
TIE KINETIX
ANNUAL REPORT
2022

Disclaimer

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4 Company Profile

TIE Kinetix N.V. is an international integration software company. The Company provides **Software as a Service (SaaS) solutions** to companies, governmental institutions, and their trading partners and suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. The solutions are delivered through FLOW Partner Automation, its own software platform, and empowers users to engage in smart business exchanges and streamline communication through seamless integration with any existing system.

In business since 1987, TIE Kinetix has supported all EDI and e-invoicing standards and communication methods worldwide. Today, its global team of over 125 experts share their knowledge with 2,500+ customers.

With all major ERP's moving to the cloud, the digitalization of the supply chain is a high growth market in the coming years. In addition, through offices in the Netherlands, France, Germany, and the United States, TIE Kinetix is well positioned to benefit from the strong growth of the e-invoicing market.

Our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, enabling our customers to focus on three corporate initiatives that drive true organizational change: business process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward.

TIE KINETIX

Letter from the Chief Executive Officer

Dear reader,

The year 2022 has been a year of accelerated investments by TIE Kinetix. After completion of our 100% digitalization proposition, we have focused on investing for growth and accelerated roll out. During the past year, we have built an organization that can both accelerate and sustain growth in future years.

The roll-out of our high growth plan called for increased investments in marketing and staff and in new indirect sales channels. I am delighted to see that we have been able to bring a significant influx of new staff. This includes some very experienced sales staff, as well as partner managers who will be further rolling out our channel strategy. Our customer success teams and new business teams will drive our operations as a true SaaS-company.

Our marketing teams are executing ambitious marketing plans in the Netherlands and Germany and our channel strategy is shored up with alliances with major ERP vendors Microsoft and Oracle. This will drive SaaS growth to unprecedented levels in the near future.

Obviously, it will take time for us to see the effects of new business sales in our order intake, though the first results so far look promising.

Our aim is to scale the use of our excellent FLOW platform - which we continue to improve on every day - towards many more customers and their trading partners.

Especially in the European markets we see an increased demand for digitalization. An important driver for this increased demand is the roll out of E-invoicing mandates over Europe as more and more countries are mandating governmental bodies and institutions to switch to e-invoicing. At the same time, our digitalization solutions immediately contribute to our customers' carbon dioxide reduction ambitions. Paperless and inkless document exchange clearly is the future. And I am proud to say that our solutions not only support such environmental goals but also achieve the highest security standards of our customers.

As part of our sustainable growth objectives, we are embedding environmental, social and governance (ESG) principles into our strategy and decision-making. We are reporting on these matters this year for the first time in our 2022 ESG Report, which we have published next to this Annual Report.

In 2022 we have planted the seeds for accelerating our SaaS growth - and with our renewed strategy in place we will be picking the fruits of these investments in the years to come.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

FY 2022 Highlights

	2022	2021
SaaS revenues	€ 11,127k	€ 9,688k
Total revenues	€ 14,357k	€ 14,856k
EBITDA	€ (1,615k)	€ 1,911k
Net result	€ (1,674k)	€ 632k
Dividend per share	€ 0.50	€ -
FTE employed	123	104
Order intake	€ 12,974k	€ 11,366k
Docs processed via FLOW	81,475k	56,740k

FLOW
PARTNER AUTOMATION™

Our Corporate Story

Our Vision, Mission, Strategy and Values

Our vision

Optimizing the supply chain with 100% digitalization

At TIE Kinetix, we help companies of all sizes achieve their digitalization goals. From 1% to 100% or anywhere in between, our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, therewith supporting our customers' focus on three major business areas: process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward.

Our Mission

TIE Kinetix offers SaaS solutions to digitalize the exchange of all business documents between independent companies acting as trading partners in the supply chain.

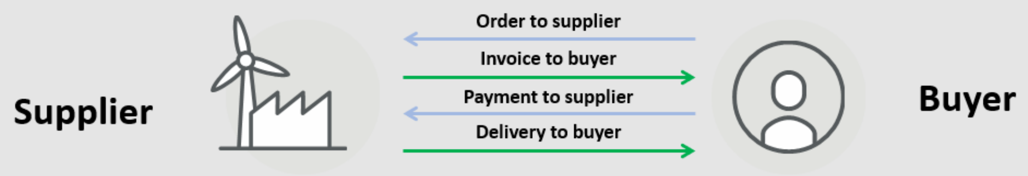
We provide our customers with solutions that facilitate the exchange of documents, data and messages with their supply chain partners. The image below depicts this document exchange in its most rudimentary and common form.

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

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

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

More details and background on the FLOW platform are provided in the section Our Solutions, starting on page 16.



Our Strategy

TIE Kinetix maximizes return on investment in the supply chain with Software as a Service based applications. The FLOW platform with innovative, field-tested technology unburdens our customers who can, as a consequence, remain focused on their core business. TIE Kinetix develops cloud-based solutions, backed with over 30 years of proven technology and awards.

Our solutions empower our clients to focus on three corporate initiatives that drive true organizational change: business process efficiency, compliance, and corporate social responsibility (CSR).

The four main pillars of our strategy are:

» Focus on 100% Digitalization
» Reduce customers' carbon footprint
» Continuous innovation & improvement
» Capture growth in the EDI/E-invoicing market

These pillars all contribute to driving **SaaS growth**, as this is instrumental to realizing our vision of an optimal supply chain - one that is 100% digitalized.

Details of our strategy are further included in the section Strategy and Value Creation, starting on page 10.

Our Company Values

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

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

Openness and Honesty

As an organization we aim to excel by working closely with all of our stakeholders. We will maintain an open, honest and active dialogue with our stakeholders, shareholders, colleagues, customers and suppliers.

Trust and Togetherness

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

Competence and Quality

As a knowledge intensive software company, we continuously build our competence and our quality on an organizational and an individual level. We foster a culture of continuous personal development as we are convinced that through competence and quality as fundament of our organization, we will add value to our stakeholders.

Strategy and Value Creation

Creating value lies at the heart of what we do and is captured in our vision of optimizing the supply chain with 100% digitalization. Through the execution of our strategy, we create long-term value for all of our stakeholders.

Our strategy

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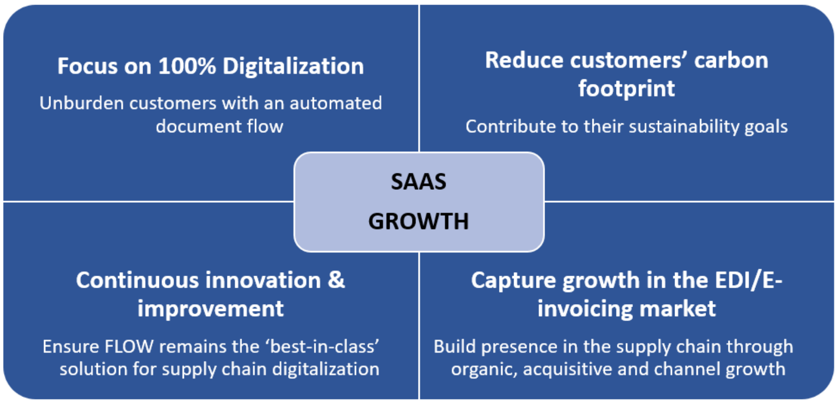


Focus on 100% Digitalization

Effective October 1, 2021 (the start of the financial year 2022) management decided to direct the Company's business model entirely to the delivery and use of its SaaS solution called FLOW. This strengthens the position of the Company as a 100% SaaS company with a focus on long term subscription contracts and annual recurring revenue.

The cloud-based FLOW platform with innovative, field-tested technology unburdens our customers through elimination of manual handling and tasks in the document flows through automation. Customers can, as a consequence, remain focused on their core business. FLOW enables trading partners to work seamlessly together on the major business processes in their supply chain, boosting **business process efficiency**.

Second, our solution enables our customers to achieve higher levels of **compliance**, across various areas:

- Technical compliance: Invoices, purchase orders and other documents are supported through any-to-any translation for all document types and supporting national and international e-Invoicing standards (such as PEPPOL).
- Tax compliance: Adherence to local and international invoice requirements with GST/VAT compliance.
- Legal compliance: Secure e-archiving services to meet tax retention obligations.
- Data compliance: TIE Kinetix has the utmost commitment to security and ensures the highest level of information protection.

Scalability

An essential aspect of FLOW is its scalability: it is designed as a one-size-fits-all solution that can be used by any organization, with any ERP system, and can accommodate any number of big or small trading partners. Its deployment in the Azure cloud means it can easily be scaled nearly endlessly.

Moreover, as FLOW is a modular platform, it can easily be set up to fit the needs of any customer, but does not require any modification or customization.

Onboarding trading partners

An essential part of achieving 100% digitalization is that all of the trading partners of our customers are onboarded to the FLOW platform so that they may exchange documents digitally.

Through our network of hub-type customers (see section 'Hub-and-spoke strategy further on), so far, **we have onboarded an estimated number of 0.5 million small and medium-sized suppliers (SMEs)** to the FLOW portal. This provides us with a huge reach in the SME market with the potential to provide future services to these businesses.

Reduce customers' carbon footprint

Our 100% digitalization document exchange solution offers a sustainable solution and therewith helps our customers to meet their goals of reducing their carbon footprint, which lies at the heart of the **corporate social responsibility** strategy of many businesses nowadays.

Through a reduction of the consumption of paper, toner and ink, significant reductions in the emissions of greenhouse gasses can be realized. Reducing paper consumption furthermore helps combatting deforestation. Through our cloud strategy, we ensure that the carbon footprint of our customers is further reduced by significant savings in energy consumption compared to the use of solutions that are operated from traditional datacentres.

Continuous innovation & improvement

Maintaining FLOW's 'best-in-class' position as a solution for supply chain digitalization is instrumental for the realization of our vision. We continuously optimize and improve our FLOW platform to meet the ever-evolving needs of customers, as outlined in the Update from the Chief Technology Officer, starting on page 20. We continuously improve our systems and processes for the onboarding of our customers' trading partners to the platform so that customers can maximize their use of FLOW. To this extent, we continuously invest in research and development.

During FY 2022, we have incurred research and development expenses of € 1.5 million (FY 2021: € 1.4 million) and have capitalized € 1.0 million of R&D expenditures (FY 2021: € 0.8 million).

Capture growth

The EDI/E-invoicing market has been growing and is expected to grow significantly, driven by increasing number of e-invoicing mandates, especially in the European Union, as outlined in the section Our Markets, starting on page 21.

TIE Kinetix plans to capture this growth in a number of ways, as outlined in the following sections.

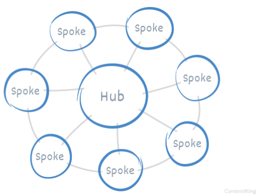
Organic growth

Our FLOW solutions are sold directly and indirectly. Direct sales are driven through our hub-and-spoke strategy as outlined below.

Indirect channel sales are managed through a network of distribution partners. The spearhead of our indirect sales strategy is our worldwide partnership with major ERP vendors Oracle and Microsoft. In addition, we are partnering with local ERPs in Europe and North America such as Unit4, Exact, Epicor, AFAS and Syspro.

Hub-and-spoke strategy

We refer to our market model as a 'Hub-and-Spoke' approach, where an implementation of our FLOW platform with an enterprise level customer serves as a 'Hub' connecting many trading partners as 'Spoke'. As a next step 'Spokes' are analyzed and qualified as a potential new 'Hub', and as such a target for acquiring new business.



Our pricing model

FLOW is sold as a SaaS solution. The market for SaaS has been growing significantly over the past few years and is expected to continue to grow over the next years. The pricing model for FLOW includes two main components:

» A fixed platform fee; and
» Pay-per-use.

This pricing model benefits both our customers and the Company. From the customer's perspective, the fixed fee is spread over the course of the contract, providing the benefit of having a stable and predictable cost basis. Furthermore, it acts as an incentive for customers to optimize their use of the platform through onboarding more trading partners onto the platform, driving more digital document exchanges. This reduces the total cost (fixed + variable) per transaction for the customer, meaning a **low TCO** (total cost of ownership). The pay-per-use, or variable fees, are charged on a monthly basis and increase or decrease, however, as more or less documents are exchanged with trading partners. The frequency of document exchanges generally coincides with the level of business generated by customers, and therefore will generally move with the cash flows and working capital needs of our customers.

For the Company, the fixed fees mean a stable and recurring income stream that starts soon after a contract is signed. At the same time, optimizing the use of the platform is not only beneficial to the customer but also to the Company, as onboarding more trading partners means more document exchanges, which in turn leads to more variable fees earned by the Company.

Acquisitive growth

In addition to its organic growth plans, the Company has formulated acquisitive growth targets as outlined in the section Acquisition strategy, starting on page 45. The aim of acquisitive growth is to strengthen our operations within our current geographical footprint (the Netherlands, US, Germany and France) with additional customers that can be brought onto the FLOW platform. Management is actively looking for opportunities in the German market, and later on in the French market, which will provide a greater customer base access to the benefits provided by our SaaS solutions.

Long-Term Value Creation

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

The Company's long-term value creation is directed by the Executive Board and Supervisory Board, with the involvement of our stakeholders. The Annual General Meeting of Shareholders is the ideal platform for the Executive Board and Supervisory to depict the strategy in this respect and to obtain valuable feedback.

At the same time, the Executive Board is continuously in close contact with the staff. Through this personal contact, personnel are able to provide views and feedback on how the Company can or should create long term value. The Executive Board, in consultation with the Supervisory Board, considers and weighs the inputs received as appropriate. Decision-making on strategy and long-term value creation lies with the Boards.

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

In the interaction with our stakeholders as part o our long-term value creation process, our Company values play an important role:

» **Openness and Honesty:** We are open and honest in the dialogue with our stakeholders, where we aim to achieve a good balance between transparency and practicability.
» **Trust and Togetherness:** We place trust in our stakeholders and work together with them to achieve a desired outcome and act as one team. As an example, we work very closely with our customers in a joint project team on FLOW implementation projects.
» **Competence and Quality:** We continuously build the competence of our organization and its staff to achieve the best possible quality (best-in-class products, execution quality of projects, customer satisfaction, etc.).

Compared to prior year, we have updated our stakeholder analysis to include society at large explicitly as a stakeholder, as our updated Company strategy specifically includes contributions to sustainability goals of our customers. This does not only benefit our customers, of course, but more importantly, the environment society at large. In addition, our value creation model has been updated to align with the updated Company strategy.

Customers

From a customer perspective, customers are able to achieve ever higher automation in processing incoming and outgoing documents, data and messages by using our FLOW Partner Automation platform. We seek to create long-term value for our stakeholders by continuing to move the degree of automation closer to 100%. This contributes to:

» Business process efficiency, resulting in, for example, cost efficiency, enhanced control over documents, a reduced number of processing errors and improved buyer- and supplier relations.
» Compliance, in the fields of technical, tax, legal and data compliance.
» Corporate social responsibility, enabling customers to meet their ESG-targets.

With good reason, rapid digitalization is trending in supply chain management between buyers and sellers. Our FLOW SaaS platform supports our customers' value proposition.

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

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

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

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

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

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

In our ESG Report, we have elaborated further on how we contribute to the skills, the development and the well-being of our employees.

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

Society at large
The use of our supply chain digitalization solutions does not only benefit our customers. As outlined in our ESG Report, digitalization has many advantages to the environment and combatting climate change. This is realized through a reduction of paper consumption, ink and toner, the production of which uses natural resources and emits greenhouse gasses. In turn, with the paper production industry using a significant part of industrial wood globally, reduction of paper consumption helps in combatting deforestation. Our cloud strategy yields significant savings in energy consumption compared to the use of solutions that are operated from traditional datacentres.

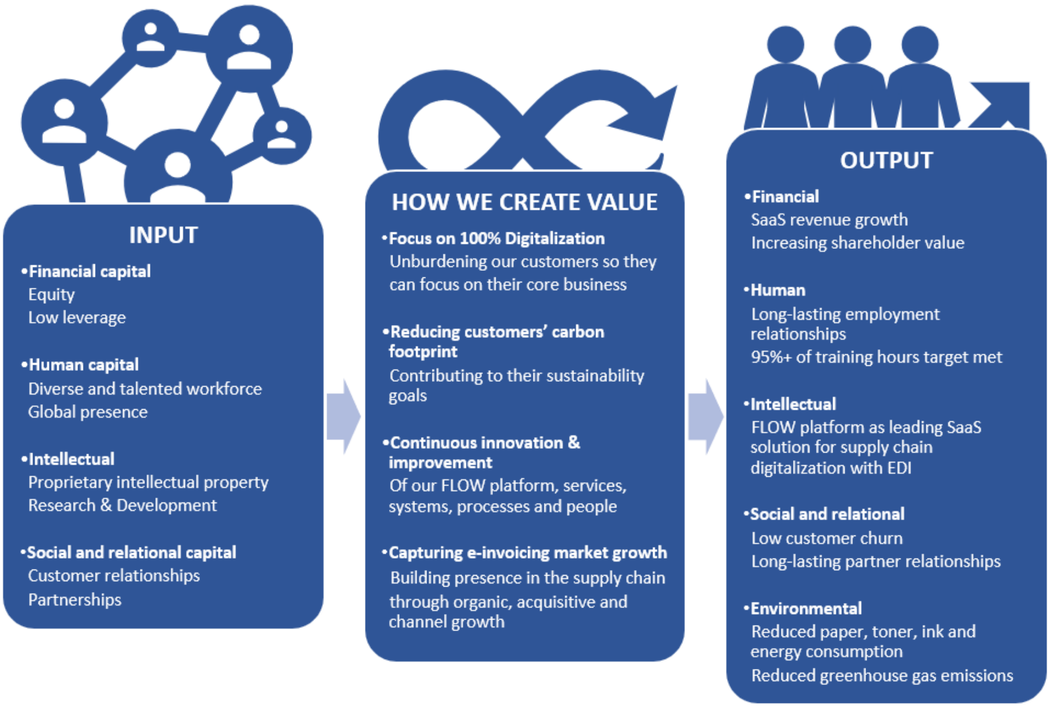
Finally, the tax compliance advantages of digitalization contribute to reducing the so-called VAT-gap. This is the overall difference between the expected VAT revenue of countries and the amount actually collected. This VAT-gap is one of the drivers behind the E-invoicing mandates that are being issued in Europe (refer to the section: Our Markets, starting on page 21).

As such, 100% supply chain digitalization through the use of FLOW creates value for the environment and society at large.

In our ESG Report we provide further details on how TIE Kinetix supports the realization of ESG factors in the supply chain, as well as the ESG contributors within our organization.

Value creation model

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



Compared to prior year, changes have been made to incorporate strategic changes into our value creation model.

Materiality and KPIs

Based on feedback from and discussions with internal and external stakeholders, the Executive Board has identified important topics for the Company and its stakeholders. From these, 10 material topics have been selected as having the largest impact on stakeholders and/or the Company. This assessment has been newly introduced in 2022.

The Executive Board reviews these significant economic, environmental and social topics and their potential impact and risk on an annual basis.

In the connectivity matrix listed on the following page, the material topics are identified, and each material topic is linked to the pillars of our strategy (refer to the section: Our strategy, starting on page 10), identified material risks (refer to the section: Risk Management and Control, starting on page 64), and identifies the main KPIs that the Executive Board uses to assess performance of the Company against these material topics. KPIs are assessed on a quantitative basis where possible.

The material topics in this table are listed in random order. Financial KPIs are reported on externally in the Financial Review, starting on page 36.

Material topics marked with an "" represent material topics that contribute in a significant way to ESG factors that are relevant to our value creation process.*

Connectivity matrix

Material topics	Corresponding strategy elements	KPIs	Corresponding risks
Customer satisfaction*	» Focus on 100% Digitalization » Reduce customers' carbon footprint	» Customer churn	» Dependence on large clients » Inadequate project control
Information security	» Focus on 100% Digitalization » Continuous innovation & improvement	» Outcome of external certifications & audits » # Security incidents » # Data breaches	» Speed of technological developments » Unauthorized access to systems » Data breach
Operational project management	» Focus on 100% Digitalization	» Project progress & time to complete	» Inadequate project control » Operational and cost strain due to high organic growth
Attract & retain talent*	» Continuous innovation & improvement » Capture growth in the EDI/E-invoicing market	» Intake against target » Employee attrition rate	» Inability to attract and retain talented staff
Diversity & Inclusion*	» Continuous innovation & improvement » Capture growth in the EDI/E-invoicing market	» Male to female ratio » Employee attrition rate	» Inability to attract and retain talented staff
Remain 'best-in-class' in supply chain digitalization	» Continuous innovation & improvement » Capture growth in the EDI/E-invoicing market	» R&D expenditures	» Speed of technological developments
Contribute to sustainable supply chain*	» Reduce customers' carbon footprint	» % Trading partners onboarded to FLOW for customers	» Speed of technological developments » Inadequate project control
Maintain high standards of ethics, integrity & compliance	» Capture growth in the EDI/E-invoicing market	» # Incidents or violations	» Reporting risk » Failure to comply with changing laws and regulations
Grow SaaS revenues	» All	» % SaaS revenue growth	» Sensitivity to economic cycles » Non-organic growth » Unfavorable movements in US dollar » Incremental cost to attract and retain talented staff
Profitable business model	» All	» % EBITDA growth » Dividend per share	» Sensitivity to economic cycles » Unfavorable movements in US dollar » Incremental cost to attract and retain talented staff

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

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

Digitization vs. digitalization

Simply put, *digitization* is creating a digital version of a physical document. Traditionally, this involved printing, scanning, and mailing an important business document to get it from point A to point B. The introduction of a global standard for Electronic Document Interchange (EDI) in the 1980s—UN/EDIFACT—brought next-level digitization because it completely eliminated the need for paper by replacing physical documents with native digital documents - i.e., digital documents not derived from physical documents. TIE Kinetix was one of the very first members of the UN/EDIFACT committee. EDI has matured tremendously over the years, but the general principle has remained the same: paperless document exchange. Because of the vast difference between a digital version of a document and a native digital document, the term **digitalization** is used to indicate the shift of information flows to a purely digital format.

History of digitalization

While EDI has been around for a long time, its use has not been mainstream throughout many businesses and industries, as outlined in the graphic representation of the history of supply chain digitalization below.

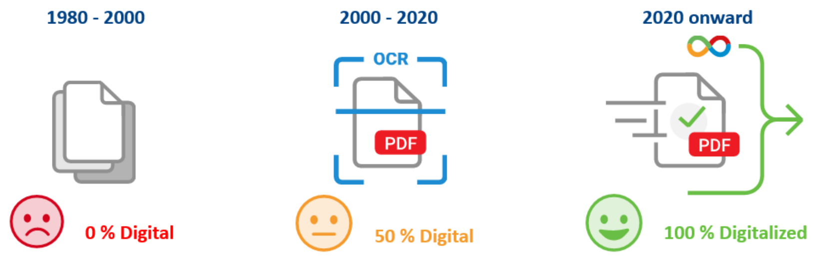
Throughout the 80's and 90's, a vast majority of businesses communicated with their trading partners in the supply chain through paper-based processes. This involved mailing or faxing orders and invoices, for example.

As from the early 00's, the majority of communication in the supply chain across many industries was partially digital: documents would be either exchanged on paper or via e-mail in the form of an unstructured digital PDF document. Such documents would be scanned and digitized via optical character recognition (OCR) techniques.

The current business environment, however, calls for a more efficient, effective and sustainable approach of exchanging documents, fully eliminating the consumption of paper, ink and toner. TIE Kinetix accommodates modern document exchanges through our concept of 100% Supply Chain Digitalization.

100% Supply Chain Digitalization

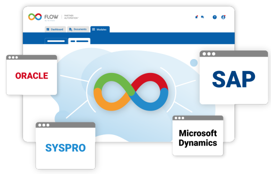
TIE Kinetix's cloud-native FLOW Partner Automation platform enables companies to achieve 100% digitalization. This sets us apart from other service providers that continue to focus on 'old school' **digitization** via OCR techniques. In only accepting structured, native digital documents, TIE Kinetix has made a conscious decision not to participate in the digitization market. Instead, TIE Kinetix focuses on fully digitalizing the supply chain based on our vision of 100% Digitalization: Our products and solutions enable our customers (both buyers and suppliers) to process and enhance all incoming and outgoing documents (such as invoices), data and messages digitally.



FLOW is ERP-agnostic

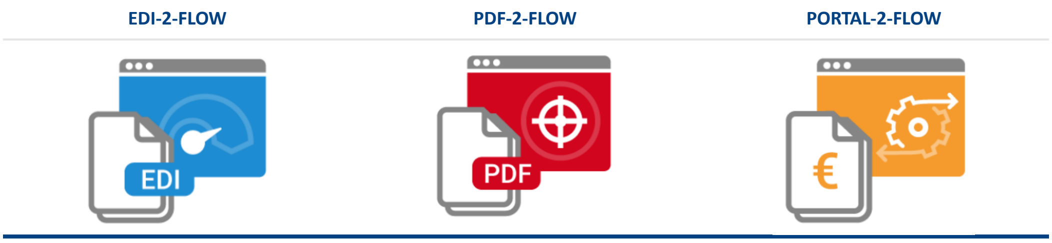
The success of e-invoicing solutions lies in ensuring that ERP systems work together in a way that allows the digital exchange of documents. With traditional EDI solutions, this is where it gets complex and inefficient, as an organization will seek to exchange documents digitally with not just one trading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

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



FLOW modules

The FLOW Partner Automation platform can be easily tailored to suit the needs of any customer via a modular approach. Most digitalization solutions focus on Electronic Data Interchange (EDI), which is typically only used for high-volume document exchange (i.e., between an organization and large suppliers or buyers). Of course, the platform includes an EDI solution, called EDI-2-FLOW, but it also offers PDF-2-FLOW and PORTAL-2-FLOW to digitalize lower-volume document exchanges. With our solutions, we enable our customers, therefore, to achieve 100% digitalization.



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

EDI-2-FLOW

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

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

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

PDF-2-FLOW

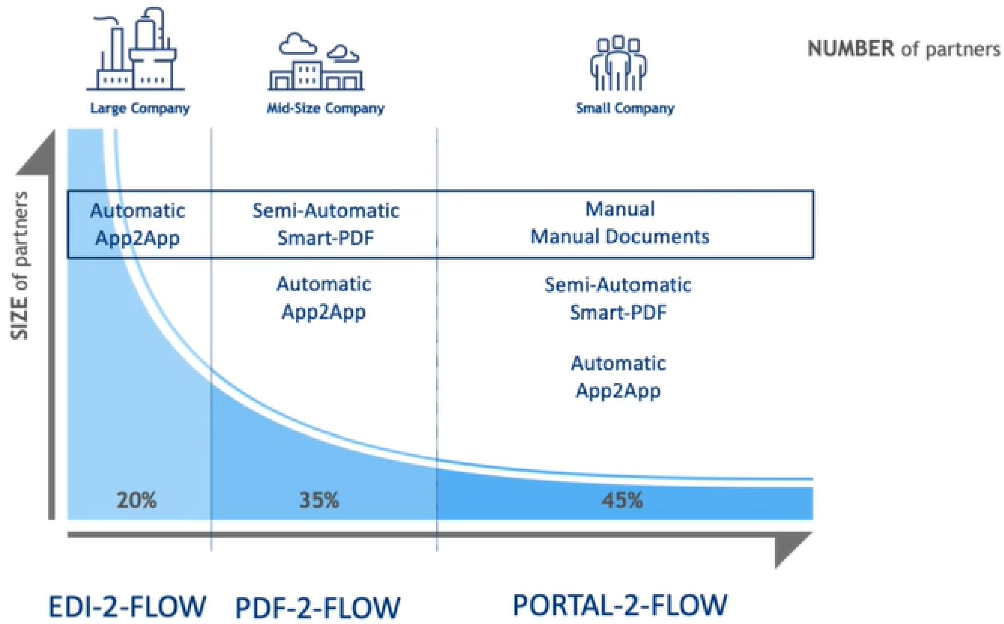
To provide less advanced, small and medium-sized trading partners of our customers with an easy solution, TIE Kinetix developed PDF-2-FLOW. It's the optimal solution for suppliers to meet EDI and e-invoicing requirements. That's because PDF-2-FLOW doesn't require a drastic change in day-to-day business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

PORTAL-2-FLOW

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

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

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



All document types & standards supported

For 35 years and counting, we have supported local EDI and e-invoicing standards throughout the world. We support a long list of electronic document types and international standard formats and has the utmost commitment to security. When a document passes through our network, all relevant data is automatically extracted, translated, and dispatched to its intended destination. For ease of access, all documents are stored in their original format, as well as in a human-readable version for convenience purposes. Quality data is always guaranteed.

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

Security

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

TIE Kinetix and the FLOW platform are ISO 27001, ISO 27017, ISO 27018, SOC 2 Type 2 and SOC 3 certified and the FLOW platform is fully compliant with General Data Protection Regulation (GDPR).

Update from the Chief Technology Officer

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

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

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

Noteworthy improvements and additional features we have added to the FLOW platform in the financial year 2022 are:

» Document Manager relaunch and general improvements
» Launch of the TIE Kinetix online store
» Onboarding Management module released
» New version of the Partner Management module released
» Major improvements for international trading partner onboarding
» New PDF Conversion module for 100% digitalization projects
» Peppol accreditation in Australia and New Zealand
» T&Cs and privacy policy improvements
» Preparations for the upcoming PAY-2-FLOW module

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

I am also proud to report that we have made significant steps in the field of obtaining certifications of our FLOW Platform. Besides the ISO 27001 certification (like in prior years), we have obtained the following certifications for the first time in financial year 2022:

» ISO 27017 on security as a cloud service provider;
» ISO 27018 on privacy as a cloud service provider;
» SOC 2 Type 2 report on design and effectiveness of our controls as a service provider; and
» SOC 3 report on controls as a service provider.

Of course, in 2023 we will continue our efforts to further improve and expand FLOW to support our customers in fully digitalising their supply chain.

Juan Vicente Vidagany Espert

CTO, TIE Kinetix

Our Markets

Rapid digitalization is trending in supply chain management between buyer and seller. We operate across industries and across territories globally to serve partners across the supply chain in these markets in their document exchange digitalization needs.

Industry sectors

We are active in both in the business-to-business sector and in the business-to-government sector.

Business-to-business

We serve all types of business-to-business customers. FLOW automates inbound and outbound orders, invoices, and other B2B documents between our customers, their partners, and their customers. We easily connect their business apps with FLOW and leverage a rich library of connectors to exchange marketing, sales, and logistics data with a partner community. With our global team of experts, we are able to provide digitalization solutions that suit the need of any business, regardless of its size.

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

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

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

Business-to-government

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

TIE Kinetix is positioned to serve both:

» Governmental bodies (as the buyers in the supply chain) by facilitating digitalized document exchange with their suppliers; and
» Their suppliers, big or small, with a fitting solution that enables fully compliant exchanging of digital documents with governmental bodies.

Geographical markets

We operate in four geographical markets: the Netherlands, the United States, France and Germany.

Electronic invoicing (e-invoicing) legislation in many countries is continuously shaping trade, especially with governmental organizations. In the European Union, the so-called European e-Invoicing Directive (Directive 2014/55/EU) was adopted and since then, requirements on digital document exchanges with government institutions are being harmonized across European countries. As these regulations are increasingly enforced, both governmental bodies and business-to-government (B2G) suppliers must adjust their invoicing practices to comply with local requirements.

The Netherlands

The Netherlands have transposed the e-Invoicing Directive into national legislation. The e-invoicing requirements in the B2G market are set out in the table below.

B2G e-Invoicing the Netherlands

As from	Applies to	E-invoicing requirement
2017	Central government agencies	Send, receive and process
2017	Suppliers of central government agencies	Send
2019	Local government and all other contracting authorities	Receive and process
2019	Suppliers of local government and other authorities	Send

While there is no countrywide mandate planned for business-to-business at this time, the Dutch Peppol Authority (NPa) does endorse the further adoption of e-invoicing outside of the B2G market. In addition, supply chains across various industries are endorsing e-invoicing. An example is the construction industry, which has mandated e-invoicing according to the DICO-standard since 1 January 2022 for parties across the supply chain.

France

France has transposed the e-Invoicing Directive into national legislation. The e-invoicing requirements in the B2G market are set out in the table below.

B2G e-Invoicing in France

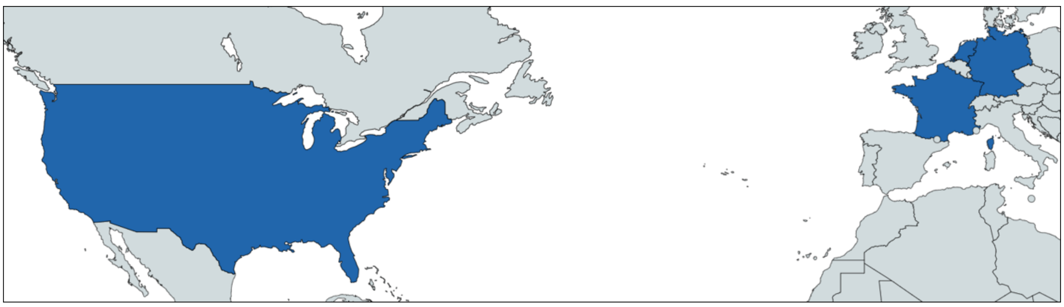
As from	Applies to	E-invoicing requirement
2020	Central, regional and local government	Receive and process
2020	Suppliers	Send

In addition, France has passed the Ordinance of 15 September 2021 (2021-1190) which extends to a countrywide adoption of B2B e-invoicing as set out in the table below.

B2B e-Invoicing in France

As from	Applies to	E-invoicing requirement
1 July 2024	All companies	Receive
1 July 2024	Large companies	Send (in domestic B2B transactions)
1 January 2025	Medium-sized companies	Send
1 January 2026	Small and micro-sized companies	Send

In addition, this Ordinance includes new requirements on e-reporting. French companies shall be required to electronically transmit international B2B transactions and B2C transactions data. The roll-out will follow the same schedule as outlined above.



Germany

Germany has transposed the e-Invoicing Directive into national legislation. The e-invoicing requirements in the B2G market are set out in the table below.

B2G e-Invoicing in Germany

As from	Applies to	E-invoicing requirement
2020	Central, regional and local government	Receive and process
2020	Suppliers of federal authorities	Send

In addition, the new coalition in Germany has stated a plan for a B2B e-invoicing mandate in their inaugural agreement, and this is predicted to start in 2026 (with a gradual rollout like in France).

United States

In the U.S., still 75% of invoices was processed manually in 2021. It is not likely that there will be an e-invoicing mandate in the U.S. any time soon, but other steps are being made to improve B2B payments efficiency by the Business Payments Coalition (BPC) together with the Federal Reserve. An in-market pilot will run through year-end 2022 to establish an operational B2B invoice exchange framework for the U.S. market in 2023 (similar to European framework, most likely Peppol-oriented). TIE Kinetix is a member of the BPC well-experienced with this sort of framework. Large retail organizations like Walmart and Target are also BPC members, but not the service providers that work closest to them.

Corporate Social Responsibility

TIE Kinetix is committed to achieve an appropriate balance between growing as a business and our corporate social responsibility.

As part of our sustainable growth objectives, we are embedding environmental, social and governance (ESG) principles into our strategy and decision-making. The Company has always acknowledged the importance of corporate social responsibility (CSR), including its benefits to the Company, its employees, the environment and society at large. A process of translating our CSR practices to a framework of measurable and reportable ESG-aspects, including setting targets and performance indicators was a logical next step.

Strategy

With the adoption of ESG, we are translating our corporate social responsibility (CSR) into environmental, social and governance factors, while integrating them into our Company strategy, policymaking, planning and decision-making, with the view of making our contributions measurable and committing to reporting on the realization of environmental, social and governance (ESG) targets.

Our ESG strategy is based on two pillars:

Our solutions	Our organization
TIE Kinetix enables its customers to provide a meaningful contribution to their own corporate social responsibility. Reducing the carbon footprint of our customers is one of the strategic pillars of TIE Kinetix, as outlined in the section Our strategy, starting on page 10.	TIE Kinetix is committed to balancing business growth and shareholder value with our corporate social responsibility goals. We measure and report on our ESG performance both internally and externally.

ESG Reporting

Starting FY 2022, we report on our ESG-performance in our ESG Report. With this separate report, we clearly acknowledge the importance of reporting on environmental, social and governance aspects to our stakeholders.

The sections below provide a brief overview of the main contributions within the two pillars of our ESG contributors, as well as some mandatory disclosures for the Annual Report. Details on these ESG contributors and all other disclosures related to the corporate social responsibility policies and practices of the Company are provided in our separate ESG Report.

Our solutions

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

Through our vision and strategy of 100% Supply Chain Digitalization, we contribute to the realization of a sustainable economy as well as the ESG-goals of our customers in their respective supply chains, in ways as outlined in the following table.

Please note that GHG emissions stands for greenhouse gas emissions, which includes carbon dioxide (CO2) emissions.

ESG Contributors of our 100% Supply Chain Digitalization proposition

Aspect	Contributions	Effect
Environmental	» Replacing digitization techniques and/or printing of documents with digitally native documents	» Reduced consumption of paper, ink and toner. Reduction of GHG emissions
	» Cloud strategy	» Reduced GHG emissions and consumption of energy
Social	» Digitalizing the workplace	» Improved employee flexibility and development opportunities. Automation of labour-intensive manual tasks.
Governance	» Compliant and accurate digital document exchanges	» Improved governance of operations
	» Digitalizing document flows to and from governmental institutions	» Improved efficiency, accountability and transparency. Reduced VAT-gap

Our organization

Through our operations, we contribute to responsible and sustainable business practices in various ways, as outlined in the following table.

ESG Contributions within the TIE Kinetix organization

Aspect	Contributions	Effect
Environmental	» Remote working policy	» Reduced GHG emissions
	» Reducing our office space	» Reduced GHG emissions and consumption of energy
	» Cloud strategy	» Reduced GHG emissions and consumption of energy
Social	» Inclusive working environment	» Workforce diversity and low employee turnover
	» FLOW Academy	» Upskilling our employees
	» Remote working policy	» Improved mental health of employees
Governance	» Board diversity and structure	» Sound board oversight, well-balanced decision making
	» Corporate culture and policies	» Effective governance structures
	» Executive pay	» Fair pay ratio

Diversity

We are an equal opportunity employer. We have always been, and always will be, committed to diversity and inclusion. We seek builders from all backgrounds to join our teams, and we encourage our employees to bring their authentic, original, and best selves to work.

The workforce of TIE Kinetix is diverse and multicultural as TIE Kinetix employs a large variety of nationalities. TIE Kinetix furthermore acknowledges the importance of gender diversity, including in management and oversight roles. We believe diversity contributes to more balanced and overall better quality of decision-making.

Diversity policy and criteria for the Executive Board and Supervisory Board

The Terms of Reference of the Executive Board and Supervisory Board, as published on our website, describe the diversity requirements for both Boards. The objective of our diversity policy with respect to the composition of the Executive Board and Supervisory Board is to ensure that both Boards consist of members with the right expertise, experience and competencies to fulfill their roles and complement each other. In addition, we believe that a balanced distribution among men and women contributes and leads to better decision-making. As a corresponding target, at least one third of our Supervisory Board should consist of women (corresponding to at least 1 woman given the current size of our Supervisory Board).

In preparation of appointment of a new member of the Supervisory Board or Executive Board, selection criteria are considered that reflect a balance between the requirements of the role to be filled in and diversity requirements. In determining the optimal composition of the Executive Board and Supervisory Board, the Company considers various criteria of diversity.

The following criteria are considered for an appointment:
1. Expertise
2. Experience
3. Competencies
4. Gender
5. Development opportunities/potential
6. Age
7. Nationality
8. Ethnic background
9. Education

Composition

The current compositions of the Executive Board (refer to: The Executive Board, starting on page 47) and the Supervisory Board (refer to: The Supervisory Board, starting on page 48) satisfy the policy objectives for the diversity of the Boards. Nonetheless, the Company continues to re-evaluate its policies and criteria as necessary and has taken notice of the recent developments in the field of diversity and expectations of stakeholders around this subject. This includes the new law on growth quota for a better male-female ratio in the Netherlands, which entered into effect on January 1, 2022.

This new law requires that at least one third of the supervisory boards of listed companies consists of men, and at least one third of women. This quota applies to new appointments. The current composition of the Supervisory Board of TIE Kinetix is therefore in compliance with the requirements of this new law.

The Company's management team currently consists of 16 members. Out of this, 4 are female (25%) and 12 are male (75%).

Recent developments

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

Corporate Sustainability Reporting Directive

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

- Extending its scope to include all large and most listed companies, which would include TIE Kinetix as of FY 2026.
- Requiring audit of the reported information.
- Introducing more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards (see further on).
- Requiring to digitally tag the reported information in accordance with a sustainability standards taxonomy.

The Company will continue to monitor developments and plan its implementation of this Directive now that it has been approved by the European Parliament.

EU Sustainable Finance Taxonomy

The EU Sustainable Finance Taxonomy requires companies to disclose the proportion of economic activities (turnover, capital expenditure and operating expenditure) that are classified as environmentally sustainable under the taxonomy, with the first phase of disclosure requirements on Taxonomy-eligibility taking effect as from 1 January 2022. The second phase of requirements on Taxonomy-alignment will come into effect as from 1 January 2023. Since TIE Kinetix N.V. currently does not fall under the scope of the Non-Financial Reporting Directive (NFRD) as a publicly listed company with less than 500 employees, the EU taxonomy is not mandatory for the Company to apply at this time.

However, in its ESG Report, the Company has provided Taxonomy-eligibility disclosures in accordance with the requirements on a voluntary basis.

European Sustainability Reporting Standards

The proposed adjustments to the NFRD include detailed ESG-reporting requirements which are to be included in the European Sustainability Reporting Standards (ESRS). EFRAG, the body who provides technical advice to the European Commission on both financial reporting and sustainability reporting matters, has been tasked with the development of the ESRS. In 2022, EFRAG has published several exposure drafts on sector-agnostic ESG-reporting topics for adoption by the European Commission. Sector-specific standards are to be developed for adoption by the European Commission during 2023.

The Company monitors the developments with respect to the ESRS and will plan for their implementation in due course. Disclosures in our ESG Report have not been based on the requirements of the draft ESRS standards currently available.

Report from the Executive Board

Embarking on our High Growth Plan

Effective October 1, 2021 (the start of the Company's financial year 2022) management decided to direct the Company's business model entirely to the delivery and use of its SaaS solution called FLOW. This strengthens the position of the Company as a 100% SaaS company with a focus on long term subscription contracts and annual recurring revenue.

In the execution of the Company's strategy (please refer to the section: Our strategy, starting on page 10), the Executive Board has formulated and implemented new tactical and operational plans during financial year 2022 (together referred to as the 'high growth plan').

These plans are geared towards a single objective: **accelerating organic revenue growth**.

Building blocks of organic growth acceleration

The figure below outlines the building blocks of the high growth plan. These resulting ambition from this is to realize **annual SaaS revenue growth of 20%+ in the mid term** (2025). These building blocks are detailed further on the next page.

We report on the realization against these aspects for 2022 in the Operational Review, starting on page 31.

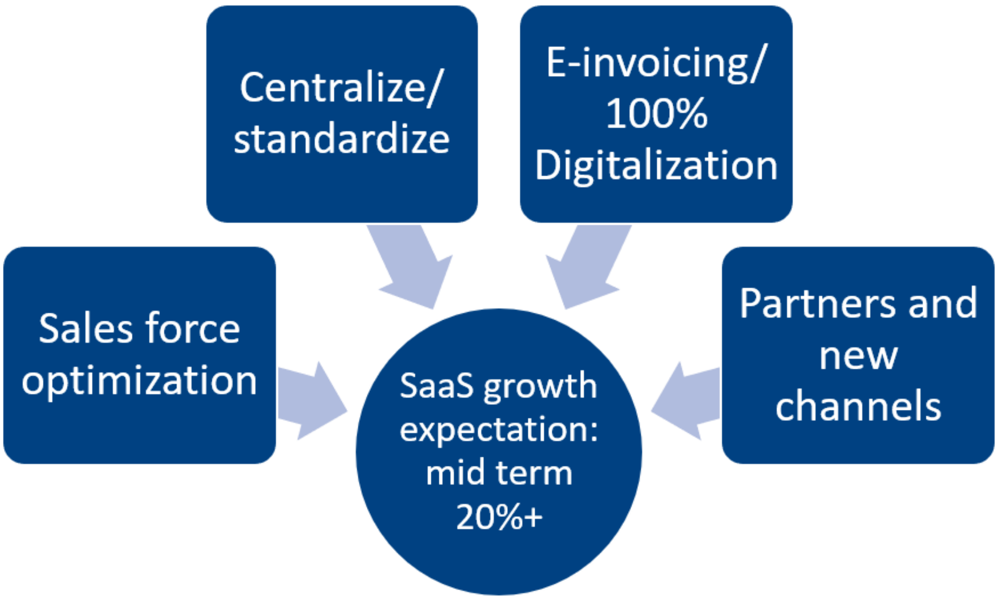


Figure: Building blocks of our organic growth strategy

Sales force optimization

Our high growth plan calls for a significant expansion of the Company's workforce, especially in sales. Besides recruiting sales talent, the focus on SaaS has been reflected in the internal organization of the Company with the introduction of new roles and teams as of FY22, being "customers success" and "new business". Going forward, we will continue to focus on optimization of our sales force.

Centralize/standardize

Historically, the Company was already very standardized, with back-office functions like marketing and finance being fully centralized already for years. As a next phase more operational functions are also standardized, for example connecting customers and suppliers to the FLOW platform. Alongside centralization, operational processes are streamlined where possible through standardization.

Our focus on centralization and standardization is aligned with the focus on scalability of our FLOW platform: one size truly fits all.

E-invoicing/100% Digitalization

Significant growth of the E-invoicing market is expected from the upcoming E-invoicing mandates in Europe (refer to the sections Our strategy, starting on page 10 and Our Markets, starting on page 21). Capturing this growth is one of our strategic pillars and it is an important contributor to realizing our SaaS growth ambitions.

Meanwhile our focus shall remain on achieving 100% digitalization for our customers and continuous improvement of our FLOW platform (so that it remains a best-in-class solutions), also both strategic pillars and instrumental to be able to accelerate SaaS revenue growth.

Partners and new channels

The Company considers a strong worldwide network of ERP partners of strategic importance. The spearhead of our indirect sales strategy is our worldwide partnership with major ERP vendors Microsoft and Oracle. In the Microsoft ecosystem collaborative distribution agreements have been set-up with Avanade and To-Increase. For Oracle ERP customers, TIE Kinetix is the go-to partner for Peppol access services. Our solutions are included in the appstores of both Microsoft and Oracle for easy access. In addition, we are partnering with local ERPs in Europe and North America such as Unit4, Exact, Epicor, AFAS and Syspro.

As we continue working closely with Microsoft and Oracle on channel, we aim for further accelerating organic growth.

Acquisitive growth

In addition to the organic growth plans, the Company has formulated acquisitive growth targets. The aim of acquisitive growth is to strengthen our existing operations within our current geographical footprint (the Netherlands, US, Germany and France) with additional customers that can be brought onto the FLOW Platform. Management is actively looking for opportunities in the German market (and later on in the French market) that will provide a greater customer base access to the benefits provided by our SaaS solutions.

In FY 2022 various opportunities have been explored in detail but this has not led to a transaction. We will continue our quest in 2023.

Further details on the acquisition strategy are included in the section Acquisition strategy, starting on page 45.

Operational Review

The year 2022 was in every way a transformative year for the Company. We have invested significantly in the roll-out of our new strategy and ramping up for further growth in all of our markets.

Targets 2022 and priorities 2023

2022 Target achievement

In order to achieve our goals, TIE Kinetix had set targets for the financial year 2022 (as reported in prior year's Annual Report) as detailed in the following table. Besides these targets, the main objective of the Executive Board was to further develop, finetune and roll out the Company's high growth plan (see section: Embarking on our High Growth Plan, starting on page 29).

Target	Status
Enhance digitalization of our customers' supply chain	**Successful**
Onboard more trading partners	**Successful**
Growth in B2G market in Germany	**Successful**
Growth in B2B market in all segments	**In progress**
Continue and enhance certifications for the FLOW platform	**Successful**

Further details on the performance against targets for the year, as well as the progress made in respect of the high-growth plan, are provided further on under the heading 'Review 2022'.

Priorities 2023

For 2023 our targets and priorities include:

» Significantly increase sales through partners
» Step up our e-invoicing business
» Increase delivery speed of standard products
» Scale use of our webshop for onboarding onto our supplier portal

Image: TIE Kinetix Executive Board

Review 2022

In 2022 we have executed our plan to invest significantly in the roll-out of our new strategy and to ramp up for further growth in all of our markets. In the subsections below we report on developments during the past year and performance against targets, per building block of our high growth plan (refer to section: Embarking on our High Growth Plan, starting on page 29).

E-Invoicing / 100% Digitalization

Effective October 1, 2021 (the start of the Company's financial year) management has decided to direct the Company's business model entirely to the delivery and use of its SaaS solution called the FLOW Partner Automation platform. This strengthens the position of the Company as a 100% SaaS company with a focus on long term subscription contracts and annual recurring revenue. Our aim is to scale the use of our excellent FLOW platform towards many more customers and their trading partners.

Especially in the European markets we see an increased demand for digitalization as this immediately contributes to our customers' carbon dioxide reduction ambitions. Our paperless and inkless solutions not only support such environmental goals but also achieve the highest security standards of our customers. We have reported on the environmental benefits of FLOW and other aspects of our ESG-strategy in our first-ever ESG Report.

In this respect, we are happy to report that the number of digital documents processed via the FLOW platform has increased to 81.5 million in 2022 (2021: 56.7 million digital documents).

This increase is on the account of enhancing the digitalization of our customers' supply chains (increasing the average number of documents processed via FLOW per customer) and onboarding more trading partners per customer through the use of new onboarding tools that were launched in 2021.

As such, we have been successful in achieving these targets as set last year. At the same time, these are moving targets, and this will continue to be a focus for the coming years in accordance with our strategy.

Launch of our online shop

As mentioned in the section Our strategy, starting on page 10, so far, we have onboarded an estimated number of 0.5 million small and medium-sized suppliers (SMEs) to the FLOW portal. This provides us with a huge reach in the SME market with the potential to provide future services to these businesses.

That is why during 2022, we have again significantly improved our product offering through the launch of our online shop. The online shop allows for the fast, affordable and easy delivery of our solutions to SME-customers. As an example, we are now able to offer our PDF invoicing solution PDF-2-FLOW as an easy way to comply with increasing e-invoicing obligations while requiring zero implementation.

Sales force optimization

As a consequence of the focus of the Company on SaaS, the Company has stepped up its 2022 expenditures and investments in new staff, in marketing programs, and in sales and onboarding to lay the foundation to accelerate growth in all of its markets. Effective 1 October 2021, the SaaS-focus was reflected in the internal organization of the Company with the introduction of new roles and teams, being:

» Customer success: these teams are focusing on driving the successful deployment of FLOW with our current customers as well as maintaining and growing customer relationships (through onboarding more trading partners and monitoring use of the platform); and
» New business: these teams are fully dedicated to acquisition of new customers.

During the year, these teams have been further built up with new hires. This includes some very experienced sales staff, as well as partner managers who will be further rolling out our channel strategy. Obviously, it will take time for us to see the full effects of new business sales in our order intake, though the first results so far look promising. This is, of course, also driven by ambitious marketing plans in the Netherlands and Germany and our channel strategy.

New business

Corresponding to our target of B2G growth in Germany, we have signed a new 3-year contract with the German governmental agency Di-Di-Werk during FY 2022. In addition, we have continued our relationship with other major German B2G customers.

Corresponding to our target of B2B growth across all segments, we are happy to report a growth in SaaS revenues for all countries. We signed new contracts with several hub-type customers in the Netherlands, including HG International and FUJIFILM, as well as a significant new contract with Schutt Sports in the US.

Due to the length of our sales funnel process, we were initially not planning to see increased new business sales before 2023.

In this context it should additionally be noted that new contracts that are signed only impact our revenues with a delayed effect, as revenues are recognized over the course of the SaaS delivery period (typically 3 years). As such, effects of new business generated in 2023 shall mostly become visible in our numbers from 2024 onwards.

Centralize / standardize

The Company's operations have been further streamlined with a second phase of centralization. In addition to the first phase that took place several years ago - in which non-primary business processes such as finance, billing and marketing were centralized - the second phase executed during FY 2022 centralized certain primary business processes around setting up new customers and supplier onboarding. For example, building mappings to connect suppliers now takes place centrally in the Netherlands.

During FY 2022, we have realized operational and cost efficiencies by migrating our internal business applications and systems to the Azure-cloud, improving speed, security and availability.

Partners and new channels

Over the past year we have focussed our channel activity on Microsoft (and affiliated companies) and Oracle. We are happy to report that as a result, FLOW has gained the status of preferred solution for use with Microsoft's Dynamics 365 ERP system in Microsoft's AppSource. In addition, TIE Kinetix has been nominated Oracle's strategic partner for supply chain digitalization, with FLOW being sold through Oracle's Cloud Marketplace. Management is planning to step up channel sales in 2023 and beyond.

Built in the Microsoft Azure cloud and operated largely with standard processes for onboarding customers and their suppliers, the FLOW platform provides a sheer endless scaling capacity with no limit to the number of potential customers and suppliers. This scalability perfectly complements these major partnerships.

Laying the foundation for non-organic growth

In addition to its organic growth plans, the Company has formulated acquisitive growth targets. The aim of acquisitive growth is to strengthen our operations within our current geographical footprint (the Netherlands, US, Germany and France) with additional customers that can be brought onto the FLOW platform. Management is actively looking for opportunities in the German market that will provide a greater customer base access to the benefits provided by our SaaS solutions.

'First-ever' dividend payment

During 2022 we have made a huge step forward in the way we deliver value to our shareholders, with the introduction of our dividend policy and first dividend payment in the history of the Company. Details are provided in the Financial Review, starting on page 36.

Publication of 'first-ever' ESG Report

TIE Kinetix has always acknowledged the importance of corporate social responsibility, benefitting the Company, our employees, the environment and society at large. Furthermore, our FLOW solutions are ideally positioned to support our customers' ESG strategies.

With our 'first-ever' ESG reporting we are taking the next logical step. Through the adoption of ESG reporting, we are translating our intrinsic corporate social responsibility (CSR) into environmental, social and governance factors. Factors, that we are incorporating into our strategy, policymaking, planning and decision-making. We will make our contributions measurable, and we are committing to report on the realization of our environmental, social and governance (ESG) targets.

With this ESG report, we clearly acknowledge the importance of reporting on environmental, social and governance aspects to our stakeholders.

Order Intake

We have realized a solid order intake for 2022. In this context it should be noted that in 2021, the Company was able to sign many new contracts which had been delayed because of the COVID-19 pandemic and as such realized a record-high order intake that year.

ISP
(€ x 1,000)

	2022	**2021**	**Variance (%)**
Total order intake	12,974	11,366	14%
Of which: SaaS subscription order intake	8,682	6,819	27%
As % of Total order intake	67%	60%	7%

We are planning for the full effects of our high growth plan to become visible in the order intake during 2023, due to the length of our sales cycle (6-9 months on average). In turn, the effects on SaaS revenues will generally follow over the course of a 3-year period upon signing and implementing such sales. We are, therefore, planning for the revenue effect of our high growth plan to become visible toward the end of 2023 and from 2024 onwards.

Product development

Our FLOW Partner Automation platform is fully SaaS-based with all solutions packed into one single platform offering, and with seamless integrations to many third-party ERP systems. The FLOW modules allow easy to use onboarding, reducing the entry costs for our customers. Within FLOW, our customers can benefit from all data generated within their own community of suppliers, distribution partners and end users.

We continue to invest in the constant development of the FLOW platform. During the past year, several exciting new features were added, as outlined in the Update from the Chief Technology Officer, starting on page 20.

Of course, as our development team is constantly working on improving existing functionalities and adding new functionalities, the above list is not exhaustive. Some of the additional improvements are mentioned in our Update from the Chief Technology Officer, starting on page 20.

Certifications

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

Corresponding to our target of enhancing FLOW third-party certifications in 2022, we are proud to report that we have obtained ISO 27017 (regarding information security for cloud services) and ISO 27018 (regarding protection of privacy in cloud services) certifications.

In addition, for the first time we have published SOC 2 Type 2 and SOC 3 reports which cover the FLOW platform. In these documents we report on the controls we have in place as a service provider and their effectiveness. These SOC 2 and 3 reports have been audited by an external independent auditor.

Personnel

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

As outlined earlier, the Company has invested significantly in bringing in new staff in 2022. While the majority of new staff has joined the new business or customer success teams, teams have been strengthened across the board. This is also visible in the table below, representing the number of full-time-equivalents by territory. In the expansion of its staff, the Company has been mindful not to onboard too many new employees too quickly, so they were able to receive proper training and properly integrate to become a valued member of our staff.

FTE by country

	30 September 2022	30 September 2021	Delta
The Netherlands	65	55	10
United States	33	25	8
Germany	11	12	(1)
France	15	12	3
Total	**123**	**104**	**20**

Impact of recent macro-economic events

COVID-19

COVID-19 and the government measures to contain the virus have impacted the TIE Kinetix operations in FY 2022 in a limited way. In fact, our operations have reached a new equilibrium of flexible working. During lockdowns, our offices have been closed, and travel was suspended. As in prior lockdowns, our employees were very well able to continue the business from their remote offices. The Company continued its path to maintain a fair and flexible working environment, offering its staff ample flexibility to maintain a healthy work-life balance and continue to (partially) work remotely. The 2022 Annual General Meeting was held in a hybrid format, with part of the attendees being physically present and part attending digitally.

Some customers of the Company continued to suffer from the COVID-19 measures imposed by governments. As the case may be such customers have been granted extended payment terms or other mechanisms to help them through this difficult period. Fortunately, this occurred very limitedly in FY 2022. Such customer situations may occur if new measures are taken in subsequent periods, though this is not expected as the countries in which the Group operates have vaccinated the majority of their citizens, and/or governmental support programs are reduced. Potentially negative effects of decreasing GDP may hurt our customers' income and ability to pay our invoices or engage into new sales contracts. At the same time TIE Kinetix acknowledges that most of its customer base is in sectors that are robust in economically challenging times – such as food retail.

We have assessed that the fifth wave of COVID-19 that has occurred during FY 2022 has not affected the valuation of assets and did not lead to any material deterioration of our receivables position. If anything, the ramifications after a two and a half year of COVID-19 are that its effect is neutral to positive through increased customer awareness on the need for 100% digitalization, driving sales.

War in Ukraine

The Company has not been exposed directly to the Russia-Ukraine conflict in any way, as the Company does not have any operations, customers or suppliers in either of these territories.

Of course, the war, combined with other macro-economic developments and events, has had its ramifications on the global economy, and has impacted the Company in the following ways:

» Our operating costs have generally increased as a consequence of inflation, affecting both increasing rates charged by suppliers, as well as increasing employee benefits costs the current tight labour market.
» In turn, we have increased our sales prices by indexing pricing under our contracts with customers to counter the negative effects of inflation on our margins.
» The Company has taken benefit from the strengthening of the US dollar over the past year and converted nearly all its US dollar cash balances to euro.

This section sets out the Executive Board's review of the revenues, expenses and results for the year 2022, the balance sheet per 30 September 2022 and the cash flows for the year 2022.

Analysis of revenues
(€ x 1,000)

	2022	2021	Variance (%)
Software as a Service	11,127	9,688	15%
Maintenance and Support	1,206	1,846	-35%
Consultancy	1,934	2,991	-35%
Licenses	91	331	-73%
Total Revenues	**14,357**	**14,856**	**-3%**

Financial highlights 2022 - Performance on plan

» Organic SaaS revenue growth from € 9,688k (2021) to € 11,127k (increase of 15%);
» Total revenues decreased from € 14,856k (2021) to € 14,357k (decrease of 3%), decrease attributable to strategic changes impacting the revenue recognition of consultancy activities (see note below);
» Gross margin decreased with 3.5% point from 61% (2021) to 58%;
» EBITDA margin decreased with 24% points from 13% (2021) to -11% following investments/expenditures to accelerate growth (refer to the analysis of results below).
» Net income decreased from € 632k (2021) to € (1,674k) (decrease of 365%);
» Operating cash flows of € (269k) (2021: € 2,114k);
» Basic earnings per share decreased from € 0.38 (2021) to € (0.92) (decrease of 339%);
» Dividend per share of € 0.50 (2021: nil).

A detailed review of the revenues, expenses, balance sheet and cash flows is set out on the following pages.

'First-ever' dividend payment / Dividend policy

After shareholder approval at the AGM of 25 March 2021, the Company has paid its first-ever dividend of € 0.50 per share on 29 April 2022. Shareholders had a choice of receiving this FY 2022 interim dividend either in shares or in cash. With this first dividend payment, the Company has paved the way for its new dividend policy: to strive for a stable dividend payout, with the aim of distributing at least 40% of net profit. We aim to grow the dividend payment percentage to the 50% level in the coming years. Management considers that such a dividend policy is backed by the very high recurring business (80%+) in its business model. To underscore management's confidence in the growth strategy the Company opted to distribute the 2022 interim dividend from its reserves, in the absence of sufficient net profit. Should a similar situation prevail in the near future, the Company may opt for a similar dividend distribution from its reserves. The optional dividend enables TIE Kinetix to realize a higher pay-out while maintaining a strong balance sheet for the roll-out of its strategy and possible acquisitions. This is a good fit with, and expresses management's confidence in, our growth strategy.

Shareholders representing 65% of shares opted to receive the dividend in shares. As a consequence, on 29 April 2022 a total of 34,252 new shares was issued at a fair value of € 18.05 per share (totalling to € 618k). The remaining 35% opted for a cash dividend, resulting in a total cash payment of € 335k, which was paid to the shareholders on 29 April 2022 after deduction of dividend withholding taxes.

Analysis of results

The following table sets out the main items in the Company's consolidated statement of (comprehensive) income for the financial years presented for purposes of the analysis by the Executive Board. Further details of the results are presented in the Consolidated Statement of Comprehensive Income, starting on page 84 and the Notes to the Consolidated Financial Statements, starting on page 87.

Income Statement analysis (IFRS)

(€ x 1,000)

	2022	2021	Variance (%)
SaaS revenues	11,127	9,688	15%
Total revenues	14,357	14,856	-3%
Gross margin	8,303	9,105	-9%
Gross margin (% of revenues)	58%	61%	-4%
Operating income/(loss) (EBIT)	(3,174)	249	-1,377%
EBITDA	(1,615)	1,911	-184%
EBITDA margin (% of revenues)	-11%	13%	-24%
Net income/(loss)	(1,674)	632	-365%
Basic earnings/(loss) per share (€ x 1)	(0.92)	0.38	-339%
Dividend per share (€ x 1)	0.50	-	100%

Revenue analysis

With the focus on 100% SaaS revenue, our US operations have completed the End-of-Life program of our legacy US on-premises solution. Such on-premises solutions in the past have been sold as license product with an annual maintenance fee. The End-of-Life program therefore led to a - planned - reduction of US maintenance revenue. At the same time, with on-premises customers not requiring support we will be planning for the associating cost reductions. The decline in maintenance revenue in 2022 versus 2021 is entirely attributable to the US End-of-Life program. In the future, some maintenance revenue will remain with a limited number of customers asking for FLOW functionality in an on-premises license model.

Following the 100% focus on SaaS delivery, the Company has revisited its consultancy activities to prioritize activities that support SaaS growth. As a result, the Company has reclassified certain activities previously reported under consultancy revenue to (future) SaaS revenue, as previously reported in our quarterly Trading Updates and Half Year Report. The reclassification is a presentation matter where revenue (and costs) of certain consultancy activities is presented under SaaS revenue, and recognized over 36 months (and costs amortized accordingly). This time allocation does not lead to lower or different revenue/margins over the life of the contract. To illustrate this effect, out of € 4,067k invoiced to customers on active consultancy projects in 2022 (2021: € 3,438k), an amount of € 3,261k shall be allocated to (future) SaaS revenue (2021: € 759k). As at 30 September 2022, a total amount of € 1,123k (or € 31k SaaS revenue per month) is accumulated within the deferred revenue position on the balance sheet related to setup fees for projects awaiting completion. The effect of reclassifications from consultancy revenues on SaaS revenues for 2022 is immaterial.

The focus on SaaS is becoming visible in the growth of our SaaS revenues, showing a strong year-on-year growth. The decreases in maintenance and support revenues as well as license revenues are fully expected as outlined above and consistent with this strategy.

Due to accounting effects described above, which have also led to a decrease in the consultancy revenues, total revenues for year are down compared to last year, despite the considerable increase in SaaS revenues.

At the end of Q2 (March, effective April) the Company decided to increase all its customer pricing to adjust for increased inflation. Hourly rates were increased with 5%, subscription prices with 7.2% and overage with 5%. This is a company-wide policy that was applied to all contracts with customers. The Company will continue its policy to inflation adjust its prices in line with its general conditions of sales.

Top customers

The top 10 customers accounted for 20% (2021: 16%) of revenue, with an average sales value of € 281k (2021: € 235k).

Expenses analysis

The following table details the Company's expenses.

Analysis of expenses by function

(€ x 1,000)

	2022	2021	Variance (%)
Cost of Sales	6,054	5,751	5%
Gross Margin	**8,303**	**9,105**	**-9%**
Gross Margin (% of Revenues)	58%	61%	-3%
Operating expenses			
Research & Development	1,481	1,387	7%
Selling & Marketing	3,833	2,533	51%
General & Administrative	6,190	5,391	15%
Total Operating Expenses	**11,504**	**9,311**	**24%**

In 2022, the Company incurred higher expenses in line with plan. Costs for hosting and traffic have grown given the growth of the FLOW platform and increased usage thereof. This is visible in the cost of sales. The significant increase in staff (refer to the paragraph Personnel in the section Operational Review, starting on page 31) has translated to both higher cost of sales as well as higher operating expenses (higher payroll costs and recruitment costs). The Company has stepped up its marketing efforts significantly across all channels leading to higher expenditures.

Comparing the expenses to 2021, these increases are visible in the cost of sales, selling & marketing and general & administrative expenses line items, while research & development expenses have remained relatively stable.

Financial efficiencies

The Company has largely continued working digitally even after COVID-19 government measures were lifted in the jurisdictions we operate in. As a result, less office space was needed for our operations. From April onwards, approximately 1/3rd of the floor space of the Breukelen head office has been subleased, reducing the cost pro-rata. The lease of our office in Germany has ended in FY 2021 and has not been renewed, with German employees working fully remote. The lease of our Tewksbury office in the U.S. ended during the summer and we have not renewed this lease as our U.S. employees continue to work fully remote.

Given the Company's ample cash reserves, the undrawn € 1.2m working capital facility was terminated, adding to the cost savings. The Company furthermore has taken swift benefit from the sudden strengthening of the US dollar and converted nearly all its US dollar cash balances to euro.

EBITDA

Our planned investments in future growth (significant marketing expenditures, additional payroll expenses and recruitment fees due to the significant influx of new personnel) have resulted in an increase of expenses in 2022, and have affected EBITDA. In addition, when comparing to prior year, EBITDA for 2021 was positively impacted by a one-off gain of € 455k, related to a corona-related government grant in the United States.

Net Income

The net loss in 2022 amounts to € 1,674k, comparing to a net profit of € 632k in 2021. The decrease is driven mainly by higher expenses for the year as outlined above, offset by the net income tax benefit for the year amounting to € 1,321k (2021: € 116k). This income tax benefit is driven by capitalization of deferred tax assets for tax losses carried forward, following the positive outlook of the Company.

Basic earnings per share decreased from a gain of € 0.38 per share in 2021 to a loss of € 0.92 per share (decrease of 339%).

Balance sheet analysis

The following table sets out the main items in the Company's consolidated statement of financial position for the financial years presented for purposes of the analysis by the Executive Board. Further details of the financial position of the Company are presented in the Consolidated Statement of Financial Position, starting on page 82 and the Notes to the Consolidated Financial Statements, starting on page 87.

Balance sheet analysis

(€ x 1,000)

	30 September 2022	30 September 2021	Variance (%)
Cash and cash equivalents	9,593	9,921	-3%
Working capital	4,381	5,910	-26%
Equity attributable to shareholders	10,869	11,225	-3%
Balance sheet total	19,992	18,666	7%
Current ratio	1.56	1.94	(0.38)
Equity ratio	0.54	0.60	(0.06)

Cash Position

The Company's cash position has decreased as a consequence of the negative cash flows from operating activities (related to expenditures in 2022 to accelerate growth) and negative cash flows from investing activities (related largely to investments in R&D), offset by positive cash flows from financing activities (mostly related to the conversion of warrants during the year).

Working capital

The decrease in working capital (calculated as current assets including cash and cash equivalents, less current liabilities) is mainly driven by the decrease in cash and increase in liabilities (particularly deferred revenue), somewhat offset by the fact that more costs related to the execution of setup projects (referred to as contract costs, specifically the current portion) have been capitalized. These costs are amortized over the course of the contracts with customers.

The aforementioned has also led to a deterioration of the current ratio - calculated as current assets (including cash and cash equivalents) divided by current liabilities. The current ratio is a ratio that measures the Company's ability to meet its short-term obligations and is a measure of the Company's liquidity. The ratio does, however, well exceed the value of 1.

Equity

The Company's equity decreased. While the result for the year was a net loss of € 1.7 million, transactions with shareholders impacted equity in a positive way. Warrant holders in the Company exercised their rights resulting in a consideration received for new shares issued of € 1.6 million, offset by the cash dividend paid to shareholders of € 0.3 million. Further details on the movements in Group equity are detailed in the Consolidated Statement of Changes in Equity, starting on page 85 and the Notes to the Consolidated Financial Statements, starting on page 87

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

Cash flow analysis

The following table sets out the main items in the Company's consolidated statement of cash flows for the financial years presented for purposes of the analysis by the Executive Board. Further details of the results are presented in the Consolidated Statement of Cash Flows, starting on page 86 and the Notes to the Consolidated Financial Statements, starting on page 87.

Cash flow analysis
(€ x 1,000)

	2022	2021	Variance (%)
Cash flow from operating activities	(269)	2,114	-113%
Cash flow from investing activities	(1,223)	2,100	-158%
Cash flow from financing activities	882	(249)	454%
Net increase/(decrease) in cash	**(610)**	**3,966**	**-115%**
Impact of exchange differences on cash	282	69	309%
Total increase/(decrease) in cash	**(328)**	**4,035**	**-108%**

The main driver behind the decrease in operating cash flows is the net loss for the year, an increase in contract cost assets, offset by an increase in liabilities, mainly deferred revenue.

Cash flows from investing activities decreased since in 2021, the remaining € 3 million receivable from the 2020 sale of the Google AdWords for Channel and TCMA business lines was received, contributing to the cash flows from investing activities in a positive manner. Adjusted for this, investing cash flows have remained relatively stable.

Cash flows from financing activities improved mainly as a result of consideration received for new shares upon the exercise of warrants by their holders, offset by the cash dividend paid to shareholders. Also, lease payments were reduced compared to prior year, impacting cash flows positively.

The strengthening of the US dollar during the course of the year has positively impacted the impact of exchange differences on cash when expressed in euros.

Segmental review

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

Further information on segments, including a reconciliation of the segment information to the consolidated statement of comprehensive income, can be found in the consolidated financial statements, as part of the note on Segment reporting, starting on page 119.

2022 Segment information

(€ x 1,000)

Revenues	**TIE NL**	**TIE US**	**TIE France**	**TIE Germany**	**TIE Product Development**	**Holding and Eliminations**	**Total**
Software as a Service	4,621	3,900	1,222	1,385	-	-	11,127
Maintenance and Support	245	803	128	29	-	-	1,206
Consultancy	782	698	69	380	-	6	1,934
Licenses	28	60	1	2	-	-	91
Revenues	**5,675**	**5,460**	**1,419**	**1,796**	**-**	**6**	**14,357**
Other Income	-	-	-	-	-	27	27
Intercompany Sales	18	-	-	-	1,031	(1,049)	-
Total Income	**5,693**	**5,460**	**1,419**	**1,796**	**1,031**	**(1,016)**	**14,384**
Cost of Sales	(1,658)	(2,809)	(332)	(1,265)	(1,015)	1,025	(6,054)
Gross Margin	**4,035**	**2,651**	**1,087**	**532**	**16**	**10**	**8,330**
Operating Expenses							
Employee Benefits	(1,442)	(1,223)	(773)	(357)	-	(2,979)	(6,773)
Other Operating Expenses	(2,099)	(2,376)	(609)	(635)	-	2,548	(3,171)
Total Operating Expenses	**(3,541)**	**(3,599)**	**(1,382)**	**(991)**	**-**	**(432)**	**(9,945)**
EBITDA	**494**	**(948)**	**(295)**	**(460)**	**16**	**(422)**	**(1,615)**

2021 Segment information
(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	4,157	3,345	957	1,229	-	-	9,688
Maintenance and Support	294	1,239	153	161	-	-	1,846
Consultancy	1,094	696	406	737	-	59	2,991
Licenses	39	230	42	20	-	-	331
Revenues	**5,584**	**5,509**	**1,557**	**2,146**	**-**	**59**	**14,856**
Other Income	-	455	-	-	-	-	455
Intercompany Sales	18	-	-	-	879	(897)	-
Total Income	**5,602**	**5,965**	**1,557**	**2,146**	**879**	**(838)**	**15,311**
Cost of Sales	(1,732)	(2,366)	(409)	(1,258)	(890)	904	(5,751)
Gross Margin	**3,870**	**3,598**	**1,148**	**889**	**(11)**	**66**	**9,560**
Operating Expenses							
Employee Benefits	(726)	(787)	(471)	(490)	-	(3,000)	(5,473)
Other Operating Expenses	(1,668)	(1,938)	(552)	(520)	-	2,502	(2,176)
Total Operating Expenses	**(2,394)**	**(2,725)**	**(1,023)**	**(1,009)**	**-**	**(498)**	**(7,649)**
EBITDA	**1,476**	**874**	**125**	**(121)**	**(11)**	**(432)**	**1,911**

The Netherlands

Strategically important new customer contracts	Market
HG International B.V.	B2B
FUJIFILM Europe B.V.	B2B

SaaS revenues have grown strongly in line with plan. Several new large customers have been set up in the FLOW platform. The corresponding set-up fees have been capitalised and will be amortized in line with IFRS 15 'Revenue from contracts with customers'. Therefore, consultancy revenue shows a decrease. More on the re-alignment of our consultancy activities and consequently the reporting of revenues for these activities is outlined in the Financial Review, starting on page 36.

Operating expenses have increased, driven mainly by higher personnel costs as a consequence of the increased number of staff, as well as increased holding charges to support the expenditures to accelerate growth at the group level. This resulted in a decrease in EBITDA.

United States

Strategically important new customer contracts	Market
Schutt Sports LLC	B2B
Clopay Corporation	B2B
Whole Earth Brands	B2B
Signed after the balance sheet date:	
Advasur	B2B
CooperSurgical	B2B

SaaS revenues of the US segment have grown, but below plan. In 2022 we have migrated our on-premises customers to our FLOW platform. This has led to a planned decrease of our maintenance revenues, following this so-called 'End of Life' of the legacy eVision product. Existing customers were offered a migration to our FLOW SaaS solution (with revenue being recognized over time) or, as the case may be, our on-premises Smartbridge license.

The 2021 result of the US segment was strongly impacted by the recognition of a € 455k gain related to the COVID-19-related PPP loan from the US government that was converted into a government grant. Together with increased expenses in 2022 (mainly as a consequence of the increased number of staff), this has resulted in a sharp decrease of EBITDA.

France

The French segment has also shown a notable increase in SaaS revenues, in line with the Company's strategy in this respect. Also here, consultancy revenues show a decrease, similar to and as explained under the heading for the Netherlands.

As in the other segments, operating expenses have increased as a result of the staff expansion, together resulting in a decrease in the country's EBITDA.

Germany

Strategically important new customer contracts	Market
Da-Di-Werk	B2G
Signed after the balance sheet date:	
Volkswagen Financial Services	B2B

SaaS revenues in Germany strongly increased, in line with the other segments, coupled with a decrease in consultancy revenues, similar to and as explained under the heading for the Netherlands.

Since the staff of the German segment did not grow and more personnel costs relating to setup of customers were capitalized (as contract cost assets), expenses decreased slightly overall, limiting the decrease in EBITDA for the segment.

Product Development

The operations of the Product Development segment have remained stable, with the segment continuing to improve functionalities of the FLOW portal and investing in research and development efforts. For further details in this respect, please refer to the Operational Review, starting on page 31.

Holding

At the corporate headquarters level, there are notable increases in employee benefit expenses as a result of the Company's investments in talent, as well as the expenses related to marketing programs, in order to fuel the Company's growth ambitions. To offset increased expenses, holding charges to the rest of the Group have increased, as is visible on the line 'Other operating expenses'. It should be noted that the holding is not considered to be an operating or reportable segment in the context of IFRS 8 'Operating Segments'.

Outlook for Financial Year 2023

Financial

As a Company, we are dedicated to the commercial growth of our FLOW platform, especially in the Business-to-Business industries of manufacturing and retail, as well as in the Business-to-Government sector. To underscore the importance of such growth, we have set up customer success teams starting 2022 as explained in our Operational Review, starting on page 31. At the same time, our new business teams are dedicated to bringing in contracts with new customers. In addition, with the help of our new partner managers, we will be further rolling out our channel strategy, where we have partnered with major ERP vendors Microsoft and Oracle.

Obviously, it will take time for us to see the full effects of new business sales in our order intake, though the first results so far look promising. This is, of course, also driven by ambitious marketing plans in the Netherlands and Germany and our channel strategy. We are planning for increased new business sales in 2023.

In this context it should be noted that given our SaaS business model, revenues from new contracts are recognized over time so effects on revenues can only be seen with a delay.

With the Company having invested significantly in attracting new top talent during 2022, incurring significant recruitment fees, these expenses will be normalized in 2023.

Hence, we expect the Company to show increasing revenues in 2023. Combined with a more stable planned cost basis, EBITDA as well as bottom-line results are expected to show improvement.

Finally, we plan on continuing the execution of our dividend policy in 2023, as was initiated in the past year.

A provision has been formed at year end 2022 for (potential) claims and disputes in the amount of € 236k. Subsequent to year end, but prior to the release date of the financial statements, a settlement has been reached as a result of which an amount of € 200k from this provision will not be required. This amount will be released in the subsequent period.

Expectations are not influenced by other special events that have not been taken into account in the financial statements.

Investments and R&D

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

No other material capital investments are anticipated for 2023.

Personnel

As noted before, we have been able to recruit a significant number of new employees in 2022 to effectively roll out the customer success teams and strengthen the overall organization. At year end 2022, we had filled in the planned positions and in 2023 we are not planning for further significant expansions of our personnel.

Also, our employees will continue to partially work remotely. While COVID-19 restrictions have been lifted across our territories, we acknowledge the benefits of working remotely and will continue to facilitate this on a partial basis. We firmly believe in empowering our staff and our policy is that each team decides what their optimal and preferred balance is between working from the office and working remotely. In 2022, we have introduced remote working-allowances and will continue providing these benefits in 2023.

Financing

The Company has a significant cash position at its disposal, and this continues to grow with a positive operating cash flow, no financing cash required (other than to service lease agreements) and investments limited to those for our FLOW platform. During our most recent General Meeting, the shareholders have approved the issue of new shares or other instruments (options, warrants or convertibles) in order for the Company to respond quickly to circumstances requiring new financing (such as a potential acquisition). As these sources provide ample liquidity, during 2022 we have terminated the available but unused working capital facility.

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

Acquisition strategy

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

Our acquisition strategy is based on the following considerations:

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

In 2022, we have initiated a search for suitable acquisition targets. As at year end, this had not resulted in an acquisition. We intend to continue this search in 2023.

Governance

The Executive Board

J.B. Sundelin (Jan)
Chief Executive Officer

Date of birth: October 21, 1960
Nationality: Swedish/Dutch
Date of initial appointment member of the Executive Board: February 14, 2007
Date reappointed member of the Executive Board: March 26, 2021
Current term of office ends: March 28, 2025

Number of shares in the Company: 58,326 (2021: 46,598)
Number of shares in lockup: 0 (2021: 12,194)
Number of share options in the Company: 0 (2021: 0)
Number of warrants in the Company: 0 (2021: 11,428)

Dr. M. Wolfswinkel (Michiel)
Chief Financial Officer

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

Number of shares in the Company: 12,661 (2021: 12,661)
Number of shares in lockup: 0 (2021: 10,975)
Number of share options in the Company: 0 (2021: 0)
Number of warrants in the Company: 0 (2021: 0)

The Supervisory Board

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: March 31, 2023
Supervisory Board memberships of other public interest companies: None

Mrs. G. (Gerdy) Harteveld-Smeets

Gender: Female
Date of birth: January 15, 1952
Nationality: Dutch
Principal position: Independent board member
Date of initial appointment: July 2018
Current term of office ends: March 31, 2023
Supervisory Board memberships of other public interest companies: None

Mr. P. (Per) Nordling

Gender: Male
Date of birth: October 25, 1962
Nationality: Swedish
Principal position: Informal investor
Date of initial appointment: July 2018
Current term of office ends: March 29, 2024
Supervisory Board memberships of other public interest companies: None

Supervisory Board Profile

As a software company, we continuously build our competence and our quality on an organizational and individual level. We believe with competence and quality, in addition to software solutions, we can add value to all of our stakeholders and further strengthen our competitive edge. Our Supervisory Board plays a critical role in this respect.

Responsibilities

It is the duty of the Supervisory Board of TIE Kinetix N.V. to exercise supervision over the policies adopted by the Executive Board of TIE Kinetix N.V. (the "Executive Board") and over the general conduct of the business of TIE Kinetix N.V. and its subsidiaries (the "Company"). Furthermore, the Supervisory Board shall provide the Executive Board with advice. In the performance of their duty, the Supervisory Board members are guided by the interests of the Company, and take into account the relevant interests of all of the Company's stakeholders. The Supervisory Board has due regard for the corporate social responsibility issues that are relevant to the Company. The Supervisory Board is responsible for the quality of its own performance.

Desired expertise and background

The composition of the Supervisory Board shall be such that the Supervisory Board members are able to act critically and independently of one another and of the Executive Board and any sectional interest. Each Supervisory Board member must be capable of assessing the broad outline of the overall strategy of the Company and its business. As a whole, the composition shall be 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 shall be 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, economic, and legal/corporate governance. All members should have proven expertise at university level and substantial (over 20 years) working experience. At least one of the members shall meet the requirements of a financial expert. At least one of the members shall have available expertise in legal, management, and/or corporate governance. At least one of the members shall have available experience in the business of the Company, the national and international B2B Integration market.

Desired diverse composition

Our diversity policy and diversity aspects that are considered are included in the section Corporate Social Responsibility, starting on page 24. The objective of our diversity policy with respect to the composition of the Supervisory Board is to ensure that the Board consists of members with the right expertise, experience and competencies to fulfill their roles and complement each other. In addition, we believe that a balanced distribution among men and women contributes and leads to better decision-making. As a corresponding target, at least one third of our Supervisory Board should consist of women (corresponding to at least 1 woman given the current size of our Supervisory Board).

Size

In principle, the number of members of the Supervisory Board shall amount to at least three (3). The current composition is in line with this.

Independence

All Supervisory Board members shall be independent. Independence is reported on in the Report from the Supervisory Board. A Supervisory Board member is deemed independent if the following criteria of dependence do not apply to him. The criteria are that the Supervisory Board member concerned, his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- Has been an employee or member of the Executive Board of the Company or an affiliated company in the five years prior to their appointment as Supervisory Board member;
- Receives personal financial compensation from the Company, or an affiliated company, other than the

compensation received for the work performed as a Supervisory Board member and in so far as this is not keeping with the ordinary business operations;
- Has had an important business relationship with the Company or an affiliated company in the year prior to the appointment;
- Is a member of management board of a company in which a member of the Executive Board is a supervisory board member;
- Holds at least ten per cent of the shares in the Company's capital (including shares held by natural or legal persons that cooperate with the individual concerned under an express, tacit, oral or written agreement);
- Is a member of the management board or supervisory board, or a representative in some other way, of a legal entity which holds at least ten per cent of the shares in the Company's capital, unless such entity is a member of the same group as the Company; or
- Has temporarily managed the Company during the previous twelve months due to vacant seats on the Executive Board, or because Executive Board members were unable to perform their duties.

In addition, the chairman of the Supervisory Board shall not be a former member of the Executive Board of the Company and shall not meet any of the above criteria.

The Supervisory Board as a whole shall be considered independent if no more than one member meets any of the criteria listed above. Given the required size of the Supervisory Board this would also mean that any of these criteria apply to less than half of the total number of its members. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company, there shall be at most one Supervisory Board member who can be considered to be affiliated with or representing them.

Further details

For further details on the profile of the Supervisory Board, including further details of the responsibilities of the Supervisory Board, we refer to the Terms of Reference of the Supervisory Board, as published on our website.

Report from the Supervisory Board

To the shareholders,

This report reflects an overview of what was discussed with the Executive Board. In the financial year 2022, the Supervisory Board met 5 times and no board members were absent. During the financial year 2022, several informal meetings were held.

After the appointment at the Extraordinary Meeting of Shareholders on July 13, 2018, the Supervisory Board advised the Executive Board on the future development and sale of the FLOW proposition and the development of the strategy for growth of the Company by focusing on 100% digitalization and EDI/Integration and to divest non-core business. This has been taking shape in the past years and continues to take shape now. Non-core business was divested in 2020 and the organization was aligned and continues to further align for the focus on and success of its vision of 100% digitalization in 2021. Meanwhile, the FLOW platform continues to be developed and actions have been taken in 2022 to start accelerating sales growth, with the introduction of the customer success teams and new business teams.

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

Organizational aspects

The Supervisory Board consists of three members. For detailed information of each individual member, reference is made to the section The Supervisory Board, starting on page 48. Except for Mr. Nordling, none of the members of the Supervisory Board hold shares in TIE Kinetix N.V. Mr. Nordling owns (indirectly) less than 10% of the shares in the Company.

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

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

Term of appointment

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

On July 13, 2018, all members of the new Supervisory Board were appointed for a period of four years. The current terms for each member are as follows:

- Mr. Georg Werger: Terms ends March 31, 2023;
- Mrs. Gerdy Harteveld: Term ends March 31, 2023;
- Mr. Per Nordling: Term ends March 29, 2024.

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

General business

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

The achievement of the objectives of the Company and its management

The Supervisory Board discussed the objectives of the Company and monitored the development of the results and the actual results versus Company strategy and targets set. The Supervisory Board monitored the cost structure of the Company and advised the Executive Board on all relevant aspects. Unlike prior years, TIE Kinetix was not cash flow positive (from operating activities) in the year 2022, on account of the investments made and expenses incurred during the year to prepare for further growth. Details on this are provided by the Executive Board in the Report from the Executive Board, starting on page 28.

In line with the strategy related to the FLOW proposition, the Company worked closely with the Supervisory Board to step up its investments to scale the company and achieve high future SaaS revenue growth.

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 independent auditor. The Supervisory Board recognizes that the risk profile of TIE Kinetix is adequately understood, monitored and acted upon by the Executive Board in a sufficient way. All systems used for the delivery of services to the Company's customers were carefully screened on their security levels to ensure that all services comply with the highest security levels.

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

Audit Committee duties

The Supervisory Board as a whole monitored the accounting and reporting processes (for further explanation on this refer to the section Corporate Governance, starting on page 59). In order to ensure the quality of the financial reporting process and to discuss the findings on the financial statements, the Supervisory Board meets with the Company's external independent auditor, PricewaterhouseCoopers Accountants N.V., both with and without the Executive Board being present. The Supervisory Board closely followed whether the advice of the external independent auditors received a proper follow up by the Executive Board. Reported prior year recommendations have been carefully considered and the Company is working on follow-up where necessary.

Meetings of the Supervisory Board

In FY 2022, the Supervisory Board as a whole met 5 times, excluding several informal meetings. The Supervisory Board had met also other members of the management to provide advice and follow closely future development of the FLOW proposition, the marketing activities of the Company and the operations. Apart from the meetings where quarterly performance was discussed, the following subjects were discussed in depth:

- Strategy to grow: Meetings with the Executive Board and other members of management were dedicated to specific aspects of the Company such as the revised growth strategy to focus on 100% digitalization and EDI/Integration and to align the product strategy related to the FLOW proposition and development of additional FLOW modules within the EDI/Integration business;
- Remuneration: Evaluation of personal targets and targets for the performance share plan of the Executive Board and senior management;
- Evaluation of performance at country/segment level.

Evaluation of the Supervisory Board and the Executive Board

In FY 2022, the Supervisory Board has evaluated its own performance several times in an informal setting, in most cases immediately after the regular meeting and in some cases separately by telephone. Each year a formal evaluation of the performance of the Supervisory Board and the Executive Board is scheduled after the regular meeting in November. This is a Supervisory Board-only meeting and will be followed up with a feedback meeting with the Executive Board if this is deemed necessary. Based on the most recent evaluations performed, no follow-up actions were deemed necessary.

Remuneration

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

According to article 135 of book 2 of the Dutch Civil Code, the Remuneration Policy requires the approval of the General Meeting of Shareholders. On March 27, 2020, the General Meeting of Shareholders has adopted the revised Remuneration Policy for a period of 4 years (ending on March 27, 2024). Within the scope of the Remuneration Policy, the Supervisory Board, will determine the Remuneration Plan, which will be the basis of the remuneration of the members of the Executive Board.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board remained unchanged in FY 2022.

Remuneration of the Executive Board

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

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

The Supervisory Board has decided upon a renewal of the Performance Share Plan as compensation for long term targets for the Executive Board and senior management. In FY 2022, no Performance Shares were awarded to the Executive Board (FY 2021: in total 23,169 shares). After the balance sheet date, the Executive Board members were awarded in total 9,001 shares for their performance in FY 2022. As the grant occurred after the balance sheet date, it will be accounted for in financial year 2023.

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

Since these targets contain commercially sensitive information, the exact targets shall not be disclosed. However, the information is available for the external independent auditor of TIE Kinetix.

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

Termination of employment

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

Severance Package

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

Shares

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

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

Remuneration J.B. Sundelin
In 2022, Mr. Sundelin had a base management fee / salary of € 303k (2021: € 276k).

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

The Supervisory Board evaluated the performance of the CEO along the references laid down in the applicable arrangements and decided that the CEO is entitled to receive variable compensation, based on Company performance and individual performance.

Remuneration M. Wolfswinkel
In 2022, Mr. Wolfswinkel had a base management fee / salary of € 273k (2021: € 248k).

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

The Supervisory Board evaluated the performance of the CFO along the references laid down in the applicable arrangements and decided that the CFO is entitled to receive variable compensation, based on Company performance and individual performance.

Remuneration report
The remuneration of the Executive Board and Supervisory Board is disclosed in detail in the Remuneration Report, starting on page 55. Reference is also made to the Related party disclosures, starting on page 132 of the consolidated financial statements.

On behalf of the Supervisory Board,

G. Werger

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

Remuneration Report

This remuneration report provides accountability for the implementation of the remuneration policy of TIE Kinetix N.V., its most important aspects and how it has been applied to the remuneration of the Executive Board in the financial year ended 30 September 2022.

The remuneration and the individual contracts of the members of the Board of Management are determined by the Supervisory Board, within the framework of the Remuneration Policy of TIE Kinetix N.V. (the Remuneration Policy). The Remuneration Policy was adopted by the Annual General Meeting of shareholders on March 27, 2020.

The Remuneration Policy has been prepared in line with the Dutch Corporate Governance Code dated December 8, 2016 (the Code), the Shareholders Rights Directive (SDR2) and article 135a of Book 2 of the Dutch Civil Code. The Remuneration Policy forms the basis for the Remuneration Plan to be determined by the Supervisory Board, prior to each financial year of the Company (which runs from October 1 to September 30).

General principles

The Supervisory Board ensures that the Remuneration Policy and the implementation of each Remuneration Plan, are aligned with the Company's objectives in order to ensure that target setting for senior executives and Executive Board will support the successful realization of the strategy of the Company. At the same time, both the Remuneration Policy itself, and the checks and balances applied in its execution, are designed to comply with the applicable legislation, the Code and SDR2 and to determine that any risks taken, will be in line with the strategy and risk appetite of the Company.

To ensure that the remuneration is linked to performance, a significant proportion of the remuneration package was variable and dependent on the short and long-term performance of the individual Executive Board member. Performance targets were realistic and sufficiently stretching and – particularly with regard to the variable remuneration components – the Supervisory Board ensured that the relationship between the chosen performance criteria and the strategic objectives applied, as well as the relationship between remuneration and performance, were properly reviewed and accounted for, both ex-ante and ex-post. As such, the Remuneration Policy and its execution are aimed at supporting the Company's long term value creation.

In accordance with the requirements of the Code, the Supervisory Board has carried out scenario analyses of the possible financial outcome of meeting target levels, as well as maximum performance levels, and how they may affect the level and structure of the remuneration of the members of the Executive Board. These scenario analyses have been carried out before the targets were set by the Supervisory Board.

Executive Board remuneration 2022

Remuneration Plan

The Remuneration Plan 2022 and the compensation with respect to financial year 2022 has been determined in accordance with the Remuneration Policy as explained and adopted by the Annual General Meeting of shareholders on March 27, 2020. The Remuneration Policy provides a structure that retains and motivates the current members of the Executive Board by providing a well-balanced and incentive-based compensation.

The Supervisory Board is of the opinion that the execution of the Remuneration Plan 2022 has contributed to the achievement of the long-term objectives of the Company and its subsidiaries.

The remuneration for 2022 consisted of:

- Base Management Fee / Salary, including pension contribution;
- Short Term Incentive (STI), maximum of 50% of Base Management Fee subject to realization of operational targets in 2022;
- Long Term Incentive (LTI), maximum of 25% of Base Management Fee subject to conditions of the Performance Share Plan (PSP).

Remuneration

The remuneration of the members of the Executive Board for the financial year 2022, as expensed by the Company, is detailed in the following table.

Executive Board remuneration

(€ x 1,000)

	Jan Sundelin, CEO	Michiel Wolfswinkel, CFO
Base Management Fee / Salary	303	273
Short Term Incentive	152	136
Other benefits (company car)	14	14
Subtotal short term benefits	**469**	**423**
Post-employment benefits (pension contributions)	-	-
Long Term Incentive	-	-
Subtotal long term benefits	**-**	**-**
Total remuneration	**469**	**423**

For both the CEO and CFO, the fixed remuneration accounted for 68% of the total remuneration and the variable remuneration accounted for 32% of the total remuneration during 2022.

Long Term Incentive

Key elements and conditions

Under the Performance Share Plan, shares may be conditionally granted to the members of the Executive Board and other key employees.

Key elements and conditions of the Performance Share Plan, in accordance with the Remuneration Policy, are (amongst others as the case may be):

» The plan is open to the Executive Board, the management team and other key employees;
» Shares are granted conditionally only, subject to the conditions of the Performance Share Plan;
» Conditions to be met are based on realized targets tied to TIE Kinetix' strategy and innovation;
» Targets are determined by TIE Kinetix Supervisory Board and auditable;
» A three-year vesting period;
» A two-year lock-up period applies (a non-vesting condition).

LTI awards

In 2022, no shares were awarded under the Performance Share Plan. After the balance sheet date, the Executive Board members were awarded and formally granted in total 9,001 shares for their performance in 2022. As the grant occurred after the balance sheet date, it will be accounted for in financial year 2023.

Pay ratio

The following tables provide an overview of the remuneration of the Executive Board membes (calculated separately for the CEO and CFO) compared to the average remuneration of an employee and company performance.

The tables have been prepared in accordance with article 2:135b section 3e of the Dutch Civil Code. For purposes of the calculation, the remuneration taken into account for the members of the Executive Board consists of the Base Management Fee, STI and LTI for each financial year, and therefore excludes post-employment and company car benefits. Similarly, the average annual salary of employees of the Company includes the fixed and variable wage for the full financial year, as well as vacation pay and social security, and excludes company car benefits as well as post-employment benefits in the form of pension contributions. This number takes into account all of the employees of the Company and its direct and indirect subsidiaries (including temporary employees), assuming a full-time employment.

Pay ratio CEO
(€ x 1,000)

	2022	2021	2020	2019	2018
Base Management Fee	303	276	250	250	250
Short Term Incentive	152	150	288	125	104
Long Term Incentive	-	285	-	-	20
Total	**455**	**711**	**538**	**375**	**374**
Average annual employee salary	90	86	88	88	86

Pay ratio CFO
(€ x 1,000)

	2022	2021	2020	2019	2018
Base Management Fee	273	248	200	200	200
Short Term Incentive	136	135	230	90	100
Long Term Incentive	-	257	-	16	2
Total	**409**	**640**	**430**	**306**	**302**
Average annual employee salary	90	86	88	88	86

Company performance
(€ x 1,000,000)

	2022	2021	2020	2019	2018
SaaS revenues[1)]	11.1	9.7	8.5	7.1	6.9
SaaS revenue growth (YOY %)	15%	14%	20%	2%	5%
Order intake[1)]	13.0	11.2	10.1	12.7	10.2
Order intake growth (YOY %)	16%	10%	-20%	25%	3%

[1)] Comparatives have been restated to include only continuing business lines (i.e., excluding discontinued operations disposed in 2020)

In 2021, a spike in the pay ratios as defined above is visible, mainly as a result of the fact that the financial year 2021 includes the effect of the LTI for 2020 as well as the LTI for 2021, both of which were awarded during 2021.

Shares, options and warrants

As at September 30, 2022, the CEO owns in total 58,326 shares in the Company. No shares are subject to lockup conditions under the Performance Share Plan. The CEO no longer owns any warrants in the Company, as 11,428 warrants have been exercised by him during the year, in exchange for consideration. Each warrant entitles the holder to purchase a newly issued TIE Kinetix N.V. share at a share price of € 7.00 until December 2, 2023.

As at September 30, 2022, the CFO owns 12,661 shares in the Company. No shares are subject to lockup conditions under the Performance Share Plan.

Neither members of the Executive Board held any options in the Company as at September 30, 2022. In 2022, no options, warrants or shares were granted to the Executive Board or employees of the Company.

Other disclosures

Performance criteria
The performance criteria related to the Short-Term Incentive are based on the following aspects of the 2022 high growth plan: 1. Set up and scale up partner relations with major ERPs; 2. Hire and deploy more revenue-generating staff functions; 3. Launch lead-generating marketing programs for e-invoicing; 4. Assure a solid fundament for future growth. Based on the Executive Board's full achievement of these targets, the Supervisory Board has awarded the Short Term Incentive at the maximum of 50% of the Base Management Fee.

Claw back
As part of the Remuneration Policy the company is authorized to reclaim – in part or in full – the STI and LTI if the distribution was made on the basis of incorrect information about the achievement of the performance criteria or regarding the circumstances upon which the remuneration depended. In 2022, no claw back of any remuneration or variable was applicable for the Executive Board.

Loans, advances & guarantees
Neither the Company nor any of its direct or indirect subsidiaries has provided any loans, advances or guarantees to any member of the Executive Board or Supervisory Board.

Early retirement arrangements
The Executive Board has no arrangements for early retirement.

No deviations in the decision-making process
During 2022, no deviations from the decision-making process in relation to the execution of said Remuneration Policy were noted.

General Meeting's advisory vote
During the last General Meeting, 85% of the shareholders voted in favour of the 2021 Remuneration Report and no questions or comments were raised by the shareholders.

Supervisory Board remuneration 2022

The General Meeting of Shareholders sets the remuneration of the members of the Supervisory Board. Members of the Supervisory Board are entitled to a fixed remuneration as well as a reimbursement for travel expenses incurred. The remuneration of the members of the Supervisory Board remained unchanged in 2022 and is disclosed in the following table.

Supervisory Board remuneration
(€ x 1,000)

	Position	Remuneration
Georg Werger	Chairman	20
Gerdy Harteveld-Smeets	Member	10
Per Nordling	Member	10
Total remuneration		**40**
Travel expenses reimbursed		3
Total expensed		**43**

On behalf of the Supervisory Board,

G. Werger

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

Corporate Governance

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

Legal Framework

TIE Kinetix N.V. (the "Company"), is a public limited liability company, established under the laws of the Netherlands. Its shares are listed on NYSE Euronext, Amsterdam. As such, several laws and regulations apply to the Company: the Dutch Civil Code, the Dutch securities laws such as the Dutch Financial Supervision Act, the NYSE Euronext listing rules and the Dutch corporate governance code of December 8, 2016 (the "Code").

Additionally, the Company, the Executive Board, the Supervisory Board and the staff members are bound by the Company's Articles of Association, the Terms of Reference of the Supervisory Board, the Terms of Reference of the Executive Board, the Code of Conduct, the Remuneration Policy, the Insider Knowledge Regulations, the Whistleblower Policy, the Privacy Policy, the Information Secrecy Policy and several internal procedures. More details and the most recent documents can be found on our website, under the Investor Relations section.

Shareholders

Shares

The Company's share capital consists of Ordinary Shares that carry equal voting rights. The General Meeting of Shareholders decides on resolutions with regard to the issuance of shares and may grant this authority to another company body for a period up to five years. At the issuance of shares, each shareholder has a pre-emptive right proportional to his existing shareholding, subject to statutory provisions. The pre-emptive right may be restricted or excluded by a resolution of the General Meeting of Shareholders or by another company body if it has been authorized to do so by a resolution of the General Meeting of Shareholders, for a period up to five years.

On March 25, 2022, the General Meeting of Shareholders decided to grant authorization to the Executive Board to issue shares and rights to acquire shares (options, warrants, convertibles) up to a maximum of 20% of the outstanding shares.

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

Shareholders Meeting and Voting Rights

Responsible corporate governance requires the full-fledged participation of shareholders in the decision-making in the General Meeting of Shareholders. The Company attaches great value to shareholder relations. In line with relevant laws and regulations, the Company provides all shareholders and other parties in the financial markets with equal and simultaneous information about matters that could have a significant influence on the price of the Company's listed securities, thereby taking into account possible exemptions permitted by those laws and regulations.

The Company regularly issues press releases and maintains a mailing list of interested parties. The Company actively communicates its strategy and the developments of its business to the financial markets. The dates of publication of the interim financial statement are announced well in advance and these publications are accessible online via the Company's website. Meetings with analysts, investors and shareholders are announced on the Company's website or through press releases.

At least once a year a General Meeting of Shareholders is convened by a notice on the Company's website, announcing the meeting date and place, the registration date, the agenda of the meeting with explanatory notes and the procedure for attendance. In accordance with Dutch law, the shareholding at the registration date is decisive for the right to attend and address the meeting and to exercise voting rights, notwithstanding a subsequent sale of the shares. Each share entitles its holder to cast one vote. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Articles of Association require a larger majority.

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

The General Meeting of Shareholder of March 25, 2022, was held in hybrid form (attendees were able to attend physically or digitally at their election) after COVID-19 meeting and travel restrictions had been lifted. We were pleased to be able to welcome our shareholders again in person. The Company will hold its next General Meeting of Shareholders of March 24, 2023, digitally, if circumstances require so, though we hope to continue the current hybrid format.

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

Executive Board

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

Duties
The Executive Board is entrusted with the management of the Company. This means that it is responsible for the achievement of the Company's targets, its strategy with the associated risk profile, the development of the results and the social aspects of doing business relevant to the Company. For its management the Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders.

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

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

Composition
The Executive Board consists of Mr. J.B Sundelin and Dr. M. Wolfswinkel. Mr. J. Sundelin, CEO, has been a member of the Executive Board since February 14, 2007. His term was renewed at the General Meeting of Shareholders of March 26, 2021, and will end on March 28, 2025.

Dr. Wolfswinkel joined the company as CFO on August 19, 2013, and has been appointed to the Executive Board on November 28, 2013. His term was renewed at the General Meeting of Shareholders of March 26, 2021, and will end on March 28, 2025.

For future appointments, selection criteria are taken into account that reflect a balance between the requirements of the role to be filled in and diversity requirements. Further information is provided on this in the section Corporate Social Responsibility, starting on page 24.

Remuneration
The remuneration of the members of the Executive Board has been set in line with the Remuneration Policy of the Company and is in line with the provisions of the Code. In the Remuneration policy a claw back clause on variable pay has been incorporated. The severance package of the Executive Board is in line with best practice provision 3.2.3. of the Code. More information about the remuneration of the Executive Board can be found in the Report from the Supervisory Board, starting on page 51 and the Remuneration Report, starting on page 55.

Conflicts of interest

The Executive Board avoids (the appearance of) conflicts of interests between the Company and a member of the Executive Board. All transactions in which a conflict of interest exists or is deemed to exist must be concluded on terms at least customary in the sector concerned. Resolutions for entering into such transaction must be approved by the Supervisory Board. In the financial year 2022, there were no reports on conflicts of interest.

Supervisory Board

Appointment & dismissal

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

Members of the Supervisory Board may be re-elected two times for a period of four years. Re-election may only take place after careful consideration.

Duties

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

In the performance of its duties, the Supervisory Board is guided by the interests of the Company and takes the relevant interests of all the Company's stakeholders into account. The Supervisory Board is responsible for the quality of its own performance.

Composition

The Supervisory Board has three members, all appointed at the Extra-Ordinary Meeting of Shareholders of July 13, 2018: Mr. Georg Werger (president), Mrs. Gerdy Harteveld and Mr. Per Nordling. Further information about the members of the Supervisory Board can be found in the section The Supervisory Board, starting on page 48. All members of the Supervisory Board are independent, subject to the relevant requirements of provision 2.1.7, 2.1.8 and 2.1.9 of the Code. The composition of the Supervisory Board is such that its members are able to act critically and independently of one another and of the Executive Board and any particular vested interests. Each member of the Supervisory Board is capable of assessing a broad outline of the overall strategy of the Company and its business.

As a whole, the composition is such that it enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and other stakeholders. The Supervisory Board is constituted in a balanced manner as to reflect the nature and variety of the Company's businesses and the desirability to have available expertise in such fields as finance, economics, management, legal/corporate governance, information technology and the Company's business in general and more specifically the national and international E-Commerce market.

More details on the profile of the Supervisory Board can be found in the most recent Terms of Reference, available through our website. For future appointments, selection criteria are taken into account that reflect a balance between the requirements of the role to be filled in and diversity requirements. Further information is provided on this in the section Corporate Social Responsibility, starting on page 24.

The Supervisory Board members are appointed by the General Meeting of Shareholders. A Supervisory Board member is appointed or reappointed for a term commencing on the date of his appointment and ending at the day of the first General Meeting of Shareholders held after the fourth anniversary of this appointment.

Remuneration

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

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

Internal audit function
At present, there is no internal audit function in the Company. Due to the company's limited size, the internal controls including the accounting and governance processes, are of limited complexity. As such, this allows for the Executive Board to closely monitor the internal control system and report to the Supervisory Board. The Company stimulates its employees to identify areas for improvement in risk management and control systems. The employees are in direct contact with the Executive Board so that suggestions are assessed at the appropriate level and an improvement plan rolled out as appropriate. Furthermore, the absence of an internal audit function has not been identified as a principal risk that would require mitigation. In this respect, reference is made to the section Risk Management and Control, starting on page 64. Nonetheless, the Executive Board is currently investigating options to instate an internal audit function.

Conflicts of interest
The Supervisory Board avoids (the appearance of) conflicts of interests between the Company and a member of the Supervisory Board and/or a member of the Executive Board. In the financial year 2022, there were no conflicts of interest.

Further notes on the Company's Corporate Governance

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

PricewaterhouseCoopers Accountants N.V. has been the external independent auditor during the financial year 2022, being appointed at the General Meeting of Shareholders of March 25, 2022. The Company thanks its previous auditor, BDO, for their service over the past years.

Legal structure
The Group consists of TIE Kinetix N.V. and its direct and indirect subsidiaries, and may be referred to in this report as "TIE Kinetix", "the Company" or "the Group". The Company has a single subsidiary, TIE Kinetix Holding B.V., which acts as an intermediate holding company and holds the investments in the Group's operating entities. The operating entities are located in the Netherlands, Germany, France and the United States.

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

Compliance with corporate policies
Corporate policies
The Company has various policies in place that contribute to responsible governance:

- The Code of Conduct has been drawn up to provide all our employees with a clear set of guiding principles on integrity and ethics in business conduct. No issues were reported or noticed in FY 2022.
- The Whistle-blower Policy provides employees of TIE with the possibility to report alleged irregularities of a general, operational or financial nature within the Company, without jeopardizing their legal position.
- The Investor Relations Policy provides headline guidance for investors pertaining to TIE Kinetix management rules of engagement with investors.

These policies are publicly accessible through our website.

In addition, the Company 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 N.V. shares prior to any transaction. The Compliance Officer is the Chief Financial Officer of the Company and is responsible for ensuring that every employee, executive, specified person, Executive Board member and Supervisory Board member abides by the applicable laws and restrictions.

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

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

Risk Management and Control

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

Our risk management and control system

As any business, the Company is exposed to a variety of risks. To be able to detect, assess, determine the risk appetite and take mitigating measures if needed, the Company relies on its risk management and control system. The main features of this system are described in the following paragraphs. Both the Executive Board and Supervisory board are satisfied that the structure and operation of the risk management and control system is organized adequately given the size and complexity of the Company and its business. To this extent, our system is designed to manage, rather than eliminate, the risk that we fail to realize our strategy and create long-term value for our stakeholders. Our internal control system is based on the principles of the COSO 2017 Enterprise Risk Management framework.

Control environment

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

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

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

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

Risk appetite

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

Risk appetite per risk category

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

Identifying, assessing and responding to risks and uncertainties

Risk detection

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

In addition, the Executive Board receives input from segment management in the individual geographical areas, with whom the Executive Board has contact on a regular basis. Segment management has confirmed to the Executive Board that:

- They have complied with all relevant TIE Kinetix policies and procedures;
- They have complied with the TIE Kinetix Risk Management Manual;
- They have read and understood the risk assessment of the Executive Board; and
- Whether they have identified any additional (material) risks.

Finally, the close ties to the business and other employees of the Company (given the limited size of the Company) help the Executive Board to detect events that may give rise to risks.

Risk assessment

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

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

Control measures

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

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

Evaluation

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

Communication

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

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

Principal risks and uncertainties

The following summary lists the following:

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

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

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

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

Legend

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

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

The main risks that have materialized over the past year are marked with an asterisk (*). These risks have had impact on the Company's financial result; the impact is stated in the tables.

Strategic risks

Risk	Description	Impact	Mitigation	Trend
Sensitivity to economic cycles	Economic trends have an impact on our business as (potential) customers may be more inclined to save on IT investments in their business and operations, or postpone new IT projects.	High: Any significant decreases in our revenues in such times of economic downturn will directly impact bottom-line financial results.	» We maintain a leading position in the marketplace of e-invoicing and EDI solutions through ensuring that our products are state-of-the-art, so as to be a preferred supplier for customers and potential customers. » We grow our SaaS revenues and engage in long-term contracts with customers, resulting in a stable revenue stream over a longer term. » Our operations are spread across different geographical markets, so we are not solely dependent on any single economy. » We continuously monitor our cost basis to ensure cost-effective operations and realize cost savings where possible. » Our contracts contain price indexation clauses to adjust for inflation.	Increasing: Following the war in Ukraine, inflation is at historic highs and interest rates are on the rise. This has put a strain on economic growth and spending.
Speed of technological developments	As a Company we aim to remain the leader in the field of SaaS managed solutions for supply chain digitalization with EDI. Not keeping up with rapid technological developments can compromise our position.	High: As the software industry is highly exposed to technological developments, or revenues and bottom-line financial results are highly dependent on this.	» We invest in new technologies through research and development, in order to improve the functionalities of our solutions in the field of supply chain digitalization. » We engage in dialogue with customers to obtain feedback on our solutions and service levels for the purpose of continuous improvement. » We continuously train our professional staff on new technologies and solutions, through our FLOW Academy. » We engage in new partnership and maintain existing partnerships to optimize our view of market developments and ensure that our solutions are and remain compatible with ERP systems of our customers.	Increasing: The increasing attention to digitalization leads to rapid developments in the technological field
Dependence on large clients	Dependence on large clients increases volatility of revenues when such a customer would not renew its contract.	Moderate: Any decrease in our revenues as a result of a large customer not renewing a contract will impact bottom-line financial results.	» We continuously invest in the quality and functionality of our solutions, as well as improve our service levels to improve customer satisfaction and reduce our customer churn rate. » We are increasing our customer base and have signed several new large contracts in 2021 and 2022, decreasing our dependency on any individual large client across all segments.	Decreasing: As we continue to sign contracts with new clients, the risk decreases.
Non-organic growth	Where another company is acquired, this poses additional risk and may put a strain on existing control structures in which the acquired company has to be integrated.	Moderate: As we are targeting companies of limited size for acquisition, the impact of an acquisition on our results and organization is not expected to be pervasive.	» We perform in-depth due diligence on targets. » Working plans and procedures are prepared to be able to quickly and effectively integrate any acquired company into the Company's existing structures.	Increasing: Given the active search for an acquisition target, the chances that this risk will occur is increasing.

Operational risks

Risk	Description	Impact	Mitigation	Trend
Inability to attract and retain talented staff	Due to digitalization demand for IT professionals is increasing, leading to an increasingly competitive labor market. In order to continue to develop our solutions to remain at the forefront of e-invoicing/EDI tech, as well as service our customers at the service levels that we require and on a timely basis, we need to attract and retain talented staff.	Moderate: If we are unable to attract new talent and retain our talent, this would not likely have a significant immediate financial impact. In the longer term, however, this may impair our abilities to develop and grow our business in accordance with our strategy.	» We act and communicate in accordance with our Company values. » We use third party recruiters to scout for talent in the market, and have a rigorous employment process in place geared towards hiring the best talent. » We stimulate employee engagement through daily online team meetings. » We seek to remain an employer of choice by offering a challenging working environment and the ability to balance personal lives and business responsibility and continuing to work from home after the pandemic. » We offer attractive remuneration to our employees.	Increasing: Combined with our growth ambitions, we have attracted a significant number of new employees in FY22. This talent will need to be retained.
Inadequate project control	A significant part of our business consists of consultancy work: both set-up and onboarding trading partners of our customers to the FLOW platform, as well as other client-specific consultancy work. Inadequately controlling consultancy projects may lead to an overspend in hours that we cannot bill to our customers.	Moderate: Overspend on projects that is not billable results in immediate financial loss for the Company. This effect is dampened by the fact that projects are spread over various project managers in each country of operations.	» We have qualified project managers with thorough knowledge of our business, products and services. Project managers are responsible for managing ongoing projects and monitoring hours spent comparing to budget on a weekly basis. » We have tools and procedures in place to identify and mitigate any shortfall in adequate project control as it occurs. Our central finance department monitors the performance of projects and instructs the project managers to take action as necessary. » Consultancy staff is monitored for timely submission of hours spent on projects.	Stable: The nature and complexity of the consultancy projects that we undertake remains stable.
Incremental costs to attract and retain talented staff*	Inability to compensate increasing costs of retaining and attracting talent with higher sales prices for our solutions and thus increasing our revenues will lead to lower margins.	Moderate: As employee benefits are the Company's biggest source of expenses, inability to compensate increasing costs will erode the Company's bottom-line financial results over time.	» Maintaining a state-of-the-art quality product is priority to remain preferred supplier among customers and potentials. » With increasing awareness of and attention for digitalization in the marketplace, IT budgets of (potential) customers typically increase rather than decrease. » We continuously innovate to improve the efficiency and effectiveness of our staff. » We seek to enter into open and honest dialogues with our customers on pricing matters.	Increasing: Combined with our growth ambitions, we have attracted a significant number of new employees in FY22. This talent will need to be retained.
Operational and cost strain due to high organic growth*	The Company is striving for high organic growth of its SaaS revenues. A rapidly increasing number of staff, projects and customers may put a strain on existing control structures.	High: Ramping up for high organic growth, significant operational cost has been incurred. Effective conversion into revenue growth will have corresponding impact on the Company's bottom-line financial results.	» Fast and effective training and integration of new personnel through our FLOW-Academy and on-the-job coaching. » Effectively managing new projects through increased management oversight on the hours incurred on projects. » Ensuring go-live of new customers within an acceptable timeframe through increased management oversight on timely execution and completion of projects.	Increasing: Significant operational cost has been incurred, partially recurring. Impact on revenues comes with delay due to length of the sales funnel process.

Cyber security risks

Risk	Description	Impact	Mitigation	Trend
Unauthorized access to systems	Our business operations are dependent on the integrity of our systems and their security. Not only in respect of our internal operations but especially in respect of the high volumes of business-critical information that are processed on the FLOW platform.	High: Our commercial success is directly dependent on the security of our customer solutions. Incidents might lead to reputation damage and immediate decline in revenues and bottom-line financial results.	» Our FLOW platform undergoes continuous development with the highest level of attention for security. » The FLOW platform is ISO 27001, 27017 and 27018 certified and undergoes an annual audit, assuring an effective information security management system (ISMS). » Hosting of the FLOW platform on Microsoft Azure and Google cloud servers ensures best-in-class security against cyber threats. » We have appointed an Information Security Officer who heads the Information Security (InfoSec) team, who monitor security real-time and serves as a point of contact for reporting any security incidents. » We mandate periodical security awareness training for all staff and monitor through security questionnaires. » We mandate periodical penetration testing of our entire systems environment though an external specialist company. » We perform regular penetration testing in-house.	Stable: Risk remains high due to techno-logical developments.
Data breach	We process large volumes of business-critical data and personal data for our customers through the FLOW platform. In addition, we control internal data including personal data of our employees.	High: Our commercial success is directly dependent on the integrity and security of the data that we process for our customers. Incidents might lead to reputation damage and immediate decline in revenues and bottom-line financial results.	» Ensuring the safety of that data is an integral part of FLOW. FLOW secures compliance with the latest best practices, controls and industry standards, has information security controls in place to address security risks to keep data protected & secured. » Our ISMS is designed to minimize the risk of data breaches through various preventive and detective measures. » In addition to our InfoSec team, we have appointed a Privacy Officer who serves as a point of contact for reporting any data leaks or incidents. » We continuously monitor compliance with the EU General Data Protection Regulation (GDPR). » Our policies are GDPR-compliant in all our territories, not just the EU-territories we operate in. » We mandate periodical training on data security and privacy for all staff.	Stable: Risk remains high due to techno-logical developments

Risk associated with financial position

Risk	Description	Impact	Mitigation	Trend
Unfavorable movements in US dollar	A significant part of our operations takes place in the United States, with local business being transacted in US dollars. As such, the Group has a currency risk exposure to this foreign currency.	Moderate: As our US operation is significant, a decrease in the value of the US dollar against the euro has an immediate effect on the bottom-line financial result of the Group.	» We seek to maintain natural hedges where possible by balancing assets and liabilities in US dollars and ensuring that the local balance sheet of group companies contains as much as possible only positions denominated in their own functional currency. » We seek to maintain minimal cash balances denominated in currencies other than the euro.	Decreasing: While the relative share of the US operation has remained more or less stable, the US dollar has developed favorably over the past period.

Risk associated with financial reporting

Risk	Description	Impact	Mitigation	Trend
Reporting risk	The risk that the reliability of the external and internal reporting of the Company may be impaired. For example, when the Company's financial statements would contain material misstatements or would otherwise fail to provide the required true and fair view, or that internal reporting to the Executive Board, which forms the basis for decision-making, contains errors.	Moderate: Defects in external reporting may lead to loss of confidence with shareholders and other stakeholders. Defects in internal reporting may lead to losses due to incorrect or untimely decision-making.	» The Company has internal procedures and guidelines for internal and external reporting. Our external financial reporting process control system is described in more detail further on in this section. » The Company has an annual budgeting process in place. Internally reported financials are always compared to budget and variations explained. » Internal financial reporting is prepared by our business control function. » External financial reporting is prepared by our external reporting function. » All internal and external reporting is performed under direct supervision of the Chief Financial Officer. » The Supervisory Board performs its audit committee responsibilities. » The financial statements undergo an annual audit by our external independent auditor.	Stable: Stakeholder attention to ESG-reporting is increasing and requirements are evolving rapidly. As best practices are still evolving, application of requirements and materiality of information may be difficult to assess.

Risk associated with compliance with laws and regulations

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

Financial risk management

The Company is exposed to various types of risk arising from the use of financial instruments. These risks overlap to some extent with the principal risks and uncertainties as defined earlier, but also include risks which are not considered principal risks for the Company. The objectives and policies regarding the managing and hedging of risks related to financial instruments are disclosed in the consolidated financial statements in the section Financial risk management, starting on page 100. This analysis covers the following types of risks:

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

Performance of the internal risk management and control system

During 2022, the Executive Board and the Supervisory Board have evaluated the design and operation of the internal risk management systems and control system. Design and operation were deemed satisfactory in responding to the principal risks summarized above.

The Executive Board and Supervisory Board have not observed any major failings in the internal risk management and control systems during the past year. Improvements have been made through the adoption of the COSO 2017 Enterprise Risk Management model, with further improvements being planned to embed risk management at a deeper level in the organization.

Our response to the risk of fraud or bribery

The Company has a zero risk appetite and zero tolerance policy towards fraud and/or bribery. There have been no known cases of fraud and/or bribery within the Company. Management has not identified areas of elevated risk of fraud and/or bribery. The Company operates in countries with a low inherent risk in this respect. Nonetheless, management wants to avoid the risk of fraud and/or bribery given potential impact and has implemented several measures to address this risk. Among these measures are the following:

» Having corporate policies in place such as our code of conduct;
» Policies procedures and controls in respect of approval and processing of contracts;
» Policies, procedures and controls in respect of accounting systems;
» Policies, procedures and controls in respect of payments; and
» Having a centralized finance organization with direct board-level supervision.

Climate change risk

Climate (change) risks can be divided into physical risks and transition risks. Physical climate risks are risks arising from climatic events, which in turn have a financial impact due to, for example, damage to physical assets, lower productive capacity and lower output. Climate transition risks are risks of stemming from a disorderly transition to a low-carbon economy, when climate policies (e.g. carbon tax) and regulations are implemented late with regard to the climate targets and cannot be fully anticipated by investors.

Climate risk assessment

Given the nature of the Company’s business, it does not hold a significant amount of physical assets that are subject to physical climate risk. Acute physical climate risks could impact the Company’s operations if these were to occur in any of the territories in which the Company operates and its employees or suppliers would be impacted. In this respect it is noted that the Company’s headquarters is located inland in Breukelen and is not located below sea level. As such, management concludes that the Company does not have an inherently high exposure to physical climate risk.

With respect to climate transition risk, management notes that the (upcoming) climate and environmental policies and regulations that are currently known do not significantly impact the Company or its financial position.

It is important to note that the impact of climate transition risk on the financial position of the Company may well be positive: changes in regulations, such as e-invoicing regulations, may require organizations to digitalize their document flows and/or be required to reduce their carbon emissions and the Company’s digitalization solutions can provide a positive contribution in this respect. More details on this are provided in the Company’s ESG Report.

Financial reporting process control system

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

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

Developments 2022

In 2021, the Company was already fully prepared to file its Annual Report in eXtensible Business Reporting Language (XBRL) in accordance with the European Single Electronic Format (ESEF) taxonomy. An unaudited XBRL version of the Annual Report 2021, prepared in accordance with the requirements of the regulatory technical standards (RTS) on ESEF, was made available on our website.

As of FY 2022, the Company is required to report digitally hence the official version of this Report is the digital XBRL format. In addition, in this Report, the Company has already early-applied the requirements from the RTS on ESEF relating to the so-called blocktagging of the disclosure notes.

These requirements will become mandatorily applicable as of FY 2023 (effective date according to the RTS is for financial years starting on or after 1 January 2022), and consequently the Company is proud to be among the first filers in Europe to comply with these requirements in its annual financial reporting.

Statements from the Executive Board

In control statement

The Executive Board is responsible for the internal risk management and control systems and the assessment of the effectiveness thereof. The Executive Board believes that there are adequate systems of monitoring and reporting, and that it has taken adequate steps to implement an appropriate risk management and internal control system. The system provides, with reasonable certainty, reliable internal and external information. These reports supply adequate information to determine in how far the Company is achieving the strategic goals it has set and assurance that the Company is operating within the boundaries of the law.

Our systems significantly reduce, but cannot fully eliminate, the possibility of poor judgment in decision-making, human errors, abuse and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of other unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses. A properly designed and implemented risk management and internal control system will therefore provide reasonable, but not absolute, assurance that a company will not be hindered in achieving its business objectives, in orderly and legitimate conduct of its business. It can also not provide absolute insurance that a misstatement in the financial reporting would be prevented or detected. In this context, reasonable assurance refers to a degree of assurance that would be satisfactory for a prudent manager in the management of his affairs in the given circumstances. Notwithstanding the forgoing and in view of the above, the Executive Board makes the following statement:

- The Executive Board is of the opinion that it has implemented an internal risk management and control system that is adequate and effective, suitable for the Company's business;
- The annual management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems, to the extent applicable. Reference is made to the section Risk Management and Control, starting on page 64;
- The internal risk management and control system provide a reasonable assurance that the financial reporting does not contain any material inaccuracies. Reference is made to the section Risk Management and Control, starting on page 64;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis. Reference is made to the section Impact of recent macro-economic events, starting on page 87 in the consolidated financial statements; and
- The annual management report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

Corporate governance statement

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

- Risk Management and Control, starting on page 64;
- Corporate Governance, starting on page 59; and
- Corporate Social Responsibility, starting on page 24.

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

Compliance with the Corporate Governance Code

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

Information pursuant to the Decree Article 10 Takeover Directive

The Executive Board declares that the information required by the Decree Article 10 Takeover Directive ('Besluit Artikel 10 Overnamerichtlijn') is included in the section Corporate Governance, starting on page 46 and the section Investor Relations, starting on page 76, to the extent that the disclosure requirements apply to the Company.

Statutory financial statements and management report

The following sections of this Annual Report form the annual management report (“bestuursverslag”) within the meaning of article 2:391 of the Dutch Civil Code (and related Decrees):

» Our Corporate Story, starting on page 7;
» Report from the Executive Board, starting on page 28;
» Governance, starting on page 46, with the exception of the Report from the Supervisory Board, starting on page 51 as well as the Remuneration Report, starting on page 55; and
» Investor Relations, starting on page 75.

The annual financial statements within the meaning of article 2:361 of the Dutch Civil Code are included in the sections Consolidated Financial Statements, starting on page 81 and Company Financial Statements, starting on page 134.

Responsibility statement

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

A. The annual financial statements for the year ended September 30, 2022, give a true and fair view of the assets, liabilities and financial position and comprehensive income of TIE Kinetix N.V. and its consolidated companies;
B. The annual management report presented in the Annual Report gives a true and fair view of TIE Kinetix N.V. and its consolidated companies as of September 30, 2022, and the state of affairs during the financial year to which the report relates; and
C. The annual management report describes the principal risks the Company is facing.

Breukelen, 30 November 2022

J.B. Sundelin, CEO

M. Wolfswinkel, CFO

Investor Relations

Objectives

TIE Kinetix' Investor Relations objectives are aimed at maintaining and improving relationships with existing shareholders and developing relationships with new investors. The overall goal is to increase transparency, minimize information asymmetry, to support stock price liquidity in the open market and to reduce stock price volatility. As the case may be, we maintain and develop relations with analysts with the aim to clarify our strategy and achievements. We communicate in a transparent manner with 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 from (potential) capital market participants.

TIE Kinetix provides its shareholders and financial market stakeholders with similar and simultaneous information about potentially price sensitive matters and is very careful with contacts between Company executives and shareholders and analysts.

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

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

Communication to capital markets

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

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

Contacts with the capital markets are always dealt with by the Compliance Officer in the Executive Board or staff mandated by him.

Capital Markets Day 2022

The Company held its first Capital Markets Day on March 2, 2022, which was well received by stakeholders. During this digital event, management updated (potential) investors in TIE Kinetix shares on:

- » Our mission and strategy
- » Our products
- » Our markets
- » Finance; and
- » Outlook

Participation in this event was unrestricted and open to all those interested. The recording can be accessed through our website, and we invite all interested parties to view it.

Photo: TIE Kinetix Capital Markets Day 2022

The TIE Kinetix share

Euronext listing

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

Share price information

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

TIE Kinetix ordinary shares

Share price (€)	2022	2021
- 30 September	16.20	22.20
- Highest close	23.00	25.60
- Lowest close	14.00	13.20
Price/earnings ratio[1)]	(17.7)	57.9
Number of shares outstanding as at 30 September	1,941,538	1,678,718
Volume traded (no. of shares)	180,316	470,223
Market capitalization as at 30 September (€ x 1)	31,452,916	37,267,540

[1)] Price/earnings ratio is calculated on the basis of the basic earnings or loss per share

Substantial shareholdings

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

In 2022, no shareholders agreements have been concluded between the Company and these major shareholders.

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

Shareholder	% Of ordinary shares
Mr. P. van Schaick (Alto Imaging Group N.V. & Jalak Investments B.V.)	22.43%
Mr. C. Komen (DW Vastgoed Holding B.V.)	21.65%
Mr. P. Nordling (Partinc Capital AB)	9.14%
Axxion S.A.	5.15%
Mr. G. van Lookeren Campagne (Loca Holding B.V.)	3.16%
Mr. J. Sundelin	3.00%

Dividend Policy

After shareholder approval at the AGM of 25 March 2021, the Company has paid its first-ever dividend of € 0.50 per share on 29 April 2022. Shareholders had a choice of receiving this FY 2022 interim dividend either in shares or in cash. With this first dividend payment, the Company has paved the way for its new dividend policy: to strive for a stable dividend payout, with the aim of distributing at least 40% of net profit. We aim to grow the dividend payment percentage to the 50% level in the coming years. Management considers that such a dividend policy is backed by the very high recurring business (80%+) in its business model. To underscore management's confidence in the growth strategy the Company opted to distribute the 2022 interim dividend from its reserves, in the absence of sufficient net profit.

Should a similar situation prevail in the near future, the Company may opt for a similar dividend distribution from its reserves. The optional dividend enables TIE Kinetix to realize a higher pay-out while maintaining a strong balance sheet for the roll-out of its strategy and possible acquisitions. This is a good fit with, and expresses management's confidence in, our growth strategy.

For further details on the FY22 interim dividend payment, please refer to the Financial Review, starting on page 36.

Press releases issued

The following tables detail the press releases issued by TIE Kinetix since 1 October 2021 up until the date of this report, that have or are reasonably expected to may have financial relevance. The press releases are accessible through our website.

FY 2022 press releases

Date	Topic
26 October 2021	TIE Kinetix earns Microsoft Co-Sell Ready status
28 October 2021	Rabobank deploys FLOW Partner Automation to achieve a 100% digital supply chain
1 November 2021	Dutch Employee Insurance Agency (UWV) deploys FLOW Partner Automation to support STAP budget execution
17 November 2021	TIE Kinetix reports full year 2021 performance
18 November 2022	TIE Kinetix partners with EDI Support LLC to maximize customer value via EDI integration in any ERP
1 December 2021	Publication of Annual Report 2021
1 December 2021	Partinc Capital Invests in Dutch SaaS company TIE Kinetix
20 December 2021	TIE Kinetix concludes major E-Invoicing contract in Germany
22 December 2021	TIE Kinetix expands its partner network in the DACH region
18 January 2022	TIE Kinetix earns ISO 27017 and ISO 27018 certifications
2 February 2022	Publication of Q1 2022 Trading Update
10 February 2022	Convocation of Annual General Meeting of shareholders
2 March 2022	TIE Kinetix Capital Markets Day
21 March 2022	TIE Kinetix issued share capital
24 March 2022	TIE Kinetix invests to accelerate SaaS growth
25 March 2022	Voting results Annual General Meeting of shareholders
30 March 2022	FY 2022 Interim dividend distribution
5 April 2022	TIE Kinetix sponsors Factuurcongres 2022 as Platinum Partner
25 April 2022	Majority of shareholders follow TIE Kinetix in its exciting journey towards higher growth; announcement FY 2022 interim dividend stock fraction
29 April 2022	TIE Kinetix issued share capital
5 April 2022	TIE Kinetix offers same-day, self-serve e-invoicing solution to SME suppliers
11 May 2022	First six months of 2022 on plan; publication of half year report 2022
16 May 2022	TIE Kinetix recognized as top performer in the EDI software category by FeaturedCustomers
24 May 2022	TIE Kinetix appoints new Partner Manager for Benelux, Nordics & UK
9 June 2022	TIE Kinetix appoints new Partner Manager for France
16 June 2022	TIE Kinetix relaunches PDF invoicing solution to simplify compliance for SME suppliers
16 June 2022	TIE Kinetix signs new contract with HG International for 100% digitalization
21 June 2022	TIE Kinetix adds new Seniro Sales Executive to the Benelux team
28 June 2022	TIE Kinetix appoints new Senior Account Manager for the United States
6 July 2022	TIE Kinetix is accredited as Peppol Acces Point in Australia and New Zealand
19 July 2022	Oracle Fusion cloud supply chain & manufacturing cloud customers can access the Peppol network - Now available on Oracle Cloud Marketplace
27 July 2022	TIE Kinetix signs contract with FUJIFILM for a 100% cloud-based supply chain
3 August 2022	TIE Kinetix reports Q3 2022 Trading Update
1 September 2022	TIE Kinetix signs contract with Schutt Sports LLC for a 100% cloud-based supply chain
20 September 2022	TIE Kinetix signs contract with Clopay Building Products for a 100% cloud-based supply chain
27 September 2022	TIE Kinetix Signs Contract with Whole Earth Brands to Move Towards a 100% Cloud-Based Supply Chain

FY 2023 press releases

Date	Topic
4 October 2022	TIE Kinetix and Ceyoniq Enter Into Strategic Partnership for DACH Region
11 October 2022	TIE Kinetix Signs Contract with Advasur for a 100% Cloud-Based Supply Chain
26 October 2022	TIE Kinetix Signs Contract with CooperSurgical for a 100% Cloud-Based Supply Chain
28 October 2022	Volkswagen Financial Services Contracts TIE Kinetix for 100% Digitalization of Incoming Invoices
1 November 2022	TIE Kinetix NV appoints new Country Managing Director for the American markets
3 November 2022	TIE Kinetix Successfully Completes SOC 2 Audit for Information Security and Receives SOC 3 Report
8 November 2022	TIE Kinetix and SYSPRO Enter Global Alliance to Augment Supply Chain Optimization
15 November 2022	TIE Kinetix reports full year 2022 performance: Strong growth in SaaS order and SaaS sales

Financial Calendar

The financial calendar for financial year 2023 has been set as follows:

FY 2023

Date	Event
1 February 2023	Publication Q1 2023 Trading update
24 March 2023	Annual General Meeting
10 May 2023	Publication of half year 2023 report
2 August 2023	Publication of Q3 2023 Trading update
15 November 2023	Publication of 2023 full year press release

Disclosure of price-sensitive information and closed periods

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

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

The closed periods for the financial year 2023 are as follows:

FY 2022

Report	Closed period
Interim Q1	2 January - 1 February 2023
Interim Q2	3 April - 10 May 2023
Interim Q3	3 July - 2 August 2023
Year-end	2 October - 15 November 2023

Important Information

Investors in the Company's 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 2022 (October 1, 2021 - September 30, 2022).

Cautionary Statement on Forward-Looking Information

Certain statements contained in this report are “forward-looking statements”.
Such statements may be identified, among others by:

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

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

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

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

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

- General economic conditions, including but not limited to the impact of the COVID-19 pandemic;
- Performance of financial markets;
- Levels of interest rates;
- Currency exchange rates;
- Changes in laws and regulations;
- Changes in policies of Dutch and foreign governments;
- Competitive factors, on a national and/or global scale;
- TIE Kinetix’s ability to attract and retain qualified management and personnel;
- TIE Kinetix’s ability to successfully complete ongoing development efforts;
- TIE Kinetix’s ability to integrate acquisitions and manage the continuous growth of the company;
- TIE Kinetix’s ability to anticipate and react to rapid changes in the market.

Many of these factors are beyond TIE Kinetix’ control or ability to predict. Given these uncertainties, investors are cautioned not to place undue reliance on any forward-looking statement. Accordingly, TIE Kinetix also refuses to accept any obligation to update statements made in this document.


Consolidated
Financial
Statements

Consolidated Statement of Financial Position

Assets

(€ x 1,000)

	Notes	30 September 2022		30 September 2021	
Non-Current Assets					
Goodwill	2	2,333		2,250	
Other Intangible Fixed Assets	2	2,607		2,648	
Tangible Fixed Assets	3	604		818	
Deferred Tax Asset	4	1,864		625	
Contract Cost Asset	15	326		122	
Total Non-Current Assets			**7,735**		**6,463**
Current Assets					
Trade Debtors	5	1,495		1,442	
Income Tax Receivable		155		31	
Contract Cost Asset (Current)	15	579		173	
Other Receivables and Prepayments	6	290		257	
Contract Asset	15	145		379	
Cash and Cash Equivalents	7	9,593		9,921	
Total Current Assets			**12,257**		**12,203**
Total Assets			**19,992**		**18,666**

Equity and Liabilities

(€ x 1,000)

	Notes	30 September 2022		30 September 2021	
Equity	8				
Share capital		194		168	
Share premium		60,033		58,462	
Foreign Currency Translation Reserve		83		27	
Other Reserves and Retained Earnings		(49,440)		(47,431)	
Total Equity attributable to Shareholders			**10,869**		**11,225**
Non-Current Liabilities					
Deferred Tax Liability	4	2		2	
Deferred Revenue	15	933		571	
Provisions	10	120		190	
Lease Liability	11	191		385	
Total Non-Current Liabilities			**1,247**		**1,147**
Current Liabilities					
Trade Creditors		1,304		833	
Deferred Revenue (Current)	15	3,896		2,992	
Taxation and Social Security Payable	12	310		475	
Income Tax Payable		4		101	
Other Payables and Accruals	13	1,865		1,512	
Provisions (Current)	10	236		-	
Lease Liability (Current)	11	261		380	
Total Current Liabilities			**7,876**		**6,294**
Total Equity and Liabilities			**19,992**		**18,666**

Consolidated Statement of Comprehensive Income

(€ x 1,000)

	Notes		2022		2021
Revenues					
Software as a Service		11,127		9,688	
Maintenance and Support		1,206		1,846	
Consultancy		1,934		2,991	
Licenses		91		331	
Total Revenues	15		**14,357**		**14,856**
Cost of Sales	17		(6,054)		(5,751)
Total Gross Margin			**8,303**		**9,105**
Other income	16		27		455
Operating Expenses					
Research & Development		(1,481)		(1,387)	
Selling & Marketing		(3,833)		(2,533)	
General & Administrative		(6,190)		(5,391)	
Total Operating Expenses	17		**(11,504)**		**(9,311)**
Operating Income/(Loss)			**(3,174)**		**249**
Interest and Other Financial Income	18		216		307
Interest and Other Financial Expense	18		(37)		(40)
Income/(Loss) before Tax			**(2,995)**		**515**
Corporate Income Tax	19		1,321		116
Net Income/(Loss)			**(1,674)**		**632**
Other Comprehensive Income/(Loss)					
Items which may be recycled to profit or loss (net of tax)					
Exchange differences on translation of foreign operations			56		(18)
Total Comprehensive Income/(Loss) attributable to shareholders			**(1,618)**		**614**

Earnings per share	**Notes**	**2022**	**2021**
Net income/(loss) (€ * 1,000)		(1,674)	632
Weighted avg. shares outstanding (thousands) - basic		1,829	1,649
Basic earnings/(loss) per share (€ x 1)	20	**(0.92)**	**0.38**
Weighted avg. shares outstanding (thousands) - fully diluted		1,871	1,839
Diluted earnings/(loss) per share (€ x 1)	20	**(0.89)**	**0.34**

Consolidated Statement of Changes in Equity

(€ x 1,000)

	Notes	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves and Retained Earnings	Group equity
Opening balance as at October 1, 2020		**163**	**58,304**	**45**	**(48,590)**	**9,922**
Net Income/(Loss)		-	-	-	632	632
Other Comprehensive Income/(Loss)		-	-	(18)	-	(18)
Total Comprehensive Income		**-**	**-**	**(18)**	**632**	**614**
Shares Issued	8	5	158	-	-	163
Share-based payments	9	-	-	-	542	542
Other		-	-	-	(15)	(15)
Balance as at September 30, 2021		**168**	**58,462**	**27**	**(47,431)**	**11,225**
Opening balance as at October 1, 2021		**168**	**58,462**	**27**	**(47,431)**	**11,225**
Net Income/(Loss)		-	-	-	(1,674)	(1,674)
Other Comprehensive Income/(Loss)		-	-	56	-	56
Total Comprehensive Income		**-**	**-**	**56**	**(1,674)**	**(1,618)**
Shares Issued	8	23	1,577	-	-	1,600
Dividend paid (€ 0.50 per share)	8	3	(6)	-	(335)	(338)
Balance as at September 30, 2022		**194**	**60,033**	**83**	**(49,440)**	**10,869**

Consolidated Statement of Cash Flows

(€ x 1,000)

	Notes		2022		2021
Income/(loss) before tax			**(2,995)**		**515**
Adjustments for:					
Depreciation and Amortization	2,3	1,560		1,659	
Impairments	2	-		4	
Share-based payment expense	9	-		542	
Interest and exchange gains and losses	18	(179)		(268)	
Increase (decrease) in provisions	10	167		20	
Total Adjustments			**1,547**		**1,957**
Working Capital Movements:					
(Increase)/decrease in debtors, contract (cost) assets and other receivables		(333)		71	
Increase/(decrease) in deferred revenue	15	1,077		180	
Increase/(decrease) in current liabilities		570		(634)	
Total Working Capital Movements			**1,314**		**(383)**
Cash generated from/(used in) operations			**(134)**		**2,089**
Interest paid			(37)		(40)
Interest received			-		202
Income tax paid			(98)		(136)
Net cash flow generated from/(used in) operating activities			**(269)**		**2,114**
Investments in intangible fixed assets	2	(1,107)		(844)	
Investments in tangible fixed assets	3	(116)		(55)	
Loan repayment received	1	-		3,000	
Net cash flow generated from/(used in) investing activities			**(1,223)**		**2,100**
Lease payments	11	(383)		(411)	
Issue of new shares	8	1,600		163	
Dividend paid	8	(335)		-	
Net cash flow generated from/(used in) financing activities			**882**		**(249)**
Net increase/(decrease) in Cash and Cash Equivalents			**(610)**		**3,966**
Opening balance of Cash and Cash Equivalents			**9,921**		**5,886**
Net increase/(decrease) in Cash and Cash Equivalents			(610)		3,966
Exchange differences			282		69
Closing balance Cash and Cash Equivalents			**9,593**		**9,921**

Notes to the Consolidated Financial Statements

General

TIE Kinetix N.V. is a public company incorporated in the Netherlands with its registered address at De Corridor 5d, Breukelen (Dutch Chamber of Commerce number: 34072305 0000, LEI code: 724500IS1M4H9S4SDD39). Subsidiaries are located in France, Germany, the Netherlands and the US. TIE Kinetix is listed on the NYSE EuroNext in Amsterdam (EAM: TIE). In these consolidated financial statements, the names “TIE Kinetix”, “the Company” or “the Group” will be used to refer to TIE Kinetix N.V. and its various subsidiaries.

TIE Kinetix develops, sells, and distributes software and services for 100% supply chain digitalization 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, 2022, were authorized for issuing through a resolution of the Executive Board dated November 30, 2022. The Annual General Meeting of Shareholders, to be held on March 24, 2023, in the Netherlands will be requested to adopt the consolidated financial statements.

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

Basis of preparation

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

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

Impact of recent macro-economic events

COVID-19

COVID-19 and the government measures to contain the virus have impacted the TIE Kinetix operations in FY 2022 in a limited way. In fact, our operations have reached a new equilibrium of flexible working. During lockdowns, our offices have been closed, and travel was suspended. As in prior lockdowns, our employees were very well able to continue the business from their remote offices. The Company continued its path to maintain a fair and flexible working environment, offering its staff ample flexibility to maintain a healthy work-life balance and continue to (partially) work remotely. The 2022 Annual General Meeting was held in a hybrid format, with part of the attendees being physically present and part attending digitally.

Some customers of the Company continued to suffer from the COVID-19 measures imposed by governments. As the case may be such customers have been granted extended payment terms or other mechanisms to help them through this difficult period. Fortunately, this occurred very limitedly in FY 2022. Such customer situations may occur if new measures are taken in subsequent periods, though this is not expected as the countries in which the Group operates have vaccinated the majority of their citizens, and/or governmental support programs are reduced. Potentially negative effects of decreasing GDP may hurt our customers’ income and ability to pay our invoices or engage into new sales contracts. At the same time TIE Kinetix acknowledges that most of its customer base is in sectors that are robust in economically challenging times – such as food retail.

We have assessed that the fifth wave of COVID-19 that has occurred during FY 2022 has not affected the valuation of assets and did not lead to any material deterioration of our receivables position. If anything, the ramifications of COVID-19 are that its effect has been neutral to positive through increased customer awareness on the need for 100% digitalization, driving (SaaS) sales.

War in Ukraine

The Company has not been exposed directly to the Russia-Ukraine conflict in any way, as the Company does not have any operations, customers or suppliers in either of these territories.

Of course, the war, combined with other macro-economic developments and events, has had its ramifications on the global economy, and has impacted the Company in the following ways:

» Our operating costs have generally increased as a consequence of inflation, affecting both increasing rates charged by suppliers, as well as increasing employee benefits costs due to the current tight labour market.
» In turn, we have increased our sales prices by indexing pricing under our contracts with customers to counter the negative effects of inflation on our margins.
» The Company has taken benefit from the strengthening of the US dollar over the past year and converted nearly all its US dollar cash balances to euro.

Going concern

Considering the macro-economic developments explained under the headings above, as well as the financial position of the Company, the going concern is considered to be sufficiently safeguarded.

Implications of new, amended and improved standards

New standards, amendments and interpretations applicable to the Company as of 1 October 2021

The Company has adopted the following amendments with a date of initial application of 1 October 2021:

» Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021;
» Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2.

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

Standards and amendments not mandatorily applicable to the Company as of 1 October 2021

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

» Amendments to IFRS 3 Business combinations: Reference to the Conceptual Framework for Financial Reporting (endorsed and effective as of FY 2023);
» Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (endorsed and effective as of FY 2023);
» Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract (endorsed and effective as of FY 2023);
» Annual Improvements 2018-2020 (endorsed and effective as of FY 2023);
» IFRS 17 Insurance contracts (endorsed and effective as of FY 2024);
» Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (expected to be effective as of FY 2024 when endorsed);
» Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (endorsed and effective as of FY 2024);
» Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (endorsed and effective as of FY 2024);
» Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (endorsed and effective as of FY 2024).

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

Significant accounting estimates and judgments

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

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

Significant estimates

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

Impairment of goodwill and other non-financial assets

When testing for impairment, a value-in-use model is applied to determine net present values of future cash flows for CGU's in order to compare with the fixed assets' carrying values of the CGU. This encompasses management exercising judgment and making certain assumptions. The assumptions applied to which the value-in-use of fixed assets including goodwill is most sensitive are disclosed in the note Intangible fixed assets, starting on page 106.

Recognition of deferred tax assets

The Company recognizes deferred tax assets arising from tax losses carried forward and deductible temporary differences, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized. Assessing the probability of future taxable profits involves significant estimation uncertainty as it requires forecasting taxable income and deductible expenses, while taking into account the horizon to utilize tax losses carried forward. Per 30 September 2022, management has re-assessed the probability of future taxable income and as a consequence, additional deferred tax assets for tax losses carried forward have been recognized, refer to the note Deferred taxes, starting on page 110.

Significant judgments

Capitalization of development costs

Product development costs are eligible for capitalization only when a projected outcome is determined technically feasible and deemed probable that future economic benefits will flow from the released product. Also, these economic benefits must be expected to exceed capitalized development cost. In determining both technical and economic feasibility of a project, management exercises judgment with respect to the current economic and technical environment, as well as expected developments therein. This not only involves assessing the potential market for the product under development, but also estimating potential sales volumes. The amount of capitalized development costs is disclosed in the note Intangible fixed assets, starting on page 106.

Commencement of recognition of SaaS subscription revenue

SaaS revenue is to be recognized over time (as a right to access the FLOW portal exists during the contract period) commencing on the go-live date, being the date at which a customer is granted access. This revenue recognition pattern coincides with the consumption of the subscription to the FLOW portal. In practice, however, the Company starts recognizing revenues as from the initial invoice date for the SaaS subscription. Management has judged that this date generally approximates the go-live date. As such, any difference in revenue recognition that is be attributable to the time between the initial invoice date and the go-live date is considered immaterial.

Amortization of set-up costs in SaaS contracts

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

Recognition of revenues for services supportive of SaaS

When a new customer signs a contract for the FLOW platform, a setup is performed for which the customer is generally charged a setup fee. As part of the setup or subsequently, our consultants may also perform other work for the respective customer, such as making new mappings or onboarding suppliers to the platform. Where these services are not provided as part of the setup, they will constitute separate performance obligations. Insofar they add to the functionality of the customer's FLOW portal, the control over the service is transferred over time as the customer obtains benefit from the service throughout the course of his FLOW subscription. For the purpose of recognizing revenues from these services, the contract life is assumed to be three years. It may be that the actual (remaining) contract life of a FLOW customer is shorter or longer, which would have led to revenue recognition for the service over a different term. Management has judged that on average, however, this leads to an appropriate recognition pattern.

Presentation of government grants

During FY 2021, the Group has recognized a COVID-19 related government grant. Where the Group had previously received government grants related to income (for example for employee benefits related to R&D activities in the Netherlands), income under such grants was presented net of the related expenses. The Group has determined, however, that the COVID-19 related grant is dissimilar in nature and conditions to earlier grants received. As such, the Group has elected to present income under this COVID-19-related grant as part of 'Other Income' as of the moment that reasonable assurance was obtained on compliance with the conditions of the grant in 2021. See the note Other income, starting on page 126.

Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are detailed below and have been prepared on a historical cost basis, unless stated otherwise. These policies have been consistently applied to all the presented years, unless stated otherwise.

Basis of consolidation

The consolidated financial statements include the financial information of TIE Kinetix N.V. and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability of the Company to use its power to affect those variable returns. The assessment of control is based on the substance of the relationship between the Company and the entity and, among other things, considers existing and potential voting rights that are presently exercisable and convertible.

Subsidiaries are consolidated from the date on which the Company obtains control. They will continue to be consolidated until the date that such control ceases. All intercompany balances, transactions, and income and expenses resulting from intercompany transactions are eliminated in full.

Discontinued operations

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

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

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

Foreign currencies

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

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

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

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

Intangible fixed assets

Goodwill

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

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

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

Customer base

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

Development costs

Projects for the development of software are broken down into a research phase and a development phase. The costs pertaining to research are expensed immediately. The development costs are recognized as an intangible asset after establishing the technical feasibility of the project, future economic benefits from the project are deemed probable, sufficient resources are available and devoted to the project to facilitate successful completion and the Company can reliably measure the expenditure attributable to the intangible asset during its development. Development costs are carried at a cost less amortization and accumulated impairments.

The useful life assessment is based on the current experience and the present economic and technological environment. The useful life of this asset is reassessed annually and adjusted when circumstances give rise to such action.

All FLOW development costs are monitored per commercial module. All FLOW modules are developed under the direction of the CTO and TIE Kinetix Management Team. FLOW product modules compete with products developed by other vendors in the marketplace and may be expected to be replaced by our next generation products after their useful life, over which they are amortized on a straight-line basis.

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

Software

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

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

Tangible fixed assets

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

Useful life estimates are based on management's best estimate of the amount of time over which economic benefits from these assets will flow to the Company. For leasehold improvements, this period has been limited to the lease term of the respective office buildings, taking into account anticipated extensions of leases. Residual values are reviewed annually and are adjusted when appropriate.

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

Impairment of non-current assets

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

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

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

Income taxes

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

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

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

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

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

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

Financial assets

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or a financial asset is transferred, and the transfer qualifies for derecognition.

Business model assessment

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

Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortized cost. To this extent, a three-stage impairment model is applied, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognized as expected credit losses (as well as the amount of interest income to be recorded) at each reporting date:

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

The Company considers the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default as the date of initial recognition. For trade receivables and contract assets (with a maturity of 12 months or less), lifetime expected credit losses are recognized (in accordance with the simplified approach permitted by IFRS 9 'Financial Instruments').

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

Equity
Shareholders’ equity
Financial instruments issued by the Company to the extent that they indicate a residual interest in the assets of the Company, including ordinary shares, are classified as equity. All proceeds from the issue of equity instruments, or considerations paid for the purchase of equity instruments, are recognized in equity. Incremental external costs that are directly attributable to the issuing of TIE Kinetix equity instruments are also recognized in equity, net of tax.

Dividends and other distributions to holders of equity instruments are recognized in equity, net of withholding tax. A liability for dividends payable is not recognized until the dividends have been declared and approved by the General Meeting of Shareholders.

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

Borrowings
Loans and borrowings are recognized initially at fair value, net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process. The amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included under Interest and Other Financial Expense in the statement of comprehensive income.

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

Financial liabilities are derecognized when they are extinguished - i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Provisions
The Company recognizes a provision in cases where the Company has a present legal or constructive obligation resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are

measured at management’s best estimate of the future outflow required to settle the obligation. Where the time value of money is material, it is measured at the present value of such future outflow, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The change in the time value of future outflows is recognized under Interest and Other Financial Expense in the statement of comprehensive income.

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

Revenue recognition

The Company recognizes revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The Company recognizes revenue upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control can transfer at a point in time or over time.

The Company has four revenue streams, namely:

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

We have described the revenue recognition for each of the revenue streams below using the 5-step model of IFRS 15 'Revenue from Contracts with Customers'.

Step 1 – Identify the contract

For each service and thus for each revenue stream the Company enters into a contract with a customer which outlines the parties’ rights and obligations, the consideration and our general terms and conditions. Our general conditions include a net 30-day payment term from invoice date and do not contain warranties or return obligations. SaaS and maintenance fees are typically invoiced upfront. As the period over which the invoicing up front takes place generally does not exceed a year, the Company applies the practical expedient of IFRS 15 with respect to the existence of a significant financing component, which is then not deemed to exist.

Step 2 – Identify the performance obligations

Software as a Service revenue

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

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

<u>Set-up activities</u>

Our contracts may include non-refundable upfront fees for setting the customer up. During the set-up the FLOW platform is prepared for use by the customer. Usually, the setup phase for a customer project involves a consultant or a group of consultants in order to define, configure, implement test and deploy the customer’s contracted features before putting them in production in the (SaaS) environment. Usual work performed includes connecting FLOW to the customer's ERP-system, mappings, business processes setup, workflow configuration, notifications setup, portal setup, business rules configuration, communication setup, building landing pages, etc.

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

<u>Consultancy services supportive of SaaS</u>

As part of the setup or subsequently, our consultants may also perform other work for a FLOW customer, such as making new mappings or onboarding suppliers to the platform. Where these services are not provided as part of the setup, they will constitute separate performance obligations since they are distinct from the FLOW portal. This is because the customer is able to benefit from the service together with their FLOW portal (that is readily available to the customer), and the service is separately identifiable.

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

Maintenance and Support revenue
The Company provides, predominantly connected to license revenue, post-contract maintenance and support services. Maintenance services are tasks performed periodically in order to maintain, improve and secure the level of services and/or security. These services are considered to be distinct from the license.

Consultancy revenue
The Company provides consultancy services which comprise of various kinds of consulting, including software customization work, or on how to increase revenue by using cloud automation, through A/B testing and personalization, with enterprise search and by using big data / machine learning. These consultancy services are sold in hours or bundles of hours. The performance obligation of the Company is to provide the customer with these consultancy hours.

License revenue
The Company licenses certain products to its customers and are typically installed on the customer's server which is the Company's performance obligation. Licensed products represent a right to use the software to which the Company has the intellectual property rights. The life of the license is in principle indefinite and no updates are necessary for the proper operation of the licensed software. As such, the installed licensed software is the Company's performance obligation.

Step 3 – Determining the transaction price and Step 4 Allocating the transaction price to performance obligations
Software as a Service revenue
Transaction price is stipulated in the contract and typically has a fixed component (SaaS fees, if applicable a non-refundable set-up fee, plus a contractual bundle of messages component), and a variable component for additional messages sent beyond the contracted volumes. There are no volume discounts given when message levels exceed contracted volumes.

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

Contract durations are between 1 to 5 years (on average 3 years) with payment for use of the FLOW portal (including data networks) occurring always upfront for the entire contract period or part of the contract period.

Licenses, Maintenance and Support and Consultancy revenue
The transaction prices of the revenue streams are based on internal price lists and agreed with the customer in a contract. The prices are separately included in the contract and are the standalone selling prices. The transaction price is allocated to the single performance obligations which are described above.

Step 5 – Revenue recognition method
Software as a Service revenue
Software as a Service revenue (that is, the fixed component of the total consideration) is recognized over time as control over the services is transferred over the course of the contract period. Progress is measured based on the output method (passage of time), as a linear revenue recognition pattern most faithfully represents the Company's performance under its promise to provide access to the software.

Revenue from consultancy services supportive of SaaS are classified as SaaS revenues and recognized over the course of the SaaS contract period. Reference is also made to the Significant accounting estimates and judgments, starting on page 89. Progress is measured based on the output method (passage of time), as a linear revenue recognition pattern most faithfully represents the Company's performance under its promise to provide access to the software.

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

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

to provide maintenance and support on an as-needed basis.

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

License revenue
License revenue is recognized at a point in time because the customer has the indefinite right to use the (software) license when control is transferred.

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

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

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

Contract cost assets
Capitalized costs incurred to fulfill customer contracts consist of direct costs for set-up of the FLOW platform (as well as other consultancy projects supportive of SaaS) for customers under SaaS-contracts, as far as these costs are not in scope of other standards than IFRS 15 and as far as they are expected to be recovered. These costs are amortized after completion of the set-up on a straight-line basis over the average expected customer life (refer to Significant accounting estimates and judgments, starting on page 89). Amortization of capitalized costs to fulfill contracts is included in the Cost of Sales in the statement of comprehensive income.

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

Employee benefits
Short term employee benefits
Short term employee benefits entail salaries payable over past service, short-term compensated absences that are expected to occur within twelve months after the end of the period in which the employee renders the related service, profit sharing, or bonus arrangements. A liability is set up to the extent that amounts are due based on rendered services. Short term employee benefits expenses are presented in the statement of comprehensive income net of government grants received in relation to the Company’s employee benefit costs.

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

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

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

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

Share-based payments

In 2016 the Company has implemented a Performance Share Plan. Under this Plan, certain members of the TIE Kinetix Management Team may be awarded shares, based on achievement of performance conditions tied to the Company's operational performance and achievement of strategic goals. Shares issued under the Performance Share Plan are subject to transfer restrictions (a non-vesting condition). In the past, stock options were also granted under a Stock Option Plan to TIE Kinetix staff that entitles staff members to receive equity instruments it has issued. These grants of shares and of stock options are classified as equity settled share-based payment plans.

Granted shares vest immediately at the grant date in absence of a service condition. Stock options granted had a vesting period of three years. The expense resulting from these grants is based on the fair value of the instruments at grant date. The corresponding expense is recognized in profit or loss, with the offsetting entry in equity over the term in which the services are rendered, i.e., the vesting period where this applies. The expense reflects management's best estimate of the number of instruments expected to vest, where applicable. Any consideration received, net of any directly attributable transaction costs, is accounted for in equity upon issue of shares or exercise of the options. When the non-vesting condition under the Performance Share Plan is not satisfied, or when a stock option is cancelled, the grant is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the grant is recognized immediately. However, if a new stock option is awarded in substitution of the cancelled stock option, the substitution is treated as if it is a modification of the original. An additional expense is recognized to the extent the modification results in an increased fair value of the modified stock options, compared to the original ones.

Leasing

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

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

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

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

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

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

Earnings per share

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

Analysis of expenses

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

» Cost of Sales: Expenses that are directly or indirectly attributable to the Company's performance under ongoing contracts with customers;
» Research & Development: Expenses that are attributable to activities of the Company in the field of research of new products or applications or development activities with respect to the FLOW platform or otherwise;
» Selling & Marketing: Expenses that are attributable to the activities of the Company in the field of marketing and sales; and
» General & Administrative expenses: Includes all other operating expenses of the Company in relation to its ordinary activities.

Statement of cash flows

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

Subsequent events

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

Financial risk management

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

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

Classification of financial assets and liabilities

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

Classification of financial instruments
(€ x 1,000)

	Financial assets at amortized cost		Financial liabilities at amortized cost	
Class of financial instruments	**30 September 2022**	**30 September 2021**	**30 September 2022**	**30 September 2021**
Cash and cash equivalents	9,593	9,921		
Trade receivables	1,495	1,442		
Other receivables	79	78		
Lease liabilities			452	765
Trade creditors			1,304	833
Other payables			1,865	1,512
Total	**11,167**	**11,441**	**3,622**	**3,110**

Use of fair values

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

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

Currency risk

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

The Group has applied an USD/EUR exchange rate at balance sheet date of 0.98 (30 September 2021: 1.16). The average exchange rate used to translate the income and expenses in the US was 1.08 (2021: 1.20). The following table details the sensitivity of consolidated equity and net income had the year-end exchange rates varied by a reasonably possible change in such rates – all other variables held constant.

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

Foreign currency sensitivity analysis

(€ x 1,000)

		2022		2021
Change in rate	**Impact on y/e equity**	**Impact on net income**	**Impact on y/e equity**	**Impact on net income**
Foreign currency risk				
USD +10% against EUR	(139)	106	(936)	364
USD -10% against EUR	114	(87)	766	(298)
Translation risk				
USD +10% against EUR	173	-	1,064	-
USD -10% against EUR	(141)	-	(871)	-
Impact of USD movement	76	100	10	(47)

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

The analysis also shows that net income is also exposed to sensitivity that arises from the USD bank account balances of the Company and any subsidiaries with a functional currency other than the US dollar.

Translation risk

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

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

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

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

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The exposure of the Company to this risk is limited as the Company currently does not have any variable-rate borrowings per 30 September 2022 (30 September 2021: nil). Debt of the Company is concentrated in its lease liabilities which have fixed cash flows based on fixed rates of interest.

Other price risk

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

Credit risk

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

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

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

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

The Company has no significant concentrations of credit risk. The top 100 customers account for 59% (2021: 52%) of total revenues, while no individual customers accounts for more than 5% (2021: 3%) of total revenues. The Company serves a number of vertical supply chains like business services, industry, industry & home improvement, telecom, banking & insurance, food industry & food retail, non-food, consumer electronics, transport & logistics, office supplies, automotive, medical and others, mitigating the risk of relying upon a single industry. In addition, the Company serves federal & local government institutions, for which the credit risk is deemed limited in the countries the Group operates in.

The Company's maximum exposure to credit risk equals the outstanding balance of its financial assets. The top 10 outstanding debtors amount to 30% (2021: 46%) of the outstanding trade receivables. The note Trade receivables, starting on page 112 details the expected credit losses and loss rates applied to trade receivables as of the balance sheet date.

Liquidity risk

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

The Company had a working capital facility in place for funding working capital as needed. During the year, however, the Company terminated this credit facility as withdrawals under this credit facility had never been made and the Group has had ample liquidity for some years. Liquidity is managed centrally within the Group. As such, Group management monitors the liquidity positions of the individual group companies. There is a structure of intercompany current accounts in place to support the liquidity management.

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

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

2022 Maturity analysis of financial liabilities
(€ x 1,000)

	Short term		Long term	Total
	< 1 year	> 1 year <5 years	> 5 years	30 September 2022
Lease Liabilities - Principal payments	261	191	-	452
Lease Liabilities - Interest payable	11	5	-	16
Trade Creditors	1,304	-	-	1,304
Other Payables	1,865	-	-	1,865
Total	**3,442**	**196**	**-**	**3,638**

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

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

Capital risk management

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

1 Acquisitions and disposals

Acquisitions

No acquisitions have been made during 2022 or 2021.

Disposals

2022

There have been no disposals during 2022.

2021

During FY 2020 the Company strategically divested the business lines Demand Generation and Google AdWords for Channel. The consideration of € 6 million was paid with € 3 million in cash, and € 3 million in a one year 10% secured loan. Interest due on the vendor loan was paid in monthly instalments. The Demand Generation business was classified as a discontinued operation.

During FY 2021, in May 2021, the repayment of the loan was received. The receipt of the € 3 million loan has been classified as a cash flow from investing activities in the statement of cash flows and represents a cash flow from the discontinued operation.

No income or expenses from the discontinued operation have been recognized in FY 2022 or FY 2021.

2 Intangible fixed assets

The movements in Intangible fixed assets are summarized below:

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

	Goodwill	Customer Base	Software development costs	Purchased Software	Total
Balance as at October 1, 2020	**2,245**	**19**	**2,930**	**106**	**5,300**
Movements 2021					
Additions	-	-	833	11	844
Amortization	-	(15)	(1,160)	(72)	(1,247)
Impairment	-	(4)	-	-	(4)
Translation adjustments on acc. investments	5	-	10	-	15
Translation adjustments on acc. amortization	-	-	(10)	-	(10)
Balance as at September 30, 2021	**2,250**	**-**	**2,603**	**45**	**4,898**
Accumulated investments	3,671	849	10,854	957	16,331
Accumulated amortization	(107)	(836)	(8,213)	(901)	(10,055)
Accumulated impairments	(1,314)	(13)	(38)	(11)	(1,376)
Balance as at September 30, 2021	**2,250**	**-**	**2,603**	**45**	**4,898**
Movements 2022					
Additions	-	-	1,024	83	1,107
Disposals	-	-	-	(50)	(50)
Amortization	-	-	(1,113)	(35)	(1,148)
Reversal of amortization on disposal	-	-	-	50	50
Translation adjustments on acc. investments	83	1	152	13	250
Translation adjustments on acc. amortization	-	-	(152)	(7)	(160)
Translation adjustments on acc. impairments	-	(1)	-	(6)	(7)
Balance as at September 30, 2022	**2,333**	**-**	**2,514**	**92**	**4,940**
Accumulated investments	3,754	850	12,030	1,002	17,637
Accumulated amortization	(107)	(836)	(9,478)	(893)	(11,314)
Accumulated impairments	(1,314)	(14)	(38)	(17)	(1,383)
Balance as at September 30, 2022	**2,333**	**-**	**2,514**	**92**	**4,940**
Useful life	Indefinite	10 years	5 years	3-5 years	

Cash generating units

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

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

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

2022 Allocation of intangible assets to CGUs
(€ x 1,000)

	NL	France	US	Product Development	Total 30 September 2022
Goodwill	1,640	153	540	-	2,333
Software development costs	-	-	-	2,514	2,514
Purchased software	85	-	-	7	93
Total	**1,726**	**153**	**540**	**2,521**	**4,940**

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

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

Annual impairment testing

Goodwill is tested annually for impairment (or more frequently when indicators of impairment are identified). Other than goodwill, the Company does not have indefinite-lived intangible assets. As in past years we used a discounted cash flow model to determine the value in use of CGUs to which goodwill has been allocated, based on a 10-year horizon (based on historic recurring revenue patterns and considering the Company's multi-year SaaS contract model) without terminal value projections.

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

» Adjusted EBITDA growth rate: Estimated EBITDA is adjusted for expected corporate management fees and royalty fees on the use of the IP that is located in the Product Development CGU. For all cash generating units, annual growth rates have been applied (in line with our multi-year planning assumptions). These growth rates are used to extrapolate cash flows beyond the budget for FY 2023, as approved by the Executive Board and Supervisory Board, and the following nine years.
» Terminal value and growth rate: Our discounted cash flow calculations includes no residual value after 10 years; adding additional years to the cash flow calculation has limited effect under the applied discount rates and the residual value becomes less predictable.
» Discount Rate: The test is based on a post tax WACC of 12.3% (2021: 11.4%) and reflects the current market assessment of the risks specific to each CGU. The discount rate used was estimated on the weighted average costs of capital for shareholders' equity and costs of debt. The cost structure of shareholder's capital is determined on the basis of the interest rate adjusted for cyclical and market risks. The cost of debt is determined on the basis of the weighted average interest rate for long term loans (effectively the Company's lease liabilities). The pretax discount rate is determined through an iterative computation.

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

Key assumptions used in impairment testing

	NL		France		US	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Adjusted EBITDA growth rate	20-25%	15-20%	25-30%	20-25%	25-30%	10-15%
Pretax discount rate	14%	14%	16%	17%	17%	17%
Terminal growth rate	0%	0%	0%	0%	0%	0%

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

3 Tangible fixed assets

Movements in tangible fixed assets are shown below:

Movement schedule of tangible fixed assets

(€ x 1,000)

	Leasehold Improvements	Right-Of-Use Asset	Hardware	Total
Carrying value as at October 1, 2020	**15**	**945**	**59**	**1,019**
Movements 2021				
Additions	-	168	55	223
Disposals	-	(103)	-	(103)
Depreciation	(10)	(367)	(24)	(401)
Depreciation on disposals	-	103	-	103
Other	-	(22)	-	(22)
Translation adjustments on acc. investments	6	-	3	9
Translation adjustments on acc. depreciation	(8)	-	(3)	(10)
Carrying value as at September 30, 2021	**3**	**724**	**90**	**818**
Accumulated investments	838	1,495	1,208	3,541
Accumulated depreciation	(835)	(771)	(1,118)	(2,724)
Carrying value as at September 30, 2021	**3**	**724**	**90**	**818**
Movements 2022				
Additions	5	78	111	194
Disposals	(253)	(367)	(258)	(877)
Depreciation	(4)	(366)	(41)	(411)
Depreciation on disposals	253	367	258	877
Translation adjustments on acc. investments	22	-	23	45
Translation adjustments on acc. depreciation	(22)	3	(23)	(42)
Carrying value as at September 30, 2022	**5**	**439**	**160**	**604**
Accumulated investments	613	1,206	1,084	2,903
Accumulated depreciation	(608)	(767)	(924)	(2,299)
Carrying value as at September 30, 2022	**5**	**439**	**160**	**604**
Useful lives	Max. 10 years	Lease term	5 years	

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

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

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

	Carrying amount	Depreciation	Carrying amount	Depreciation
	30 September 2022	2022	30 September 2021	2021
Offices and parking space	215	242	453	269
Vehicles	224	124	271	98
Total	**439**	**366**	**724**	**367**

4 Deferred taxes

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

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

Category of temporary difference	30 September 2022	30 September 2021
Property, Plant & Equipment	-	16
Trade Receivables	14	2
Deferred Revenue	304	275
Lease Liabilities	114	123
Other Payables and Accruals	42	31
Tax Credits	72	9
Tax Losses Carried Forward	1,522	408
Total Gross Deferred Tax Assets	**2,115**	**863**
Offset against deferred tax liabilities	(251)	(239)
Total Net Deferred Tax Assets	**1,864**	**625**
Goodwill	(139)	(124)
Right-of-use assets	(112)	(115)
Other	(2)	(2)
Total Gross Deferred Tax Liabilities	**(253)**	**(240)**
Offset against deferred tax assets	251	239
Total Net Deferred Tax Liabilities	**(2)**	**(2)**
Total Deferred Tax Positions (Net)	**1,862**	**623**

Of the total net deferred tax position, an amount of € 1,284k (2021: € 334k) is expected to be settled after more than twelve months. The deferred tax liability on goodwill relates to goodwill that is tax deductible in the United States and for which the temporary difference arose after initial recognition of the goodwill.

In determining the recognition of deferred tax assets from unused tax losses carried forward, management has considered whether sufficient taxable temporary differences exist or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized. Management has assessed that sufficient convincing evidence existed to justify the recognition of deferred tax assets from unused tax losses for the amount of € 1,522k (30 September 2021: € 408k). Given the sizeable amount of tax losses carried forward available in the Netherlands, this has only led to partial recognition.

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

The aggregate amount of temporary differences related to investments in subsidiaries for which no deferred tax liability is recognized as at 30 September 2022 is € 106k (30 September 2021: € 338k). This amount is limited since the retained earnings and currency translation differences related to most investments is negative as of the balance sheet date.

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

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

	2022	2021
Balance as at October 1	**623**	**256**
Recognized in profit or loss	1,196	365
Currency translation differences recognized in OCI	43	2
Balance as at September 30	**1,862**	**623**

Unused tax losses, deductible temporary differences and unused tax credits

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

2022 Expiration of tax losses, tax credits and deductible temporary differences
(€ x 1,000)

	< 1 year	1 - 5 years	6 - 10 years	> 10 years	Indefinite	Total
Available as at 30 September 2022	**-**	**-**	**-**	**-**	**15,475**	**15,475**
Less: Recognized as deferred tax asset	-	-	-	-	5,511	5,511
Unrecognized as at 30 September 2022	**-**	**-**	**-**	**-**	**9,963**	**9,963**

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

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

In 2021, new Dutch tax legislation was enacted whereby part of the losses carried forward in the Netherlands no longer have an expiration term.

The recognition of deferred tax assets for deductible temporary differences and tax losses carried forward in excess of the profits from the reversal of taxable temporary differences is supported an assessment of taxable future profits based on the authorized budget for 2023. Management believes these assessments are based on supportable and realistic assumptions.

5 Trade receivables

Details of trade receivables
(€ x 1,000)

	30 September 2022	30 September 2021
Trade receivables	1,644	1,516
Less: Valuation allowance	(149)	(73)
Trade receivables net of valuation allowance	**1,495**	**1,442**

As at 30 September 2021, trade receivables in the Netherlands were pledged as collateral, refer to the note Commitments and contingent liabilities, starting on page 133. As at 30 September 2022, this no longer applies.

Impairment of trade receivables
The following tables reflect the gross outstanding trade receivable balance as of September 30th, broken down into balances that have not passed their due dates and balances that have passed their due dates. The latter category is further broken down into categories detailing the extent to which they have passed their due dates. The “less than 30 days” outstanding category represents receivables that have not yet passed their respective due dates.

2022 Aging of trade receivables by region
(€ x 1,000)

	Not past due	Past due not individually credit impaired			Total
	Less than 30 days	31 to 60 days	61 to 90 days	In excess of 90 days	30 September 2022
The Netherlands	456	38	9	82	585
United States	358	109	52	26	545
France	113	28	1	2	144
Germany	-	186	33	-	220
Total	**927**	**363**	**95**	**111**	**1,495**

2021 Aging of trade receivables by region
(€ x 1,000)

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

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

2022 Loss rates applied
(€ x 1,000)

Days outstanding	Weighted average loss rate applied	Gross carrying amount	ECL recognized
1 to 30 days (not due)	0%	806	-
31 to 60 days (past due)	0%	363	-
61 to 90 days (past due)	0%	95	-
91 to 360 days (past due)	0.1%	111	-
More than 360 days (past due)	0.1%	-	-
Individually credit-impaired (stage 3 ECL)	n/a	149	(149)
Total		**1,523**	**(149)**

2021 Loss rates applied
(€ x 1,000)

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

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

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

	ECL on individually credit-impaired receivables	ECL on receivables past due not individually credit-impaired	Total
Balance as at October 1, 2020	**26**	**-**	**26**
Charge for the year	73	-	73
Utilized	(7)	-	(7)
Unused amounts reversed	(19)	-	(19)
Currency exchange rate differences	-	-	-
Balance as at September 30, 2021	**73**	**-**	**73**
Charge for the year	78	-	78
Utilized	(2)	-	(2)
Unused amounts reversed	(1)	-	(1)
Currency exchange rate differences	1	-	1
Balance as at September 30, 2022	**149**	**-**	**149**

6 Other receivables and prepayments

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

	30 September 2022	30 September 2022
Security Deposits	80	78
Prepayments	211	179
Total	**290**	**257**

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

7 Cash and cash equivalents

Under this heading, the Company only includes cash at banks, potentially short-term deposits, and payments in transfer. As at 30 September 2022, there were restrictions with respect to availability in the amount of € 34k (30 September 2021: € 29k).

8 Equity

Share Capital

The Company's authorized share capital amounts to € 500k (2021: € 500k), consisting of 5 million ordinary shares with a nominal value of € 0.10 each. Shareholders' equity (which equals Group equity) amounts to € 10,869k (or € 5.60 per share) as at September 30, 2022 (30 September 2021: € 11,225k, or € 6.69 per share). The movements in the number of common shares outstanding are summarized in the following table. All issued shares have been fully paid.

Shares outstanding

	2022	2021
Balance as at October 1	**1,678,718**	**1,632,665**
Issued	262,820	46,053
Balance as at September 30	**1,941,538**	**1,678,718**
In € (x 1,000)	**194**	**168**

Shares issued include those issued for no consideration under share-based payment arrangements. For details refer to the note Share-based payments, starting on page 116.

Warrants

For the acquisition of TFT in 2013, 388,846 warrants were issued on December 2, 2013. Each warrant entitles to holder to purchase a newly issued TIE Kinetix share at a share price of € 7.00 until December 2, 2023. In FY 2022, warrants were exercised for a consideration of € 1.6 million in cash (2021: € 160k).

Warrants outstanding

	2022		2021	
	Exercise Price (€)	Number of warrants	Exercise Price (€)	Number of warrants
Warrants outstanding at October 1	**7.00**	**295,728**	**7.00**	**318,612**
Warrants exercised	7.00	(228,568)	7.00	(22,884)
Warrants outstanding at September 30	**7.00**	**67,160**	**7.00**	**295,728**

Other reserves

The 'other reserves and retained earnings' component of equity contains other reserves, consisting of the legal reserves under Dutch law, which restrict the distribution of dividends or capital in the amount of € 2,514k (30 September 2021: € 2,603k).

Such restrictions also apply to the foreign currency translation reserve, carried at € 83k (30 September 2021: € 27k), which is also regarded as a legal reserve under Dutch law.

FY22 Interim dividend distribution

At the Annual General Meeting of shareholders, held on 25 March 2022, the Company's shareholders approved the distribution of an interim dividend for the financial year 2022 from the Company's equity reserves, in the amount of € 0.50 per share. Given the total number of 1,907,286 outstanding ordinary shares at that time, the total dividend declared amounted to € 954k. Shareholders had a choice between receiving the dividend in shares or in cash.

Subsequently, on 29 April 2022, the interim dividend was distributed. A gross cash dividend of € 335k was paid in cash to the shareholders after deduction of dividend withholding taxes. The cash dividend was distributed from the Company's retained earnings and the stock dividend from the Company's share premium. To settle the stock dividend, 34,252 new ordinary shares were issued at a fair value of €18.05 per share (representing a total fair value of € 618k). An amount of € 3k was recognized in share capital for the nominal value of the newly issued shares (€ 0.10 per share) with a corresponding charge to share premium. In addition, transaction costs related to the issuance of the shares were charged to share premium.

FY21 Recycling of reserve for currency translation differences

During FY 2021, the subsidiary TIE Asia-Pacific Ltd was liquidated. While this did not result in any liquidation gain or loss, the part of the foreign currency translation reserve that was associated with this foreign subsidiary was derecognized and reclassified to profit or loss. As a result, a gain of € 36k was recognized as part of the exchange gains and losses. Refer to the note Financial income and expenses, starting on page 129. As part of the other comprehensive income in the statement of comprehensive income, the exchange differences are presented net of this reclassification adjustment.

9 Share-based payments

Performance Share Plan

Under this Plan, members of the Executive Board may be awarded shares, based on achievement of performance conditions tied to the Company's operational performance and achievement of strategic goals. Shares issued under the Performance Share Plan are subject to transfer restrictions (a non-vesting condition). The fair value of the shares issued is determined based on the share price at the grant date, taking into account the effect of non-vesting conditions, not taking into account expected dividends. The following table details the number and weighted average fair value of the shares granted during the year.

Shares granted

	2022	2021
Number of shares granted	-	23,169
Weighted average fair value at grant date	-	EUR 23.4

No performance shares were granted during FY 2022. The performance shares granted and issued in 2021 pertained to both a grant related to FY 2021 as well as a grant related to FY 2020. Both grants were approved in 2021 and as such the fair value of the shares granted was determined at the approval date. An expense of € 542k was recognized under the employee benefits expenses in 2021. Reference is made to the note Operating expenses, starting on page 126.

Stock options

Since FY 2020, no stock options are still outstanding under the Annual Stock Options Plan, nor are there any non-employee stock options outstanding.

10 Provisions

The provisions consist of a pension provision (classified as non-current in the statement of financial position) and a legal provision (classified as current in the statement of financial position).

Pension provision

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

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

	2022	2021
Balance as at October 1	**190**	**170**
Charged/(released) to income statement	(70)	20
Balance as at September 30	**120**	**190**

Legal provision

The provision has been formed for (potential) claims and disputes. The amount of the related outflow of resources is uncertain but the carrying amount represents management's best estimate to settle the liabilities as at the balance sheet date. Settlement is expected to take place within 12 months after the balance sheet date.

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

	2022	2021
Balance as at October 1	**-**	**-**
Additions	236	-
Balance as at September 30	**236**	**-**

11 Leasing

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

Details of lease liability
(€ x 1,000)

	30 September 2022	30 September 2021
Non-current portion	191	385
Current portion	261	380
Total lease liability	**452**	**765**

Details on the Right of Use-assets and movements thereof are provided in the note Tangible fixed assets, starting on page 109. The movements of the lease liability are detailed in the following table.

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

	2022	2021
Balance as at October 1	**765**	**1,005**
New lease contracts	78	168
Repayment of lease liabilities	(383)	(411)
Translation differences	(8)	3
Balance as at September 30	**452**	**765**

Possible cash outflows under extension and termination options of existing lease agreements that have not been included in the measurement of the lease liability amount to € 931k (2021: € 881k). Additional disclosures on the expenses recognized and cash outflows from leasing activities in 2022 are disclosed in the following table.

Cash outflow for leases
(€ x 1,000)

	2022	2021
Short term lease expenses	100	126
Low value lease expenses	15	16
Less: Sublease income	(27)	-
Repayments of lease liabilities	383	411
Interest expense on lease liabilities	22	32
Total cash outflow for leases	**493**	**585**

12 Taxation and social security payable

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

	30 September 2022	30 September 2021
Payroll tax	224	218
VAT	86	256
Total	**310**	**475**

Payroll tax liabilities include also liabilities for social security.

13 Other payables and accruals

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

	30 September 2022	30 September 2021
Accrued Expenses	1,344	1,057
Other Payables and Accruals	506	461
Pension Premiums	16	(6)
Total	**1,865**	**1,512**

The accrued expenses include, among others, accrued holiday allowance and variable compensation for employees. The line other payables and accruals includes, among others, accruals for holiday rights outstanding with employees and salary payables.

14 Segment reporting

The segment reporting in these consolidated financial statements is aligned with the internal reporting to the Executive Board as Chief Operating Decision Maker of the Company. Reporting is based on country segments and product development. All revenue, direct costs and fee earning staff are allocated to country operations and product development (or holding functions). As such, the operating segments (and reportable segments as no aggregation of operating segments takes place) are identified as the countries in which the Group operates, as well as TIE Product Development. The Company applies intercompany transfer pricing to account for the various roles country operations have in developing, marketing, selling and delivering our products to the customers. As the case may be, the Company identifies sales roles, product ownership roles and development roles, with each role rewarded commensurate with its place in the value chain.

For segment reporting purposes, the Company applies the accounting policies as applied to these consolidated financial statements. The Executive Board evaluates segment performance on the basis of EBITDA. Inter-segment sales are only monitored by the Executive Board on a CGU level and not for the purpose of segment reporting. Information on segment assets and liabilities is not regularly provided to the Executive Board.

Segment highlights are reported in the Executive Board's Segmental review, starting on page 41. That information is not part of these consolidated financial statements.

The tables on the following pages detail the segment information as well as the reconciliations of such segment information to profit before tax as per the statement of comprehensive income.

Note

Following the 100% focus on SaaS delivery, the Company has revisited its consultancy activities to prioritize activities that support SaaS growth. As a result, the Company has reclassified certain activities previously reported under consultancy revenue to (future) SaaS revenue, as previously reported in our quarterly Trading Updates and Half Year Report. The reclassification is a presentation matter where revenue (and costs) of certain consultancy activities are presented under SaaS revenue, and recognized over 36 months (and costs amortized accordingly). This time allocation does not lead to lower or different revenue/margins over the life of the contract. To illustrate this effect, out of € 4,067k invoiced to customers on active consultancy projects in 2022 (2021: € 3,438k), an amount of € 3,261k shall be allocated to (future) SaaS revenue (2021: € 759k). As at 30 September 2022, a total amount of € 1,123k (or € 31k SaaS revenue per month) is accumulated within the deferred revenue position on the balance sheet related to setup fees for projects awaiting completion. The effect of reclassifications from consultancy revenues on SaaS revenues for 2022 is immaterial.

2022 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	4,621	3,900	1,222	1,385	-	-	11,127
Maintenance and Support	245	803	128	29	-	-	1,206
Consultancy	782	698	69	380	-	6	1,934
Licenses	28	60	1	2	-	-	91
Revenues	**5,675**	**5,460**	**1,419**	**1,796**	**-**	**6**	**14,357**
Other Income	-	-	-	-	-	27	27
Intercompany Sales	18	-	-	-	1,031	(1,049)	-
Total Income	**5,693**	**5,460**	**1,419**	**1,796**	**1,031**	**(1,016)**	**14,384**
Cost of Sales	(1,658)	(2,809)	(332)	(1,265)	(1,015)	1,025	(6,054)
Gross Margin	**4,035**	**2,651**	**1,087**	**532**	**16**	**10**	**8,330**
Operating Expenses							
Employee Benefits	(1,442)	(1,223)	(773)	(357)	-	(2,979)	(6,773)
Other Operating Expenses	(2,099)	(2,376)	(609)	(635)	-	2,548	(3,171)
Total Operating Expenses	**(3,541)**	**(3,599)**	**(1,382)**	**(991)**	**-**	**(432)**	**(9,945)**
EBITDA	**494**	**(948)**	**(295)**	**(460)**	**16**	**(422)**	**(1,615)**

2022 Reconciliation of total segments EBITDA to profit or loss

(€ x 1,000)

	2022
EBITDA	**(1,615)**
Depreciation and amortization	(1,560)
Impairment	-
EBIT	**(3,174)**
Interest and Other Financial Income	216
Interest and Other Financial Expense	(37)
Income/(Loss) before Tax	**(2,995)**
Corporate Income Tax	1,321
Net Income	**(1,674)**

2021 Segment information

(€ x 1,000)

Revenues	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Software as a Service	4,157	3,345	957	1,229	-	-	9,688
Maintenance and Support	294	1,239	153	161	-	-	1,846
Consultancy	1,094	696	406	737	-	59	2,991
Licenses	39	230	42	20	-	-	331
Revenues	**5,584**	**5,509**	**1,557**	**2,146**	**-**	**59**	**14,856**
Other Income	-	455	-	-	-	-	455
Intercompany Sales	18	-	-	-	879	(897)	-
Total Income	**5,602**	**5,965**	**1,557**	**2,146**	**879**	**(838)**	**15,311**
Cost of Sales	(1,732)	(2,366)	(409)	(1,258)	(890)	904	(5,751)
Gross Margin	**3,870**	**3,598**	**1,148**	**889**	**(11)**	**66**	**9,560**
Operating Expenses							
Employee Benefits	(726)	(787)	(471)	(490)	-	(3,000)	(5,473)
Other Operating Expenses	(1,668)	(1,938)	(552)	(520)	-	2,502	(2,176)
Total Operating Expenses	**(2,394)**	**(2,725)**	**(1,023)**	**(1,009)**	**-**	**(498)**	**(7,649)**
EBITDA	**1,476**	**874**	**125**	**(121)**	**(11)**	**(432)**	**1,911**

2021 Reconciliation of total segments EBITDA to profit or loss

(€ x 1,000)

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

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

2022 Other information on segments
(€ x 1,000)

Assets	**TIE NL**	**TIE US**	**TIE France**	**TIE Germany**	**TIE Product Development**	**Holding and Eliminations**	**Total**
Intangible Fixed Assets	595	540	-	-	2,521	1,283	4,940
Tangible Fixed Assets	73	-	4	-	-	527	604
Deferred Tax Asset	-	562	48	-	-	1,254	1,864
Contract Cost Asset	157	15	49	106	-	-	326
Current Assets	1,264	1,085	437	842	36	8,593	12,257
Total Assets	**2,090**	**2,201**	**538**	**947**	**2,558**	**11,658**	**19,992**
Liabilities							
Non-Current Liabilities	365	57	201	478	-	145	1,247
Current Liabilities	2,767	1,654	771	945	54	1,685	7,876
Intercompany Positions	(5,308)	(1,620)	(578)	(495)	15,380	(7,379)	-
Total Liabilities	**(2,177)**	**91**	**395**	**928**	**15,435**	**(5,549)**	**9,123**
Other Selected Items							
Capital expenditure	-	-	-	-	1,024	199	1,223
Amortization and depreciation	54	81	17	-	1,115	292	1,560
FTE at year end	34	33	15	11	8	24	123

2021 Other information on segments

(€ x 1,000)

Assets	TIE NL	TIE US	TIE France	TIE Germany	TIE Product Development	Holding and Eliminations	Total
Intangible Fixed Assets	597	457	-	-	2,612	1,232	4,898
Tangible Fixed Assets	99	78	21	-	-	620	818
Deferred Tax Asset	-	215	-	-	-	409	625
Contract Cost Asset	61	50	11	-	-	-	122
Current Assets	2,026	1,897	454	561	24	7,241	12,203
Total Assets	**2,783**	**2,697**	**486**	**561**	**2,636**	**9,503**	**18,666**
Liabilities							
Non-Current Liabilities	389	149	123	160	-	326	1,147
Current Liabilities	2,043	1,716	573	723	16	1,221	6,294
Intercompany Positions	(3,479)	(9,331)	(586)	(256)	14,292	(640)	-
Total Liabilities	**(1,047)**	**(7,466)**	**111**	**627**	**14,308**	**907**	**7,441**
Other Selected Items							
Capital expenditure	-	-	-	-	843	58	900
Impairment of fixed assets	4	-	-	-	-	-	4
Amortization and depreciation	78	107	17	2	1,175	280	1,659
FTE at year end	26	25	12	12	12	18	104

The actual geographical distribution of intangible assets differs from the intangible assets distribution displayed above as part of the segment information as goodwill allocated to the French CGU is carried in TIE Kinetix Holding B.V. The geographical distribution of intangible assets is displayed below.

Geographical distribution of intangible fixed assets

(€ x 1,000)

	30 September 2022	30 September 2021
The Netherlands	4,247	4,288
United States	540	457
Germany	-	-
France	153	153
Total	**4,940**	**4,898**

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

15 Revenues

The Company derives its revenues from four different streams:

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

Further background on these revenue streams and associated performance obligations can be found in the Significant accounting policies, starting on page 90. Disaggregated information on revenues by type of revenue as well as by geographical region is disclosed in the Segment reporting, starting on page 119. In addition, the table below shows the disaggregation of revenues by timing of transfer of services to customers. Revenue that is recognized at a point in time regards to license revenue.

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

	2022	2021
At a point in time	91	331
Over time	14,266	14,525
Total Revenues	**14,357**	**14,856**

Contract assets and liabilities

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

Details of contract balances
(€ x 1,000)

	30 September 2022	30 September 2021
Total contract assets	**145**	**379**
Deferred revenue (non-current)	933	571
Deferred revenue (current)	3,896	2,992
Total contract liabilities	**4,829**	**3,563**

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

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

Of the total deferred revenue balance as of 30 September 2021, € 2,992k has been recognized as revenue in financial year 2021 (2021: € 2,891k included in the deferred revenue balance as of 30 September 2020). These amounts equal the short-term deferred revenue balances at the previous balance sheet date as these pertain largely to short term consultancy contracts and partially to deferred setup fees for which the revenue recognition pattern is known based on the contract life. There was no revenue recognized during the current or prior year from performance obligations (partially) satisfied in previous periods.

Remaining performance obligations

The revenue expected to be recognized in the future related to performance obligations that are (partially) unsatisfied at the balance sheet date amounts to € 18,269k (30 September 2021: € 12,931k). As SaaS contracts have an average duration of 3 years, the Company expects to realize these revenues over the course of the following 3 to 4 years (including implementation and setup time for SaaS contracts).

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

» Revenue from future renewals after the initial contract term (or subsequent ongoing renewal term) has ended for SaaS and maintenance & support performance obligations - insofar the contractual term for the customer for cancelling the auto-renewal of a contract has not passed, in which case the revenue during the renewal period is taken into account (please note that in the comparative 2021 this was not taken into account);
» Overage revenue that is connected with SaaS. For overage fees charged, being usage-based royalties, the Company's right to consideration corresponds directly with the value to the customer of the Company's performance to date;
» Revenue from consultancy contracts that are partially or wholly unperformed, as those contracts have an expected duration of less than one year.

Contract costs

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

Details of contract costs
(€ x 1,000)

	30 September 2022	30 September 2021
Non-current	326	122
Current	579	173
Total contract cost assets	**906**	**296**
Amortization recognized during the year	405	203

16 Other income

Details of other income
(€ x 1,000)

	2022	2021
Government grants	-	455
Other	27	-
Total other income	**27**	**455**

Government grants
During 2021, the Group has recognized a COVID-19 related government grant. In 2020, the Company's subsidiary TIE Commerce Inc had received a loan under the United States Payroll Protection Program (PPP) When relevant conditions were met during 2021, this loan was converted into a grant. A gain of € 455k ($ 550k) was recognized under ‘Other income’.

The Company has further received (dissimilar) government grants in both 2022 and 2021 that are deducted from the related expenses, refer to the note Operating expenses, starting on page 126.

Other
The category 'Other' in 2022 pertains to sublease income. Also refer to the note Leasing, starting on page 117.

17 Operating expenses

The expenses in the consolidated statement of comprehensive income have been presented based on their function.

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

2022 Expenses by nature
(€ x 1,000)

	Cost of Sales	Research & Development	Selling & Marketing	General & Administrative	Total Expenses 2022
Nature of expenses					
Direct Purchase Costs	2,488	-	-	-	2,488
Employee Benefits	3,566	267	3,294	3,212	10,339
Depreciation and Amortization	-	1,117	22	421	1,560
Other Operating Expenses	-	98	517	2,557	3,171
Total	**6,054**	**1,481**	**3,833**	**6,190**	**17,558**

2021 Expenses by nature

(€ x 1,000)

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

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

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

The other operating expenses include impairment losses on financial assets as further detailed in the note Trade receivables, starting on page 112.

Employee benefits

Details of employee benefit expenses

(€ x 1,000)

	2022	2021
Salaries	7,230	5,885
Salaries variable component	1,102	811
Social security charges	755	639
Contributions to post employment arrangements	243	281
Invoiced management fees	740	555
Supervisory Board remuneration	43	47
Third party contractors and temporary employees	752	444
Share-based payment expense	-	542
Other employee benefit expenses	1,587	1,098
Government grants	(244)	(227)
Transfer to contract cost asset	(845)	(173)
Capitalized R&D employee cost	(1,024)	(833)
Total	**10,339**	**9,069**

The contributions to post employment arrangements include premiums payable with respect to the Netherlands operations' defined contribution post employment plan as well as the discretionary employer contributions to the tax facilitated retirement plan (401k) in the United States.

The invoiced management fees include remuneration due to the members of the Executive Board that is invoiced through a management company. Further details on this and on the Supervisory Board remuneration are provided in the note Related party disclosures, starting on page 132.

For details on the share-based payments, reference is made to note Share-based payments, starting on page 116.

The governments grants relate to WBSO ('Wet Bevordering Speur- en Ontwikkelingswerk') received in the Netherlands for employee costs spent incurred for research & development activities, and in 2021 to a lesser extent to Kug ("Kurzarbeidergeld") subsidies received in Germany as well.

The transfers to contract cost asset relates to employee benefit expenses that are directly attributable to set-up projects and other consultancy projects supportive of SaaS contracts and qualify for capitalization as costs to fulfil. Further disclosure is provided in the note Revenues, starting on page 124.

The capitalized R&D employee costs relates to research and development costs that are capitalized as internally developed intangible assets, refer to note Intangible fixed assets, starting on page 106.

Number of employees

FTE per department as at year-end

	2022	2021
Research and Development	14	11
Sales and Marketing	31	28
Consulting and Support	56	42
General and Administrative	23	23
Total[1)]	**123**	**104**

[1)] Of which 58 are employed abroad (2021: 48)

Other operating expenses

Details of other operating expenses

(€ x 1,000)

	2022	2021
Accommodation Expenses	145	177
Professional Service	918	860
Communications Expenses	509	440
Marketing Expenses	482	151
Travel	172	21
Office & Computer Supplies	321	303
General & Administration	624	224
Total	**3,171**	**2,176**

The general & administration expenses for 2022 include the expenses for additions to the legal provision. Reference is made to the note Provisions, starting on page 143.

Auditor's remuneration

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

Details of auditor's remuneration

(€ x 1,000)

	2022	2021
	PricewaterhouseCoopers Accountants N.V.	BDO Audit & Assurance B.V.
Audit of the financial statements	218	242
Other audit services	-	24
Tax advisory services	-	-
Other non-audit services	-	-
Total	218	266

18 Financial income and expenses

Details of financial income and expenses

(€ x 1,000)

	2022	2021
Interest income	-	202
Interest expense	(37)	(40)
Exchange rate gain/loss	216	106
Total	179	267

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

In 2021, the exchange rate gains and losses include a gain of € 36k related to the currency translation reserve attributable to TIE Asia-Pacific Ltd, which was reclassified to profit or loss upon liquidation of this group company during 2021. In this respect, reference is also made to the note Equity, starting on page 115.

19 Corporate income tax

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

	2022	2021
Deferred tax expense/(income) relating to origination and reversal of temporary differences	(27)	44
Deferred tax expense/(income) relating to (de)recognition of unused tax losses	(1,169)	(408)
Deferred tax charge/(benefit)	**(1,196)**	**(364)**
Current period tax charge/(benefit)	(31)	184
Adjustments recognized for current tax of prior periods	(94)	63
Current tax charge/(benefit)	**(125)**	**247**
Income Tax reported in the Statement of Comprehensive Income	**(1,321)**	**(116)**

Effective tax reconciliation

The Company is domiciled in the Netherlands and its subsidiaries operate predominantly in the Netherlands, Germany, France and North America. As a basis for the effective tax reconciliation, management has applied the applicable tax rates in the Netherlands to the Company's profit before tax. Such rates are 25%, or 15% for profits up to € 245k (2021: 25% and 16.5% for profits up to € 200k).

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

	2022	2021
Result before income tax expense	**(2,995)**	**515**
Tax expense at the Company's statutory tax rate	**(773)**	**112**
Effect of foreign tax rates	83	(37)
Non-deductible expenses	5	10
Recognition of previously unrecognized tax losses and deductible temporary differences as deferred tax asset	(845)	(408)
Tax losses and deductible temporary differences not recognized	389	93
Impact of other taxes classified as income taxes	(40)	49
Prior period tax adjustments	(134)	63
Other	(5)	3
Corporate income tax charge/(benefit)	**(1,321)**	**(116)**

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

20 Earnings per share

Basic earnings per share

The following table details the calculation of basic earnings per share.

Basic earnings per share

	2022	2021
Net income/(loss) (€ * 1,000)	(1,674)	632
Weighted average number of shares outstanding (thousands)	1,829	1,649
Basic earnings/(loss) per share - total (€ x 1)	**(0.92)**	**0.38**

Diluted earnings per share

Diluted earnings per share take into effect the dilutive effect of warrants upon exercise. There are no other instruments with dilutive effects. The following table details the calculation of diluted earnings per share.

Diluted earnings per share

	2022	2021
Net income/(loss) (€ * 1,000)	(1,674)	632
Weighted average number of shares outstanding (thousands)	1,829	1,649
Dilutive effect of warrants (thousands)	42	190
Weighted average number of shares outstanding (thousands) - fully diluted	1,871	1,839
Diluted earnings/(loss) per share - total (€ x 1)	**(0.89)**	**0.34**

21 Related party disclosures

Key Management remuneration

Key management consists of the members of the Executive Board.

Executive Board remuneration

(€ x 1,000)

	Jan Sundelin, CEO		Michiel Wolfswinkel, CFO		Total	
	2022	2021	2022	2021	2022	2021
Periodic remuneration	303	276	273	248	576	524
Variable remuneration	152	150	136	135	288	285
Company car	14	16	14	14	28	30
Total short term employee benefits	**469**	**442**	**423**	**397**	**892**	**839**
Post-employment benefits	-	-	-	6	-	6
Share-based payment	-	285	-	257	-	542
Total remuneration	**469**	**727**	**423**	**660**	**892**	**1,387**

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

The share-based payment that is accounted for in 2021 related to both 2020 and 2021. Reference is made to the note Share-based payments, starting on page 116.

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

Supervisory Board remuneration

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

Supervisory Board remuneration

(€ x 1,000)

	Position	Remuneration 2022	Remuneration 2021
Georg Werger	Chairman	20	20
Gerdy Harteveld-Smeets	Member	10	10
Per Nordling	Member	10	10
Total fixed remuneration		**40**	**40**
Travel expenses reimbursed		3	7
Total remuneration		**43**	**47**

Composition of the Group

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

Group companies

Name	Statutory Seat	30 September 2022	30 September 2021
TIE Nederland B.V.	Amsterdam (Schiphol-Rijk), The Netherlands	100%	100%
TIE Product Development B.V.	Hoofddorp, The Netherlands	100%	100%
TIE MamboFive B.V.	Utrecht, The Netherlands	100%	100%
TIE Kinetix Europe B.V.	Amsterdam, The Netherlands	100%	100%
TIE Kinetix Holding B.V.	Hoofddorp, The Netherlands	100%	100%
Pingli B.V.	Hoofddorp, The Netherlands	100%	100%
TIE Commerce Inc.	Burlington, MA, USA	100%	100%
TIE Kinetix S.A.S.	Montpellier, France	100%	100%
TIE Kinetix DACH GmbH	München, Germany	100%	100%
Performance Analytics GmbH	München, Germany	100%	100%
TIE Ascention GmbH	St. Gallen, Switzerland	100%	100%
TIE Kinetix Ltd	Marlow, United Kingdom	100%	100%

22 Commitments and contingent liabilities

Collateral

Previously, the Company had a working capital facility with Rabobank amounting to € 1,210k. The facility included a pledge on all trade debtors, had an indefinite term and bore interest at a rate of EURIBOR plus a margin. No drawings were made. During 2021, the working capital facility was terminated.

For the lease of the office in Breukelen, the Netherlands the Company issued a bank guarantee of € 72k, and for the lease of storage space in Germany a bank guarantee of € 40k.

Claims and disputes

Other than provided for in the legal provision (refer to the note Provisions, starting on page 117), there were no claims or disputes requiring disclosure as at 30 September 2022 or 30 September 2021.

23 Subsequent events

A provision has been formed at year end 2022 for (potential) claims and disputes in the amount of € 236k. Subsequent to year end, but prior to the release date of these Financial Statements, a settlement has been reached as a result of which an amount of € 200k from this provision will not be required. This amount will be released in the subsequent period.


Company
Financial
Statements

Company Balance Sheet

Before appropriation of result

(€ x 1,000)

	Notes	30 September 2022		30 September 2021	
Non-Current Assets					
Intangible Fixed Assets	A	-		-	
Tangible Fixed Assets	B	-		-	
Financial Fixed Assets	C	3,974		6,459	
Total Non-Current Assets			**3,974**		**6,459**
Current Assets					
Receivables and Prepayments	D	59		109	
Cash and Cash Equivalents		8,018		7,057	
Total Current Assets			**8,078**		**7,165**
Total Assets			**12,052**		**13,624**
Shareholders' Equity	E				
Share Capital		194		168	
Share Premium		60,033		58,462	
Foreign Currency Translation Reserve		83		27	
Other Legal Reserves		2,514		2,603	
Retained Earnings		(50,280)		(50,666)	
Result for the Year		(1,674)		632	
Total Equity			**10,869**		**11,225**
Provisions	F		**-**		**2,037**
Non-Current Liabilities	G		**-**		**-**
Current Liabilities	H		**1,183**		**361**
Total Equity and Liabilities			**12,052**		**13,624**

Company Income Statement

(€ x 1,000)

	Notes		2022		2021
Income					
Revenues		-		59	
Other Income	I	-		3,552	
Total Income			**-**		**3,611**
Operating expenses					
Employee Benefits	J	(6)		(2,591)	
Depreciation and Amortization	A,B	-		(280)	
Other Operating Expenses	K	(461)		(1,436)	
Total Operating Expenses			**(466)**		**(4,306)**
Operating Income/(loss)			**(466)**		**(695)**
Interest and Other Financial Income			212		291
Interest and Other Financial Expense			(14)		(29)
Income/(loss) before Tax			**(269)**		**(433)**
Corporate Income Tax	L		798		408
Share in Result of Subsidiaries	C		(2,203)		657
Net Income/(loss)			**(1,674)**		**632**

Notes to the Company Financial Statements

Corporate Information

The Company financial statements for the year ended 30 September 2022, are authorized for issue through a resolution of the Executive Board dated November 30, 2022. The General Meeting of Shareholders, to be held on March 24, 2023, will be requested to adopt the Company financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands, as embodied in Title 9 of Book 2 of the Dutch Civil Code and the firm pronouncements of the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board (DASB). The Company uses the option based on article 2:362 subsection 8 of the Dutch Civil Code to apply the principles applied in the consolidated financial statements to the recognition and measurement of assets and liabilities and determination of the result. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In addition, the Company applies the accounting policies below.

Investments in subsidiaries

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

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

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

Expected credit losses on intercompany receivables

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

Provision for subsidiaries

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

Revenues

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

A Intangible fixed assets

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

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

	Goodwill	Software	Total
Carrying value as at October 1, 2020	**1,046**	**101**	**1,147**
Movements 2021			
Additions	-	2	2
Amortization	-	(70)	(70)
Restructuring	(1,046)	(33)	(1,079)
Carrying value as at September 30, 2021	**-**	**-**	**-**
Accumulated investments	-	-	-
Accumulated amortization	-	-	-
Accumulated impairments	-	-	-
Carrying value as at September 30, 2021	**-**	**-**	**-**
Movements 2022			
Additions	-	-	-
Carrying value as at September 30, 2022	**-**	**-**	**-**
Accumulated investments	-	-	-
Accumulated amortization	-	-	-
Accumulated impairments	-	-	-
Carrying value as at September 30, 2022	**-**	**-**	**-**
Useful life	Indefinite	3-7 years	

Per 30 September 2021, the intangible assets were transferred in full to the Company's subsidiary as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 140.

B Tangible fixed assets

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

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

	Leasehold Improvements	Right-Of-Use Asset	Hardware	Total
Balance as at October 1, 2020	**6**	**625**	**59**	**690**
Movements 2021				
Additions	-	102	50	152
Disposals	-	(39)	-	(39)
Depreciation	(5)	(182)	(24)	(211)
Reversal of depreciation on disposals	-	39	-	39
Other	-	(17)	-	(17)
Restructuring	(1)	(528)	(85)	(614)
Balance as at September 30, 2021	**-**	**-**	**-**	**-**
Accumulated investments	-	-	-	-
Accumulated depreciation	-	-	-	-
Balance as at September 30, 2021	**-**	**-**	**-**	**-**
Movements 2022				
Additions	-	-	-	-
Balance as at September 30, 2022	**-**	**-**	**-**	**-**
Accumulated investments	-	-	-	-
Accumulated depreciation	-	-	-	-
Balance as at September 30, 2022	**-**	**-**	**-**	**-**
Useful life	4 to 10 years	Lease term	3 to 5 years	

Per 30 September 2021, the tangible fixed assets were transferred in full to the Company's subsidiary as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 140.

C Financial fixed assets

The movements in financial fixed assets are disclosed in the movement schedule below. The currency translation differences represent the share in the other comprehensive income of investments in subsidiaries.

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

	Investments in subsidiaries	Receivables from subsidiaries	Deferred tax asset	Total
Opening balance as at October 1, 2020	**13,599**	**2,347**	**-**	**15,946**
Movements 2021				
Share in result of subsidiaries	1,954	(1,297)	-	657
Add: Share in result recognized in provision	(2)	167	-	165
Currency translation differences	130	(7)	-	123
Movements in intercompany funding	-	524	-	524
Restructuring	(9,631)	(1,734)	-	(11,365)
Recognition of deferred tax asset	-	-	408	408
Balance as at September 30, 2021	**6,051**	**-**	**408**	**6,459**
Movements 2022				
Share in result of subsidiaries	(2,203)	-	-	(2,203)
Less: Release from provision for subsidiaries	(2,037)	-	-	(2,037)
Currency translation differences	231	-	-	231
Movements in intercompany funding	-	727	-	727
Recognition of deferred tax asset	-	-	798	798
Balance as at September 30, 2022	**2,042**	**727**	**1,205**	**3,974**

Investments in subsidiaries

The Company holds investments in the following subsidiaries:

Shares in directly held subsidiaries

Name	Statutory Seat	30 September 2022	30 September 2021
TIE Kinetix Holding B.V.	Hoofddorp, The Netherlands	100%	100%

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

FY21 Legal restructuring

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

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

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

Receivables from subsidiaries

The receivables from subsidiaries included both receivables from directly and indirectly held subsidiaries. Funding to subsidiaries is in principle interest bearing with interest rates varying between 0% and 5.5% (2021: 0% and 5.5%). There were no repayment schedules, nor did management have the intention to recall funds and as such, they were classified as non-current.

Per 30 September 2021, all intercompany receivables and payables of the Company at that time were contributed to TIE Kinetix Holding B.V.

Deferred tax asset

The deferred tax asset relates to tax losses carried forward attributable to the Company as head of the fiscal unity. See also the note Corporate income tax, starting on page 145.

For further details, reference is made to the consolidated financial statements, note Deferred taxes, starting on page 110.

D Receivables and prepayments

Details of receivables and prepayments

(€ x 1,000)

	30 September 2022	30 September 2021
Trade debtors	-	-
Income tax receivable	-	-
Taxation and social security	18	107
Intercompany receivable	25	-
Other receivables and prepayments	16	1
Total	**59**	**109**

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

E Shareholders' equity

The Company's authorized share capital amounts to € 500k, consisting of 5 million ordinary shares with a nominal value of € 0.10 each. Details on shares issued during the year can be found in the note Equity, starting on page 115.

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

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Legal Reserves	Retained Earnings	Result for the year	Total Equity
Balance as at October 1, 2020	**163**	**58,304**	**45**	**2,930**	**(58,031)**	**6,511**	**9,922**
Appropriation of prior year result	-	-	-	-	6,511	(6,511)	-
Shares issued	5	158	-	-	-	-	163
Currency translation differences	-	-	(18)	-	-	-	(18)
Transfers to (from) legal reserve	-	-	-	(327)	327	-	-
Share-based payment expense	-	-	-	-	542	-	542
Other	-	-	-	-	(15)	-	(15)
Result for the year	-	-	-	-	-	632	632
Balance as at September 30, 2021	**168**	**58,462**	**27**	**2,603**	**(50,666)**	**632**	**11,225**
Appropriation of prior year result	-	-	-	-	632	(632)	-
Shares issued	23	1,577	-	-	-	-	1,600
Currency translation differences	-	-	56	-	-	-	56
Transfers to (from) legal reserve	-	-	-	(89)	89	-	-
Dividend paid	3	(6)	-	-	(335)	-	(338)
Result for the year	-	-	-	-	-	(1,674)	(1,674)
Balance as at September 30, 2022	**194**	**60,033**	**83**	**2,514**	**(50,280)**	**(1,674)**	**10,869**

Share capital and share premium

The share capital and share premium are fiscally considered to be fully paid up as at 30 September 2022 and 30 September 2021.

Legal reserves

The legal reserves consist of:

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

In 2021, the movement in the foreign currency translation reserve includes a reclassification adjustment that is recognized in Interest and Other Financial Income in the Company's income statement. For details refer to the note on Financial income and expenses, starting on page 129 of the consolidated financial statements.

Appropriation of result

According to Article 26 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year. The Executive Board proposes that the net loss of € 1,674k will be deducted from the retained earnings in shareholders' equity.

F Provisions

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

	2022	2021
Opening balance as at October 1	**2,037**	**1,872**
Share in negative result of subsidiaries	-	165
Movements in intercompany funding	(2,037)	-
Balance as at September 30	**-**	**2,037**

As at 30 September 2021, the Company balance sheet included a provision for investments in subsidiaries of the Company. This provision related to indirectly held subsidiaries for which the net investment was nil. While these subsidiaries had been transferred to TIE Kinetix Holding B.V. as part of the legal restructuring of the Group per 30 September 2021 (refer to note Financial fixed assets, starting on page 140), the provision itself remained recognized by the Company after the transfer. This is because the legal obligation for the liabilities of those subsidiaries, arising from liability declarations under article 2:403 DCC issued by the Company for the respective subsidiaries (refer to the note Commitments and contingent liabilities, starting on page 146), remained in effect. Per 30 September 2021, provisions were expected to be settled within one year.

During 2022, the net investment in the respective subsidiaries was increased through intercompany funding by TIE Kinetix Holding B.V. and consequently the provision was released by the Company. The release of the provision is shown on the line 'movements in intercompany funding' in the movement schedule above, and was credited against the carrying amount of the investment in subsidiary TIE Kinetix Holding B.V. Refer to the note Financial fixed assets, starting on page 140.

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

G Non-current liabilities

Per 30 September 2021, the Company's non-current liabilities were transferred as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 140.

As at 30 September 2022, the Company does not have any non-current liabilities.

H Current liabilities

Details of current liabilities
(€ x 1,000)

	30 September 2022	30 September 2021
Trade creditors	106	268
Taxation and social security contributions	-	92
Income tax payable	-	-
Intercompany payables	951	1
Other accruals and payables	125	-
Total	**1,183**	**361**

No interest is due on the intercompany payables. In 2022, an amount of € 175k of currency translation loss on the intercompany payable denominated in USD was recognized directly in equity (2021: loss of € 105).

Per 30 September 2021, most current liabilities, including intercompany payables, were transferred in full as part of the legal restructuring of the Group, refer to the note Financial fixed assets, starting on page 140.

I Other income

Other income pertained to holding charges and management fees that are charged to group companies. As from 30 September 2021, after the legal restructuring of the Group (refer to the note Financial fixed assets, starting on page 140), the main holding functions of the Group were transferred from the Company to its subsidiary, TIE Kinetix Holding B.V. As such, from this date, holding charges and management fees are no longer charged to group companies by the Company but by TIE Kinetix Holding B.V.

J Employee benefits

The Company has no employees per year-end 2022 (2021: 2 in the Netherlands only). Employees had been transferred to TIE Kinetix Holding B.V. per 30 September 2021 as part of the legal restructuring, see the note Financial fixed assets, starting on page 140.

The disclosure of directors' remuneration is included in the consolidated financial statements (refer to the note Related party disclosures, starting on page 132), as key management consists of the Company's statutory directors only.

K Other operating expenses

The decrease in the other operating expenses as outlined in the following table is due to the transfer of operational activities following the legal restructuring of the Group as of 30 September 2021, as disclosed in the note Financial fixed assets, starting on page 140.

Details of other operating expenses
(€ x 1,000)

		2022	2021
General & administrative		34	157
Marketing expenses		65	141
Professional service		357	490
Accommodation expenses		-	111
Communications expenses		1	274
Office & computer supplies		-	260
Other		3	2
	Total	**461**	**1,436**

L Corporate income tax

Given the available tax losses carried forward, there is no current tax payable. In both 2022 and 2021, the corporate income tax benefit for the year regards fully to the recognition of a deferred tax asset (see note: Financial fixed assets, starting on page 140) for tax losses carried forward. Reference is made also to the note Corporate income tax, starting on page 130 of the consolidated financial statements.

As at 30 September 2022, the total of tax losses carried forward of the Dutch fiscal unity amounts to € 10,326k, of which € 3,941k have been recognized as a deferred tax asset (which amounts to € 1,205k) and € 6,385k have not been recognized as a deferred tax asset.

As at 30 September 2021, the total of tax losses carried forward of the Dutch fiscal unity amounted to € 8,818k, of which € 2,717k have been recognized in a deferred tax asset (which amounts to € 408k) and € 6,101k have not been recognized as a deferred tax asset.

M Commitments and contingent liabilities

Fiscal unity

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

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

Other

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

These liability declarations pertain to the following group companies:

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

N Signatures

Breukelen, 30 November 2022

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

Other Information

Appropriation of Net Result

Article 26 of the Articles of Association reads as follows:

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

Independent Auditor's Report

To: the general meeting and the supervisory board of TIE Kinetix N.V.

Report on the financial statements 2021/2022

Our opinion

In our opinion:

» the consolidated financial statements of TIE Kinetix N.V., together with its subsidiaries ('the Group'), give a true and fair view of the financial position of the Group as at 30 September 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
» the company financial statements of TIE Kinetix N.V. ('the Company') give a true and fair view of the financial position of the Company as at 30 September 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021/2022 of TIE Kinetix N.V., Breukelen. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

» the consolidated statement of financial position as at 30 September 2022;
» the following statements for 2021/2022: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
» the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

» the company balance sheet as at 30 September 2022;
» the company income statement for the year then ended; and
» the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

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

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

Independence

We are independent of TIE Kinetix N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

TIE Kinetix N.V. is an international integration software company. The Company provides Software-as-a-Service (SaaS) solutions to companies, governmental institutions, and their trading partners and suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. The Group is comprised of several entities and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group. In this respect we considered the Group's SaaS revenue growth strategy. This impacted our determination of materiality and identified risks that are addressed in the sections 'Materiality', 'Audit approach fraud risks' and 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 'Significant accounting estimates and Judgments' in the notes to the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the judgements involved and related higher inherent risks of material misstatement in capitalisation of software developments costs and revenue recognition, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered as key audit matters, were the recognition of deferred tax assets and goodwill impairment testing.

The Company assessed the possible effects of climate change on its financial position (refer to paragraph 'Climate change risk' on page 72 of the executive board report). We discussed the assessment and governance thereof with the executive board and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered a key audit matter and do not impact our other key audit matters.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a Software-as-a-Service company. We included experts and specialists in the areas of IT, executive remuneration and forensics in our team.

The outline of our audit approach was as follows:

Materiality
· Overall materiality: €260,000

Audit scope
· The group audit team performed all audit work centrally, since the accounting for the Group's activities takes place at the headquarters in Breukelen, the Netherlands.
· Our audit scope covered all subsidiaries included in the Group, resulting in the following audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters
· Revenue recognition
· Capitalisation of software development costs

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We examined where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the executive board and supervisory board.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€260,000.
Basis for determining materiality	We used our professional judgement to determine overall materiality. Based on the Group's SaaS revenue growth strategy, we considered that stakeholders are not only interested in the financial results of this year but have a longer-term focus. We believe an overall materiality level of € 260,000, to be used in the coming financial years' audits, recognizes this long-term focus. The overall materiality represents 1.8% of the 2021/2022 revenue.
Rationale for benchmark applied	We used revenues as the primary benchmark, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that revenues are the most relevant metric for the financial performance of the Group, considering the Group's current growth strategy.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €13,000 as well as misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

TIE Kinetix N.V. is the parent company of a group of entities with a similar internal control environment and a centralized management structure. Even though the Group has its own sales organisations in the United States, France and Germany, accounting for the Group's activities takes place at the headquarters in Breukelen, the Netherlands. Therefore, we were able to perform all audit work for the Group at that location. Our audit scope covered all subsidiaries of TIE Kinetix N.V. The financial information of this Group is included in the consolidated financial statements of TIE Kinetix N.V.

This scope and coverage enabled us to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks
As in all of our audits, we identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of TIE Kinetix N.V. and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section 'Our response to the risk of fraud or bribery' on page 71 of the executive board report for the executive board's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct and whistleblower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked the members of the executive board, employees in IT and in finance, and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we, with the assistance of our forensic specialists, evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
Risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: » The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. » Estimates. » Significant transactions, if any, outside the normal course of business for the entity.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed our audit procedures primarily substantive based. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation. We did not identify any significant transactions outside the normal course of business. We also performed specific audit procedures related to important estimates of management, including impairment of goodwill and other non-financial assets and recognition of deferred tax assets. We specifically paid attention to the inherent risk of bias of management in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue give rise to such risk. In this respect we refer to our key audit matter 'Revenue recognition'.	For our audit procedures performed, refer to our key audit matter 'Revenue recognition'. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence, occurrence and presentation of the revenue reporting.
Risk of unauthorized payments due to lack of segregation of duties within bank applications Within the payment process we identified that some employees could initiate and authorize payments up to a certain amount without a second review by another employee. Due to this finding, there is a risk of improper outgoing payments.	We identified this risk during our evaluation of the design and implementation of relevant controls. We performed our audit procedures primarily substantively. We analysed outgoing payments to identify payments to bank accounts of the employees that have single authorization rights. For all payments identified we tested the business rationale for these transactions. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to improper payments.

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in section 'Going concern' in the notes to the consolidated financial statements, the executive board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements. Our procedures to evaluate the executive board's going concern assessment included, amongst others:

- considering whether the executive board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).
- considering whether the executive board's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the executive board regarding the executive board's most important assumptions underlying its going concern assessment. Amongst others, we took into consideration the Company's liquidity position and strategic plan.
- evaluating the executive board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements takes into account current market developments and all relevant information of which we are aware as a result of our audit.
- performing inquiries of the executive board as to its knowledge of going concern risks beyond the period of the executive board's assessment.

We concluded that the executive board's use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the 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 identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	*Our audit work and observations*
Revenue recognition ***Refer to pages 89-90 and 95-97 of the annual report and note 14 and 15 to the consolidated financial statements*** The company's business continues to evolve towards SaaS revenue arrangements. As part of these arrangements, multiple performance obligations can exist and the Company's needs to exercise judgement what revenue recognition pattern is appropriate. We specifically focused on recognition of SaaS revenue because the Company is focused to meet targets and deliver on their SaaS revenue growth strategy, we considered there is an increased risk for overstatement of SaaS revenue. In this respect we also considered that the Company has revisited its consultancy activities to prioritize activities that support SaaS growth. As a result, the Company has reclassified certain activities previously reported under consultancy revenue to (future) SaaS revenue, as disclosed in note 14. Therefore, we considered revenue recognition for SaaS as a key audit matter.	We evaluated and tested the Company's processes, procedures, and relevant controls regarding revenues. For each revenue stream, except for the non-material 'software licenses fees', we tested whether revenue is recorded when the applicable criteria for revenue recognition under IFRS 15 are met. We found the policies to be consistent and in line with the applicable accounting framework. For SaaS revenues, we tested, on a sample basis, 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. We also tested whether revenues that were presented as SaaS revenue in the financial statements where properly presented as such. We noted no material differences from our testing. Set-up fees for SaaS contracts are not considered to be a distinct performance obligation under IFRS 15 and hence recognized over the SaaS contract period. We tested the reliability of the financial data used for determining the related adjustments for deferred revenue and contract assets. This included challenging the executive board's assumptions including, amongst others, the average SaaS contract term and estimated customer life. We did not identify any items that could not be substantiated. Specifically with regards to the reclassification of Consultancy revenues as disclosed in note 14, we assessed the executive board's position and rationale as well as the appropriateness of disclosures and found them to be appropriate and in line with the requirements of the accounting framework.

Key audit matter	*Our audit work and observations*
Capitalization of software development costs ***Refer to pages 89 and 91 of the annual report and note 2 to the consolidated financial statements*** The Group is continuously investing in its FLOW platform to support the growth strategy. In the year 2021/2022 internal software development costs in the amount of €1 million were capitalized within Intangible fixed assets. We focused on this area due to the size of the internal development costs capitalized, and the fact that there is judgement involved in assessing whether the criteria set out in the accounting standards for capitalization of such costs have been met, particularly: » The technical feasibility of the project; and » The likelihood of the project delivering sufficient future economic benefits Given the assessment of capitalized development cost involves significant judgment there is an inherent risk of overstatement of the capitalized amounts and accordingly the results presented. Therefore, we considered capitalization of software development costs as a key audit matter.	We obtained a listing of all individual projects where development costs are capitalized in the period and reconciled it to the general ledger. We did not identify significant reconciling differences. We tested capitalized software development costs as follows: » We evaluated and tested internal control procedures relating to the recognition of development costs, this included the authorization of employee hours. » We reconciled capitalized hours to internal time registration and determined adequate distinction in research and development stages. » We reconciled the hourly rates used with payroll outputs and other source documents. » We challenged the executive board's assessment as to whether the development costs meet the recognition criteria. To this extent we inquired at appropriate management levels within the Company, assessed whether capitalized costs relate to the FLOW platform and reviewed sales forecasts. The documentation supported management's assessment that the projects met the relevant capitalisation criteria. Finally, we assessed the appropriateness of related disclosures and found them to be appropriate and in line with the requirements of the accounting framework.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

» is consistent with the financial statements and does not contain material misstatements; and
» contains all the information regarding the Report from the executive board and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

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

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the Report from the executive board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment
We were appointed as auditors of TIE Kinetix N.V. by the passing of a resolution of the shareholders at the annual general meeting held on 25 March 2022. Our appointment now represents a total period of uninterrupted engagement of 1 year.

European Single Electronic Format (ESEF)
TIE Kinetix N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by TIE Kinetix N.V., complies, in all material respects, with the RTS on ESEF.

The executive board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered
We have not provided services to the Company or its controlled entities in addition to the audit, for the period to which our statutory audit relates.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board 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; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 30 November 2022

PricewaterhouseCoopers Accountants N.V.

W.F.J. Vermeulen RA

Appendix to our auditor's report on the financial statements 2021/2022 of TIE Kinetix N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional 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 the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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 deficiencies in internal control that we identify during our audit.

In this respect, we also issue 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 actions taken to eliminate threats or safeguards applied.

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 communicating the matter is in the public interest.

(€ x 1,000)

	2022	2021	2020	2019[1)]
Results from continuing operations				
Adjusted revenues[2)]	14,357	14,856	14,749	12,797
Of which: SaaS revenues	11,127	9,688	8,478	7,086
Revenues (IFRS)	14,357	14,856	15,551	14,321
Of which: SaaS revenues	11,127	9,688	9,275	8,267
Gross margin	8,303	9,105	9,414	8,111
Gross margin (% of revenues)	58%	61%	61%	57%
EBITDA	(1,615)	1,911	2,309	328
EBITDA margin (% of revenues)	-11%	13%	15%	2%
EBIT	(3,174)	249	123	(970)
Net result	(1,674)	632	(71)	(1,282)
Year-end balance sheet				
Cash and cash equivalents	9,593	9,921	5,886	2,041
Equity	10,869	11,225	9,922	3,490
Number of FTE at year-end (x 1)	123	104	92	103
Per share information				
Number of weighted average shares outstanding (thousands)	1,829	1,649	1,623	1,623
Basic earnings/(loss) per share from continuing operations (€ x 1)	(0.92)	0.38	(0.04)	(0.79)
Number of shares outstanding at year-end (thousands)	1,942	1,679	1,633	1,627
Net asset value per share (€ x 1)	5.60	6.69	6.08	2.14
Cash and cash equivalents per share (€ x 1)	4.94	5.91	3.61	1.25
Share price at year-end (€ x 1)	16.20	22.20	15.30	8.80

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

2) Excluding TCMA business line sold in 2020

Note

Figures for FY 2018 have not been presented due to a lack of comparability, as IFRS 15 *Revenue from Contracts with Customers* had not yet been adopted by the Company at that time.

Use of Alternative Performance Measures

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

Alternative performance measures disclosed in this report

APM	Definition
Adjusted revenues	Revenues adjusted to improve comparability of results. This excludes revenues from the TCMA business line that was sold in FY20
Cash and cash equivalents per share	Cash and cash equivalents per balance sheet divided by number of outstanding shares at the balance sheet date
Current ratio	Current assets divided by current liabilities
EBIT	Earnings Before Interest and Taxes, calculated as Operating Income/(Loss) per the Statement of Comprehensive Income
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization, calculated as Operating Income/(Loss) per the Statement of Comprehensive Income, adding back Depreciation, Amortization and Impairment losses
EBITDA Margin	EBITDA expressed as a percentage of total revenues
Equity ratio	Equity divided by total assets
ISP	Intake Signed Proposals: Includes the gross sales value of all signed contracts in a period. Also referred to as "Order intake"
Net asset value per share	Group equity per balance sheet divided by number of outstanding shares at the balance sheet date
Price/earnings ratio	Closing share price divided by basic earnings per share
Subscription-based revenues	Sum of SaaS revenues and Maintenance and Support revenues
Working capital	Current assets including cash and cash equivalents, less current liabilities

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