



General Meeting of Shareholders TIE Kinetix N.V.

Audit of financial statements 2015-2016

31 March 2017



Agenda

- Introduction to the audited financial statements 2015-2016
- Our key audit matters
- Extended auditor's report



Introduction to the audited financial statements 2015-2016

- Financial statements
 - Consolidated
 - Company only

- Management board report
 - Legal requirements
 - Consistency with financial statements
 - Corporate Governance

- Opinion
 - Materiality level
 - True and fair view

- Compliance with internal policies (i.e. remuneration)



Our key audit matters

- ❑ Revenue recognition, including the timing of revenue recognition
- ❑ Carrying value of goodwill and acquired intangible fixed assets
- ❑ Carrying value of internally developed intangible assets (R&D)
- ❑ Recoverability of deferred tax assets

Extended auditor's report in 2016

Revenue recognition, including the timing of revenue recognition

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

Extended auditor's report in 2016

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

- ❑ The company has material amounts of goodwill and other intangible fixed assets resulting from acquisitions in the past.
- ❑ We used an auditor's expert to determine the appropriateness of the models and calculations used for the goodwill and intangible fixed asset impairment testing and we determined that the models did not change during this financial year.
- ❑ We challenged management's assumptions by corroborating them to historical budget achievement rates, market trends and available cash flow projections. Amongst others we focused on the accuracy of discount rates, growth rates, sensitivities used and available headroom.

Extended auditor's report in 2016

The carrying value of internally developed intangible assets

- ❑ During the year € 1.5 million development costs were capitalised, mainly relating to development hours for the new Flow product.
- ❑ We reconciled capitalized hours to internal time registration and payroll output and determined adequate distinction in research and development stages.
- ❑ We challenged management's assessment as to whether development projects in-progress were still expected to deliver sufficient positive economic benefits to the combined businesses upon their completion, and for completed development projects, considered whether the useful economic lives selected remained appropriate. To this extent we have inquired at appropriate management levels within the company and reviewed sales forecasts and available business cases per project.

Extended auditor's report in 2016

The recoverability of deferred tax assets

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