

Press Release

Delft, November 6, 2013

Exact: Interim Management Statement Q3-2013

Strategy for long term profitable growth on track

- **Solid third quarter performance in line with management expectation**
 - Total revenues amounted to € 51.8 million in Q3 compared to € 52.3 million in the same period last year; On an operational basis¹ and adjusted for the divestiture of Orisoft in 2012, total revenues increased 2.7% in Q3 compared to Q3-2012
 - EBITDA increased 42.0% to € 9.5 million in Q3, compared to Q3-2012; the increase reflects primarily the one-time restructuring charge in 2012.
- **Cloud Solutions continues strong growth; Business Solutions showing improvements**
 - Online subscription revenues up 43.0% in Q3 compared to the same period last year, making Exact the leading provider of *true cloud*² business software in the Benelux SME market
 - Annualized recurring revenues amounted to € 21.5 million per September 30, 2013
 - 133,188 paying companies per September 30, 2013, up from 120,591 in June
 - Business Solutions' revenues amounted to € 27.2 million in Q3, a decrease of 3.3% compared to Q3-2012
 - Attrition in Business Solutions improved 0.9pp to 8.1% from 9.0% on a year-to-date basis
 - Specialized Solutions' revenues declined to € 19.3 million in Q3; on an operational basis and adjusted for the sale of Orisoft revenues increased 2.6% in Q3 compared to Q3-2012
- **Achievement of operational milestones of profitable growth strategy**
 - Commercial launch of Exact Online in the UK at the end of Q3
 - Exact Online on track for launch in the US in Q4
 - German office Cloud Solutions set-up; team is in place; controlled release in Q4
 - Launch of Exact Online Starter, cloud accounting solution for sole traders (self-employed)
 - Dedicated Business Solutions' sales teams targeting larger clients successful

Erik van der Meijden, CEO Exact Holding: *"I am pleased with the progress we are making in the execution of our strategy to achieve profitable long term growth. Our third quarter performance provides confidence and indicates we are clearly on the right track. We achieved major milestones in the international roll out of Cloud Solutions. We also launched Exact Online Starter for the self-employed, enabling them to benefit from efficient collaboration with accountants in the cloud. With the launch of a native iPad app we placed our solutions at the*

¹ Operational financial figures consider the impact of foreign exchange rates by translating prior year's results at current year's exchange rates.

² 'True cloud' refers to multi-tenant software solutions which differs from 'hosted' SaaS solutions.



forefront of mobile technology, offering customers the ability to manage their business whenever and wherever. Business Solutions is showing underlying improvement but is still affected by adverse economic conditions in the markets in which it operates. Attrition rates improved and direct sales in larger customer segment in the Netherlands has led to increased deal value in new business wins. Exact Live '13 was a great success with more than 4,000 customers, prospective customers and business partners attending the event."

Financial highlights

Amounts in € '000	Q3-2013	Q3-2012	%	% operat'l	YTD 2013	YTD 2012	%	% operat'l
Cloud Solutions	5,316	3,807	39.6	39.6	14,851	10,642	39.6	39.6
Business Solutions	27,167	28,099	(3.3)	(2.3)	84,022	88,954	(5.5)	(5.2)
Specialized Solutions ¹	19,343	20,369	(5.0)	0.1	58,243	61,969	(6.0)	(3.7)
Total revenues	51,826	52,275	(0.9)	1.7	157,116	161,565	(2.8)	(1.6)
OPEX	42,368	45,614	(7.1)	(4.3)	124,286	131,844	(5.7)	(4.4)
EBITDA	9,458	6,661	42.0	41.8	32,830	29,721	10.5	10.4
EBITDA margin %	18.2%	12.7%	5.5pp	-	20.9%	18.4%	2.5pp	-

1) 2012 revenues from Orisoft is reported under Specialized Solutions (€511k in Q3-2012; €1,550k YTD-2012)

Revenues

Total revenues for Q3 amounted to € 51.8 million. This represents a decline of € 0.4 million or 0.9% compared to Q3 last year. Revenues on an operational basis increased 1.7%. Adjusting last year's Q3 revenues for the sale of Orisoft (€ 0.5 million), which was divested in October 2012, the increase on an operational basis is 2.7% in Q3. Compared to the prior year, total revenues for 2013-YTD declined 2.8% to € 157.1 million.

Cloud Solutions

Cloud Solutions continued to report strong subscription-based revenue growth. In Q3 Online revenues increased by 43.0% to € 5.3 million, driven primarily by growth in *Accountancy Solutions* and *Industry Solutions*. Annualized recurring revenues from Exact Online amounted to € 21.5 million as per September 30th. Total revenues, including services revenues, for Cloud Solutions increased 39.6% to € 5.3 million in the third quarter.

In the UK, we successfully completed a controlled release of Exact Online and the product was officially launched at the end of the third quarter. The UK will start to contribute to revenues in the fourth quarter.

The number of paying companies on Exact Online increased during the third quarter to a total of 133,188, up from 120,591 at the end on June this year. Exact is the leading provider of true cloud business software in the Benelux SME market.

Business Solutions

Total revenues for Business Solutions declined by 3.3% to € 27.2 million in Q3. Revenues from Business Solutions has seen an impact from last year's restructuring. The decrease in Maintenance & support revenues is driven by lower license sales, migration to Exact Online, discontinuation of DOS-based products as well as normal attrition. Underlying we see improvement of performance: actions aimed to retain our existing customers is successful with

improvements in attrition and we receive positive response from our strategy to target larger companies (>100 fte segment) with our configurable on-premise solutions.

Specialized Solutions

Total revenues on a reported basis for Specialized Solutions fell by 5.0% to € 19.3 million in Q3 2013. On an operational basis total revenues remained stable. When adjusted for the sale of Orisoft in 2012, operational revenues increased 2.6%. Within Specialized Solutions, results showed a mixed picture. Increased revenues from Longview and Lohn were offset by lower revenues from the business units in the US. Longview continued to record strong growth of sales intake for the subscription based tax solutions.

Operating expenses

Operating expenses (excluding depreciation and amortization) declined by € 3.2 million to € 42.4 million, a decline of 7.1% over the third quarter compared to the same quarter last year. The decline reflects the restructuring and other charges (€ 4.3 million) taken last year. On an operational basis and adjusted for the sale of Orisoft in 2012, operating expenses declined 3.3% in Q3. The underlying increase in operating expenses reflects the expenses related to the execution of our strategy to grow long term profitability in Cloud Solutions.

Research and development expenses increased by 2.2% to €7.1 million from € 6.9 million in Q3-2012. Total R&D expenses for the first nine months this year amounted to € 20.9 million, an increase of 2.6% compared to € 20.4 million in the same period the prior year. Total year-to-date R&D expenses represent 13.3% of reported revenues, compared to 12.2% for the first nine months of 2012. The increase is primarily driven by R&D expenses for the development of Exact Online. On a year to date basis capitalization of R&D expenses amounted to € 5.5 million, an increase of € 3.3 million compared to the same period last year.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA increased by 42.0% to € 9.5 million in Q3 this year as lower operating expenses more than off-set the lower revenues. The strong increase in EBITDA primarily reflects the one-time charge related to the restructuring in Q3-2012. EBITDA margin improved to 18.2% in Q3.

EBITDA in the first nine months of this year amounted to € 32.8 million, an increase of 10.5% compared to € 29.7 million in the same period last year. Last year's EBITDA includes one-time charges amounting to € 6.0 million in the first nine months.

Cash position

The cash position amounted to € 53.1 million as per the end of September. The average number of days sales outstanding improved to 47.9 from 51.3 the prior year.

Outlook 2013

Exact is making significant progress on the execution of its strategy for long term profitable growth. We have a strong focus on innovation, with significant investments in R&D to play into the key trends in the market. We expect Cloud Solutions continuing to grow by 30 to 50% per year in the coming years, as our customer base expands and the international rollout gains traction. For Business Solutions and Specialized Solutions, we are aiming for a low single-digit growth in more mature markets. All in all, we expect to grow total revenues over time with 4 – 7% per annum.

The challenging economic climate in which we operate continues to put pressure on results in Exact's traditional software businesses. Management expects full-year EBITDA to be within - but at the lower end of - the € 47 million to € 52 million range, as given at the announcement of the 2012 results in February of this year.

Additional segment information

Cloud Solutions

Revenues

Amounts in € '000	Q3 2013	Q3 2012	%	% operat'l
Online	5,267	3,683	43.0	43.0
Services	49	124	(60.2)	(60.2)
Total revenues	5,316	3,807	39.6	39.6
OPEX	8,541	5,078	68.2	69.1
EBITDA	(3,225)	(1,271)		

Amounts in € '000	Revenues	Revenue growth	Number of paying companies	Annualized Recurring Revenues
Netherlands	4,847	38.6%	120,675	19,705
Belgium	469	51.7%	12,513	1,775
Total Q3 2013	5,316	39.6%	133,188	21,480

Business Solutions

Revenues

Amounts in € '000	Q3 2013	Q3 2012	%	% operat'l
Licenses	4,041	4,091	(1.2)	0.5
Maintenance & support	20,603	21,507	(4.2)	(3.4)
Services	2,523	2,501	0.9	2.6
Total revenues	27,167	28,099	(3.3)	(2.3)
OPEX	15,587	17,893	(12.9)	(11.6)
EBITDA	11,580	10,206	13.5	13.9
<i>EBITDA margin</i>	<i>42.6%</i>	<i>36.3%</i>		

Specialized Solutions

Revenues

Amounts in € '000	Q3 2013 Americas	Q3 2013 Lohn	Q3 2013 Longview	Q3 2013 Total	Q3 2012 ¹ Total	%	% operat'l
Licenses	2,177	429	951	3,557	3,556	0.0	5.5
Maintenance & Support	6,572	1,728	1,836	10,136	10,894	(7.0)	(2.2)
Services	2,462	740	2,448	5,650	5,919	(4.6)	1.1
Total revenues	11,211	2,897	5,235	19,343	20,369	(5.0)	0.1
OPEX	8,270	2,567	5,264	16,101	16,829	(4.3)	0.2
EBITDA	2,941	330	(29)	3,242	3,540	(8.4)	(0.6)
<i>EBITDA margin</i>	<i>26.2%</i>	<i>11.4%</i>	<i>(0.5)%</i>	<i>16.8%</i>	<i>17.4%</i>		

1) Q3-2012 includes € 511k revenues and € 517k operating expenses related to Orisoft which was divested in October 2012.

Exact. And it all comes together.

About Exact.

Exact is a leading global supplier of business software. Since we began in 1984, our focus has shifted from supporting financial processes to providing a complete ERP offering for small and medium-sized businesses. Innovative solutions such as Exact Globe Next, Exact Synergy Enterprise and Exact Online support over 100,000 customers – local and international companies – in the daily management of their business.

Exact develops industry-specific on-premise and cloud solutions for manufacturing, wholesale and distribution, professional services and accountancy. Exact is headquartered in Delft, the Netherlands, and has been listed on the NYSE Euronext Amsterdam since June 1999. The company booked revenue of € 217.1 million in 2012.

For further information about Exact, visit www.exact.com or contact:

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