions AND demand side solutions in one unified open supply chain integration platform where all solutions work seamlessly together and integrate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

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

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

Our TIE Kinetix and FLOW Partner Automation clients

WD-40 · NITE IZE · BUNZL · SIEMENS · MICHELIN · BMW · xerox · Gemeente Rotterdam



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

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

FLOW is an open framework ensuring our customers that they can offer 3rd party solutions to their trading partners through the same platform.
FLOW's modularity is suitable for business of all sizes, is scalable and easily adaptable to changing requirements.

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

Gartner

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

SiriusDecisions

Long-Term Viability is Strong. Channel Marketing and Management Platforms 2015 Strong Performer.

FORRESTER®

Through-Channel Marketing Automation Platforms.
Forrester PRM-Platform

Our Partners

EPICOR Alliance Partner

Optimizers

Google

ORACLE

exact

bChannels

UNIT4 In business for people.

Microsoft

Brand Control & Demand Generation

Business Proposition

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

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

For the purpose of

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

Revenue Model

SaaS & Consultancy (implementation)

Markets (& Geographies)

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

Control Brand & User Experience

- Showcase Syndication
- Promotion Syndication
- Asset Syndication
- Marketing Collateral

Demand Generation

- Email Campaigns
- Google Ads for the Channel
- Social Media Syndication
- Events
- Campaign Automation
- Campaign Center

Lead & Sales Conversion

Business Proposition

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

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

For the purpose of

Companies in B2B & B2C that sell online.

Revenue Model

SaaS & Consultancy (implementation)

Markets (& Geographies)

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

Online Sales Conversion

Buy Button Syndication

Inline Syndication

Syndicated Shop

Web Shop

Lead Conversion

Lead Management

Offline Sales Conversion

Sales Resource Center

System & Supply Chain Integration

Business Proposition

The fulfillment process through trading partners often leads to costly manual work, errors and too much paper. You and your partners have limited resources to optimize these processes.
FLOW automates inbound and outbound orders, invoices and other B2B and B2G documents between your company, your partners and customers. Easily connect your business systems (ERP, WMS and finance systems) with FLOW. Leverage a rich library of trading partner maps and application connectors to exchange EDI and invoice messages with your partner community.

For the purpose of

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

Revenue Model

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

Markets (& Geographies)

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

Business-to-Business Solutions

Document Exchange

eInvoicing

Smart PDF

eArchiving

eArchiving

B2G Solutions

B2G EDI PEPPOL

Invoicing Portal

System Connectors

System Connectors

Analytics & Optimization

Business Proposition

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

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

For the purpose of

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

Revenue Model

SaaS, License & Consultancy

Markets & Geographies

Across all existing markets.

Optimization Tools

Google Analytics 360

Optimization Report

Analytics

Dashboards 360

TIE Kinetix Subsidiaries & Offices

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

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

On October 1, 2018, TIE has about 115 employees, of which:

- 42% in the Netherlands
- 26% based in US
- 22% based in DACH
- 9% based in France
- 1% based Rest of the world

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

1

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

Number of employees: 46 fte
Activities: Headquarters and central back office (finance/legal/administration) – Executive Board and Group Management – Sales and operations (Integration, Analytics & Optimization) – Development

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

2

TIE Kinetix GmbH
Germany

Number of employees: 24 fte
Activity: In Munich TIE Kinetix has an office servicing the German speaking markets in Germany, Austria and Switzerland. This office serves the German speaking market in Europe (DACH region) and is the worldwide headquarter for TIE Kinetix's Analytics and Optimization products.

3

TIE Kinetix SAS
France

Number of employees: 11 fte
Activity: In France TIE Kinetix has an office in Montpellier and satellite sales offices in Paris and Lille. The Montpellier office provides consultancy and customer support and sales.

4

TIE Kinetix Ltd.
United Kingdom

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

5

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

Number of employees: 29 fte
Activity: The St. Paul office provides product support and maintenance for our integration clients. The Boston office serves the US markets. Part of TIE Kinetix's management is also stationed in this office. The Boston office also manages our off shore development center (Vietnam).

6

TIE Kinetix Asia-Pacific Ltd.
Australia

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

Organization Chart

The Executive Board / TIE Kinetix Management Team

Chief Executive Officer:
Jan Sundelin

Chief Financial Officer:
Michiel Wolfswinkel

TIE Kinetix Management Team

Chief Technology Officer:
Juan Vicente Vidagany

Chief Marketing Officer:
Patrick van Boom

David Fullen
Country manager of
North America

Natascha Heijboer
Country manager Benelux

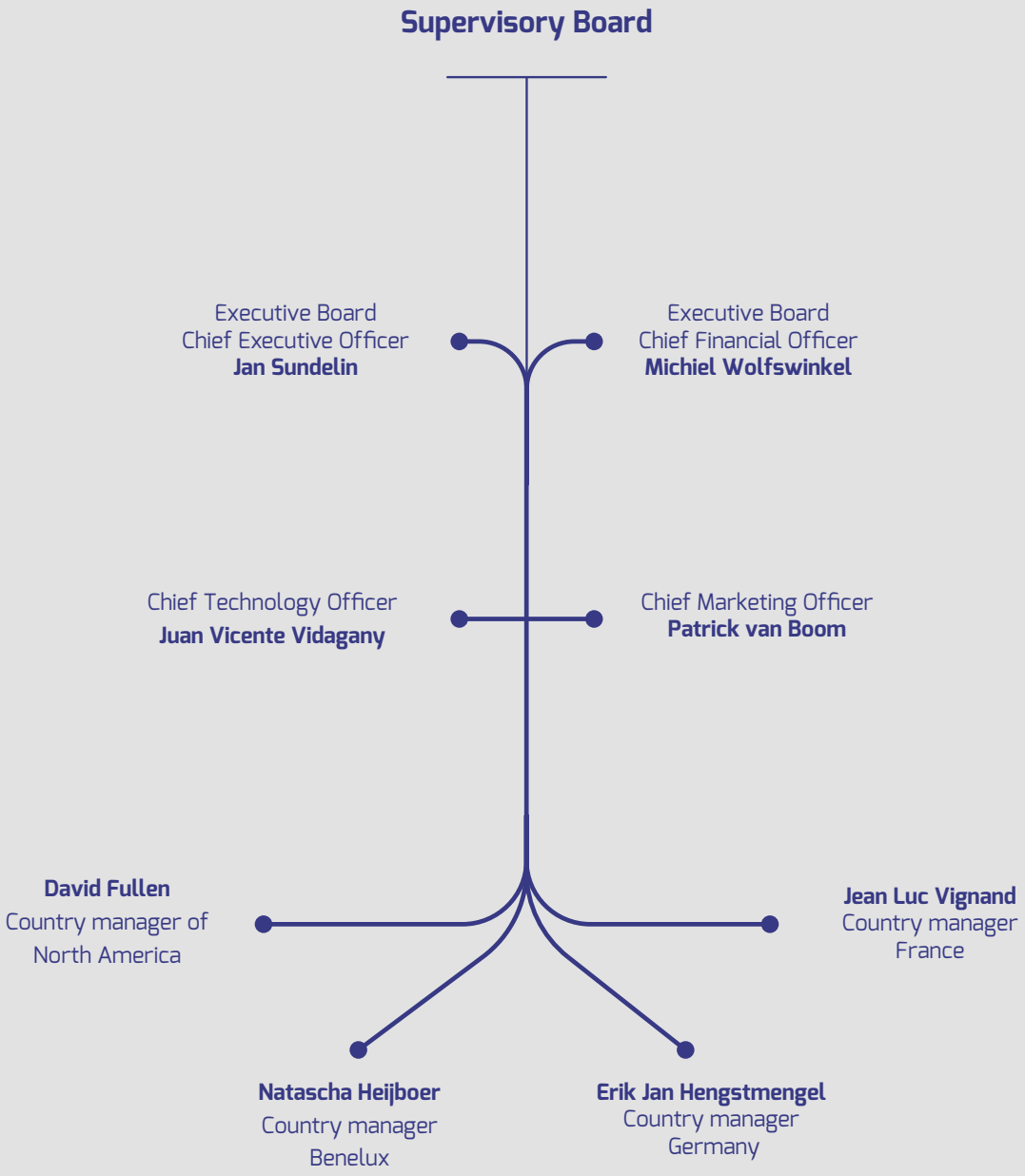
Jean Luc Vignand
Country manager France

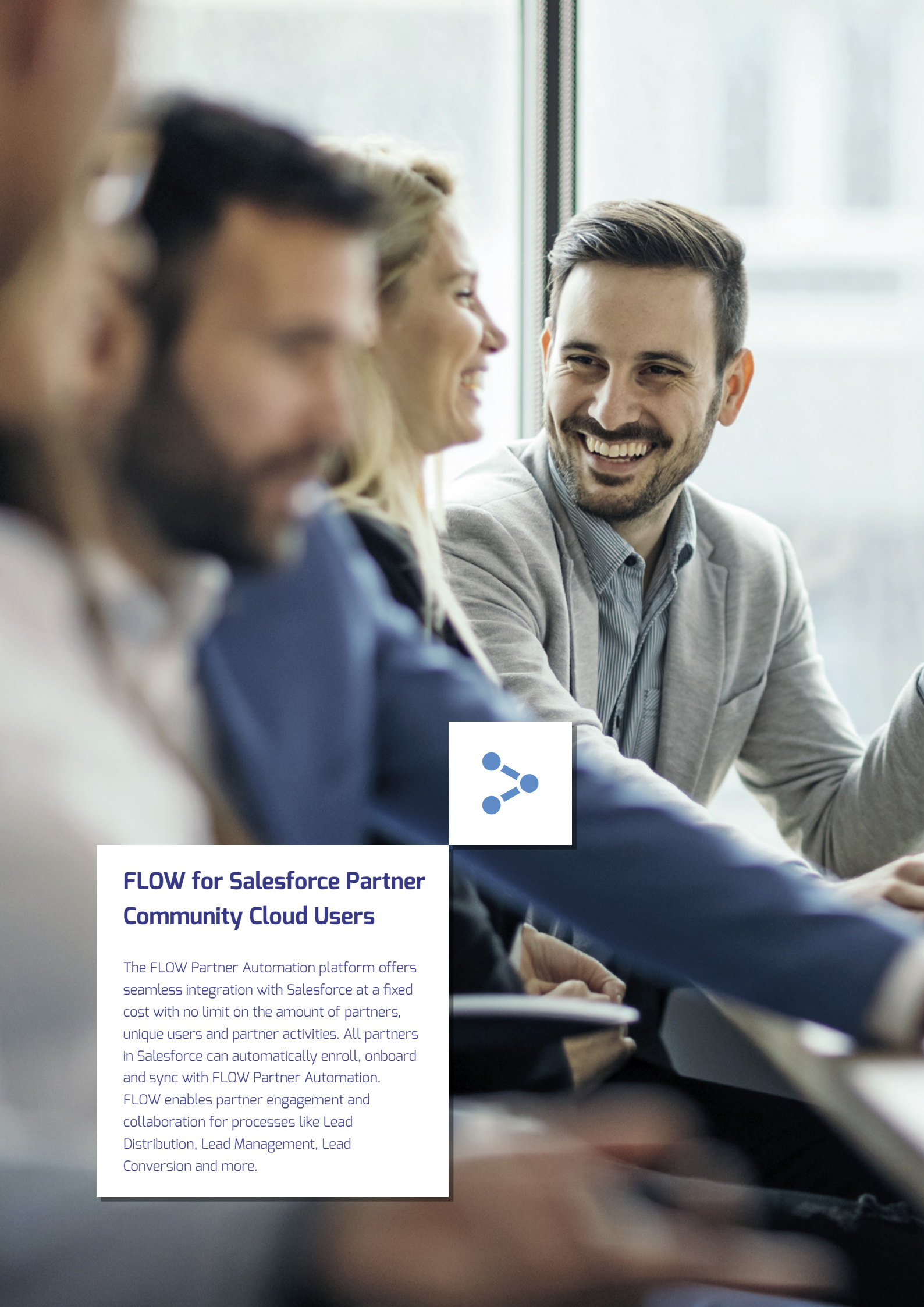
Erik Jan Hengstmengel
Country manager Germany

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

Corporate Management Structure

TIE KINETIX
total integrated e-commerce





FLOW for Salesforce Partner Community Cloud Users

The FLOW Partner Automation platform offers seamless integration with Salesforce at a fixed cost with no limit on the amount of partners, unique users and partner activities. All partners in Salesforce can automatically enroll, onboard and sync with FLOW Partner Automation. FLOW enables partner engagement and collaboration for processes like Lead Distribution, Lead Management, Lead Conversion and more.

The Supervisory Board

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

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

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

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

Mr. G. (Georg) Werger – Chairman

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

Georg Werger has a background in Dutch civil law and Dutch tax law. He started his career working as advisor in a Dutch mid-tier firm advising national and international clients. After some ten years he set up his own practice. Georg holds various non-executive board positions in Dutch private companies. He holds a degree from the Free University of Amsterdam and a post doc from the Radboud University of Nijmegen.

Mrs. G. (Gerdy) Harteveld-Smeets

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

Gerdy Harteveld has a background in managing and supervising complex IT projects at private companies and with Dutch governmental agencies. She was board member for several years in IT companies, board member for Rijkswaterstaat (Dutch Governmental Institute for Infrastructure) responsible for IT and was president of the Tenderboard of the Noord-Zuidlijn (Amsterdam metro). Gerdy currently hold various supervisory board positions with Dutch not-for-profit organizations.

Mr. P. (Per) Nordling

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

Per Nordling is an IT entrepreneur specialized in Software As A Service companies. He was founder and CEO of Medius (with its well-known product 'Mediusflow') and is an active informal investor. He holds various non executive board positions in IT ventures advising management. Per holds a degree from the Royal Institute of Technology (Stockholm) and a degree from Linköping University.

The Executive Board

Chief Executive Officer

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

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

J.B. Sundelin (Jan)

Chief Executive Officer

Date of birth: **October 21, 1960**
Nationality: **Swedish/Dutch**
Date of initial appointment member of the Executive Board: **February 14, 2007**
Date reappointed member of the Executive Board: **July, 2018**
Current term of office ends: **March 2021**
Number of shares in the Company: **34,404**
Number of options in the Company: **20,300**
Number of warrants in the Company: **11,428**

Dr. M. Wolfswinkel (Michiel)
Chief Financial Officer

Date of birth: **June 11, 1963**
Nationality: **Dutch**
Date of initial appointment member of the Management Board: **November 28, 2013**
Current term of office ends: **March 2021**
Number of shares in the Company: **1,686**
Number of options in the Company: **0**
Number of warrants in the Company: **0**

Chief Financial Officer

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

When the AT&T / Unisource venture was unwound he held senior financial management roles with MatrixOne and Eneco. At Eneco, he lead the € 250 mln project financing for the off shore wind farm Amalia. In subsequent roles as CFO at the Executive Board of VDM NV and Qurius NV, both publicly quoted companies, he actively worked with capital markets in the US and The Netherlands. Michiel Wolfswinkel is not a member of the Supervisory Board of another listed Company.

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 2018 (October 1, 2017 - September 30, 2018).

Cautionary Statement on Forward-Looking Information.
Certain statements contained in this report are "forward-looking statements".
Such statements may be identified, among others by:

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

In addition, from time to time, TIE Kinetix N.V., or its representatives, have made or may make forward-looking statements either orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with approval of an authorized executive officer of TIE Kinetix N.V.

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

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

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

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

Report from the Supervisory Board

To the shareholders,

2018 was a turbulent year for the Company. Due to a material difference of opinion with respect to the strategy for growth of the Company between the larger shareholders and the Supervisory Board, the entire Supervisory Board decided to step down as from January 15, 2018. For further information reference is made to the press release dated January 15, 2018.

In the period between the step down and the appointment of a new Supervisory Board, the Executive Board took over the responsibilities of the Supervisory Board. Consequently during this period, no decisions were taken that would require the formal approval or advice of the Supervisory Board. Except for the search and nomination process for a new Supervisory Board, the Executive Board have managed the Company in its regular course of business and determined strategy. After the step down, the Executive Board proposed the larger shareholders to start a process for the search and selection of a new Supervisory Board. This process was managed by the Company and consisted of a review of the required profile, the selection of candidates to a long list, further selection to a short list and interviews. The larger shareholders agreed to this process which resulted in the nomination as members of the new Supervisory Board of:
- Mr Georg Werger
- Mrs Gerdy Harteveld
- Mr Per Nordling.

The new Supervisory Board was appointed at the Extraordinary Meeting of Shareholders on July 13, 2018.

After consultation of the main stakeholders, the new Supervisory Board has decided to focus on recovery of trust and confidence for the relevant stakeholders of the Company. At the same time the Supervisory Board will advise the Executive Board on the future development and sale of the FLOW proposition and the development of the strategy for growth of the Company. This report reflects an overview of what was discussed with the Executive Board. In the financial year 2018, the previous Supervisory Board met 3 times and no board members were absent. The new Supervisory Board has met 3 times (including informal meetings) in the financial year 2018.

Organizational aspects

The new Supervisory Board currently consists of three members. For detailed information of each individual member, reference is made to page 34-35 of the annual report. During his assignment Mr. Erik Honée as member of the previous Supervisory Board, holds 1.67% of the shares (in total 26,600) in TIE Kinetix NV and as from March 29, 2016, Dirk Lindenbergh holds 9.1% of the shares in TIE Kinetix NV, through Blikkenburg BV (in total 144,791). None of the members of the new Supervisory Board hold shares in TIE Kinetix NV.

The previous and new Supervisory Board are construed in line with best practices provisions as stated in chapter II of the Code (dated December 8, 2016). With reference to the Code, all members are considered independent. The Supervisory Board notes that the composition of the previous and new Supervisory Board is in line with the terms of reference and required profile of the Supervisory Board. Each board member has his specific field of complementary expertise.

General Business

The Supervisory Board supervised and monitored the following:

The achievement of the objectives of the Company and its management

The Supervisory Board discussed the objectives of the Company and monitored the development of the results and the actual results versus the targets set. The supervisory Board monitored the cost structure of the Company and advised the Executive Board on all relevant aspects. The Company aims at growing the business substantially on the FLOW propositions in order to reach the scale, required for a public company, to cover the costs of being “public” and to realize a healthy profit level. TIE Kinetix was again cash flow positive (from operating activities) in the year 2018. While executing the strategy related to the FLOW proposition, the Company decided in close co-operation with the Supervisory Board, not to invest in non-core business anymore.

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

The Supervisory Board discussed the Company’s risk profile with the Executive Board and with the external auditor. The Supervisory Board recognizes that the risk profile of TIE Kinetix is adequately understood, monitored and acted upon by the Executive Board in a sufficient way. All systems used for delivering services to our clients were carefully screened on their security levels to ensure that all services comply with the highest security levels. With respect to the new privacy legislation (General Data Protection Regulations), a privacy impact

assessment was executed by the Company. Subject to this assessment, security levels of operational systems were reviewed and approved as well.

The Supervisory Board is satisfied with the structure and operation of the internal risk management and control system and is convinced that its (financial) consequences have been adequately reflected in the Company's processes and accounting principles.

Audit Committee

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

Meetings of the Supervisory Board

In 2018, the previous Supervisory Board as a whole met 3 times. The new Board as a whole met 3 times, including informal meetings. The members of both boards met several times with the members of the Executive Board and other members of management to provide advice and follow operations closely. Apart from the meetings to discuss monthly and quartely performance, the following subjects were discussed in depth:

» strategy: meetings with the Executive Board and other members of management were dedicated to all aspects of company and product strategy, including the FLOW project:
» Development of the FLOW modules and alignment with the strategy;
» Remuneration: evaluation of personal targets and targets for the performance share plan;
» Evaluation of performance at country level.

Remuneration Policy

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

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

Term of appointment

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

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

On July 13, 2018, the CEO of the company was re-appointed until March 31, 2021.

Termination of employment

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

Severance Package

The members of the Executive Board have been offered a severance package with a maximum of one (1) year's salary.

Remuneration Executive Board

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

» Salary;
» Variable compensation in a cash based on the realization of short term targets and the share based variable compensation as adopted by the General Meeting of Shareholders on March 27, 2015. The share based part was implemented in

2016, in accordance with the Performance Share Plan as adopted by the General Meeting of Shareholders on March 31, 2016.

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

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

Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board remained unchanged in 2018. The remuneration of the previous and the new Supervisory Board was paid out on a pro rata basis.

Shares

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

Loans

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

Remuneration report J.B. Sundelin

In 2018, Mr. Sundelin had a base salary of € 250k. The remuneration including expenses was paid to CAPTA Management B.V., Mr. Sundelin's consultancy company. The Supervisory Board evaluated the performance of the CEO along the references laid down in the applicable arrangements and decided that the CEO is entitled to receive variable compensation, based on company performance and individual performance.

Remuneration report M. Wolfswinkel

In 2018, Mr. Wolfswinkel had a base salary of € 200k. The remuneration including expenses was paid to Mr. Wolfswinkel. The Supervisory Board evaluated the performance of the CFO along the references laid down in the applicable arrangements and decided that the CFO is entitled to receive variable compensation, based on company performance and individual performance.

The remuneration of the Executive Board is disclosed in detail on page 103.

G. Werger

Chairman Supervisory Board, TIE Kinetix N.V.

Electronic based invoicing

FLOW Partner Automation offers a complete solution for companies, their suppliers, and customers to migrate towards e-invoicing. E-invoices can be processed more efficiently, but also for suppliers exchanging e-invoices, the process is easier and the results are quicker to process.

Prior year achievements and recent developments

Prior year achievements

- Market leader with state-of-the-art Integration products
- Strategic partnerships with Epicor, Unit4, Oracle and Google
- Business completely in SaaS business model
- Recognition on Gartner's Magic Quadrant for Integration Brokerage
- Forrester recognizes Demand Generation solutions
- Acquisition Münich based TFT and subsequent expansion of Google Analytics business to the Benelux
- Launch of FLOW, the world's First Self Service Partner Automation Platform
- Implementation of blue chip customers to FLOW

Developments in 2018

- Roll out of e-invoicing to Government and municipalities in the Netherlands
- Strategic partnership with Exact, Oracle, Syspro, Unit4, Google and Microsoft
- Various enterprise level customers connected to FLOW platform

Targets 2018 and priorities 2019

Following the launch of FLOW in 2017, our goal was to penetrate FLOW in all our markets as deeply as possible in 2018. Operational targets were set with this objective in mind. Many new sales were hired, all sales were (re-) trained and development was 100% aimed at completion of all FLOW applications and self-onboarding. These actions proved partially successful. We further build on the success of e-invoicing for Government in the Netherlands. We were also able to expand our (ERP-) partner network and implement several landmark customers onto our FLOW platform. We were however less successful with Google-Adwords-for-Channel and also our Google Analytics sales came in below plan.

For FY 2019 we are reorganizing the sales process of FLOW with a dedicated team to upsell FLOW in our installed base. The dedicated team consists of senior sales managers under central direction. For FY 2019 we will also reconsider our go-to-market strategy to bring more success to Google-Adwords-for Channel.

In order to achieve our goals TIE Kinetix set the following priorities for 2018:

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

Review 2018

In FY 2018 our efforts were aimed at rolling out FLOW as much as possible in all our markets. Our development team proudly completed the full stack of FLOW applications, including the customer self-onboarding tool. In all of our operations we hired additional sales staff, and all sales staff – old en new- were evaluated and trained in FLOW solution selling. In order for our existing integration customers to be able to access FLOW, the customer needs to be using the latest version of our software. For that purpose an upgrade program was launched and successfully implemented in France. For the US market, with its differing standards and historic practice, the launch of the upgrade program had to be postponed until FY 2019, allowing more development time to assure smooth transition. In the Netherlands and Germany a specific upgrade program was unnecessary as our customers were already on the latest software version. At the end of FY 2018 we have formed a centrally managed and dedicated FLOW sales team to bring FLOW deep into our existing base. Our e-invoicing to government solution in the Netherlands took off with more Dutch cities and governmental agencies signing up to FLOW. The actual implementation of e-invoicing requires effort and commitment from both the Dutch municipality and its suppliers. Certain implementations unfortunately take more time than planned, in the absence of said efforts and commitment. Revenue from this solution therefore came in below plan. We do expect, however, to step up implementation in FY 2019 due to the impeding April 1, 2019 legal deadline. Unfortunately, our Google-Adwords-for-Channel did not take off in FY2018, with revenue only matching last year's number. It proved to be rather challenging to gain access to marketing budgets with our innovative technical solution without having ownership of the marketing content. As content usually is managed by (large) advertisement agencies, they also determine the use of the tool. For FY 2019 we need to reconsider our go-to-market strategy for Google-Adwords-for-Channel.

Non-FLOW products are almost completely phased out. The contract with T-Mobile ended on April 2018 and during the year most of the German hosting contracts ended. In the first half year we reached an out of court settlement following legal action against hosting provider Plusserver GmbH.

Also in 2018 we have invested in becoming a centrally managed and controlled business. After replacing local billing tools with a centrally managed billing application in 2017, we invested in 2018 in replacing the project management tool Jira with standard functionality in the PSA module of Exact Synergy. With this achievement we have added another building block in enhancing functionality of our core ERP, providing efficiency and effectiveness in our Internal IT landscape.

Integrated Report

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

Management Statement

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

a) the annual financial statements for the year ended September 30, 2018 give a true and fair view of the assets, liabilities and financial position and comprehensive income of TIE Kinetix N.V. and its consolidated companies;
b) the management report presented in the Annual Report gives a true and fair view of TIE Kinetix N.V. and its consolidated companies as of September 30, 2018 and the state of affairs during the financial year to which the report relates;
c) the annual management report describes the principal risks the Company is facing.

Management's Discussion and Analysis

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

Annual Results of Operations and Financial Position

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

Figure: Annual Result of Operations and Financial Position

Annual Result of Operations and Financial Position	2018	2017
Total Revenue	16,892	18,854
Direct Purchase Costs	(7,385)	(8,551)
Gross Margin	9,507	10,303
Total Operating Expenses	(8,999)	(12,432)
Non-Recurring expenses included in Operating Expenses	403	(139)
EBITDA	1,737	1,575
Operating Result	508	(2,129)
Net Income	184	(2,533)

Balance Sheet		
Shareholders' Equity	4,871	4,710
Equity	4,916	4,755
Balance Sheet Total	11,116	12,449
Solvency Ratio	44%	38%

Cash flow from operating activities		
Cash flow from operating activities	399	1,109
Normalized Net Cash Flow from operating activities	(4)	1,248

Full year revenue amounts to € 16,892 (including an adverse currency effect of € 520k) and a full year EBITDA of € 1,737k (including an adverse currency effect of € 104k).

FLOW is principally run in a SaaS model. Our FLOW SaaS revenue consistently increases year on year. Customers have access to our FLOW platform following an onboarding process. More and more our state-of-the-art technology enables customer self-onboarding. Consequently, our implementation efforts reflected in consultancy revenue is declining.

FLOW revenue (consisting of applications in Integration, Demand Generation and Analytics) amounted to € 15,498k (2017: € 15,529k), included FLOW SaaS revenue of € 8,152k (2017: € 7,925k). FLOW consultancy/support revenue amounted to 6,936k (2017: € 7,068k). License revenue representing sales of legacy products amounted to € 415k (2017: € 573k).

The company continually monitors the performance of its consultancy team and takes measures to reduce costs to counter the expected effect of the lower volumes of consultancy work. Consequently, staff is re-assigned and/or work may be outsourced. For FY 2019 this trend may be expected to continue.

The Company has an unused € 1.25 million senior revolving credit facility with RABO Bank. The facility includes a pledge on all receivables, has an indefinite term and bears interest at a EURIBOR based rate.
The Company intends to use any funds borrowed under the Credit Facility from time to time for general corporate purposes, which may include working capital needs, capital expenditures, and satisfaction of other obligations of the Company.

In FY 2018 no shares have been issued. The total number of shares outstanding amounts to 1,617,281 as at September 30, 2018. Shareholders' Equity amounts to € 4,871k (or € 3.04 per share) on September 30, 2018 (2017: € 4,710k, or € 2.94 per share).

As in prior years, the company is fully equity financed using net cash from operations. The company did not use any loans or debts from credit institutions. At as September 30, 2018 current liabilities, short term debt and bank overdrafts are nil.

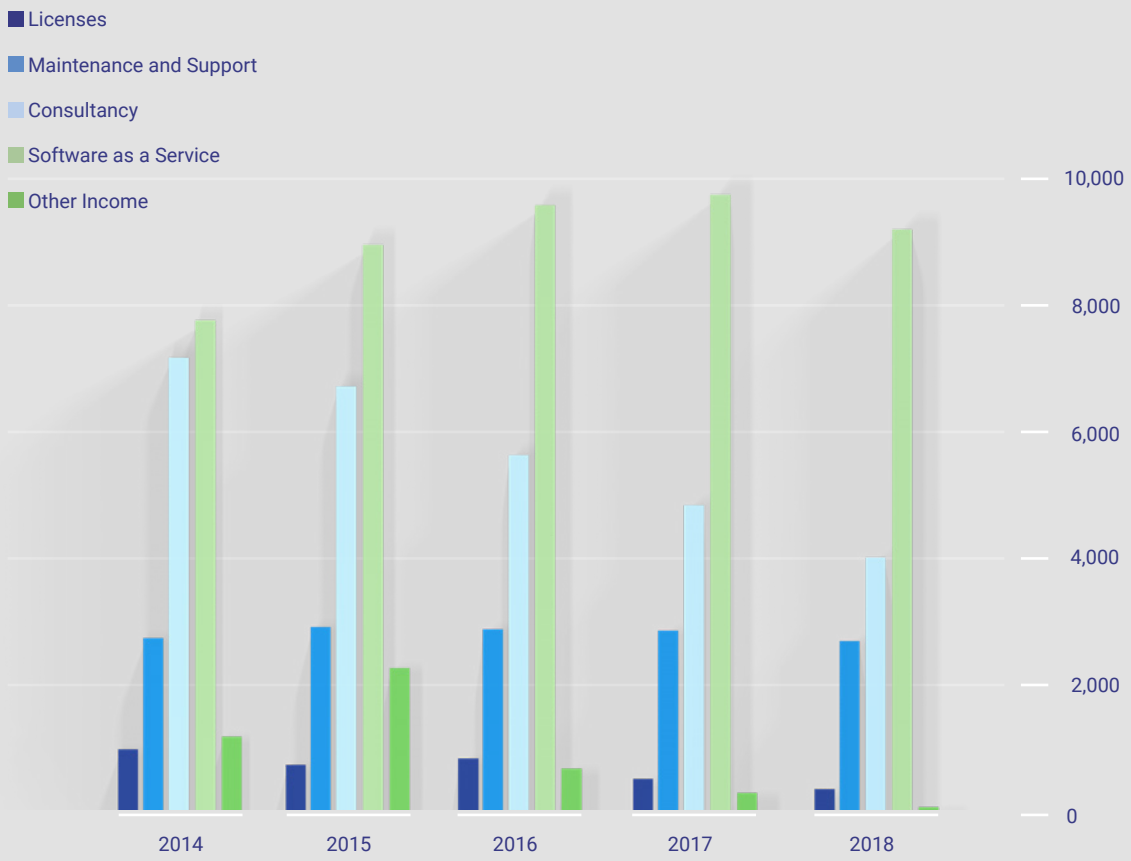
Revenue Analysis

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

Figure: Total Revenue 2018 - 2017

Total revenue Net of Direct Purchase Costs	**2018**		2017	
Licenses	415	2%	575	3%
Maintenance and Support	2,798	17%	2,960	16%
Consultancy	4,138	24%	4,987	26%
Software as a Service	9,420	56%	9,980	53%
Revenues	**16,771**	**99%**	**18,503**	**98%**
EU projects & other income	121	1%	352	2%
Total Revenue	**16,892**	**100%**	**18,854**	**100%**
Direct Purchase Costs	(7,385)	-44%	(8,551)	-45%
Revenue net of Direct Puchase Costs	**9,507**	**56%**	**10,303**	**55%**

5-year development of revenue for the period 2014-2018



The figure shows that revenue of Software as a Service (SaaS) is growing year on year and is the single largest revenue driver with 56% (2017: 53%). Revenue from maintenance and support activities is (in €) relatively stable over the years at € 2,789k (2017: € 2,960k). License revenue is derived from a legacy product only since our FLOW applications are delivered in the SaaS model. Other solutions delivered in SaaS are our hosting, webEDI (TiedByTIE), EDI managed services and Value Added Network services; all are legacy products in the business line Integration. SaaS solutions are provided on the basis of a 12, 36 or 60 months contract with automatic renewal after the initial term and monthly fixed fees and/or usage based fees. SaaS revenue also includes revenue from Demand Generation and E-Commerce; these services are provided on a subscription basis with a fixed contract period, generally 12 months upto 36 months. Revenues are accounted for on a percentage of completion bases based on IFRS standards. Maintenance and Support is the annual maintenance fee for maintenance/updates of sold licenses.

Other Income amounted to € 121k (2017: € 353k), and relate to an EU Development Project that was completed in FY 2018. As at September 30, 2018 the company is not engaged anymore in EU development projects.

Order Intake (Intake Signed Proposals or "ISP")

During 2018 the Order Intake in FLOW applications from existing and new customers amounted to € 11.2 million (2017: € 12.5 million) a decrease of 10% compared to FY 2017 This decrease is largely caused by the effect of a very large order in 2017 (with customer Parker Hannifin in excess of $ 1 million) with no equivalent large order in 2018. Total order intake is split between FLOW and Non FLOW as follows:

	2017	2018	Growth	Growth%
FLOW ISP	12,451	11,243	-1,208	-9.7%
Non-FLOW ISP	2,578	589	-1,989	-77.2%
Total	**15,029**	**11,832**	**-3,197**	**-21.3%**

The company focuses on long term value creation with FLOW and strives to increase the % of FLOW SaaS ISP in its total FLOW ISP. In FY 2018 total FLOW ISP amounted to € 11,243k, with 57% SaaS (2016: € 12,451k with 55% SaaS), confirming our SaaS ISP growth strategy.

	License		SaaS		Maintenance		Consultancy		Other Income		Total	
	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17
FLOW	478	652	6,451	6,893	177	282	4,104	4,621	34	2	11,243	12,451
as % of total ISP	4.3%	5.2%	57.4%	55.4%	1.6%	2.3%	36.5%	37.1%	0.3%	0.0%	100.0%	100.0%
Non-FLOW	0	0	467	1,893	0	0	121	676	0	9	589	2,578
as % of total ISP	0.0%	0.0%	79.4%	73.4%	0.0%	0.0%	20.6%	26.2%	0.0%	0.3%	100.0%	100.0%

Customers and Resellers

The Top 10 customers accounted for 24% (2017: 28%) of revenue, with an average sales value of € 339k (2017: € 593k).

Operating Expenses and Non-Recurring Expenses

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

Operating Expenses	2018	As % 2018	2017	As % 2017
Employee Benefits	5,243	58%	5,195	42%
Non-Recurring Expenses	(403)	(4%)	139	1%
Depreciation and Amortization Expense	1,229	14%	1,416	11%
Impairment	-	-	2,287	18%
Other Operating Expenses				
Accommodation Expenses	656	7%	681	6%
Professional Services	562	6%	735	6%
Communication Expenses	471	5%	434	3%
Marketing	658	7%	692	6%
Travel Expenses	292	3%	352	3%
Supplies	244	3%	230	2%
General & Administration	47	1%	270	2%
Subtotal Other Operating Expenses	**2,930**	**34%**	**3,394**	**28%**
Total Operating Expenses	**8,999**	**100%**	**12,432**	**100%**

Product Development

We completed some 45 SaaS based applications available on our FLOW platform. Our FLOW solutions have converged into one single platform offering, with seamless integrations to many third party ERP systems. The FLOW modules allow easy to use, self-service onboarding, reducing the entry costs for our customers. Within FLOW, our customers can benefit from all data generated within their own community of suppliers, distribution partners and end users.

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

Financial Income and/or Expense

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

Figure: Financial Income and/or Expense

Financial Income and/or Expense	2018	2017
Interest Income	2	1
Interest Expenses	(36)	(7)
Exchange gains/(losses)	70	48
Total	**36**	**42**

Impairment of Intangible Assets

Cash generating units are identified in line with the way management monitors, and will continue to monitor, the business. This is based on the internal reporting to the Executive Board as main decision-making body in the company. Our strategic planning is primarily based on Business Lines. Country segments are used for tactical purposes such as annual budgeting, statutory reporting, tax reporting and recognition of cash generating units. Revenue items, and direct cost items and fee earning staff are allocated to Business Lines. To avoid arbitrary and volatile allocation, indirect costs and non-fee earning staff are not allocated directly to business lines, but rather allocated to country operations (or holding functions). The Company applies an intercompany transfer pricing mechanism to account for the various roles the respective country operations have in the value chain towards its customers. As the case may be, the company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain. The intercompany pricing mechanism may distort the intra year as well as the year-on-year country segment comparison.

TIE Kinetix has four business lines (Integration, E-Commerce, Demand Generation and Analytics & Optimization) and country operations in the Netherlands, in the US, in Germany, and in France. This leads to the cash generating units TIE Nederland/TIE International, TIE Mambo 5, TIE Kinetix France, TIE Kinetix US, TIE Kinetix Germany incl. DACH and TIE Product Development.

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

Management has conducted annual impairment testing and assessed that for all cash generating units the Value in Use [IAS 36.30-57] exceeds Carrying Value [IAS 36.8-9]. Furthermore, management has no indications that individual assets of any cash generating units may be impaired.

TIE Mambo 5: headroom considerations

In 2017 and 2018 TIE contracted several important new customers for e-invoicing to government. After signing up Amsterdam and Rotterdam in 2017, new Dutch municipalities and government agencies choose for TIE Kinetix in 2018. These Dutch governmental agencies and municipalities are directing their suppliers to TIE Kinetix for the implementation of e-invoicing. In 2018 a first batch of suppliers has been implemented and it is expected that in FY 2019 the number of onboarding suppliers will increase.

In the TIE Group of companies, Mambo 5 is the company that possesses the technical know how and expertise to be delivering these services. The technical expertise to deliver these projects largely stems from work performed for T-Mobile, with the design, build and operation of their 14 portals by Mambo5. Mambo5 has set up a task force called 'de regiekamer' in which a dedicated team of resources are focused on onboarding e-Invoicing suppliers for Amsterdam, Rotterdam and other municipalities.

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

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

Income Taxes

The carrying value of the Deferred Tax Asset in the US amounts to € 372k ($ 431k) in the US (2017: € 458k or $ 540k), and is caused by timing differences. The US net operating losses for both Federal Tax purposes and State tax purposes are fully utilized as a result of which the company's effective tax rate is increasing. The carrying value of the Deferred Tax Liability in Germany amounts to € 6k (2017: € 27k), and in the Netherlands € 2k (2017: € 8k).

Cash Position

In 2018, the Cash Generated in operations is € 631k (2017: € 1,455k). As at September 30, 2018 the Company held a cash position of € 580k (2017: € 1,538k).

Risk Assessment & Risks

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

The risk analysis focuses predominantly on business risks that result in managerial decisions, in particular with respect to:
» Span of control, i.e. oversight.
» Commercial dependency of our partners.
» Our churn rate and retention rate.
» Downtime of datacenters.
» Contractually agreed (SLA) obligations.

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

Fair value

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

Currency Risk

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

Credit Risk

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

Liquidity Risk

The Liquidity Risk is discussed on page 81 of this report.

Interest Rate Risk

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

Brexit

Since 2018 TIE Kinetix operates a small separate business in the United Kingdom. As at September 30, 2018 TIE does not have sales contracts or purchasing contracts denominated in UK Pounds Stirling. The effects, if any, of the anticipated separation of the United Kingdom from the European Union, are expected to be minimal to the Company.

Acquisition Strategy

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

Our acquisition strategy is based on the following considerations:

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

Corporate Sustainability

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

Our Employees

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

Since the worlds of mobile, social media, big data, and multi-channel are subject to constant change, TIE Kinetix and its business is changing as well. All these changes necessitate a more result-oriented approach. This belief is the reason for TIE Kinetix to further improve its existing performance and competency management towards its employees in 2018, in order to enable and optimize the realization and support of the organizational strategy.

The workforce of TIE Kinetix is diverse and multicultural as TIE Kinetix employs a large variety of nationalities. In official announcements and communication TIE uses English as the main international business language.

In general TIE Kinetix aims to provide its staff members with safe and healthy working conditions. The absence due to illness in financial year 2018 amounted to 2.3% (excl. pregnancy leave, 2017: 1.5%), which is low compared to the average of 3.5% in the same period for the commercial services sector in The Netherlands (source: Statistics Netherlands/Centraal Bureau voor de Statistiek).

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

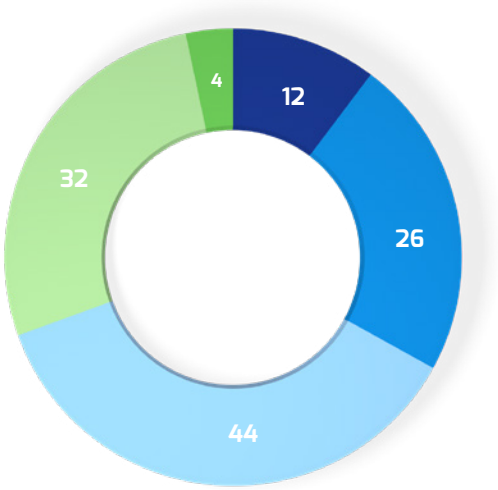
Compliance with Laws and Regulations

TIE Kinetix will abide by all human rights and supports the development of them wherever it operates within the legitimate role of business. TIE Kinetix rejects any restrictions to free trade other than duly enacted national and international laws.
TIE Kinetix offers its employees and applicants equal opportunities, and does not tolerate any form of harassment or unfair or unlawful discrimination based on race, age, gender, sexual orientation, disability or national origin. TIE Kinetix has a policy in place for dealing with complaints regarding harassment or discrimination. Additionally, TIE Kinetix has a Whistleblower's policy in place, allowing employees to report suspected irregularities without jeopardizing their positions.

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

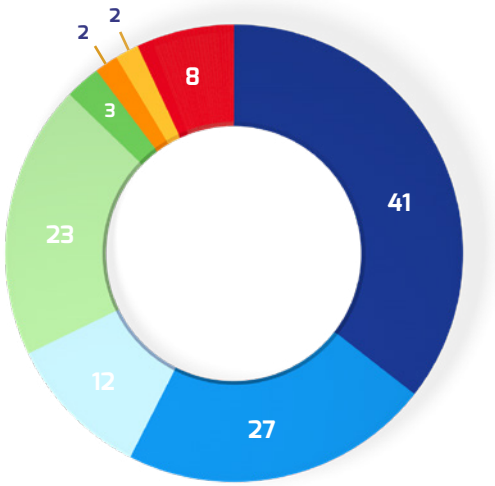
Also, TIE Kinetix has regulations on insider knowledge in place, preventing trading with insider knowledge. Every employee, executive, specified person, Executive Board member and Supervisory Board member is to inform the Compliance Officer of its intention to trade in TIE Kinetix shares prior to any transaction. The Compliance Officer is the Chief Financial Officer of the Company, ensuring that every employee, executive, specified person, Executive Board member and Supervisory Board member abides by

Age distribution



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

Nationalities



Netherlands
USA
France
Dach Region
Spain
Other nationalities

the applicable laws and restrictions. The silent period, in which every employee, executive, specified person, Executive Board member and Supervisory Board member is prohibited from trying to execute and/or executing a transaction TIE Kinetix shares, irrespective of whether or not he or she possesses insider knowledge, is published on our website and communicated at the start of every silent period.

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

Workers Council

TIE Kinetix recognizes the employees' right to organize them in order to protect their own rights. From 1999, TIE has a Worker's Council (Ondernemingsraad) in the Netherlands. As of 2005, this Worker's Council has continued on a voluntary basis, due to the number of employees in the Netherlands. In 2015 both members of the Netherlands' workers council stepped down their position while no other candidates have stepped forward since. As at September 30, 2018 the appointment of a new Worker's Council in the Netherlands is pending.

Investor Relations

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

Our Carbon Footprint

Our solutions

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

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

Our office in Breukelen, The Netherlands

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

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

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

TIE Kinetix publishes an annual report and semi-annual results. In addition, TIE Kinetix keeps its stakeholders informed through press releases. TIE Kinetix also issues press releases of a commercial or strategic nature, if and when the company deems that to be of interest to its stakeholders.

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

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

Outlook for Financial Year 2019

In 2019, the company remains dedicated to the commercial growth of its FLOW solutions. Emphasis will be placed on expansion in dedicated vertical markets in line with the TIE Kinetix strategy. We have created a corporate account team dedicated to FLOW. The team report into corporate directly. Investment in (marketing and sales for) non-FLOW products will be further reduced as we expect a further decrease of non-FLOW revenue in 2019. Top line revenue growth in FY 2019 may be limited, depending on the impact of reduced non-FLOW revenue.

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

We will continue our hybrid hosting strategy through partnering, with partners who secure access to best of breed, cloud independent and cost efficient internet infrastructure.

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

Financial Calendar 2019

March 29, 2019: Annual General Meeting of Shareholders

April 24, 2019 until May 15, 2018 – Closed Period
» May 15, 2019: Publication of the 1st half year results

October 31, 2019 until November 20, 2019 – Closed Period
» November 20, 2019: Publication of the annual results

Corporate Governance

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

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

Legal framework

TIE Kinetix N.V. (the "Company"), is a public limited liability company, established under the laws of the Netherlands. Its shares are listed on NYSE Euronext, Amsterdam. As such, several laws and regulations apply to the Company: the Dutch Civil Code, the Dutch securities laws such as the Dutch Financial Supervision Act, the NYSE Euronext listing rules and the Dutch corporate governance code of December 8, 2016 (the "Code"). Additionally, the Company, the Executive Board, the Supervisory Board and the staff members are bound by the Company's Articles of Association, the Terms of Reference of the Supervisory Board, the Terms of Reference of the Executive Board, the Code of Conduct, the Remuneration Policy, the Insider Knowledge Regulations, the Whistleblower Policy, the Privacy Policy and several internal procedures. More details and the most recent documents can be found on our website, https:// tiekinetix.com/nl/investor-relations.

Shares and shareholders

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

The General Meeting of Shareholders decides on resolutions with regard to the issuance of shares and may grant this authority to another company body for a period up to five years. At the issuance of shares, each shareholder has a pre-emptive right proportional to his existing shareholding, subject to statutory provisions. The pre-emptive right may be restricted or excluded by a resolution of the General Meeting of Shareholders or by another company body if it has been authorized to do so by a resolution of the General Meeting of Shareholders, for a period up to five years. On March 31, 2018 the General Meeting of Shareholders decided not to grant authorization to the Executive Board to issue shares and rights to acquire shares (options, warrants, convertibles). In case the Company wishes to issue shares or rights to acquire shares, the Company convenes a General Meeting of Shareholders or an Extraordinary General Meeting of Shareholders. The Company does not have an anti-takeover provision.

Shareholders who have reported their interest in the Company pursuant to Chapter 5.3 of the Dutch Act of Financial Supervision are Mr. C. Komen (through DW Vastgoed Beleggingen B.V.) 25.8 %, Mr. P. van Schaick (through Alto Imaging Group N.V.) 13.4 %, Objectif Lune International Inc. 9.9 %, Mr. D. Lindenbergh (through Blikkenburg BV) 9.1 %, and Mr. G. van Lookeren (through Loca Holding BV) 6.1%; all excluding potential interests. In 2018, no shareholders agreements have been concluded between the Company and these major shareholders.

Shareholders meeting and voting rights

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

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

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

The Company has discussed the option to enable shareholders to vote remotely in the General Meeting of Shareholders by using electronic communication devices. At present the opinion of the Executive Board is that, given the size of the Company, the use of such devices will not improve the transparency of the decision-making process.

Amendment of the Articles of Association

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

Executive Board

The Executive Board is entrusted with the management of the Company. This means that it is responsible for the achievement of the Company's targets, its strategy with the associated risk profile, the development of the results and the social aspects of doing business relevant to the Company. For its management the Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders. In the performance of its duties, the Executive Board and the Supervisory Board are guided by the interests of the Company, taking the relevant interests of all stakeholders into account and to create long term value in accordance with article 1.1.1 of the Code. In this respect, the Executive Board and the Supervisory Board have assessed the Company's long term growth strategy related to its FLOW proposition. This included assessment of the required investments and financial aspects, control of related risks and opportunities subject to article 1.2.1 and 1.2.2 of the Code and communication with its stakeholders.

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

The Executive Board consists of Mr. J.B Sundelin and Dr. M. Wolfswinkel. Mr. J. Sundelin, CEO, has been a member of the Executive Board since February 2007. His term is renewed at the Annual Extra Ordinary Meeting of Shareholders of July 13, 2018 and will end on March 31, 2021.

Dr. Wolfswinkel joined the company as CFO on August 19, 2013 and has been appointed to the Executive Board on November 28, 2013. His term was renewed at the General Meeting of Shareholders of March 31, 2017 and will end on March 31, 2021. The remuneration of the members of the Executive Board has been set in conformance with the Remuneration Policy of the Company and is in line with the provisions of the Code. In the Remuneration policy a claw back clause on variable pay has been incorporated. The severance package of the Executive Board is in line with best practice provision 3.2.3. of the Code. More information about the remuneration of the Executive Board can be found in the notes to the consolidated statement of comprehensive income.

The Executive Board avoids (the appearance of) conflicts of interests between the Company and a member of the Executive Board. All transactions in which a conflict of interest exists or is deemed to exist must be concluded on terms at least customary in the sector concerned. Resolutions for entering into such transaction must be approved by the Supervisory Board. In the financial year 2018, there were no reports on conflicts of interest.

Supervisory Board

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

In 2018 it appeared that the disagreement between the members of the Supervisory Board and the larger shareholders was unsolvable. As a result, the members of the Supervisory Board had to be replaced. At the Extra-Ordinary Meeting of Shareholders of July 13, 2018 three new members of the Supervisory Board were appointed: Mr Georg Werger (president), Mrs Gerdy Harteveld and Mr Per Nordling. Further information about the members of the Supervisory Board can be found in the report of the Supervisory Board as included in this annual report. All members of the Supervisory Board are independent, subject to the relevant requirements of provision 2.1.6, 2.1.7, 2.1.8 and 2.1.9 of Code. The composition of the Supervisory Board is such that its members are able to act critically and independently of one another and of the Executive Board and any particular vested interests. Each member of the Supervisory Board is capable of assessing a broad outline of the overall strategy of the Company and its business. As a whole, the composition is such that it enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and other stakeholders. The Supervisory Board is constituted in a balanced manner as to reflect the nature and variety of the Company's businesses and the desirability to have available expertise in such fields as finance, economics, management, legal/corporate governance, information technology and the Company's business in general and more specifically the national and international E-Commerce market. The Supervisory Board members are appointed by the General Meeting of Shareholders. A Supervisory Board member is appointed or reappointed for a term commencing on the date of his appointment and ending at the day of the first General Meeting of Shareholders held after the fourth anniversary of this appointment.

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

In the financial year 2018 the recently appointed Supervisory Board met 3 times. Since the Supervisory Board comprises only three members, no separate remuneration committee and selection and appointment committee have been formed. The audit committee consists of all members of the Supervisory Board and meets during Supervisory

Board meetings. It is the opinion of the Supervisory Board that, at present, there is no need for an internal audit function in the Company.

The Supervisory Board avoids (the appearance of) conflicts of interests between the Company and a member of the Supervisory Board and/or a member of the Executive Board. In the financial year 2018, there were no conflicts of interest.

Notes on the Company's corporate governance

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

BDO Audit & Assurance B.V. has been the external auditor during the financial year 2018, being appointed at the General Meeting of Shareholders of March 30, 2018.

No deviations

With the appointment of the new Supervisory Board on July 13, 2018, the company complies with the statutory requirements on gender diversity.

In control statement

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

Functionality and design are continuously developed to further improve supporting business processes and upgraded to the latest version of Exact Synergy. In 2016, we migrated our time tracking functionality to Exact Synergy and we consolidated our customer resource management processes within Synergy allowing tighter control and management.
In 2017, we migrated our subscription based contracts and invoicing to Exact Synergy. And in 2018, we migrated our project management and development functionality from Jira towards Exact PSA/Synergy. My-TIE has proven to be a very effective instrument of the internal risk management and control system. Any shortcomings that come to light as the Executive Board continues to evaluate processes and procedures, also in light of changing circumstances and business processes, are addressed and resolved as soon as possible.

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

My-TIE significantly reduces, but cannot fully eliminate the possibility of poor judgment in decision-making, human errors, abuse and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of other unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses. A properly designed and implemented risk management and internal control system will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives, in orderly and legitimate conduct of its business. It can also not provide absolute insurance that a misstatement in the financial reporting would be prevented or detected. In this context, reasonable assurance refers to a degree of assurance that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances. Notwithstanding the 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 internal risk management and control system provide a reasonable assurance that the financial reporting does not contain any errors of material importance; the financial statements therefore provide as far as the Executive Board is aware, a fair view of the financial position, the assets and liabilities and the financial results of the company and consolidated enterprises as of September 30, 2018;
- The internal risk management and control system has worked properly in financial year 2018 and there are no indications to believe that the internal risk management and control system will not continue to function properly in financial year 2019.

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

Analytics & Optimization

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

Notes to the Consolidated Statement of Financial Position from page 82.

Assets

(€ x 1,000)	Notes	30 September 2018		30 September 2017	
Non Current Assets					
Intangible fixed assets	1)				
Goodwill		2,250		2,242	
Other intangible fixed assets		3,772		3,587	
			6,022		5,829
Tangible fixed assets	2)				
Property, Plant and Equipment		176		246	
			176		246
Financial fixed assets	3)				
Loans and Receivables		13		83	
Deferred Tax Asset		372		458	
			385		541
Total Non Current Assets			**6,583**		6,616
Current Assets	4)				
Trade Debtors		2,901		2,769	
Income Tax Receivable		-		30	
Taxation and Social Security		95		119	
Other Receivables and Prepayments		957		1,377	
			3,953		4,295
Cash and Cash Equivalents			580		1,538
Total Current Assets			**4,533**		**5,833**
Total Assets			**11,116**		**12,449**

Equity and Liabilities

(€ x 1,000)	Notes	30 September 2018	30 September 2017
Equity	5)		
Shareholders' Equity		4,871	4,710
Convertible Bonds		45	45
Total Equity		**4,916**	**4,755**
Non Current Liabilities	6)		
Loans		-	8
Deferred Tax Liability		8	35
Deferred Revenue		25	149
Provisions		184	374
Total Non Current Liabilities		**217**	**566**
Current Liabilities	7)		
Trade Creditors		812	1,080
Deferred Revenue		3,133	3,411
Taxation and Social Security, Income tax		658	704
Other Payables and Accruals		1,380	1,933
Total Current Liabilities		**5,983**	**7,129**
Total Equity and Liabilities		**11,116**	**12,449**

Consolidated Statement of Comprehensive Income for the year ending September 30, 2018

(Notes to the Consolidated Statement of Comprehensive Income from page 100 onwards).

Revenues (€ x 1,000)	Note		**2018**		2017
Licenses		415		575	
Maintenance and Support		2,798		2,960	
Consultancy		4,138		4,987	
Software as a Service		9,420		9,980	
Revenues			16,771		18,502
EU Projects			107		324
Other income			14		28
Total Revenue			**16,892**		**18,854**
Third party hire			(482)		(523)
Direct Employee Costs			(4,212)		(4,826)
Direct Purchase Costs			(2,691)		(3,202)
Gross Margin			**9,507**		**10,303**
Operating Expenses	**8**				
Employee Benefits		5,243		5,195	
Acquisition costs and other items		(403)		139	
Depreciation and Amortization		1,229		1,416	
Impairments		-		2,287	
Other Operating Expenses		2,930		3,394	
Total Operating Expenses			**8,999**		**12,432**
Operating Income/(loss)			**508**		**(2,129)**
Interest and other Financial Income	9		2		1
Interest and other Financial Expense	9		34		41
Income/(loss) before Tax			**544**		**(2,087)**
Corporate Income Tax	10		(360)		(446)
Net Income/(loss)			**184**		**(2,533)**

Comprehensive Income	**2018**	2017
Net Income/(loss)	184	(2,533)
Exchange differences on translating of foreign operations	(21)	(86)
Total Comprehensive Income/(loss) net after Tax	**163**	**(2,619)**

Attributable to Shareholders of TIE Kinetix:	**11**	**2018**	2017
Income after Tax		184	(2,533)
Comprehensive Income net after Tax		163	(2,619)
Net result per share – basic		0.11	(1.58)
Weighted average shares outstanding – basic (thousands)		1,617	1,607
Net result per share – diluted		0.09	(1.57)
Weighted average number of shares fully diluted (thousands)		1,953	1,612

Consolidated Statement of Changes in Equity for the year ending September 30, 2018

More details are explained in note 5 on page 91.

(€ x 1,000)	Share Capital (Incl Surplus)	Retained Earnings	Foreign Currency translation reserve	Share-holders Equity	Convertible Bonds	Total Equity
Balance per September 30, 2016	**61,187**	**(54,226)**	**161**	**7,123**	**45**	**7,168**
Foreign currency translation reserve	-	-	(86)	(86)	-	(86)
Net Income	-	(2,533)	-	(2,533)	-	(2,533)
Total Comprehensive Income (loss)	**-**	**(2,533)**	**(86)**	**(2,619)**	**-**	**(2,619)**
Shares issued and Share Premium	206	-	-	206	-	206
Balance per September 30, 2017	**61,393**	**(56,759)**	**75**	**4,710**	**45**	**4,755**
Foreign currency translation reserve	-	-	(22)	(22)	-	(22)
Net Income	-	184	-	184	-	184
Total Comprehensive Income (loss)	-	184	(22)	162	-	162
Balance per September 30, 2018	**61,393**	**(56,575)**	**53**	**4,871**	**45**	**4,916**

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

Consolidated Statement of Cash Flows for the year ending September 30, 2018

(€ x 1,000)		2018		2017
Income before tax		**544**		**(2,087)**
Adjustments:				
Share based payments expense	-		146	
Depreciation and amortization	1,229		1,416	
Impairments	-		2,287	
Increase (decrease) provisions	(190)		(129)	
		1,039		**3,720**
Working Capital Movements				
(Increase) decrease in debtors and other receivables	342		922	
(Decrease) increase in deferred revenue	(402)		(741)	
(Decrease) increase in current liabilities	(892)		(359)	
		(952)		**(178)**
Cash generated (applied) in operations		**631**		**1,455**
Interest paid		(4)		(6)
Interest received		2		2
Income tax paid		(229)		(341)
Net Cash flow from operating activities		**399**		**1,109**
Investments in intangible fixed assets	(1,302)		(1,477)	
Acquisition of subsidiary net of cash acquired	-		-	
Investments in tangible fixed assets	(41)		(28)	
Net Cash flow generated / (used) in investing activities		**(1,343)**		**(1,505)**
Increase (decrease) long term loans	(8)		(34)	
Issue of new shares	-		**60**	
Net Cash flow generated / (used) by financing activities		**(8)**		**26**
Net increase (decrease) in Cash and Cash Equivalents		**(953)**		**(370)**
Currency Exchange Rate Difference on opening balance Cash and Cash Equivalents		(6)		21
Opening balance Cash and Cash Equivalents		1,538		1,887
Closing balance Cash and Cash Equivalents		**580**		**1,538**

General information and Summary of significant accounting policies

Company Information

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address of De Corridor 5d, Breukelen. Subsidiaries are located in Asia-Pacific, France, Germany, UK, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam. In the following pages, the name "TIE Kinetix" or "the Company" will be used to refer to TIE Kinetix N.V. and its various subsidiaries. TIE Kinetix develops, sells, and distributes software and services under TIE Kinetix's Total Integrated E-Commerce concept around the world through a network of subsidiaries and resellers. The Company has been active not only in the software development but in the standardization process as well. The consolidated financial statements for the year ending September 30, 2018 are authorized for issuing through a resolution of the Executive Board dated November 29, 2018. The Annual General Meeting of Shareholders, to be held on March 29, 2019 will be requested to decide on the Consolidated Financial Statements.

Statement of Compliance

The consolidated financial statements of the Company included on pages 66 to 119, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission.

Basis of Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are detailed below and have been prepared on a historical cost basis, unless stated otherwise. These policies have been consistently applied to all the presented years, unless stated otherwise. The consolidated financial statements are presented in Euros, and all values are rounded to the nearest thousand (€ x 1,000), unless stated otherwise.

Implications of new, amended and improved standards

The Company has adopted the following new standards with a date of initial application of October 1, 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12);
- Amendment to IFRS 12- Annual Improvements 2014-2016 Cycle.
- Disclosure initiative IAS 7 (Statement of Cash Flows)

Annual Improvements 2014-2016 Cycle clarifies the scope of the standard by specifying which disclosure requirement in this standard apply to an entity's interest that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and discontinued operations. There was no significant effect from the adoption of these amendments.

Future Changes in Accounting Policies and Disclosures

A number of standards and/or interpretations which have been issued, but are not yet effective, may impact future financial statements. These standards and interpretations, which have not been applied in FY 2018 are:

- IFRS 9 will become effective after January 1, 2018; which replaces IAS 39 Financial Instruments: contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Cash and cash equivalents are held with financial counterparties with Aa2 rating (Moody's) as at November 29, 2018, and the Company considers that its cash and cash equivalents have low credit risk based on the credit ratings of the counterparty. The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. This applies for TIE Kinetix primarily for financial receivables. Based on the assessments undertaken to date, the company expects an increase of less than € 50k in the loss allowance for its financial receivables. IFRS 9 must be applied for annual periods beginning on or after January 1, 2018. The Company plan to adopt the new rules witheffect from FY 2019 using the cumulative effect method. Comparatives for 2018 will not be restated.

» IFRS 15 will become effective after January 1, 2018; Revenue from Contracts with Customers: Replacing IAS 18 Revenue and IAS 11 Construction contracts including all relevant interpretations. The Company provides Software as a Service in a subscription model, plus related services as the case may be. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Under IFRS 15, the total consideration in the services contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on their list prices at which the Company sells the services in separate transactions. The company has investigated the possible impact of IFRS 15. Based on the Company's assessment the revenue recognition of consultancy fees relating to set up and migration activities will differ from the situation under IAS 18 as these fees are not distinct anymore from the Software As A Service (SaaS) contract and therefore revenues need to be allocated over time of the expected duration of the SaaS contract. The impact of the initial application of IFRS 15 for this matter is estimated at an amount less than € 400k in postponed revenues or some 2% of the value of Software as a Services revenue. The company has also assessed that contract cost amounting to less than € 100k relate to multi-year contracts which, based on IFRS 15, qould have to be recognized over time. The company assessed that for FY 2018 the overall impact may be considered immaterial and the company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.The Company plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application. As a result, the Company will not apply the requirements of IFRS 15 to the comparative period presented.
» IFRS 16 will become effective after January 1, 2019: Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17- Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. The Group is currently evaluating the method of implementation and impact of adoption on its Consolidated Financial Statements and management concluded that it has no material impact at this stage.The company plans to adopt this standard upon effective date.
» Annual Improvements to IFRS Standards 2014-2016 cycle;
» IFRIC 22 Currency transactions and Advance Consideration;
» IFRIC 23 Uncertainty over Income Tax treatments.

Going Concern Considerations

Based on Budget 2019, the Company expects positive operational cash flow. The Company has become less sensitive to intra year cash flow fluctuations as a result of the large proportion of recurring subscription based revenue in combination with maintenance and support income. With certain commercial counterparties, the Company is occasionally accepting extended credit terms that may impact working capital negatively. Taking everything into account, management believes it will have adequate cash to run its operations for the next year. The company has a credit facility with Rabobank (in the amount of € 1,250k) to cover working capital balances. In the event the Company needs additional funding, the Company could consider attracting additional credit facilities, or issue loans, or alternatively issue Convertible Bonds or shares. Based on all items discussed above, Management concludes that it is correct to prepare the accompanying financial statements on a 'going concern' basis.

Basis of Consolidation

The consolidated financial statements include the financial statements of TIE Kinetix N.V. and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following

elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. The assessment of control is based on the substance of the relationship between the Company and the entity and, among other things, considers existing and potential voting rights that are presently exercisable and convertible.

Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the Company obtains control. It will continue to be consolidated until the date in which such control ceases. All intra-company balances, transactions, and income and expenses resulting from intra- company transactions are eliminated in full.

Foreign Currency Translation

Foreign operations prepare their financial statements in the currency of the primary environment in which they operate (functional currency). For consolidation purposes, foreign operations are translated into Euro, the functional currency of TIE Kinetix N.V. and the designated presentation currency. Assets and liabilities are translated using the closing rate at September 30, 2018. Income and expenses are translated using weighted average exchange rates or the actual rate at the date of the transaction, if more appropriate. All resulting exchange rate differences are recognized in a special component of equity. In the event of a sale of a foreign operation, the relevant part of the special component of equity pertaining to the entity sold will be released from Equity and included in the realized gain or loss on the sale.

Per September 30, 2018, monetary assets and liabilities are translated against the closing rate. Non-monetary items carried at a cost are translated by using the exchange rate at the date of the transaction. Exchange rate differences on monetary items are recognized in income whenever they arise.

Inter-company monetary items, which form part of an enterprise net investment, are translated against the closing rate per September 30, 2018. An intercompany current account between TIE Kinetix N.V. and the US subsidiary, TIE Commerce Inc. is denominated in USD. All transactions are accounted for at the transaction rate at TIE Kinetix N.V. Currency Exchange Rate Differences are taken to the special component of Equity.

Significant Accounting Judgements and Estimates

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

Impairment of Assets

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

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

Offsetting

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

Intangible Fixed Assets

Development Costs

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

Customer Base

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

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

Detailed Description of Accounting Principles

Intangible Fixed Assets

Goodwill

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

Customer Base

The Customer Base of acquisitions in the past has been identified as a separate intangible asset upon acquisition. The useful life of this asset is asset is 10 ten years and reassessed periodically and adjusted when circumstances give rise to such action.

Development Costs

Projects for the development of software are broken down into a research phase and development phase. The costs pertaining to research are expensed immediately. The development costs are recognized as an intangible asset after establishing the technical feasibility of the project. Future economic benefits from the project are deemed probable and sufficient resources are available and devoted to the project to facilitate successful completion. Development costs are carried at a cost minus amortization and accumulated impairments. Development costs of products other than FLOW are amortized based on an expected useful life of three-five years.
The useful life assessment is based on the current experience and the present economic and technological environment. The useful life of this asset is reassessed periodically and adjusted when circumstances give rise to such action.
Upon initial recognition of the assets and liabilities and activities during 2006, a separate intangible fixed asset representing the Content Syndication Concept was recognized. Initially, and awaiting the convergence of all TIE Kinetix' business applications in one common platform, the Content Syndication Concept was considered to have an indefinite useful life and no amortization was applied. Upon the introduction of FLOW, the concept has been developed further and several product modules have now been developed that can only be sold using this concept. Upon the introduction of these FLOW product modules, TIE Kinetix management has re-assessed the concept and its useful life and considers an economic life of 7 years as viable. Management projects a useful life of 7 years in line with the useful life of generally used ERP software in the industry. As from January 1, 2016 onwards, all FLOW development efforts are allocated per commercial module. All FLOW modules are developed under the direction of the CTO and TIE Kinetix Management Team. FLOW product modules compete with products developed by other

vendors in the market place and may be expected to be replaced by our next generation products over a 5 year period. For that reason management has assessed a useful life of 5 years.

Software

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

Tangible Fixed Assets

Property, Plant and Equipment

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

- Leasehold improvements – 10 years or the term of the lease;
- Hardware – 3-5 years;
- Office equipment – 3-5 years.

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

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

An annual assessment is performed to establish whether circumstances exist to call for an impairment of an individual asset. Residual values and useful lives are reviewed annually and are adjusted when appropriate. Assets are impaired to recoverable value when carrying values are found to be in excess of the recoverable amount of the

individual or as part of a CGU for assets that do not generate an independent cash flow. Impairment losses for CGU's as a whole are first charged against the Goodwill balances of the CGU. Any remaining impairments are allocated to the assets of the CGU as a whole. Any reversal of an impairment loss is immediately recognized in income.

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

Financial Assets

Deferred Tax Assets

Deferred Tax Assets reflect the net tax effect of losses carried forward and temporary timing differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes. Deferred Tax Assets are recognized when they are considered to be realizable in the future, which is reassessed each year-end.
Deferred Income Tax Assets are measured at the tax rates that are expected to apply to the year when the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted per year-end. Deferred Tax Assets and Deferred Tax Liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loans and Receivables/Trade Receivables

Loans and Receivables are recognized initially at fair value plus transaction costs. After initial measurement loans and receivables are measured at amortized cost, using the effective interest method net of impairments. This involves

calculating the net present value of future cash flows using the current market rate at the time of initial recognition of the asset. Interest is accounted for in the Statement of Comprehensive Income at the effective interest rate at the time of the initial recognition of the asset.

Impairments are only considered when there are indications of impairment. The difference between the effective interest rate and the (notional) interest receivable is allocated to the asset balance changing its carrying value. Trade Receivables are recognized at amount receivable less a provision for uncollectability. The provision for uncollectability is set up on an item for item basis when there is evidence of uncollectability. The provision represents the difference between carrying value of trade receivables and management's best estimate of the future cash flow resulting from the item. All strengthening and releases from the provision are accounted for in income.

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

Cash & Cash Equivalents

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

Convertible Bonds

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

Non-Employee Stock Options

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

Liabilities

Loans

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

Provisions

The Company recognizes a provision in cases in which a present obligation resulting from a past event, with a probable future outflow of resources, settles the obligation at an amount that can be reliably estimated. Provisions are measured at the present value of the future outflow required to settle the obligation, using a pre-tax rate that reflects current

market assessments of the time value of money and the risks specific to the obligation. The change in the time value of future outflows is recognized underexpenses. The time value is considered a material component.

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

Deferred Tax Liability

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

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

Recognition and Measurement of Income and Expenses

Recognition of Income

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

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

Licenses

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

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

Maintenance and Support

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

Consultancy Services

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

Software as a Service (SaaS)

SaaS consists of webEDI, Managed Services, Value Added Network services, Content Syndication and E-Commerce. These services are generally provided on the basis of a 12, 24 or 36 month contract whereby fees are based on actual use of either the service or a subscription fee or a combination of both. Other SaaS revenues consist of revenues from marketing campaigns, which are invoiced on a “pay as you go” basis.

Other Income

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

Deferred Revenues

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

Direct Purchase Costs

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

Employee Benefits and Expenses

Short term Employee Benefits

Short-term Employee Benefits entail salaries payable over past service, short-term compensated absences in which they are expected to occur within twelve months after the end of the period in which the employee renders the related service, profit sharing, or bonus arrangements. A liability is set up to the extent that amounts are due based on rendered services. WBSO (Wet Bevordering Speur- en Ontwikkelingswerk) received as a grant on wage tax has been deducted upon the employee benefits expenses.

Termination Benefits

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

Post-Employment Benefits

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

TIE Kinetix France has an arrangement resulting in a retirement bonus, which qualifies as a Defined Benefit post- employment arrangement under IFRS. While the present value of this retirement bonus liability is recognized on the face of the Statement of Financial Position, movements in this liability are accounted for in income. The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. In the US, the Company staff participates in a corporate 401(k) savings plan with its discretionary contributions. These discretionary payments are recognized in income if and when they are paid into the plan.

Share Based Payments

In prior years, the Company has issued stock options under a Stock Option Plan to TIE Kinetix staff that entitles staff members to receive equity instruments it has issued. These Stock Options Plans are classified as Equity Settled Instruments. Stock Options granted under the annual Stock Options Plan have a vesting period of three years after issuance. The expense resulting from the options is based on the fair value of the options at grant date. The expense is recognized in income, with the offsetting entry in Equity over the term in which the services are rendered, i.e. the vesting period of the options. The expense reflects management's best estimate of the number of Stock Options expected to vest. Any considerations received net of any directly attributable transaction costs are accounted for in Equity upon exercise of the options. When a Stock Option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the Stock Option is recognized immediately. However, if a new Stock Option is awarded in substitution of the cancelled Stock Option, the substitution is treated as if it is a modification of the original. An additional expense is

recognized to the extent the modification results in an increased fair value of the modified Stock Options, compared to the original ones.

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

Shares issued under the Performance Share Plan are subject to transfer restrictions.

Leases

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

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

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

Earnings per Share

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

Statement of Cashflows

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

Post Balance Sheet Events

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

Financial Risk Management

The Company's activities expose it to a variety of risks, including market (currency risk and interest rate risk), credit, and liquidity risks. Financial instruments are accounted for under Assets (Loans and Receivables) and Equity (Convertible Bonds). The Company neither holds nor issues financial instruments for trading or hedging purposes. The principal financial instruments, from which financial instrument risk arises, are trade receivables, cash and cash equivalents, trade and other payables, and bank overdrafts.

Fair Value

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

Derecognition of Financial Assets

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

Reclassification of Financial Assets

No Reclassification of Financial Assets has been applied in 2018 (nor in 2017).

Currency Risk

The Company operates across the globe in various currency environments and is exposed to foreign exchange risks, mainly with respect to the US dollar. To minimize the exposure, it is the intention to balance assets and liabilities in foreign currencies as much as possible. The local balance sheet contains no foreign currency other than the functional currency of the entity. Currency effect arised during the year are directly accounted for in the Consolidated Statement of (Comprehensive) Income, limiting the exposure for currency risk per balance sheet (IFRS 7.35 and 42). Reference rates include 1.16 (2017: 1.18) for the year-end closing rate, USD against the Euro. For net income, the average rate of USD against the Euro was 1.19 (2017: 1.09). Currency exposure to date is limited to the US operations. the company assessed this is a naturally hedged position with no material residual currency exposure (reference is made to pagina 99).

Credit Risk

The Company has assessed its credit risk. The Company has no significant concentrations of credit risk. The Top 100 customers account to 56% (2017: 64%) of total revenue, while no individual customers accounts to more than 3.7% (2017: 7.7%). The Company serves a number of verticals like Business

Services, Industry & Home Improvement, Telecom, Insurance, Food Industry & Food Retail, Non Food, Consumer Electronics, Transport & Logistics, Office Supplies, Automotive, Medical and Others mitigating the risk of being dependent from one sector. Management has policies in place to ensure that sales of products are made to customers with an appropriate credit history. In the event of

Summary of financial liabilities (including long term liabilities) based on contractual undiscounted payments per year-end 2018 and 2017:

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

	Short term		Long term		
Summary of Financial Liabilities	> 0 months < 3 months	> 3 months < 12 months	> 1 year < 5 years	> 5 years	Total 2017
Loans	-	-	-	-	-
Trade Creditors	723	356	-	-	1,079
Other Payables	239	716	-	-	955
Total	**962**	**1,072**	**-**	**-**	**2,034**

collectability issues, the Company takes an impairment charge to cover the potential loss. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, based on actually incurred historical data the remaining receivables are assessed for impairment collectively.

The maximum risk is the outstanding balance of Loans and Trade Receivables, for details see page 88. The Top 10 outstanding debtors amount to 31% (2017: 46%) of the outstanding receivables. Credit Risks form balances with banks relates to the risk that certain financial covenants are not met, which could trigger early termination resulting in redemption of the loan. Outstanding bank balances are recorded against their carrying amount. The Company has no derivative financial instruments in use.

Liquidity Risk

In the past, the Company experienced from time to time temporary cash flow shortages, caused by incidental events such as the EU damages or occasionally caused by seasonal effects such as increased debtor balances. In the past, such cash flow shortages have been resolved either through issuing additional shares, or the conversion of financial instruments (bonds or warrants) to fund working capital. Due to the fact that the Company SaaS business is growing, the Company is becoming less sensitive to cash flow seasonality. However, with the expansion of our business the Company also engaged in contracts with commercially dominant counterparts with who occasionally extended payment terms have been agreed. These payment terms put a strain on working capital balances.

The company has a working capital facility in place for working capital purposes. The Company's current liabilities consist for a substantial part out of deferred revenue, limiting the Liquidity Risk that may exist.

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

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

Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The exposure of the Company to this risk is limited to the financial instruments with Rabobank (EURIBOR based). Due to the nature of the financial instruments as well as the fact that assets are held to maturity the Convertible Bonds are expected to be converted into common shares, either on or prior to maturity date. The Convertible Bonds outstanding at 2018 year-end are non-interest bearing. Management regularly assesses the outstanding debt position and evaluates funding opportunities. As at September 30, 2018, the Company held no (2017: no) short term (interest bearing) debt.

Business Combinations

Acquisitions 2018

No acquisitions have been made in 2018.

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

Liability	Interest rate	Outstanding 30-9-2018	+10 basis points	-10 basis points
Rabobank	Euribor + 375bps	-	0	0

Notes to the Consolidated Statement of Financial Position

(Accounts on page 66)

1) Intangible Fixed Assets

The movements in Intangible fixed Assets are summarized below:

Intangible Fixed Assets	Goodwill	CSP Trade-mark	Customer Base	Software develop-ment costs	Pur-chased Software	Total
Carrying value as per September 30, 2016	**4,549**	**-**	**285**	**2,753**	**344**	**7,931**
Movements 2017:						
Additions	-	-	-	1,363	114	1,477
Amortization	-	-	(123)	(917)	(89)	(1,129)
Impairment	(2,282)	-	-	-	-	(2,282)
Reversal of Amortization on disposals	-	-	-	-	(43)	(43)
Reversal of Impairment on disposals	-	-	-	-	41	41
Translation adjustments on Investments	(528)	-	-	(45)	-	(573)
Translation adjustments on Amortization	-	-	-	(96)	-	(96)
Translation adjustments on Impairments	503	-	-	-	-	503
Carrying value as per September 30, 2017	**2,242**	**-**	**162**	**3,058**	**367**	**5,829**
Accumulated Investments per September 30, 2017	3,400	330	857	7,446	888	12,921
Accumulated Amortization per September 30, 2017	-	-	(678)	(4,350)	(512)	(5,540)
Accumulated Impairments per September 30, 2017	(1,158)	(330)	(17)	(38)	(9)	(1,552)
Carrying value as per September 30, 2017	**2,242**	**-**	**162**	**3,058**	**367**	**5,829**
Movements 2018:						
Additions	-	-	-	1,265	37	1,302
Amortization	-	-	(129)	(885)	(102)	(1,116)
Disposals/Impairment	-	-	(8)	-	-	(8)
Reversal of Amortization on disposals	-	-	-	-	-	-
Reversal of Impairment on disposals	-		8	-	-	8
Translation adjustments on Investments	164	4	-	14	-	182
Translation adjustments on Amortization	-	-	-	(14)	(1)	(15)
Translation adjustments on Impairments	(156)	(4)	-	-	-	(160)
Carrying value as per September 30, 2018	**2,250**	**-**	**33**	**3,438**	**301**	**6,022**
Accumulated Investments per September 30, 2018	3,564	334	849	8,725	925	14,397
Accumulated Amortization per September 30, 2018	-	-	(807)	(5,249)	(615)	(6,671)
Accumulated Impairments per September 30, 2018	(1,314)	(334)	(09)	(38)	(09)	(1,704)
Carrying value as per September 30, 2018	**2,250**	**-**	**33**	**3,438**	**301**	**6,022**
Useful life	Indefinite	Indefinite	5/10 years	3/7 years	3 years	
						2018
Goodwill	2,250	-	-	-	-	2,250
Other Intangibles	-	-	33	3,438	301	3,772
						6,022
						2017
Goodwill	2,242	-	-	-	-	2,242
Other Intangibles	-	-	162	3,058	367	3,587
						5,829

With the introduction of FLOW in 2016, the company has re-assessed the useful life of the trademark CSP (from indefinite to 7 years) and amortizes this Intangible Asset accordingly. This asset was transferred in 2016 from the category trademark to software development costs. Other movements consist of Foreign Currency movements for the North American CGU.

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

Impairments

Cash generating units are identified in line with the way management monitors, and will continue to monitor, the business. This is based on the internal reporting to the Executive Board as main decision making body in the company. Our planning and reporting is based on business line segments, as well as using country segments. All revenue, direct costs and fee earning staff are allocated to business lines. To avoid arbitrary and volatile allocation, indirect costs and non-fee earning staff are not allocated directly to business lines, but rather allocated to country operations (or holding functions).

TIE Kinetix has four business lines (Integration, E-Commerce, Demand Generation and A&O) and country operations in the Netherlands, in the US, in Germany, and in France. This leads to the following cash generating units:

- TIE Nederland+International
- TIE France
- TIE US
- TIE Germany
- TIE E-Commerce / Mambo 5
- TIE Product Development

As in past years we used a discounted cash flow model to determine the value in use, based on a 12% post tax WACC (pre-tax WACC of 16%) and 10 years horizon. Management has assessed the assumptions used and has conducted sensitivity tests with post tax WACC of 13% and 14%. The company uses an impairment model with a 10 year horizon and without terminal value projections. This model aligns with industry developments.

Management has conducted annual impairment testing and assessed that for all cash generating units the Value in Use [IAS 36.30-57] exceeds Carrying Value [IAS 36.8-9]. Furthermore, management has no indications that individual assets of any cash generating units may be impaired.

CGU TIE Germany

TIE Germany was acquired by TIE Kinetix in December 2013. As at acquisition date TIE Germany was acquired for a consideration including Goodwill. At year end 2017 management has assessed 10 year cumulative cash flow of CGU Germany and impaired 100% of the Goodwill of TIE Germany (amounting to € 2.282k), since the estimated future cash flows of TIE Germany, discounted at a WACC of 12% was insufficient to cover the carrying value of goodwill.

CGU Mambo 5:

TIE has won several landmark tender processes for e-invoicing with city of Amsterdam, city of Rotterdam, city of Haarlem and city of Tilburg. Under these contracts their suppliers will be connecting to TIE to be able to electronically send their invoices to the cities. TIE receives revenue both for the onboarding of suppliers to our FLOW portal as well as a usage based fee per message sent over the portal.

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

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

CGU others:

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

Allocation of the carrying value of the Intangible Fixed Assets tested to the CGU's and segments for impairment per September 30, 2018 and comparative number per September 30, 2017 are as follows:

CGU	NL+Int	France	US	DACH	Mambo 5	Prod. Dev.	Total 2018
Goodwill	594	153	456	-	1,047	-	**2,250**
Customer Base	26	-	-	-	7	-	**33**
Software Development Costs	-	-	-	-	-	3,438	**3,438**
Purchased Software	299	-	1	-	-	-	**300**
Total	**919**	**153**	**457**	**-**	1,054	**3,438**	**6,022**

CGU	NL+Int	France	US	DACH	Mambo 5	Prod. Dev.	Total 2017
Goodwill	594	153	449	-	1,046	-	**2,242**
Customer Base	55	-	-	74	33	-	**162**
Software Development Costs	-	-	11	-	-	3,047	**3,058**
Purchased Software	362	-	5	-	-	-	**367**
Total	**1,011**	**153**	**465**	**74**	**1,079**	**3,047**	**5,829**

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

For all Cash Generating Units modest annual growth rates have been applied (varying between 10-50% for all operations in line with our multi-year planning assumptions and based on market estimates of external advisory firms. These growth rates are used to extrapolate cash flow beyond budget 2019, as approved by the Management Board and Supervisory Board and the following nine years. After ten years no residual value is taken into account. A post tax WACC discount rate 12% has been used.

Growth Rate Estimates: Growth rates are based on published industry research and management's assessment of how the CGU develops in the forecast period. Residual Value: Our discounted cash flow calculation showed no residual value after 10 years; adding additional years to the cash flow calculation have limited effect under the applied discount rate and the residual value becomes less predictable. Discount Rate: The discount rate is based on the post tax WACC and reflects the current market assessment of the risks specific to each CGU. The discount rate used was estimated on the weighted average costs of capital for shareholders' equity and loan capital. The cost structure of shareholder's capital is determined on the basis of the interest rate adjusted for cyclical and market risks. The rate of loan capital is determined on the basis of an interest rate for long term state loans for business risks and also adjusted due by a reasonable risk premium for SME's. The assumptions have been used for the analysis of each CGU within the operating segment for Intangible assets and Goodwill as well as over the total Company. As in previous years, currency exchange results caused by the movement of the $ versus the € related to the $ denominated value of the goodwill in CGU TIE US are accounted for in equity.

Sensitivity analysis

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

2) Tangible Fixed Assets

Property, Plant and Equipment

Movements in Property, Plant and Equipment are shown below:

Tangible Fixed Assets	Fixtures & Fittings	Hardware	Total
Carrying value as per September 30, 2016	273	89	362
Movements 2017			
Additions	9	20	29
Depreciation per Statement of (Comprehensive) Income	(81)	(56)	(137)
Impairments	-	(6)	(6)
Translation Adjustments Investments	(12)	(11)	(23)
Translation Adjustments Depreciation	9	12	21
Carrying value as per September 30, 2017	**198**	**47**	**246**
Accumulated Investments per September 30, 2017	608	866	1,474
Accumulated Depreciation per September 30, 2017	(410)	(812)	(1,222)
Accumulated Impairments per September 30, 2017	-	(6)	(6)
Carrying value as per September 30, 2017	**198**	**48**	**246**
Useful life	**4 to 10 years**	**3 to 5 years**	
Movements 2018			
Additions	1	40	41
Depreciation per Statement of (Comprehensive) Income	(81)	(31)	(112)
Impairments	-	-	-
Translation Adjustments Investments	2	4	6
Translation Adjustments Depreciation	(1)	(4)	(6)
Carrying value as per September 30, 2018	**119**	**57**	**175**
Accumulated Investments per September 30, 2018	611	910	1,521
Accumulated Amortization per September 30, 2018	(493)	(847)	(1,340)
Accumulated Impairments per September 30, 2018	1	(6)	(5)
Carrying value as per September 30, 2018	**119**	**57**	**176**
Useful life	**4 to 10 years**	**3 to 5 years**	

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

3) Financial Assets

Deferred Taxes

Deferred Taxes	Balance as of October 1,	2018	2017
From US operations		372	458
From Dutch operations		-	-
	Balance as at September 30,	**372**	**458**

The deferred tax and movements thereupon are discussed below.

United States

The carrying value of the Deferred Tax Asset in the US amounts to € 372k ($ 431k) and € 458k or $ 540k as at September 30, 2018 and 2017 retrospectively. The Deferred Tax Asset in the US pertains in full to the activities of the Company in the United States and represents temporary differences. A summary of the detailed breakdown of movements in the deferred tax amount is provided below:

Temporary Differences (Asset)	2018	2017
Deferred Revenue	1,368	1,118
Acrrued vacation days	152	126
Bad debt impairments	-	21
R&D capitalization	260	234
Depreciation of fixed assets	58	54
Rent	24	30
Accrued commission	-	3
Total Temporary Differences (Asset)	**1,862**	**1,586**

Temporary Differences (Liability)	2018	2017
Goodwill	(456)	(473)
Total Temporary Differences (Liability)	**(456)**	**(473)**

Total Temporary Differences (Net position)	**1,406**	**1,113**

Net deferred Tax Asset	2018	2017
Deferred Tax Asset at 29.50% on temporary differences*	372	455
Deferred Tax Asset at 29.50% on loss carry forward*	-	3
Net deferred Tax Asset	**372**	**458**

Movements	2018	2017
Balance as at October 1,	**458**	**694**
Debited to Income on temporary differences	(90)	(2)
Debited to Income on loss carry forward	(3)	(197)
Net Currency Translation Effect	(7)	(37)
Balance as at September 30,	**372**	**458**

* As per January 1, 2018 US tax rate changed from 40% to 21%. During FY18 weigthed average rate of 29.5% has been used.

The principle item included in the temporary difference is the tax pertaining to the change in the temporary difference between the carrying value and the tax base of the Goodwill and deferred revenues. As at September 30, 2018 the company had fully utilized its tax loss carry forward position for US tax purposes.

The Netherlands

In the Netherlands, the available but substantially unrecognized loss carry forward totals € 8,090k (2017: € 7,660k), which is available to offset future taxable income for a maximum period of 9 years. The total amount that lapsed in FY 2018 amounts to € 177k. In 2016 the company structured to prevent exhausting the tax loss carry over position. Although the Dutch Tax authorities have not yet reviewed this structure, the tax loss carry forward position includes the effects of this structure. A possible, adverse position taken by the Dutch Tax authorities will have no effect on the carrying value of the Deferred Tax assets since the carrying value of the Deferred Tax Asset in the Netherlands amounts to € 0k (2017: € 0k). Management has decided not to recognize the carrying value of the Netherlands Deferred Tax Asset because of low track record of cash flow against plan realization, and history of taxable income.

A Deferred Tax Liability has been created for temporary differences in the Netherlands amounting to € 222k (2017: € 245k) resulting from Goodwill CSP and Trademark CSP. Based on IAS 12.34 and in view of the available tax loss carry forward position a Deferred Tax Asset has been created for the same amount as it is expected that the temporary fiscal differences will be settled in the same period that unrecognised tax losses are available. Both amounts are offset against each other and therefore the net impact is nil.

Net deferred Tax Asset	**2018**	2017
Deferred Tax Asset at 20/25% on temporary differences	(222)	(245)
Deferred Tax Asset at 20/25% on loss carry forward	222	245
Net deferred Tax Asset	**-**	-

Temporary Differences	**2018**	2017
Goodwill	(594)	(594)
Trade Mark	(515)	(629)
Total Temporary Differences (Asset)	**(1,109)**	**(1,223)**
Total deferred tax liability for Temporary Differences at 20/25%	**(222)**	**(245)**

Loans and Receivables

Loans and Receivables > 1 year	**2018**	2017
Balance as of October 1,	**83**	**449**
Movement from short term receivables	12	54
Movement to short term receivables	(82)	(420)
Balance as at September 30,	**13**	**83**

The movement relates to the movement in supplier prepayments.

4) Current Assets

Trade Receivables and Other Receivables

Trade Receivables and Other Receivables	**2018**	2017
Trade Receivables	2,914	2,814
Less: Valuation Allowance	(13)	(45)
Trade debtors net of valuation allowance	**2,901**	**2,769**
Income Tax Receivable	**-**	**30**
Taxation and social security prepaid	**95**	**119**
Security Deposits	75	79
Subsidized Projects	-	62
Projects to be Invoiced (WIP)	428	333
Employees	12	13
Prepayments	442	890
Other Receivables and Prepayments	**957**	**1,377**
Total	**3,953**	**4,295**

Trade Receivables

The following table reflects the gross outstanding Trade Receivable balance as of September 30, broken down into 1) balances that have not passed their due dates and 2) balances that have passed their due dates. The latter category is further broken down into categories detailing the extent to which they have passed their due dates. The "less than 30 day" outstanding category represents receivables that have not yet passed their respective due dates and are not impaired. Certain trade receivables are pledged (refer to page 108).

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

		Past due not impaired			
Trade Receivables by region	Less than 30 days	31 to 61 days	61 to 90 days	In excess of 90 days	Total 2017
The Netherlands + International	771	19	-	38	828
North America	574	233	147	31	985
France	298	80	3	73	454
DACH	405	124	9	9	547
Total	**2,048**	**456**	**159**	**151**	**2,814**

Trade receivables from Tie Kinetix Nederland BV, TIE Mambo 5 and TIE International BV are pledged to RABO Bank as collateral for a working capital facility provided by Rabobank.
The fair value of trade Receivables amounts to € 2,914k (2017: € 2,814k).
Details on the movements in the provision for doubtful debt (excluding recoverable VAT) are found below:

Movements in the provision of doubtful debt	Individually Impaired	Collectively Impaired	Total
Balance as at September 30, 2016	**61**	**-**	**61**
Utilised	(4)	-	(4)
Unused amounts reversed	(12)	-	(12)
Balance as at September 30, 2017	**45**	**-**	**45**
Charge for the year	11	-	11
Utilised	(40)	-	(40)
Unused amounts reversed	(4)	-	(4)
Currency exchange rate differences	1	-	1
Balance as at September 30, 2018	**13**	**-**	**13**

Other Receivables and Prepaid Expenses

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

Cash and Cash Equivalents

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

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

5) Equity

Shareholders' Equity

Management policy with respect to managing Capital, consisting of all components of Equity, including the Convertible Bonds, is to maintain a positive Equity, while limiting funding through Debt as much as possible due to the liquidity risks attached to Debt. This implies that Business Combinations, Investments and Operations are funded primarily by issuing Equity Instruments, also in the event of a cash component payable arising from a Business Combination. For the appropriation of net result for the year FY 2018 reference is made to page 120.

Share Capital

The company's authorized share capital amounts to € 500k (2017: € 500k), consisting of 5 million ordinary shares with a nominal value of € 0.10 each. In 2018 no shares were issued, whereas the total number of issued and paid up shares amounts to 1.617.281 as at September 30, 2018. Shareholders' Equity amounts to € 4,871k (or € 3.04 per share) on September 30, 2018 (2017: € 4,710k, or € 2.91 per share).

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

(number of shares)	**2018**	2017
Balance as of October 1,	1,617,281	1,592,704
Issued	-	24,577
Balance as at September 30,	**1,617,281**	**1,617,281**
In € (x 1,000)	**162**	**162**

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

	Share Capital		Share Premium Account	
(€ x 1,000)	**2018**	2017	**2018**	2017
Balance as of October 1,	162	159	61,231	61,030
Issue of new shares	-	3	-	203
Other Movements	-	-	-	(2)
Balance as at September 30,	**162**	**162**	**61,231**	**61,231**

Foreign Currency Translation Reserve	**2018**	2017
Balance as of October 1,	75	161
Movement	(22)	(86)
Balance as at September 30,	**53**	**75**

Equity Settled Share Based Payments

Annual Stock Options Plan

The Stock Options granted under the Annual Stock Options Plan have a three-year vesting period and a subsequent exercise period of 7 years. Staff members leaving the Company within the vesting period lose their Stock Options. During 2018, no new Stock Options have been issued under the Annual Stock Option Plan. The weighted remaining average lifetime of all Stock Options is 1.34 years (2017: 1.94 years).

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

Movement of Stock Options	Excercise Price	2018	Excercise Price	2017
Options outstanding as of October 1,	**13.45**	**56,627**	**17.66**	**64,202**
Options lapsed	10.00	(14,376)	26.00	(5,146)
Options forfeited	10.00	(500)	-	-
Options forfeited	21.60	(1,364)	10.00	(2,429)
Option outstanding at September 30,	**14.45**	**40,387**	**13.45**	**56,627**

Movement of Warrants	Excercise Price	2018	Excercise Price	2017
Warrants outstanding as of October 1,	**7.00**	**330,276**	**7.00**	**338,846**
Warrants converted during the year	-	-	7.00	(8,570)
Warrants outstanding at September 30,	**7.00**	**330,276**	**7.00**	**330,276**

For the acquisition of TFT in 2013, 388,846 warrants have been issued on December 2, 2013.
Each warrant entitles to holder to purchase a newly issued TIE Kinetix share at a share price of € 7.00 until December 2, 2023. In 2017, 8,570 warrants have been exercised against the issue of new shares at a share price of € 7.00 each. Total transaction amounted € 59,990 in cash. In 2018 no warrants have been exercised.

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

Stock Options outstanding to staff members and management of the Company, as per September 30, 2018, are detailed as follows:

2018	Issue Date	Options Granted	Con-verted	Moved to 3rd party	Lapsed	Forfeiture	Out-standing Options	Weighted average exercise price	Maturity Date
2009 Management Board	Mar 11, 2009	7,500	-	-	-	-	7,500	€ 10.00	Mar 11, 2019
2010 Management Board	Mar 10, 2010	7,500	-	-	-	-	7,500	€ 19.10	Mar 10, 2020
2010 Management Board	Aug 31, 2010	300	-	-	-	-	300	€ 10.00	Aug 31, 2020
2013 Management Board	Mar 13, 2013	5,000	-	-	-	-	5,000	€ 10.00	Mar 13, 2023
Sub Total Management Board		**20,300**	**-**	**-**	**-**	**-**	**20,300**		
2008	Jun 03, 2008	18,500	-	5,500	5,571	7,429	-	€ 10.00	Jun 03, 2018
2008	Sep 30, 2008	15,550	-	-	8,805	6,745	-	€ 10.00	Sep 30, 2018
2009	Feb 24, 2009	27,500	8,000	10,000	-	810	8,690	€ 10.00	Feb 24, 2019
2009	Jun 01, 2009	1,000	-	-	-	-	1,000	€ 17.00	Jun 01, 2019
2009	Aug 04, 2009	4,500	-	-	-	-	4,500	€ 18.00	Aug 04, 2019
2010	Jan 05, 2010	16,215	-	-	-	10,318	5,897	€ 21.60	Jan 05, 2020
Sub Total personnel		83,265	**8,000**	15,500	14,376	25,302	20,087		
Total	**Sep 30, 2018**	**103,565**	**8,000**	**15,500**	**14,376**	**25,302**	**40,387**		

During the 2018 no (2017: no) Stock Options have been awarded to staff members Members of the Executive Board. In 2018 no options have been exercised. The Stock Options from managers, who left the Company, that were issued in relation to credit facilities offered to the Company, have been classified as Stock Options held by Third Party Investors.

Stock Options held by Third Party Investors

Stock Options outstanding with non-staff members as per September 30, 2018:

Stock Options Third Party Investors	Issue Date	Options Granted	Exercise Price	Maturity date
Third Party Investors	June 19, 2009	250	€ 18.00	June 19, 2019
Third Party Investors	August 31, 2010	3,400	€ 10.00	August 31, 2020
Total		**3,650**		

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

Convertible Bonds

Convertible Bonds issued by the Company have been classified as Equity, based on the fact that under the terms and conditions of these bonds, there is evidence of a residual interest in the Company's assets after deducting all of its liabilities. The conversion rates are fixed, and all Convertible Bonds are non-interest bearing. Distributions to holders of Equity Instruments are recognized directly in equity net of tax. There were no movements to report in 2018. In 2018 no Convertible Bonds were issued. At the discretion of the Company, Convertible Bonds can either be redeemed at par or converted into equity at € 18 per share at maturity date (FY 2019). When redeemed at par, the Company expects a cash outflow of € 45k.

The Balance outstanding as of September 30, 2018 consists of the following Convertible Bonds:

Convertible Bonds	Issue date	Maturity date	Conversion rate in €	**(€ x 1,000) 2018**	(€ x 1,000) 2017
Related Party	August 4, 2009	August 4, 2019	€ 18.00	40	40
	Sub Total Related Party			**40**	**40**
Third Party Investors	June 19, 2009	June 19, 2019	€ 18.00	5	5
	Sub Total Third Party Investors			**5**	**5**
	Total Convertible Bonds			**45**	**45**

6) Non Current Liabilities

Long Term Liabilities	**2018**	2017
Loans/Long term Debt	-	8
Deferred Revenue	25	149
Deferred Tax Liability	8	35
Pension Provisions	184	154
Other Provisions*	-	220
Total Long Term Liabilities	**217**	**566**

Movement of Loans/Long term Debt	**2018**	2017
Balance as of October 1,	**8**	**8**
Repayments**	(8)	-
Balance as at September 30,	**-**	**8**

* Contains release of EU provision, see also page 109
** No non cash items are included

Movement of Deferred Revenue	2018	2017
Balance as of October 1,	149	562
From Current Liabilities	(124)	(413)
Balance as at September 30	25	149

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

The deferred tax liability is discussed on page 97.

Movement of Contingent Consideration	2018	2017
Balance as of October 1,	-	55
From Current Liabilities	-	(55)
Balance as at September 30	-	-

The Contingent Consideration relates to the acquisition of Light BV.

Movement of Pension Provisions	2018	2017
Balance as of October 1,	154	110
Charged to income	30	44
Balance as at September 30	184	154

The pension provision relates to a retirement provision in France € 92k (2017: € 72k) and in Germany € 92k (2017: € 82k).

Movement of Other Provisions	2018	2017
Balance as of October 1,	220	404
Release*	(220)	(184)
Balance as at September 30	-	220

* Contains release provision EU. See also page 109.

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

Deferred tax Liabilities

The carrying value of the Deferred Tax Liability in Germany amounts to € 2k (2017: € 27k) and in the Netherlands € 6k (2017: € 8k).

Deferred tax liability		Netherlands	DACH	Total
Movements 2017				
Release to Statement of (Comprehensive) Income on amortisation	-	(10)	(15)	(25)
Carrying value as per September 30, 2017	**-**	**8**	**27**	**35**
Movements 2018				
Release to Statement of (Comprehensive) Income on amortisation	-	(2)	(25)	(27)
Carrying value as per September 30, 2018	**-**	**6**	**2**	**8**

7) Current Liabilities

Short Term Debt

Short Term Debt	**2018**	2017
Balance as of October 1	**-**	**34**
Redeemed	-	(34)
Balance as at September 30	**-**	**-**

As at year end 2018, the short term debt position is nil. In 2017 short term debt was redeemed from € 34k to € 0k. Prior periods' short term debt related to the debts from the acquisitions of Light BV, TFT GmbH and settlements of the Samar Claim. The fair value of Creditors amounts to € 812k (2017: € 1,079k)

Deferred Revenue

Deferred Revenue represents the unearned portion of revenues earned over a specific period.
The maintenance and support agreement entitles the user to support and updates of the software.
These maintenance contracts are deferred (100%) and recognized over the related contract period, usually 12 months. The deferred revenue is the difference between the amount invoiced and revenue recognized.
In the event of overspending, the outstanding amount is Expensed through the Comprehensive Statement of Income. SaaS contracts consist of a subscription fee, which is deferred and recognized over the related contract period.

Taxation and Social Security

The Taxation and Social Security balance are detailed as follows:

Taxation and Social Security	2018	2017
Payroll Tax	126	105
Social Security Contributions	60	104
VAT/Sales tax US	187	355
Income Tax payable	285	141
Total	**658**	**704**

Other Payables and Accruals

Other Payables and Accruals	2018	2017
EC and other Grants	-	47
Accrued Expenses	962	1,268
Other Accruals and Payables	388	604
Pension Premiums	5	1
Supervisory Board Compensation	25	13
Total	**1,380**	**1,933**

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

Segment Information

Business Lines are the primary reporting segment, and the company applies intercompany pricing to account for the various roles country operations have in developing, marketing, selling and delivering our products to the customers. As the case may be, the company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain. For statutory reporting and tax reporting country segments are used. For all segment reporting, the same accounting rules have been applied as mentioned in our accounting policies. The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS. Inter-segment sales are only monitored by the company on a CGU level and not for the purpose of business line segment reporting.

	Integration		E-Commerce		Analytics & Optimization		Demand Generation	
In € x 1.000	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Licenses and hardware	423	572	-	-	2	-	-	3
Maintenance and support	2,789	3,095	24	12	-	-	(30)	-
Consultancy and Implementation	2,395	2,267	150	523	1,291	1,434	310	1,033
Software as a service	5,577	4,904	657	1,079	1,267	1,449	1,905	2,454
EU projects & other income	15	4	23	52	113	336	203	255
Total Revenue	**11,199**	**10,842**	**854**	**1,666**	**2,673**	3,219	**2,388**	**3,745**
Total cost of sales	**(3,788)**	**(3,619)**	**(201)**	**(457)**	**(2,168)**	**(2,463)**	**(1,712)**	(2,317)
Gross margin	**7,411**	7,223	**653**	1,209	**505**	756	**676**	**1,428**

	Total Operations incl. eliminations		EU projects		Total	
In € x 1.000	**2018**	2017	**2018**	2017	**2018**	2017
Licenses and hardware	415	575	-	-	415	575
Maintenance and support	2,798	2,960	-	-	2,798	2,960
Consultancy and Implementation	4,138	4,987	-	-	4,138	4,987
Software as a service	9,420	9,980	-	-	9,420	9,980
EU projects & other income	14	29	107	324	121	352
Total Revenue	**16,785**	**18,531**	**107**	**324**	**16,892**	18,854
Total cost of sales	**(7,255)**	**(8,298)**	**(130)**	**(254)**	**(7,385)**	**(8,551)**
Gross margin	**9,530**	10,233	**(23)**	70	**9,507**	10,303
Employee Benefits	(5,244)	(5,298)	1	103	(5,243)	(5,195)
Other operating expenses	(2,982)	(3,332)	53	(62)	(2,930)	(3,394)
Total Operating expenses	**(8,226)**	**(8,630)**	**54**	**41**	**(8,173)**	**(8,589)**
EBITDA (excl. one-time expenses)	**1,304**	1,603	**30**	111	**1,334**	1,714
Other expenses	-	(139)	**403**	-	**403**	(139)
EBITDA	**1,304**	**1,464**	**433**	**111**	**1,737**	**1,575**
Depreciation and amortization	(1,229)	(1,415)	-	(1)	(1,229)	(1,416)
Impairment	-	(2,287)	-	-	-	(2,287)
EBIT	**75**	**(2,238)**	**433**	**110**	**508**	**(2,129)**

Segment items included in the Segment Statement of Financial Position as of September 30, 2018 or further details of items in the segment Statement of Income account are:

2018 (€ x 1,000)	Netherlands incl. International	TIE Mambo 5	US	France	DACH	Product Develop-ment	Holding and Elimi-nations	Total
Licenses	1	-	314	51	49	-	-	415
Maintenance and Support	388	17	1,992	168	232	-	-	2,798
Consultancy	1,081	194	994	402	1,468	-	-	4,138
Software as a Service	3,401	575	2,906	763	1,774	-	-	9,419
Revenues	**4,871**	**787**	**6,206**	**1,384**	**3,524**	**-**	**-**	**16,771**
Intercompany Income	111	12	693	(2)	405	536	(1,633)	121*
Total Revenue	**4,982**	**799**	**6,899**	**1,382**	**3,928**	**536**	**(1,633)**	**16,892**
Total Cost of Sales	(2,256)	(249)	(2,863)	(444)	(2,488)	(665)	1,580	(7,385)
Gross Margin	**2,726**	**550**	**4,037**	**938**	**1,439**	**(129)**	**(53)**	**9,507**
Operating Expenses								
Employee Benefits	(1,183)	36	(1,172)	(589)	(846)	433	(1,923)	(5,243)
Other expenses	403	-	-	-	-	-	-	403
Other Operating Expenses	(1,224)	(125)	(1,981)	(355)	(801)	(341)	1,898	(2,930)
Total Operating expenses	**(2,004)**	**(89)**	**(3,153)**	**(944)**	**(1,647)**	**92**	**(25)**	**(7,770)**
EBITDA	**722**	**461**	**884**	**(6)**	**(208)**	**(37)**	**(78)**	**1,737**

* remaining amount is related to EU projects income

Assets	Netherlands incl. International	TIE Mambo 5	US	France	DACH	Product Develop-ment	Holding and Elimi-nations	Total 2018
Intangible Fixed Assets	629	7	457	-	-	3,438	1,491	6,022
Tangible Fixed Assets	3	-	33	4	4	-	132	176
Financial Assets (deferred tax) & Loans	1	-	384	-	-	-	-	385
Current Assets	742	16	1,857	614	868	0	435	4,533
Total Assets	**1,376**	**23**	**2,730**	**617**	**873**	**3,438**	**2,057**	**11,116**
Liabilities								
Non Current Liabilities	-	7	25	91	94	-	-	217
Current Liabilities	1,171	(1,320)	(4,521)	494	832	11,617	(2,237)	5,983
Total Liabilities	**1,171**	**(1,314)**	**(4,496)**	**585**	**926**	**11,617**	**(2,237)**	**6,200**
Other Selected Income Statement Items								
Capital Expenditure	10	-	-	2	-	1,265	67	1,344
FTE at year end	25	5	29	11	24	-	18	112

Notes to the Consolidated Statement of Comprehensive Income

TIE Netherlands: reported 24% higher SaaS revenue generated with both existing and new accounts. Consultancy revenue remains solid with high chargeability ratios and good hourly rates.

TIE Mambo 5: T-Mobile contract ended in April and new Business to Government contracts have been concluded with various Dutch cities and government departments for the provisioning of e-invoicing. It may be expected that in FY 2019 more e-invoicing for government contracts may be concluded. Revenue from such contracts is usage based fees for e-invoices. Onboarding the suppliers to our FLOW portal is critical for the validity our business model. Onboarding that, without sufficient support from the city involved, can prove to be challenging.

TIE France: TIE France has upgraded many of its legacy customers to the latest version of our products, driving consultancy revenue at a higher level, while Saas revenue remained flat. This has placed our French operation in a better position to sell FLOW in its installed base and to new customers.

TIE Germany (DACH): our German operation historically has a strong Analytics profile combined with certain non-FLOW business. (Google) Analytics sales came in below plan caused by Google product pricing issues, that have only been solved in the course of 2018. Non-FLOW sales have been further scaled down, while at the same time investments were made to build FLOW business. The first integration customers were signed and we expect to have more integration business in FY 2019. In FY 2019 we also expect the business to government market to open up. Initial conversations are being held with several larger German cities for the provisioning of e-invoicing.

TIE Commerce (US): the US operation is a combination of primarily integration business and demand generation customers. In FY 2018 we have succeeded in adapting our core integration suite to the US standards and have implemented this suite with our landmark customer Chanel. Hence, our legacy US integration product will be phased out over the coming years. Due to this technical transition our capabilities to implement new customers was limited restraining revenue growth. Bottom line performance grew strongly caused by sales mix effects. In FY 2019 we expect to launch an upgrade program to start replacing our legacy integration stack.

Segment items included in the Segment Statement of Financial Position as of September 30, 2017 or further details of items in the segment Statement of Income account are:

2017 (€ x 1,000)	Netherlands incl. International	TIE Mambo 5	US	France	DACH	Product Develop-ment	Holding and Elimi-nations	Total
Licenses	109	-	319	74	73	-	-	575
Maintenance and Support	458	24	2,103	162	212	-	-	2,960
Consultancy	1,208	466	1,172	326	1,814	-	-	4,987
Software as a Service	3,334	904	2,956	728	2,059	-	-	9,980
Revenues	**5,108**	**1,394**	**6,551**	**1,290**	**4,159**	**-**	**-**	**18,502**
Intercompany Income	339	-	692	16	544	568	(1,804)	352*
Total Revenue	**5,447**	**1,394**	**7,242**	**1,306**	**4,702**	**568**	**(1,804)**	**18,854**
Total Cost of Sales	(2,480)	(483)	(3,178)	(510)	(3,085)	(575)	1,760	(8,551)
Gross Margin	**2,967**	**911**	**4,064**	**796**	**1,617**	**(7)**	**(44)**	**10,303**
Operating Expenses								
Employee Benefits	(806)	65	(1,208)	(592)	(792)	238	(2,100)	(5,195)
Other expenses	(53)	-	(55)	271	(31)	-	(271)	(139)
Other Operating Expenses	(1,493)	(413)	(1,585)	(348)	(1,385)	(337)	2,167	(3,394)
Total Operating ex-penses	**(2,352)**	**(348)**	**(2,848)**	**(669)**	**(2,207)**	**(99)**	**(205)**	**(8,728)**
EBITDA	**615**	**563**	**1,216**	**127**	**(590)**	**(106)**	**(249)**	**1,575**

* remaining amount is related to EU projects income

Assets	Netherlands incl. International	TIE Mambo 5	US	France	DACH	Product Develop-ment	Holding and Elimi-nations	Total 2017
Intangible Fixed Assets	639	33	475	0	75	3,047	1,561	5,829
Tangible Fixed Assets	7	1	61	7	8	-	162	246
Financial Assets (de-ferred tax) & Loans	11	-	458	-	-	-	-	541
Current Assets	1,131	387	1,555	707	1,098	93	922	5,833
Total Assets	**1,800**	**420**	**2,549**	**714**	**1,181**	**3,140**	**2,645**	**12,449**
Liabilities								
Non Current Liabilities	304	-	-	72	108	-	-	566
Current Liabilities	304	(2,196)	(4,232)	598	992	10,402	(2,225)	7,129
Total Liabilities	**4,217**	**(2,196)**	**(4,232)**	**670**	**1,100**	**10,402**	**(2,225)**	**7,695**
Other Selected Income Statement Items								
Capital Expenditure	14	1	10	3	-	1,363	114	1,505
FTE at year end	28	7	30	11	25	-	15	116

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

Geographical distribution of non current assets	**2018**	2017
The Netherlands incl International and Product Development	5,412	5,126
North America	457	475
DACH/TFT	-	75
France	153	153
Total	**6,022**	**5,829**

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

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

FTE per department	2018	2017
Research and Development	8	8
Sales and Marketing	35	33
Consulting and Support	51	56
General and Administrative	18	19
Total	**112**	**116**

8) Operating Expenses

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

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

Employee Benefits

Employee benefits can be broken down as follows:

Employee Benefits	2018	2017
Salaries	8,050	8,266
Salaries variable component	531	740
Social Security Charges	1,231	1,340
Contributions to Post Employment arrangements	301	320
Other Employee Benefits	607	718
Capitalized R&D employee cost	(1,265)	(1,363)
Total	**9,455**	**10,021**

Employee Benefits	2018	2017
Direct Employee Costs	4,212	4,826
Employee Benefits	5,243	5,195
Total	**9,455**	**10,021**

The WBSO grants received for FY 2018, amounting to € 201k (2017: € 190k), have been deducted from the social security charges. The contributions to Post Employment Arrangements include premiums payable with respect to the Netherlands operations' Defined Contribution Post Employment Plan as well as the discretionary employer contributions to the tax facilitated retirement plan (401(k)) in the United States. Other employee Benefits includes € 0k (2017: €69k) for the 2016 Performance Share Plan for certain members of the Management Team.

Key Management Personnel Compensation

The total key management personnel compensation, including the remuneration of the Executive Board, amounted to € 717k (2017: € 557k).

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

The CEO received the following remuneration:

Short Term employee Benefits	2018	2017
Remuneration	250	250
Variable	104	21
Total	**354**	**271**

Post employment Benefits	2018	2017
Contributions to Post Employment arrangements	-	-

Other employee Benefits	2018	2017
Company car	20	22

The CFO received the following remuneration:

Short Term employee Benefits	2018	2017
Remuneration	200	200
Variable	100	16
Total	**300**	**216**

Post employment Benefits	2018	2017
Contributions to Post Employment arrangements	25	25

Other employee Benefits	2018	2017
Company car	18	23

The remuneration policy is discussed in detail on page 40.

Remuneration of the Supervisory Board

The General Meeting of Shareholders sets the remuneration of the members of the Supervisory Board. All members are entitled to a remuneration of € 10k per year, the Chairman € 20k per year.

Depreciation and Amortization Expense, Divestment and Impairment Losses

Depreciation, Impairment, Divestment and Amortization	2018	2017
Depreciation and Amortization Expense	1,229	1,416
Impairment on disposal Goodwill & Software	-	2,287
Total	**1,229**	**3,703**

Other Operating Expenses and Non-Recurring Expenses

Other Operating Expenses	**2018**	2017
Accomodation Expenses	656	681
Professional Services	562	735
Communications	471	434
Marketing	658	692
Travel expenses	292	352
Office Supplies	244	230
General & Administration	47	270
Total	**2,930**	**3,394**

Other Items	**2018**	2017
EU Costs*	(403)	25
Severance costs	-	83
Other Non-Recurring costs	-	31
Total	**(403)**	**139**

* contains release of provision EU (refer to page 109)

Research and Development Expenses

	2018	2017
Employee Benefits	1,625	1,232
Other R&D related expenses	(2)	43
Capitalized Development expenses	(1,265)	(1,363)
Amortization of Capitalized Development expenses	759	804
Total	**1,117**	**715**

A project executed by the R&D team in the Netherlands have funding from the European Commission and from RVO. The EU and other grants received have been accounted for under Other Income. The EU and other grants in 2018 amounted to € 107k (2017: € 324k). Costs and proceeds of an out of court settlement are included in Other Operating Expenses for an amount of € 200k and for an amount of € 136k in Direct Purchase Costs (refer to page 109).

9) Financial income and/or Expense

Financial Income and/or Expense	2018	2017
Interest Income	2	1
Interest Expenses	(36)	(7)
Exchange gains/(losses)	70	48
Total	**36**	**42**

10) Corporate Income Tax

The company operates predominantly in the Netherlands, Germany, France and North America. Applicable tax rates are 25%/20% (2017: 25%/20%) for the Netherlands, France 33% (2017: 33.3%), for the US 21% (2017: 34%) for federal tax and 5.5% (2017: 7%) for state tax, and for Germany 33% (Körperschaftssteuer 15.8%, Gewerbesteuer 17.2%) (2017: 33% (Körperschaftssteuer 15.8%, Gewerbesteuer 17.2%)).These rates represent a weighted average rate as income tax returns are filed on a calendar year basis, whereas these financial statements have been drawn up to reflect the Company's financial year, which runs from October 1 through September 30. The effective tax rate based on income before taxes is 31.5% (2017: 27.3%); the weighted average tax rate amounts to 56.2% (2017: 21.1%).

Reconciliation between standard and effective income tax is as follows:

Reconciliation between Standard and effective income tax	2018	2017
Pre Tax Income	**544**	**(2,087)**
Corporate Tax	(360)	(446)
Net Income (loss) after tax	**184**	**(2,533)**
Weighted local statutory tax rate (17-33%) on pre tax income	171	(569)
Adjustment on (temporary) differences pre tax income and taxable income in fiscal books	135	1,010
Income tax per fiscal books using weighted local statutory tax rate (17-33%)	**306**	**440**
Utilisation of loss carry forward in the US	(3)	(197)
Tax losses not recognised as deferred tax asset	57	122
Utilisation of not recognised loss cary forward	-	(91)
Current Income tax charge	**360**	**274**

Income Tax reported in the Comprehensive Income Statement	2018	2017
Movement deferred taxes during the year	(68)	(172)
Current Income tax charge	(292)	(274)
Income Tax reported in the Comprehensive Income Statement	**(360)**	**(446)**

Movement deferred taxes during the year	2018	2017
Debited to Income on temporary differences in the Netherlands (DTL)	(2)	(10)
Credited to Income from loss carry forward in the Netherlands (DTA)	-	2
Debited to Income on temporary differences in the US (DTA)	90	(2)
Debited to Income on loss carry forward in the US (DTA)	3	197
Debited to Income on temporary differences in Germany (DTL)	(25)	(15)
Other movements	2	-
Movement deferred taxes during the year	**68**	**172**

The changes in the Deferred Tax Asset are discussed on page 87 in detail. The main item of the Deferred Tax Asset in FY 2018 are the timing differences in TIE Commerce as described in more detail on page 87.

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

Summary of expiration of tax loss carry forward in years:

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

11) Earnings per Share

Basic Earnings per Share

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

Basic Earnings per Share	2018	2017
Net income attributable to equity holders of TIE	184	(2,533)
Net Income adjusted for calculation of basic earnings per Share	184	(2,533)
Weighted average number of shares outstanding in thousands	1,617	1,607
Basic Earnings per Share (€ per Share)	**0.11**	**(1.58)**

Diluted Earnings per Share

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

Diluted Earnings per Share	**2018**	2017
Net Income adjusted for calculation of basic earnings per Share	**184**	**(2,533)**
Weighted average number of shares outstanding	1,617	1,607
Dilutive effect of warrants outstanding at September 30,	330	330
Dilutive effect on Convertible Bonds	5	5
Weighted average number of shares adjusted for calculation of diluted earnings per Share	**1,953**	**1,942**
Diluted Earnings per Share (€ per Share)	**0.09**	**(1.30)**

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

Commitments and Contingent Liabilities

Leases (Including Rental Agreements)

Company cars were contracted under an operating lease agreement (mainly 4 year term) in The Netherlands and Germany only. The monthly lease charge at September 30, 2018 amounted to € 22k (2017: € 22k).

The remaining terms of leases in the Netherlands are 1.5 years. The lease contract for the Boston office in the United States expires on June 30, 2022; the lease contract for the French office expires on January 2023; the lease in Germany expires on June 30, 2020. Office Rentals due within one year amount to € 0.4 mln, rentals due between one and five years are approximately € 0.6 mln and over 5 years € 0.1 mln.

Hosting costs relates to leasing of hosting infrastructure € 0.6 mln annually. In the Netherlands this is for one remaining year, in Germany this varies from 3 months to 5 years.

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

	2018			2017		
Leases	**< 1year**	**> 1 year < 5 years**	>5 years	< 1year	> 1 year < 5 years	>5 years
Office Leases	576	650	-	566	1,301	5
Hosting Contracts	86	-	-	113	1	-
Operational leases company cars	176	198	-	219	214	-
Operational leases servers and photocopiers	31	10	-	38	73	-
Total	**869**	**858**	**-**	**936**	**1,589**	5

Collateral

The Company has a working capital facility with Rabobank amounting to € 1,250k. The facility includes a pledge on all receivables, has an indefinite term and bears interest at a rate of EURIBOR plus a margin. Although currently no drawings are scheduled, the Company intends to use any funds borrowed under the Credit Facility from time to time for general corporate purposes, which may include working capital needs, capital expenditures, and satisfaction of other obligations of the Company.

For the rent of the office in Breukelen the company issued a bank guarantee of € 69k. For the rent of its office in Münich the company has issued a bank guarantee of € 39k.

TIE Kinetix N.V. and subsidiaries

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

Name	**Statutory Seat**	2018	2017
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE International B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE Europe B.V.	Amsterdam, The Netherlands	100%	100%
Gordian Investments B.V.	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE France S.A.S.	Montpellier, France	100%	100%
TIE Asia-Pacific Ltd	Hongkong, People's Republic of China	100%	100%
TIE TFT Holding GmbH	Munchen, Germany	100%	100%
TIE Kinetix GmbH (TFT)	Munchen, Germany	100%	100%
TIE Ascention GmbH	St Gallen, Switzerland	100%	100%
TIE Kinetix LTD	Marlow, United Kingdom	100%	-

Related Party Transactions

	September 30, 2018				September 30, 2017			
Name	**Position**	**Shares**	% of Shares	Options	Position	Shares	% of Shares	Options
Jan Sundelin	CEO	34,404	2.1%	20,300	CEO	34,404	2.1%	20,300
Erik Honée**	-	-	-	-	SB	26,600	1.6%	-
Dirk Lindenberg*/**	-	-	-	-	SB	144,791	9.0%	-

* Via Blikkenburg B.V.
** Former members of the Supervisory Board

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

The company applies an intercompany pricing mechanism to account for the various roles the respective country operations have in the value chain towards the customers. As the case may be the company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain.

EU Development Grants repayment

In October 2014 TIE Kinetix was charged by the European Commission ("EC") to partially repay EU development grants, following an audit carried out under supervision of the EC over the period 2008-2011.

As at September 30, 2018 the European Commission had fully collected the amount of the initial claim, and:

- no further follow up has been received from the EC on the audit findings or extrapolation therefore to other projects;
- TIE no longer participates in any European project since December 2017;
- All projects that TIE has participated in are financially settled and closed.

Based on the above facts and circumstances management does not consider the event of a penalty being levied more likely than not to occur. Hence, it is no longer probable than an outflow of resources embodying economic benefits will be required to settle the obligation (refer to page 104).

Out-of-court Settlement

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

Performance Share Plan

No objectives under the performance share plan have been met in FY 2018, hence no shares have been issued (2017 no shares issued).

Subsequent events

There are no subsequent events.

Dutch GAAP TIE Kinetix N.V. Balance Sheet as at September 30, 2018

(Before proposed appropriation of results)

Assets

(€ x 1,000)	Notes	2018		2017	
Fixed assets	**12)**				
Intangible Fixed Assets					
Goodwill		1,046		1,046	
Other intangible fixed assets		290		362	
Total Intangible Fixed Assets			1,336		1,408
Tangible fixed assets			132		162
Financial fixed assets					
Subsidiaries		15,420		16,580	
Loan receivable		-		-	
Deferred Tax Asset		-		-	
			15,420		16,580
Total fixed assets			**16,888**		**18,150**
Current assets	**13)**				
Debtors		235		218	
Taxation & Social Security		-		-	
VAT receivable		76		89	
Intercompany debtor		894		839	
Cash and cash equivalents		**201**		**514**	
Total current assets			**1,406**		**1,660**
Total assets			**18,294**		**19,809**

Liabilities and Equity

(€ x 1,000)	Notes	2018		2017	
Shareholders' equity	**14)**				
Issued and paid-up share capital		162		162	
Share premium		58,307		58,769	
Legal reserves		2,924		2,479	
Foreign Currency Translation Reserve		53		75	
Retained earnings		(56,757)		(54,241)	
Net Result		184		(2,533)	
			4,871		**4,710**
Convertible Bonds			45		45
Total Equity			**4,916**		**4,755**
Non Current Liabilities	15)				
Loans		-		-	
Provisions		265		649	
Total Non Current Liabilities			**265**		**649**
Current Liabilities	16)				
Creditors		13,083		14,379	
Taxation and Social Security		30		26	
Total Current Liabilities			**13,113**		**14,405**
Total Liabilities and Equity			**18,294**		**19,809**

Dutch GAAP TIE Kinetix N.V. Income Statement for the year ending September 30, 2018

Revenues		2018		2017
Revenues		-		-
Onetime income		-		-
Total Revenue		-		-
Direct Employee Costs		-		4
Gross Margin		**-**		(4)
Operating Expenses				
Employee Benefits	2,444		2,591	
Depreciation and Amortization	166		153	
Other Operating income	4,135		4,187	
Other Operating expense	1,874		1,837	
Total Operating Expenses		**349**		**394**
Operating Income/(loss)		**(349)**		(398)
Interest and other Financial Income		-		-
Interest and other Financial Expense		-30		-
Income/(loss) before Tax		**(379)**		(398)
Corporate Income Tax		-		-
Result shares in subsidiaries		563		(2,135)
Net Income/(loss)		**184**		**(2,533)**

Notes to the Company Financial Statements

Corporate Information

The Company financial statements for the year ended September 30, 2018 are authorized for issue through a resolution of the Management Board dated November 29, 2018. The General Meeting of Shareholders, to be held on March 30, 2018, will be requested to approve the Company financial statements.

Basis of Preparation

These Financial Statements have been prepared in accordance with accounting principles, generally accepted in the Netherlands, as embodied in Title 9 of Book 2 of the Dutch Civil Code. Based on article 2:362(8) of the Dutch Civil Code, the valuation principles applied are based on International Financial Reporting Standards (IFRS), as applied in the preparation of the consolidated financial statements of the Company. Companies are allowed to apply IFRS valuation principles in their financial statements prepared under Title 9 of Book 2 of the Dutch Civil Code. Subsidiaries and associates are accounted for at net asset value determined on the basis of IFRS, as applied in the Consolidated Financial Statements. For details on the accounting policies applied in the Consolidated Financial Statements, please refer to the Notes to the Consolidated Financial Statements, starting on page 66.

12) Fixed Assets

Intangible Fixed Assets

Intangible Fixed Assets	Goodwill	Software	Total
Carrying value as per September 30, 2015	**1,046**	**353**	**1,399**
Movements 2016			
Additions	-	44	44
Amortization	-	(69)	(69)
Carrying value as per September 30, 2016	**1,046**	**328**	**1,374**
Accumulated Investments per September 30, 2016	1,046	553	1,599
Accumulated Amortization per September 30, 2016	-	(218)	(218)
Accumulated Impairments per September 30, 2016	-	(7)	(7)
Carrying value as per September 30, 2016	**1,046**	**329**	**1,375**
Useful life	Indefinite	3-7 years	-
Movements 2017			
Additions	-	116	116
Amortization	-	(82)	(82)
Carrying value as per September 30, 2017	**-**	**34**	**34**
Accumulated Investments per September 30, 2017	1,046	669	1,715
Accumulated Amortization per September 30, 2017	-	(218)	(218)
Accumulated Impairments per September 30, 2017	-	(89)	(89)
Carrying value as per September 30, 2017	**1,046**	**362**	**1,408**
Useful life	Indefinite	3-7 years	-
Movements 2018			
Additions	-	26	26
Amortization	-	(98)	(98)
Carrying value as per September 30, 2018	**-**	**(72)**	**(72)**
Accumulated Investments per September 30, 2018	1,046	695	1,741
Accumulated Amortization per September 30, 2018	-	(398)	(218)
Accumulated Impairments per September 30, 2018	-	(7)	(187)
Carrying value as per September 30, 2018	**1,046**	**290**	**1,336**
Useful life	Indefinite	3-7 years	-

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

Tangible Fixed Assets

Tangible Fixed Assets	Fittings	Hardware	Total
Carrying value as per September 30, 2016	**202**	**20**	**222**
Movements 2017			
Additions	1	10	11
Depreciation per Statement of (Comprehensive) Income	(57)	(14)	(71)
Carrying value as per September 30, 2017	**(56)**	**(4)**	**(60)**
Accumulated Investments per September 30, 2017	395	126	521
Accumulated Amortization per September 30, 2017	(249)	(110)	(359)
Carrying value as per September 30, 2017	**146**	**16**	**162**
Useful life	4 to 10 years	3 - 5 years	
Movements 2018			
Additions	1	37	38
Depreciation per Statement of (Comprehensive) Income	(57)	(11)	(68)
Carrying value as per September 30, 2018	**(56)**	**26**	**(30)**
Accumulated Investments per September 30, 2018	396	163	559
Accumulated Amortization per September 30, 2018	(306)	(121)	(427)
Carrying value as per September 30, 2018	**90**	**42**	**132**
Useful life	4 to 10 years	3 - 5 years	

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

Financial Fixed Assets

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

	2018	2017
Total subsidiaries as per October 1,	**16,580**	**18,268**
Share in Net income	(563)	2,135
Movements of IC funding	(212)	(3,836)
Transfer to (from) provision for Equity Deficit	(384)	13
Total subsidiaries as per September 30,	**15,420**	**16,580**
Total Financial Fixed Assets	**15,420**	**16,580**

Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2016: 0% and 5.5%). This funding is accounted for as part of the net investment in subsidiaries. There are currently no repayment schedules, nor does management have the intention to recall these funds.

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

In 2017 and years prior, some subsidiaries had a negative net investment value. For these subsidiaries, a provision for Equity Deficit was set up as the Company intends to cover all debts arising from legally conducted transactions.

Direct subsidiaries of the Company are:

Name	**Statutory Seat**	2018	2017
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE International B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE UK Ltd.	London, United Kingdom	100%	-
TIE Europe B.V.	Amsterdam, The Netherlands	100%	100%
Gordian Investments B.V.	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE Asia-Pacific Ltd	Hongkong, People's Republic of China	100%	100%

The deferred tax asset is discussed on page 87.

13) Current Assets

Other Receivables

Taxations and Social Security Contributions relate to VAT recoverable.

14) Shareholders' Equity

In 2017 in total 24,577 shares have been issued, bringing the total number of issued shares to 1,617,281 as at September 30, 2017. Shareholders' Equity amounts to € 4,865k (or € 3.04 per share) on September 30, 2017 (2017: € 4,710k, or € 2.94 per share). The Company's authorized share capital amounts to € 500k, consisting of 5 million ordinary shares with a nominal value of € 0.10 each.

Shareholders' Equity is broken down as follows:

Shareholders' Equity	Share Capital	Paid in Surplus	Foreign Currency Translation Reserve	Other Legal Reserves	Retained Earnings	Share-holders Equity
Balance per September 30, 2016	**159**	**59,007**	**161**	**2,020**	**(54,224)**	**7,123**
Shares issued and Share Premium	3	204	-	-	-	206
Foreign Currency Translation Reserve	-	-	(86)	-	-	(86)
Shares Based Payments	-	1	-	-	-	1
Transfers to (from) legal reserve	-	(409)	-	409	-	-
Other movements	-	(1)	-	-	-	(1)
Net Income 2017	-	-	-	-	(2,533)	(2,533)
Balance per September 30, 2017	**162**	**58,802**	**75**	**2,429**	**(56,757)**	**4,710**
Foreign Currency Translation Reserve	-	-	(22)	-	-	(22)
Transfers to (from) legal reserve	-	(495)	-	495	-	-
Other movements	-	-	-	-	(1)	(1)
Net Income 2018	-	-	-	-	184	184
Balance per September 30, 2018	**162**	**58,307**	**53**	**2,924**	**(56,575)**	**4,871**

For the movement in shares, we refer to page 92.

Legal reserves:

The Foreign Currency Translation Reserve represents the foreign currency exchange differences from the translation of the financial statements of the foreign subsidiaries.
The Other Legal Reserves pertain to the capitalized software development costs.

Equity Settled Share Based Payments

Annual Stock Options Plan

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

Other Stock Options

For the Other Stock Options, we refer to page 92, Note 5 of the Consolidated Statement of Financial Position under Other Stock Options.

Convertible Bonds

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

15) Non-Current Liabilities

Provision

Provision for Equity Deficit Subsidiaries	2018	2017
Opening Balance as per October 1,	**649**	**636**
Movements from (to) Financial Fixed Assets	(384)	13
Closing Balance as per September 30,	**265**	**649**

In 2017 and years prior, some subsidiaries held a negative net investment value. For these subsidiaries, a provision for Equity Deficit was established as the Company intends to cover all debts arising from legally conducted transactions.

16) Current Liabilities

Current Liabilities	2018	2017
Trade creditors	231	444
Taxations and social security contributions	30	26
Inter-company payable	12,204	13,376
Other payable and accruals	648	559
Total	**13,113**	**14,405**

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

Notes to the Company Income Statement

The Companies Income

No revenue is included in 2018 (2017: € 0).

The Companies Expenses

Expenses accounted for consist of the ones related to the Companies activities of TIE Kinetix N.V, including allocated employee benefits. TIE Kinetix N.V. had 20 employees during 2018 (2017: 15). The remuneration of the Supervisory Board amounting to € 10k for members and € 20k for the chairman is included in the company's expenses. For a detailed description of the remuneration of the Management Board, we refer to page 103 of the Notes to the Consolidated Financial Statements. Included are Legal and Consultancy fees amounting to € 91k (2017: € 207k) as well as a Stock Option expense, listing fee and amortization charges pertaining to assets. The audit fees from BDO Audit & Assurance B.V. relating to the audit of the financial statements amount to € 140k (2017: € 180k). Other audit related fees from BDO amount to € 0 (2017: € 0). No fees have been paid to BDO for other non audit related services.

Income Tax

The Company holds unrecognized deferred tax assets with respect to past tax losses amounting to approximately € 7.6 mln. All Dutch subsidiaries of TIE Kinetix N.V. and the Company form a tax unit and are jointly and severally liable for all tax liabilities originating within the tax unit.

Commitments and Contingent Liabilities

Taxes

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

Other

The Company has no issued guarantees. Pending litigations and subsequent events are disclosed on page 112.

Breukelen, December 4, 2018

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

M. Wolfswinkel
CFO, TIE Kinetix N.V.

Appropriation of Net Result

According to Article 26 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the company's net result for the year. The Management Board proposes that the net pofit of € 184k will be added to retained Earnings in Shareholders' Equity. Article 26 of the Articles of Association reads as follows:

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

Dividend policy

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

Payment of dividends can be made either in cash or in stock.

Independent auditor's report

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

A. Report on the audit of the financial statements 2018

Our opinion

We have audited the financial statements for the year ended 30 September 2018 of TIE Kinetix N.V. (the company), based in Breukelen. The financial statements include the consolidated financial statements and the company financial statements.

WE HAVE AUDITED	OUR OPINION
The consolidated financial statements which comprise: 1. the consolidated statement of financial position as at 30 September 2018; 2. the following consolidated statements for 2018: statements of comprehensive income, changes in equity and cash flows for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2018 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
The company financial statements which comprise: 1. the company balance sheet as at 30 September 2018; 2. the company income statement for the year then ended; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed company financial statements give a true and fair view of the financial position of TIE Kinetix N.V. as at 30 September 2018 and of its result for the year then ended 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), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 210,000. The materiality is based on 1.25% of revenues, which we consider to be one of the principal considerations for users of the financial statements of the company in assessing the financial performance of the Group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 10,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

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

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

To this extend we:
» performed audit procedures ourselves at group entities TIE Kinetix Nederland B.V. (Netherlands), TIE Commerce Inc. (United States) and TIE Kinetix GmbH (Germany);
» performed review procedures or specific audit procedures at other group entities.

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

Our key audit matters

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

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

REVENUE RECOGNITION, INCLUDING TIMING OF REVENUE RECOGNITION

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

Refer to the Description of accounting principles on page 77.

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

OUR AUDIT APPROACH

For each source of income we have tested whether revenue is recorded when the applicable criteria for revenue recognition under IAS 18 - Revenue are met. Our main audit procedures for these sources of income are as follows:
» For Software licence fees we have tested, based on the underlying contract and delivery of the licence to the customer, whether revenue was recorded in the correct period for the price which was agreed in the contract between the company and the client.
» For Maintenance and Support fees we have tested whether revenue recognition takes place over the contract period in accordance with the underlying contracts and that the prices which are invoiced are in line with these contracts.
» Regarding Consultancy services, we have tested whether the related revenues are recorded in line with the stage of completion of the transaction.
» For SaaS fees we have tested whether revenue recognition takes place over the contract period in accordance with the underlying contracts and that the prices which are invoiced are in line with these contracts. SaaS contracts can include a multiple-element arrangement with clients. For these type of contracts we have performed specific procedures to test the allocation of revenue to the specific identifiable performance obligations.

Furthermore we evaluated and tested processes, procedures and controls regarding the accounting 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.

IMPAIRMENT ASSESSMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS	OUR AUDIT APPROACH
The company holds material amounts of goodwill resulting from acquisitions in the past and other intangible assets. The company is required to perform annual impairment tests for each cash-generating unit ("CGU") or smallest group of CGUs to which a portion of the carrying amount can be allocated on a reasonable and consistent basis. The identification of CGU's is based on the internal reporting structure and did not change compared to prior year. The company has used value in use models to determine the recoverable amount of goodwill to assess for impairment. Management concluded that no impairment charge was required. Refer to note 1 Intangible fixed assets on page 82 – 85. The impairment tests are based on significant judgement and estimates by management and is therefore considered a key audit matter.	Our audit procedures included, amongst others: » We assessed the determination of the cash generating units based on our understanding of the group and how earning streams are monitored and reported. » Together with an auditor's expert, we assessed and tested the assumptions and methodologies used in the value in use models. In doing so: » We assessed the appropriateness of the models and calculations used for the goodwill impairment tests. » We assessed the basis for the cash flow forecasts including consideration of historical accuracy of previous estimates; » We challenged management's assumptions including, amongst others, the discount rate and growth rates; » We compared the cash flow forecasts to approved forecasts. » We compared the recoverable amount of the CGUs to the carrying amount of the goodwill and other intangible assets allocated to these CGUs. » We performed sensitivity analysis and evaluated whether there are reasonably possible changes in assumptions which could cause the carrying amount of the CGUs to exceed its recoverable amount. » We assessed the adequacy of the disclosures.

INTERNALLY GENERATED INTANGIBLE ASSETS	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 € 1.3 million development costs were capitalized, mainly relating to development hours with respect to the FLOW proposition. Refer to note 1 Intangible fixed assets on page 82. 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 have inquired at appropriate management levels within the company, reviewed development projects and reviewed sales forecasts. » We assessed the adequacy of the disclosures.

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the Supervisory Board report
- the Executive Board report
- the other information on page 120
- the Key Figures, Performance Highlights, Revenue Breakdowns, Key Headlines FY2018, Letter from the CEO, Our Corporate Story, The Supervisory Board, The Executive Board, Important Information, Corporate Sustainability and Corporate Governance.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the executive board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

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

No prohibited non-audit services

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

D. Description of responsibilities for 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 errors or fraud.

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

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

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing,

ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

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

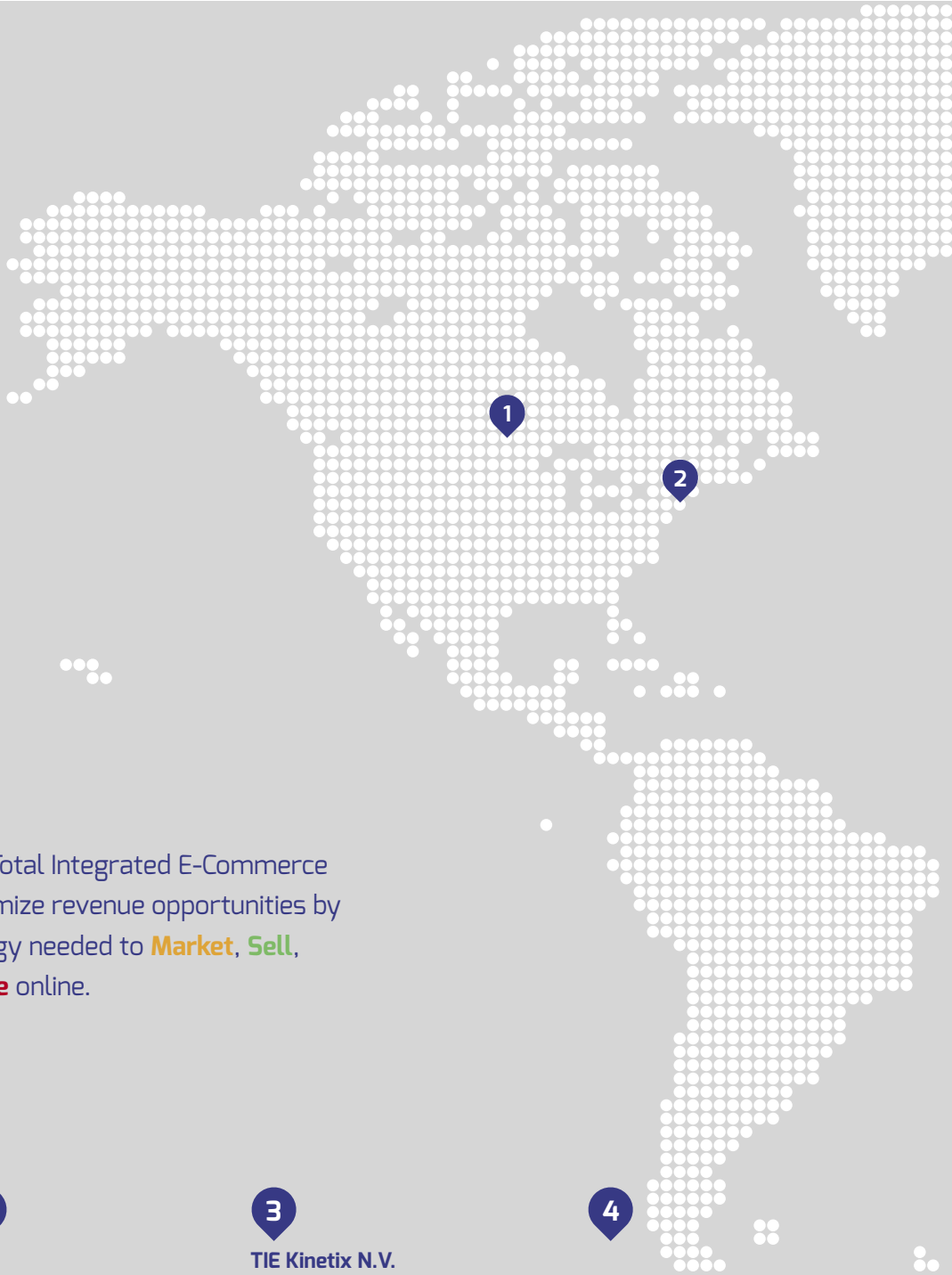
Amstelveen, December 4, 2018

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

sgd.
A.P. van Veen RA

FLOW helps businesses working with partners to accelerate and optimize the entire partner-customer journey by automating sales, marketing and fulfillment processes.

TIE Kinetix Subsidiaries & Offices



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

1

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St Paul, MN 55108
Tel: 1-651-999-8600

2

TIE Commerce Inc – US (Boston)

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3

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4

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5

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7

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Glossary

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

TIE Kinetix N.V.

ANNUAL REPORT 2018

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