Growth through focus, innovation and simplicity

Annual Report 2012

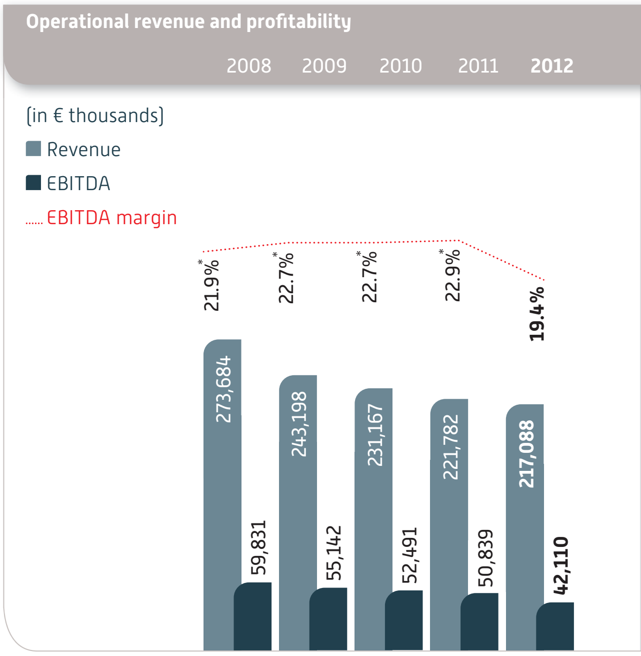
Exact Holding N.V.

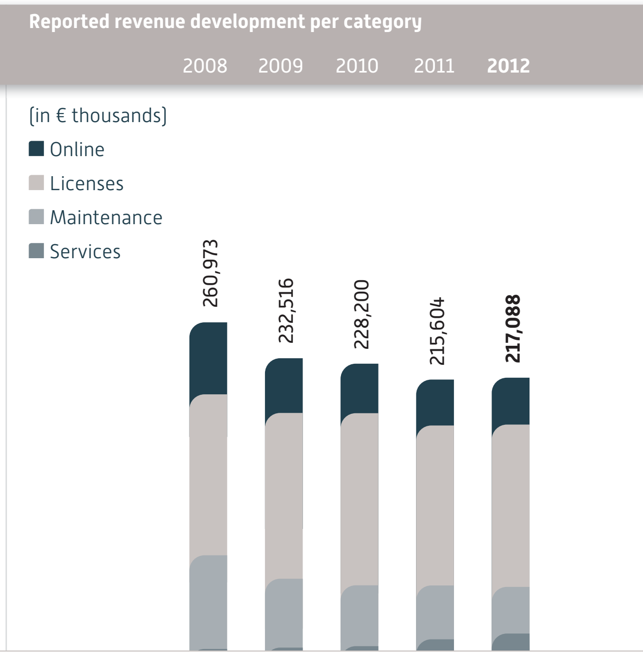
exact

Annual Report 2012

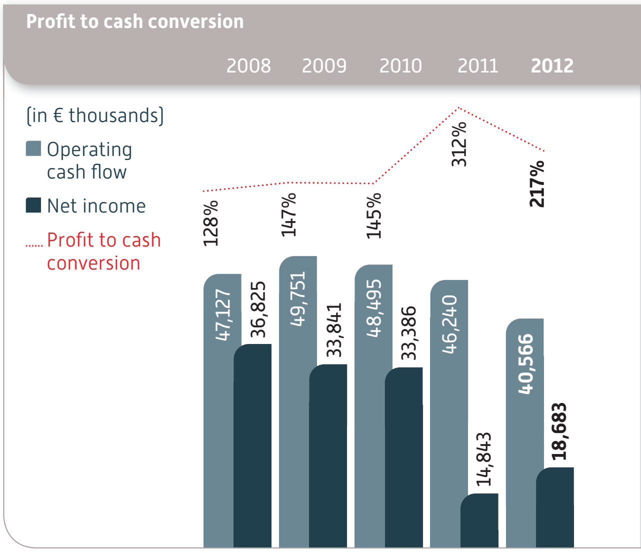
Exact Holding N.V.

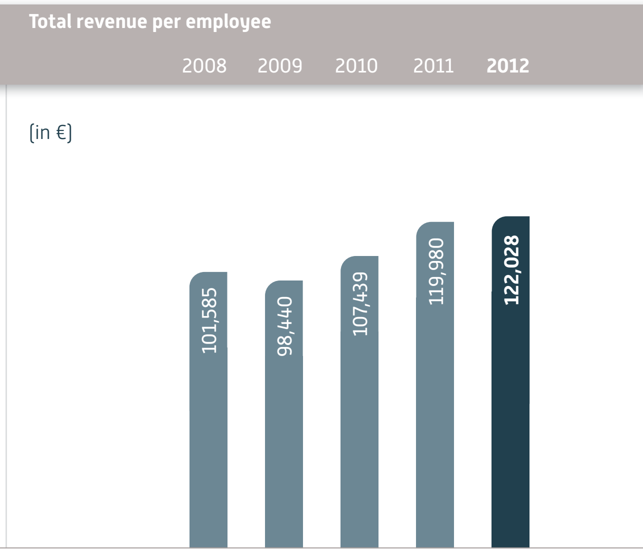
Highlights

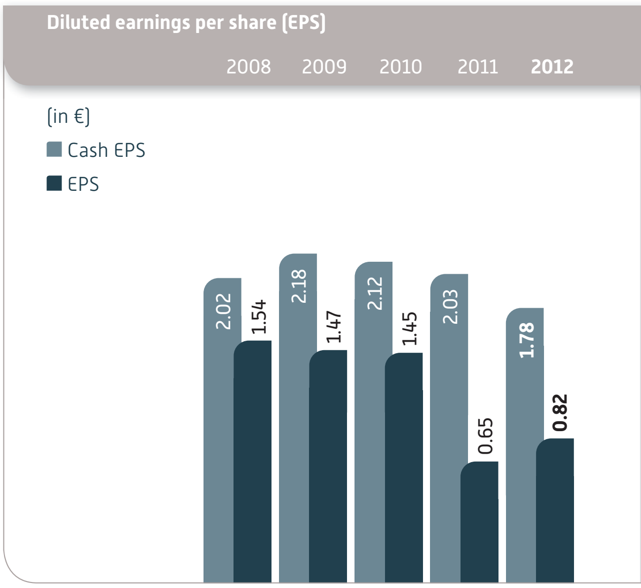


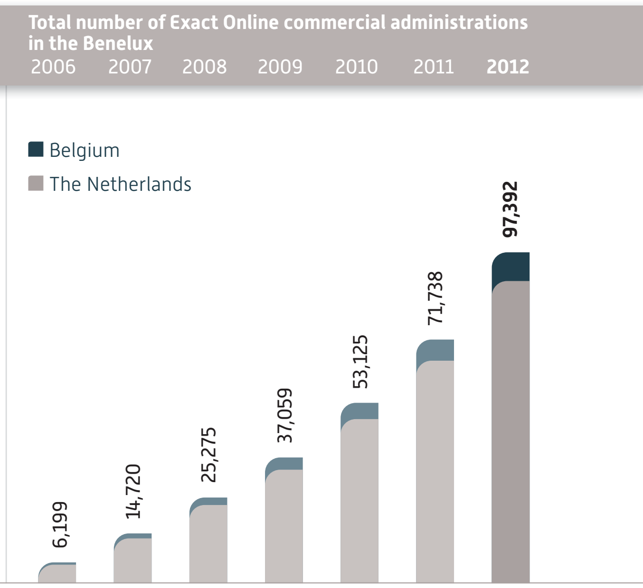


* Prior year's figures are translated against 2012 exchanges rates.









Key figures

(in € thousands)

	2012	Change	2011	2010	2009	2008
Revenue						
Online revenue	**14,224**	47.2%	9,665	4,218	3,073	2,021
License	**36,996**	(13.3%)	42,693	48,251	48,334	68,099
Maintenance	**128,705**	1.5%	126,826	136,476	137,732	133,767
Service	**37,163**	2.0%	36,420	39,255	43,377	57,086
Total revenue	**217,088**	0.7%	215,604	228,200	232,516	260,973
EBITDA	**42,110**	(16.2%)	50,249	52,398	54,350	58,203
Operating income (EBIT)	**30,552**	28.3%	23,812	41,754	45,729	49,373
Profit for the year	**18,683**	25.9%	14,843	33,386	33,841	36,825
Operating cash flow	**40,566**	(12.3%)	46,240	48,495	49,751	47,127
Employees (FTE)						
Average number of employees	**1,779**	(1.0%)	1,797	2,124	2,362	2,569
Number of employees at year end	**1,653**	(7.4%)	1,786	1,867	2,208	2,417
Balance sheet facts						
Total assets	**205,611**	(3.5%)	213,101	239,031	230,251	238,561
Short-term investments, cash and equivalents	**58,156**	8.1%	53,786	58,098	48,915	44,744
Total equity	**101,365**	(11.0%)	113,930	146,221	138,562	139,383
Net working capital (including cash)	**2,237**	(75.5%)	9,135	20,736	15,351	18,150
Ratios (%)						
EBITDA margin	**19.4%**	(3.9 pts)	23.3%	23.0%	23.4%	22.3%
EBIT margin	**14.1%**	3.1 pts	11.0%	18.3%	19.7%	18.9%
Net income margin	**8.6%**	1.7 pts	6.9%	14.6%	14.6%	14.1%
Current ratio (including cash)	**1.0**	(9.1%)	1.1	1.2	1.2	1.2
Return on equity	**17.4%**	5.9 pts	11.5%	23.5%	24.5%	24.2%
Figures per share						
Average number of shares outstanding						
(in thousands)						
Basic	**22,817**	0,0%	22,817	22,817	22,815	23,618
Diluted	**22,829**	0,0%	22,830	22,822	22,815	23,618
Earnings per share						
Basic	**€ 0.82**	26.0%	€ 0.65	€ 1.45	€ 1.47	€ 1.54
Diluted	**€ 0.82**	25.9%	€ 0.65	€ 1.45	€ 1.47	€ 1.54
Share price at year end	**€ 16.00**	0.0%	€ 16.00	€ 20.55	€ 18.60	€ 13.18
Dividend per share	**€ 1.00**	(31.5%)	€ 1.46	€ 2.02	€ 1.47	€ 1.56
Dividend return	**6.3%**	(2.8 pts)	9.1%	9.8%	7.9%	11.8%
(based on year-end share price)						

Table of Contents

In 2012, we introduced our new strategy 'Growth through focus, innovation and simplicity'. Armed with this strategy, the right management team, employees and organization, we are embarking on not just a new chapter, but an entirely new volume in the Exact story as the company fully commits to the cloud era and anticipates a return to real, sustainable growth.

General information

Company profile

Exact. And it all comes together.
Exact is a leading global supplier of business software. Since its foundation in 1984, Exact's focus has shifted from supporting financial processes to developing full-suite ERP solutions for small and medium-sized businesses. Innovative solutions such as Exact Globe Next, Exact Synergy Enterprise and Exact Online support over 100,000 customers – Dutch and international companies – in the daily management of their business.

Exact develops industry-specific on-premises and cloud solutions for manufacturing, wholesale & distribution, professional services, small business and accountancy. Headquartered in Delft, the Netherlands, Exact has been listed on the NYSE Euronext Amsterdam since June 1999. The company generated revenues of € 217.1 million in 2012.

For further information visit www.exact.com

Products

Exact Globe Next
Exact Globe Next (EGN) is the reliable and user-friendly foundation for all of your business processes. This powerful and innovative ERP software structures your business processes on a single platform, consolidating information flows for greater efficiency.

EGN enables you to see which direction your business is heading and it gives real-time insight into an organization's key business indicators. By replacing islands of information and enabling online knowledge sharing, EGN simply makes work easier. EGN can be integrated seamlessly with Exact Synergy.

Exact Synergy
Exact Synergy is a powerful web-based solution that enables you to integrate, manage, control and improve the way people work together to add value across your business. It is a scalable software solution that unites processes and connects information for employees, customers, and around financial transactions. Exact Synergy can be integrated seamlessly with Exact Globe Next.

Exact Online
Exact Online is an innovative multi-tenant cloud solution for small and medium-sized businesses. Exact Online offers an accounting solution as well as optimized solutions for industries such as manufacturing, professional services, wholesale distribution and accountancy. Exact Online has a pricing model based on monthly subscriptions

giving users maximum flexibility at minimal financial risk.

Exact JobBOSS

Exact JobBOSS is the most widely-used shop management system for job shops, contract manufacturers, make-to-order and mixed-mode manufacturers, with thousands of customers worldwide. With JobBOSS Starter, JobBOSS Professional and JobBOSS Enterprise product editions, you can choose the right solution today with confidence that it will grow as your business grows.

Exact Lohn

Exact Lohn, active in the German market, provides payroll solutions ranging from products to full business process outsourcing (BPO) to medium-sized businesses and payroll service providers. Exact Lohn also offers hosted services, training and consulting in the field of human resources.

Exact Macola

Exact Macola offers a dependable, comprehensive ERP solution covering accounting, distribution and manufacturing, workflow and document management, HRM and CRM. Its extensive business process management functionality reduces the need for expensive customization and the risk of downtime.

Exact Macola enables businesses to improve customer service and unify operations and with greater visibility and control.

Exact MAX

Exact MAX is a leading material requirement planning solution, for regulated markets such as aerospace, food and pharmaceuticals. It helps small to medium-sized discrete manufacturers to manage inventory, increase efficiency, maintain compliance and reap the full benefits of ERP through seamless integration with multiple accounting products resulting in complete ERP solutions.

Longview

Longview Solutions provides a corporate performance management (CPM) and tax data management platform that drive performance with speed, visibility and financial integrity. Longview helps customers create a single repository of financial facts from which all, or any one of the following key financial processes can be performed: financial planning, budgeting, forecasting, modelling, disclosure management/XBRL reporting, statutory consolidation, management reporting, profitability analytics, tax data collection, tax provision/reporting and tax planning.

Last year was a year of accelerated change for Exact. In July, we announced our new strategy: 'Growth through focus, innovation and simplicity'. This announcement was the starting point of a major change, not only in the way we do business, but in our organization too. We have completed the restructuring as part of the new organizational setup and we are convinced that the new business unit structure has put us in a strong position to benefit from the potential in our markets.

Letter from the CEO

The year 2012 was a year of accelerated change for Exact. At the start of the second quarter, it became clear that Exact's business model and its strategy of incremental operational improvement would not enable the company to deliver sustainable growth. We needed to make a number of strategic choices to address the challenges faced by the software industry in general and the challenges faced by Exact in particular.

The software industry is going through a fundamental change: the traditional license model is under pressure and the adoption of cloud solutions is growing rapidly. Customers are increasingly demanding easy to buy, easy to use software solutions.

In March 2012, I joined the company as the new CEO. After a 100-day period, during which I got to know the company and its products, talked with many customers, accountants and partners and met with virtually all our employees, we announced our new strategy on July 25: 'Growth through focus, innovation and simplicity'. This announcement was the starting point of a major change in our organization and in the way we do business.

The new strategy focuses on separating the traditional on-premises software solutions, operating in mature markets from Exact's fast-growing cloud solutions offering. To enable us to execute this strategy, we stepped away from our geographical organization and matrix structure, and switched to an end-to-end business unit structure. This created more focus, more accountability and drives more effective execution.

Focus

By separating Exact Online from the former Benelux region and merging the on-premises part of the Benelux region with the International region, we created two focused business units: Cloud Solutions and Business Solutions. Cloud Solutions offers a highly standardized, easy to implement and flexible customer experience at low total cost of ownership. Business Solutions offers traditional functionality-rich, integrated on-premises and hosted solutions meeting the needs of larger small and medium-sized business (SMB) customers. This integration process will result in significant annual cost savings, which will be reinvested in the development of our current and new portfolio and the international roll-out of Exact's cloud solutions. The integration process was finalized in the fourth quarter.

The three companies that formerly made up the Americas region (Exact JobBOSS, Exact MAX and Exact Macola) were combined with the two companies that previously formed Specialty Brands (Longview and Exact Lohn) to form the new Specialized Solutions business unit. These five businesses all target specific niche markets and will operate fairly autonomously. We also closed down our US headquarters in Boston.

Innovation

Innovation is key in our new strategy. As we have an aggressive new product roadmap, we will eventually increase investment in the new portfolio to 15% of our revenues, compared with 12% in 2012.

In general, what we are seeing is customers getting used to all kinds of applications with a more consumer-oriented look and feel. This is creating demand for more consumer-oriented user interfaces, also in the realm of enterprise business software. We made this the first priority in our product development roadmap, and we expect the first results of this to be seen in our 2013 product launches.

Simplicity

Another element in our new strategy is simplicity. We will interweave simplicity in everything we do: our organizational structure, the way we do business and how we work with our partners. Simplicity is also an inherent part of our products, how our customers buy solutions in our App Center to run their business and the user-friendliness of these solutions. Together with our application partners, we offer a one-stop-shop concept for our customers.

We launched the Exact App Center at Exact Live ’12, the largest customer event in Exact’s history, with over 3,500 entrepreneurs and accountants present. They attended inspirational business sessions, product presentations, solution demos and a trade show with Exact’s ecosystem of partners.

Results

We can report 47.2% revenue growth of our Cloud Solutions business over 2012, emphasizing our clear market leadership in cloud solutions for SMB companies in the Benelux.
Although the 2012 results of Business Solutions suffered from the efforts put into the reorganization while operating in difficult market circumstances, we feel we are already reaping the fruits of this new business model.

In our Specialized Solutions business unit, Exact JobBOSS showed impressive revenue growth in 2012, which is extremely important as our US Manufacturing software businesses will serve as a launching pad for the introduction of Exact Cloud Solutions in the US (Manufacturing and Wholesale & Distribution). Longview and Exact Lohn also showed revenue growth in 2012.

Ready for the future

The reorganization enables our Business Solutions business unit to focus on reducing attrition in the installed base by introducing customer intimacy programs. At the same time, we will focus on new business with larger customers and strengthen our channel in the largest European countries. In the course of 2013 and 2014, we plan to enter the United Kingdom, the US, Germany and France with Cloud Solutions. Further growth will be driven by adding new solutions and by scaling up our cloud solutions for larger SMB customers. Our Specialized Solutions will operate with greater autonomy, enabling growth through a self-funding strategy.

At the beginning of 2013, Exact has a complete new Board of Managing Directors and a new Supervisory Board in place. We have been able to recruit seasoned business leaders to deliver sustainable growth going forward.

I am proud of and re-energized by the fresh, inspirational narrative that we carry with us into 2013 and beyond. With the right management team, employees, organization and strategy, we are embarking on not just a new chapter, but an entirely new volume in the story of Exact, as the company fully commits to the cloud era and anticipates a return to real, sustainable growth.
I feel confident that we will be successful in accomplishing our goals in the years to come.

Erik van der Meijden
CEO

1

Report of the Board of Managing Directors

Board of Managing Directors

Mr. K.E. (Erik) **van der Meijden**

Nationality:
Dutch

Year of birth:
1959

Chief Executive Officer and chairman of the Board of Managing Directors, appointed at the Annual General Meeting of Shareholders of April 26, 2012 for a four-year term and eligible for reappointment at the Annual General Meeting of Shareholders in 2016.

As CEO and chairman, Mr. Van der Meijden is responsible for Exact's strategy, operations (incl. HR and corporate communications) and M&A.

Prior to joining Exact, Mr. Van der Meijden was CEO of Getronics N.V. and before that gained deep knowledge of the IT-industry while holding several positions at a number of international services and hardware companies.

Mr. O. (Onno) **Krap**

Nationality:
Dutch

Year of birth:
1965

Chief Financial Officer and member of the Board of Managing Directors, appointed at the Extraordinary General Meeting of Shareholders of June 21, 2012 for a four-year term and eligible for reappointment at the Annual General Meeting of Shareholders in 2016

As CFO, Mr. Krap is responsible for Finance, Internal Audit, Investor Relations, Tax, Risk Management, Treasury, IT and Legal Affairs.

Prior to joining Exact, Mr. Krap was CFO of Crucell (Johnson & Johnson) and before that he was Vice President Finance at Crucell and Finance Director of Applera Corporation.

Mr. H. (Hartmut) **Wagner**

Nationality:
German

Year of birth:
1969

Managing Director Exact Cloud Solutions and nominated for appointment as **member of the Board of Managing Directors** at the Annual General Meeting of Shareholders of May 22, 2013 for a four-year term.

As Managing Director, Mr. Wagner is responsible for Exact Cloud Solutions.

Prior to joining Exact, Mr. Wagner led the Hewlett-Packard Information Management Software business. Mr. Wagner brings nearly 20 years of experience in the IT industry to Exact.

Mr. M. (Marinus) **ter Laak**

Nationality:
Dutch

Year of birth:
1962

Managing Director Exact Business Solutions and nominated for appointment as **member of the Board of Managing Directors** at the Annual General Meeting of Shareholders of May 22, 2013 for a four-year term.

As Managing Director, Mr. Ter Laak is responsible for Exact Business Solutions.

Prior to joining Exact, Mr. Ter Laak was Senior Vice President at IntraLinks.
Mr. Ter Laak has been working in the IT industry since 1992 and in 2003 joined SAP where he held several senior management positions.

With the new strategy in place and an organization to make it work, we will be able to anticipate and respond more effectively to market trends and increase customer intimacy, ensuring that our solutions perfectly match the challenges our customers face.

1.1 Strategy overview

Exact has a rich portfolio of business software for small and medium-sized businesses. We provide innovative cloud-based and on-premises solutions to local and international companies, with a special focus on industries such as manufacturing, wholesale & distribution, professional services and accountancy.

The software market is changing rapidly. The adoption of cloud-based solutions is growing, as is the demand for subscription-based pricing. Internet, social media and smartphones are ubiquitous and business users have become used to software with a degree of user-friendliness previously only seen in the consumer market.

In view of these changing market conditions, Exact decided to adjust its business model to guarantee sustainable growth. This led to the new strategy 'Growth through focus, innovation and simplicity', which we introduced in July 2012.

To achieve better focus we implemented a new organizational structure. We replaced the matrix-style organization based on geographical regions with a simplified global structure with three business units:

- Business Solutions, which offers customized, feature-rich hosted and on-premises solutions.
- Cloud Solutions, which provides ready-to-use solutions out of the cloud with a focus on user friendliness.
- Specialized Solutions, which offers advanced solutions aimed at specific niche markets.

Business Solutions and Cloud Solutions were established by reshaping our Benelux and International regions. Specialized Solutions combines the previous Americas region (Exact Macola, Exact JobBOSS and Exact MAX) with two companies that were previously included in Specialty Brands: Exact Lohn, our German payroll business, and Longview, our Canada-based corporate performance and tax management business. We divested Orisoft in October 2012 due to its limited strategic fit.

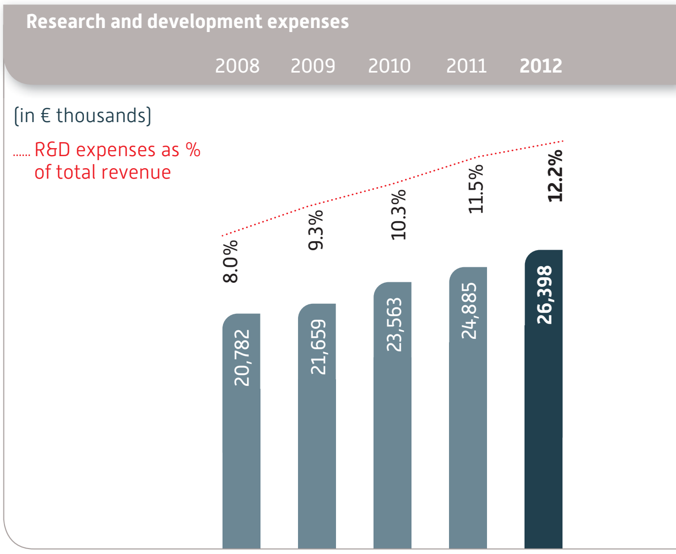
The new strategy and organizational structure requires different skills and capabilities. As a consequence, we cut our workforce by 150 FTEs. The annual savings of €8 million will be reinvested in the company, leading to an increase in R&D spending, as percentage of revenue, to 14% in 2013 and 15% in subsequent years. This will facilitate an even higher degree of innovation, which is important to maintain and extend our market leadership. To support this goal, we expect to hire approximately 140 new people this year.

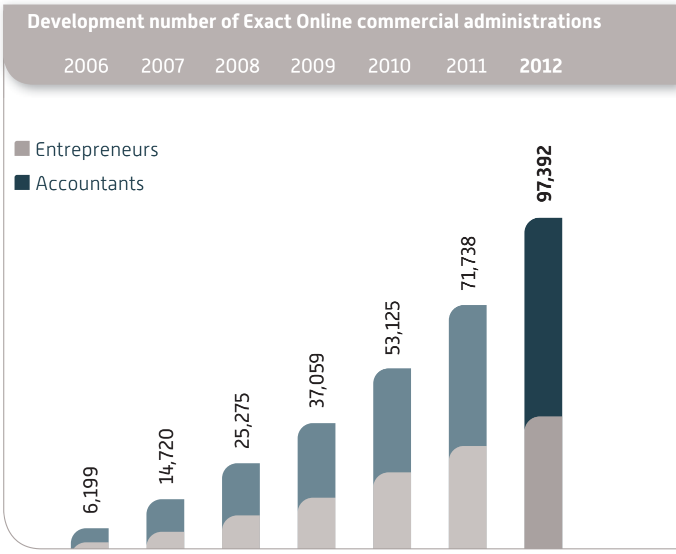
The new strategy also resulted in changes to the Board of Managing Directors. In December 2012, Marinus ter Laak joined Exact as the new managing director Business Solutions. He was followed by Hartmut Wagner, the new managing director Cloud Solutions, in January 2013. They will be nominated for appointment as members of the Board of Managing Directors at the Annual General Meeting of Shareholders on May 22, 2013.

Together with CEO Erik van der Meijden and CFO Onno Krap, they will form the new Board of Managing Directors.

With the new strategy in place and an organization to make it work, we will be able to anticipate and respond more effectively to market trends and increase customer intimacy, ensuring that our solutions perfectly match the challenges of our customers. Opportunities in the markets in which we operate are plentiful. Our broad portfolio has tremendous cross-selling potential, allowing us to get more business from our customer base. Most of our products can be adjusted to the needs of larger organizations, which gives us access to higher market segments and we see international opportunities, especially in the rapid adoption of cloud-based solutions.

We do recognize that the characteristics of various markets are very different and our new organizational structure is a direct response to that fact. It gives us an optimized go-to-market strategy for each business unit, which will be explained in detail in the following sections.





Being the market leader in cloud solutions for small and medium-sized business in the Benelux, we are in an excellent position to become a leader in other countries, too. As a thought leader, we will focus on influencing the industry and markets to increase efficiency and create more value by building world-class cloud solutions for accountants and SMB customers.

1.2 Cloud Solutions

Market

The cloud market is growing on a worldwide basis and while cloud-readiness still differs from country to country, there is an underlying growing trend for the adoption and use of cloud solutions.

Exact has been offering cloud-based accounting services since 2005 and is the market leader in the SMB market in the Benelux region. We have continuously enhanced our offering, creating optimized solutions that address the specific challenges of industries such as manufacturing, professional services, wholesale & distribution and accountancy. We are very well positioned to become a leader in that space. And as a tough leader, we will focus on influencing the industry and markets to increase efficiency and create more value by building world-class cloud solutions for accountants and SMB customers.

We offer an innovative multi-tenant cloud product line called Exact Online. Customers can access the service and their data from any location in the world. We can offer all our customers additional functionality in a single, fast action and a pricing model based on monthly subscriptions. This gives our customers maximum flexibility at minimal financial risk.

Strategy

We have defined a business strategy for Cloud Solutions that is fully aligned with Exact's overall strategy. It is a natural next step for our business to leverage the very strong business we have already built up in the Benelux region, and take it to the next level.

To accomplish our overarching goal of building a large, steadily growing recurring business with Cloud Solutions, we have decided to enter new international markets (United Kingdom, USA and Germany in 2013), to expand our portfolio and to move up in the market. We see ample opportunity to target the 20 – 100 employees segment in the coming quarters, in addition to our current target group, the 1 – 20 employees segment. We will also provide the best possible and exciting user experience and complete our broader ecosystem.

While we provide solutions for both accountants and SMBs, we are working hard to strengthen our relationship with accountants as a channel to the SMB segment. The market for business software for these small and medium-sized companies will gradually change from on-premises to cloud solutions.

Executing this strategy with focus, innovation and simplicity will strengthen the leadership position Exact has already built in this market.

Roadmap

As part of our ongoing commitment to meet the needs of our customers, we have introduced numerous enhancements to the existing Exact Online Accounting, Time & Billing and Wholesale Distribution solutions.
In December 2012, we introduced Customer Relationship Management (CRM) functionality as a key differentiator of our solutions. With an emphasis on ease of use, and support via mobile devices, this gives customers online access to all customer contacts and sales information.
In October, we launched the Exact App Center, offering solutions built by Exact and by our partners that seamlessly integrate with Exact Online. We also introduced improved apps for Android and Apple iOS devices. Dutch magazine Android Bible recommended Exact Online for Android, citing its 'gorgeous design and ease-of-use', and included the app in a very select list of business apps.

Accountancy

Exact Online Accountancy reduces the administrative burden for accountants, which of course allows them to focus on providing added value for their customers. While the accountants have full auditing control, their clients have access to up-to-date information at any moment in time. Major additions to Exact Online Accountancy include overviews that allow accountants to monitor multiple administrations efficiently. Accountants can use a renewed client portal to share financial and payroll overviews and automate the approval process for tax changes. New continuous monitoring functionality informs both accountants and their clients automatically of important events, such as dates or thresholds. This makes it easier for accountants to increase the value they can provide their clients.

Manufacturing

In December 2012, we launched Exact Online Manufacturing. This is aimed at job shops and small manufacturers and contains functionalities for accounting, wholesale distribution, CRM and, of course, manufacturing. It is a unique, all-in solution that supports both make-to-order and make-to-stock manufacturing processes. Exact Online Manufacturing provides dashboards for KPIs and to manage day-to-day activities plus it is very easy to implement.

Market response to Exact Online Manufacturing was strong and on December 31, 2012, we had already received more than 20 commercial contracts for this new solution.

In line with our plans, we will start the controlled release of Exact Online Manufacturing in the US in June 2013.

Professional Services

Exact Online Time & Billing is aimed at professional services organizations, such as IT and management consulting firms, that require functionality for the efficient registration of billable time spent by consultants on assignments.

In 2013, we will release an enhanced solution which offers additional functionalities, such as project management, capacity planning and resource allocation. It will also include invoice scheduled and billing milestones, using sophisticated dashboards and budget-per-hour functionality.

Wholesale Distribution

A key enhancement to Exact Online Wholesale Distribution in 2012 was the drop shipment feature. This allows our customers to place an order at a supplier and have it delivered directly to the end customer. For our customers, this means they do not need to operate a warehouse or invest in stock. And the end customer gets faster delivery.

Trusted delivery and data center excellence

Exact uses the best experts and invests heavily in the secured delivery of its cloud-based Exact Online solution. Many decision makers are still concerned about security when they consider cloud solutions. Exact considers security an essential part of our offering. External specialists regularly monitor our infrastructure to ensure maximum security. On an application level, we perform rigorous tests and apply e-Sure certification. There is ongoing effort to optimize the way we provide world-class industry security standards with our Exact Online solution. In 2012, our data center service, which has an SSAE16 and an ISAE3402 certification, was 99.9% available and we received positive customer feedback for the quality of our operations.

‘Helping clients to **focus on the future** of their business’

Lianne Desmet has been General Manager of tax and financial consultancy **Liqide** since 2004 and started **Beace B.V.** as a fully-online accounting office in 2012.

‘I work with a number of companies in different business sectors and the best part of my job is the time I get to spend advising them on the future of their business,’ says Desmet. ‘The accountancy world is in an enormous state of flux, as clients expect a lot more than simple bookkeeping these days. This is why I believe you have to innovate as an accountant. For instance, we’ve operated fully online and with paperless business processes since 2004. That’s the future of accountancy,’ she adds.

The main advantage of working with Exact Online is the real-time administrative control information, Desmet says. ‘My bookkeeping is always on hand. For instance, I can be sitting at home in the evening and access a client’s status from my phone or iPad. This results in optimal interaction with that client. Very importantly for me, thanks to my use of Exact Online I now have much more time free to advise my clients on the best ways to grow their business and become better business people. My job is to provide the service and the advice that helps them to focus on their core business. Exact helps me to do just that.’

‘Freeing up time to **focus on our clients and our business**’

René Roelofs is co-owner of **eRHa Automotive, Campers & Yachting**, which makes customized motorhomes, interiors for yachts and polyester parts for the automotive sector.

‘When we started in 2010, we had just a couple of projects on the go. So we worked with Excel for our financial administration and we did our project administration on paper,’ says Roelofs. ‘We’ve since grown to 15 employees handling 10 to 12 projects at any given time, and we needed much greater insight into our financial administration, purchase orders and the hours we’d worked per project.’

‘It was important that our software was online so that we can monitor projects 24/7 and that we could begin working with it immediately, without hiring a consultant,’ he adds. ‘Exact Online Production fits these needs perfectly, plus it enables us to incorporate our financial and project administration in the same package.’

The great advantage, Roelofs says, is that he and his employees now have end-to-end insight into the use of materials and hours worked for each project, with very accurate calculations of actual costs the moment each project is completed.

‘Very importantly, we use Exact to reduce the time we spend on administration, allowing us to concentrate on dealing with clients and growing our business. In addition, Exact stands firmly behind their customers and offers great support. I’ve also found that Exact is more than happy to incorporate our wishes into software updates,’ Roelofs says.

As the market leader in the SMB segment, Exact Business Solutions will expand its footprint within the installed base and will leverage its leadership to increase traction with larger SMB companies. Having new pricing models in place minimizing up-front investment for our customers we will increase customer intimacy to give them best-in-class support.

1.3 Business Solutions

Market

The market is looking for increased flexibility in both software pricing models and delivery models. We are also seeing increased demand for industry-specific tooling integrated with powerful back and front office functionality.

The core product lines, Exact Globe Next, Exact Synergy and Exact Financials, focus on helping mid-size local and international companies create greater value from their business processes. Offering a wide portfolio of integrated financial, CRM and HRM functionality, they include a range of specific add-ons for our key vertical markets (wholesale, manufacturing and professional services) and support multi-site cross-border operations within one IT system. Available as on-premises or hosted solutions, they can be purchased on a traditional license or monthly subscription basis. Thanks to this flexibility and strong fit with a wide range companies between 50 and 2,500 employees, Exact is the undisputed market leader in the SMB segment in Belgium and the Netherlands.

Strategy

The business unit will be pursuing development in two directions – expanding Exact's footprint within its installed base, and by leveraging its leadership position to increase traction with larger SMB+ companies. The re-launch of Exact Financials and the breadth of Exact Synergy Enterprise will support this move up market. Not to mention our proven track record as a best of breed supplier for financial administration, mature base with thousands of international customers and ability to offer full integration.

We will continue to invest in people throughout 2013, placing them closer than ever to our valued customers and providing best-in-class support. We will also invest in dedicated teams to position our propositions with larger companies, making the most of additional investments to enrich our offerings. These developments will also ensure we continue to provide best-in-class solutions and support to our existing customers.

In 2012, we successfully launched a number of new propositions, in addition to enhancing our existing ones by adding exciting new functionalities. The R&D investments in Exact Business Solutions focused on a number of themes, including user experience, mobility, connectivity and added value for specific market segments. Our development roadmap is largely market-driven, giving our customers a strong voice in the functionalities we develop.

Wholesale & Distribution

Our recently launched Service Management solution helps wholesale distributors and manufacturing companies optimize their after sales activities. Not only does it help them assign the right service engineer to a job, it also makes sure that the required parts, tools or services are available to complete the task successfully. With our Service Management Solution, engineers can now also use smartphones rather than the traditional but costly industrial terminals.

Exact also launched WMS Lite, an easy-to-use Warehouse Management System. This simplifies administrative tasks in the warehouse, resulting in increased warehouse efficiency. WMS Lite can be implemented quickly, enabling wholesale distributors to focus on their core challenges, improving the quality and efficiency of their operation.

In 2012, we continued to enhance our B2B e-Commerce portal. We have added functionality that enables wholesale distributors to present their range more effectively online and caters for both recurring and one-off buyers. The portal now supports all the world's major payment formats, offering a truly global e-commerce solution.

Manufacturing

The manufacturing industry is focusing more and more on lean organizations, efficient processes and the maximum elimination of waste. To support these customers, Exact has launched a new Shop Floor Control solution. This solution combines visual planning and real-time progress monitoring, which makes it extremely easy for manufacturing companies to respond quickly to changing market demands.

Professional Services

To further improve service to these customers, we have enhanced our solution in numerous areas. Project managers now have better overviews across multiple projects and they can define comprehensive work breakdown structures to manage projects. Exact has integrated a graphic planning tool in the solution, which helps make sure that project managers assign the right resource at the right time to the right customer. The solution comes tightly integrated with mobile devices, aligning planning with the consultant's calendar, and giving them real-time access to planning and realization of hours on projects, anytime and anywhere.

In 2013, we will continue to invest in all of our offerings, making sure we continue to provide best-in-class solutions for our customers.

Exact helps take Promedico **to the next level**

Promedico is market leader in the Dutch healthcare ICT market. The company's mission is to make an active contribution to the quality of client care by providing excellent IT solutions for general practitioners (GPs). With more than 60 employees, Promedico serves nearly 2,000 GPs and 5,000 other users in the Dutch healthcare sector.

Because Promedico was using multiple systems for its processes, the company had issues with its monthly reporting, as it was not possible to integrate the systems it was using. 'All in all, the former ICT infrastructure was time consuming and inefficient. What we wanted was a single standard integrated solution for our CRM, HRM, sales, project management and finance processes,' says Managing Director **Pita van Arkel**, who initiated the search for a new solution.

Van Arkel was new to the company, but she was used to working with Exact products. She was also fully committed to improving the efficiency and effectiveness of Promedico's business processes, as she believes that internal efficiency is one of the keys to innovation and top-notch client service. Being a real Exact ambassador, she convinced the Promedico staff to migrate from their current multiple systems to Exact Synergy and Exact Globe. 'We had some very constructive meetings with Exact to get a clear picture of Promedico's specific needs and how Exact solutions could give us the synergy and user-friendliness we needed.'

Promedico and Exact signed a deal on the last day of 2012, and Promedico started the implementation almost immediately. 'The biggest advantage of the new integrated system is Exact's user-friendly and real-time reporting tool, says Van Arkel. 'With a single mouse click, we can pull up reports on the Exact Synergy startpage. And if we need different processes, it's pretty easy to make changes in the Exact solutions. Once we've fully implemented both Exact Globe and Exact Synergy, we will be in full control of all our internal processes. I'm convinced that in the end this will save us time, which we can use to get to know our customers – and their challenges – better, and improve our services. Exact will help us take Promedico to the next level of professionalism.'

Reducing complexity to create **a perfect international network**

Francotyp-Postalia Holding AG (FP Group) was founded in 1923 as a producer of mail franking machines. But thanks to ever-changing mail markets, FP Group is now a full-service, multi-channel mail processing provider. The FP Group is the first multi- channel provider for mail communication. The globally active company offers the entire range of products and solutions for business and private customers.

In addition to standard machines for franking and inserting mail, FP Group's offering includes services such as the consolidation of business mail and innovative software solutions, such as the fully electronic letter.

Berlin-based FP Group has offices across the globe and all of them operate with a certain level of autonomy. 'The result is that our subsidiaries were all using their own systems for the same processes. This made our processes excessively complex. As far back as 2006, our office in The Hague, the Netherlands, got in touch with one of Exact's partners, specialized in solutions for the manufacturing and production industry. Then in 2009, we signed a contract to implement Exact Globe and Exact Synergy in Germany, Belgium, Singapore and Sweden,' says Pascal Miet, Head of International IT at FP Group.

The Exact partner provided support for the implementation of the Service Management and Logistics programs, while FP Group's central IT team implemented the programs for financials. 'The coordination and collaboration between Exact and its partner was excellent. It made implementation both quick and efficient. We had the programs up and running in almost no time,' says Miet.

FP Group was very impressed with the synergy and efficiency gains they were able to make thanks to the Exact programs. So much so that in late 2012, their UK offices also decided to implement Exact Synergy and Exact Globe. There was some competition from a local player, but Exact once again proved the value of teamwork, joining forces with its partners to convince the FP Group's UK team, by clearly demonstrating the potential synergies and efficiency gains of an integrated global solution.

'Exact is the perfect software in an international network. It enables us to reduce the complexity of our processes,' Miet says.

The five businesses of Specialized Solutions all target specific niche markets and operate fairly autonomously. In 2013, we will continue to invest in further growth. We intend to leverage our strong customer base in the US for the launch of Exact Online Manufacturing in 2013.

1.4 Specialized Solutions

Strategy

Following the changes to Exact's business model in July 2012, the three companies that formerly made up the Americas region (Exact JobBOSS, Exact MAX and Exact Macola) were combined with two companies that were previously included in Specialty Brands: Longview and Exact Lohn. Together they form the new Specialized Solutions business unit. These five businesses all target specific niche markets and will operate fairly autonomously.

The US-based entities are leading solutions providers to specific small and medium-sized manufacturing businesses. They focus on delivering rich functionality and implementing low-cost best-practice solutions.

Exact Lohn develops, markets and sells payroll solutions for the German market. Longview delivers enterprise corporate performance management (CPM) and tax solutions to support the world's largest companies and is currently the only vendor that addresses all components of the financial close.

We intend to leverage our strong customer base in the US for the launch of Exact Online Manufacturing in 2013.

Exact Macola

Exact Macola provides accounting, manufacturing management, and distribution management solutions to small and medium-sized manufacturers and distributors. For both existing and new customers, we created two new offerings in 2012: Macola Navigator and Macola Quickstart.

Macola Navigator offers role-based workspaces, with context-driven menus, dashboards, and reports, resulting in easier and faster access to information and improved solution usability.

Macola Quickstart is a series of industry-focused software implementation solutions that minimize both time-to-go live and service costs through increasingly pre-configured process blueprints. It will increase competiveness at the lower end of the market space.

Exact JobBOSS

Exact JobBOSS provides industry solutions to job shops that build to customer specifications. It has its own accounting module or can be integrated seamlessly with QuickBooks and a number of other accounting packages.

In May 2012, we announced the integration of JobBOSS with SPS Commerce, a cloud-based supply chain management solution. This provides support for electronic data interchange (EDI) transactions between manufacturers and their suppliers, which improves efficiency and reduces errors.

Thanks to a pick-up in the US manufacturing industry and the strong Exact JobBOSS solution for this market, we experienced excellent growth in Exact JobBOSS in 2012 in all three fields of licensing, maintenance and service.

Exact MAX

Exact MAX is a leading material requirement planning solution for regulated markets such as aerospace, food and pharmaceuticals. It provides seamless integration with multiple accounting products resulting in a complete ERP solution.

In 2012 we also launched the new Recall Manager, which helps users automate and document the entire recall process, resulting in far simpler and more reliable product recalls.

Exact Lohn

Exact Lohn, active in the German market, provides payroll solutions ranging from products to full business process outsourcing (BPO). We sell our core product Exact Lohn to small and medium-sized businesses and payroll service providers. We provide hosted and BPO services ourselves. In recognition of the very high quality and stability of our core product Exact Lohn received the strongest customer satisfaction score for payroll software in Germany in 2012.

Exact Lohn's growth in 2012 was largely driven by the new BPO solution. The launch of the new Exact Lohn product in the first half of 2012 took payroll processing to the next level in the German market.

Longview

Longview delivers corporate performance management (CPM) and tax solutions to global enterprises and upper mid-market companies worldwide. It supports consolidation, forecasting and budgeting as well as closing and reporting processes.

In 2012, the tax offering showed growth as the market recognized that lager companies need solutions that address both tax provisioning and reporting. This was acknowledged by leading industry analyst firm Gartner in its 2012 'User Survey Analysis: Customers Rate Their Corporate Performance Management Vendors'. Longview received the top score for overall customer satisfaction and vendor experience among CPM vendors. 'Tax provisioning and reporting is a critical component of any CPM architecture,' Gartner said. Both customer experience and satisfaction are critical success factors in every Longview implementation which resulted in high ratings from our customers. Since Longview is the only solution in the market that covers both CPM and tax, this led to a significant number of deals.

Longview helps RSA **slash time-to-reporting in half**

RSA Canada is a leading property and casualty insurance provider and part of the RSA group of companies headed by RSA Insurance Group plc. RSA Canada employs around 4,200 people and has a large network of brokers across the country.

For ten years, RSA Canada has been using Longview Consolidation and Longview Planning to automate and streamline their financial management processes and improve the company's financial and operational performance. 'The Longview applications have allowed our regional departments to do away with time-consuming manual processes and dedicate much more time to much more important strategic tasks,' says **Nicole Heidinger**, Manager, Management Reporting & Analysis.

'RSA Canada started its Longview journey with Longview Consolidation, which dramatically simplified and streamlined our processes for gathering, reconciling and aggregating financial data from our subsidiaries and regional operations across the country. We then implemented budgeting, planning, and forecasting implementation, to give us a unified, consistent view of our financial and operational performance based on real-time data from a single repository,' she adds.

One of the first quick wins RSA noticed was that they were able to slash reporting deadline from 10 days to five days. Longview also helped the company reduce its forecasting cycle time and improve financial data integrity right across the organization. 'What's more, the broader adoption of Longview Consolidation and Planning quickly freed up finance staff from a wide range of manual processes. We managed to cut the number of people required for manual tasks by over 30%. This means our people have a lot more time to focus on interpreting key financial information and packaging it to give decision-makers the high-quality information they need for vital strategic decisions,' says Heidinger.

'Exact JobBoss gave us a **new level of confidence**'

Family-owned firm **EMT Manufacturing** was founded 1993 and produces innovative custom-machined parts and subassemblies.

'Our core business is manufacturing high-precision structural components for the military aircraft industry,' says Managing Director **Ernie Hippner**.

Like any small business, EMT has had its ups and down over the years. 'But we've found solutions to most of the problems we encountered. We did have one major recurring problem, however, which was the sheer amount of time it took us to set up jobs we'd already done in the past. It was like inventing the wheel over and over again! We knew we needed to change something and started looking at various shop management software packages. The one that made the most sense to us was JobBoss by Exact. And we haven't looked back since,' Hippner says.

'The Exact sales representative worked with us for months before we finally made our decision to purchase JobBoss in July 2011. Then the installation was remarkably painless, as we didn't have to do a thing. Exact got it all up and running over the internet. Within weeks we were wondering why we hadn't done this year's ago.'

The impact was almost immediate, Hippner says. Repeat jobs ran faster, without mistakes, and quality levels and on-time delivery were incredible. 'This was because we now had a tool to enter all job-related information in one place. It's very easy for anyone in the company to monitor and keep us on track.'

Mid-2011, when EMT purchased Exact JobBoss software, was hardly an economic boom period, but in 2012 – EMT's 19th year of business – the company booked the highest sales in its history. 'Our on-time delivery and quality are now near perfect. We're still working to continually improve, of course, but we now have a new level of confidence with Exact JobBoss on our side.'

Following the introduction of the new organizational structure, we are now fully aligned with the markets in which we operate. The new business unit structure has been operational since the end of the third quarter of 2012. However, management reporting is still based on the previous geographical organization and matrix structure. In 2013 we will present our segment reporting in line with the new structure.

1.5 Financials

On July 25, 2012, Exact presented the new strategy: 'Growth through focus, innovation and simplicity'. To execute our new strategy, we have realigned the organization, turning it around from a geographical organization with a matrix structure into an organization with end-to-end business units. We achieved this by merging the on-premises and hosted part of the Benelux region with the International region and by making Exact Online a separate business unit. The business units Cloud Solutions and Business Solutions have been fully operational since the end of the third quarter.

Realignment of the organization

We carried out a restructuring program in 2012. Restructuring expenses amounted to € 7.0 million and are mainly due to severance payments (€ 5.5 million), consultancy charges (€ 1.1 million) and leasehold expenses (€ 0.4 million). Following the restructuring, we are now fully aligned with the markets in which we operate. This allows us to target our (potential) customers more effectively and to further increase customer intimacy.
The restructuring affected a significant part of the organization and led to a reduction of 150 FTEs. As part of the organizational restructuring, we also closed the regional headquarters of the former Americas business unit in Boston. Exact Macola, Exact MAX and Exact JobBOSS now report directly to the Board of Managing Directors.

The savings achieved with this operation will enable us to make investments in knowledge and skills in the parts of the organization that will generate further growth. A significant part of the investments will be in Cloud Solutions, but we will also make significant selective investments in other parts of the business. We estimate that the restructuring program will lead to total annualized cost savings of € 8.0 million, mainly in the area of salary expenses, rent and other operating expenses. These savings will be reinvested in the company.

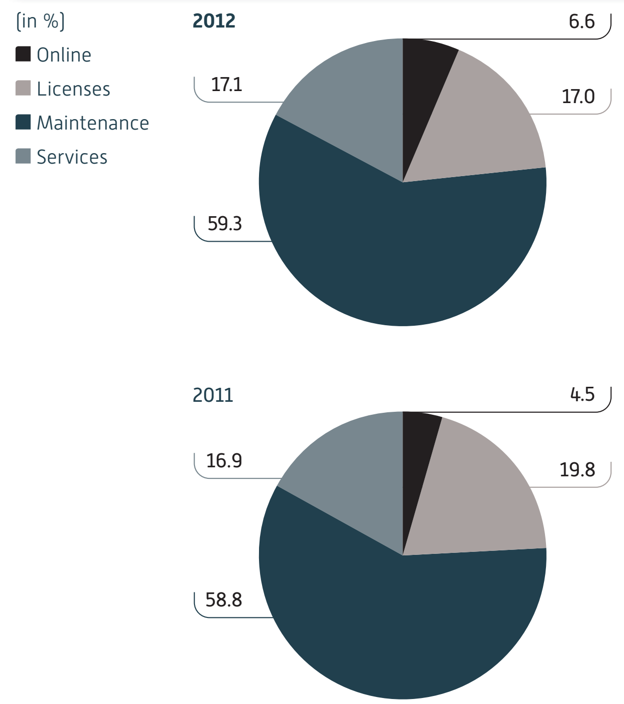
Divestment Orisoft

In the context of the overall restructuring exercise, we also concluded that Orisoft, one of the companies in the former Specialty Brands business unit, did not fit the strategy of Exact going forward. The company was divested on October 9, 2012, for an amount of € 1.2 million. Prior to the divestment, we recognized a € 2.2 million impairment of the assets of Orisoft to the expected sales price, with € 0.2 million of this recognized in operating expenses. In the divestment, the currency translation reserve was reclassified to the profit and loss, which had a positive impact of € 0.8 million.

Financial results		Reported	Reported change	Operational change*
(in € thousands)	**FY 2012**	FY 2011		
Online	**14,224**	9,665	47.2%	47.2%
License	**36,996**	42,693	(13.3%)	(16.3%)
Maintenance and support	**128,705**	126,826	1.5%	(0.8%)
Service	**37,163**	36,420	2.0%	(2.4%)
Total revenue	**217,088**	215,604	0.7%	(2.1%)
Operating expenses	**174,978**	165,355	5.8%	2.4%
EBITDA	**42,110**	50,249	(16.2%)	(17.2%)
Depreciation and amortization	**11,558**	26,437	(56.3%)	(56.5%)
EBIT	**30,552**	23,812	28.3%	25.9%
Net finance expense and share in result of joint ventures	**767**	743	3.2%	
Income tax expense	**11,102**	8,226	35.0%	
Net Income	**18,683**	14,843	25.9%	
EPS (in €)	**0.82**	0.65	25.9%	

* Operational change considers the impact of foreign exchange rates by translating prior year's results at current year's exchange rates.

Revenue per category



Revenue

Total revenue on a reported basis increased by 0.7% to € 217.1 million (FY 2011: € 215.6 million). Currency effects had a positive impact of 2.8%, mainly due to a stronger US Dollar. Revenue on an operational basis was 2.1% lower than in 2011. The decline in operational revenue is mainly due to lower license revenue and the effect of the realignment of the internal organization that primarily affected our International region. Exact Online realized sharp growth of 47.2% compared to the previous year. Recurring revenue on an operational basis increased by 2.7% to € 144.5 million in 2012, accounting for 66.5% of total revenue (FY 2011: 63.4%). The increase in recurring revenue was primarily driven by the growth of Exact online. The recurring outsourced payroll services (BPO) at Exact Lohn also contributed to the increase of recurring revenues.

Online revenue on a reported basis increased by 47.2% to € 14.2 million from € 9.7 million (operational basis: + 47.2%). The increase was solely driven by the sharp growth booked by Exact Online. Cloud Solutions continues to gain traction in the ERP software market, specifically in the SMB market, where Exact traditionally has a strong position. The Annualized Monthly Recurring Revenue of Exact Online as at December 31, 2012, amounted to € 16.7 million (December 31, 2011: € 11.6 million).

License revenue on a reported basis fell by 13.3% to € 37.0 million, from € 42.7 million (operational basis -/- 16.3%). This drop was predominantly due to our International and Benelux regions, as well as Longview. Markets are slow in the current economic climate and Exact is faced with a cautious investment climate for ERP software. Our International region was also impacted by the restructuring programs executed in 2011 and 2012. Exact JobBOSS and Exact Lohn both showed license revenue growth for the full year 2012.

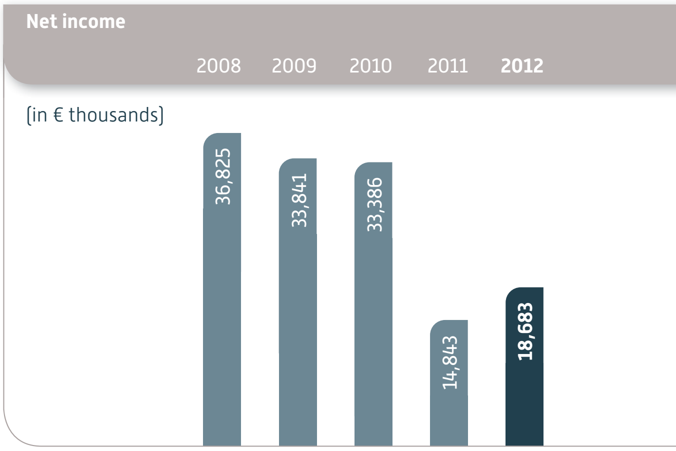
Summary of one-time charges (in € millions)	FY 2012	FY 2011	Change
Restructuring and other charges	**8.6**	3.1	5.5
Impact on EBITDA	**8.6**	3.1	5.5
Impairments and other	**2.0**	18.5	(16.5)
Impact on EBIT	**10.6**	21.6	(11.0)
Recycling cash flow hedge	**1.6**	–	1.6
Results on liquidation, divestment and other charges	**(0.9)**	–	(0.9)
Impact on income before tax	**11.3**	21.6	(10.3)
Income tax expense	**2.8**	(0.9)	3.7
Impact on net income	**14.1**	20.7	(6.6)

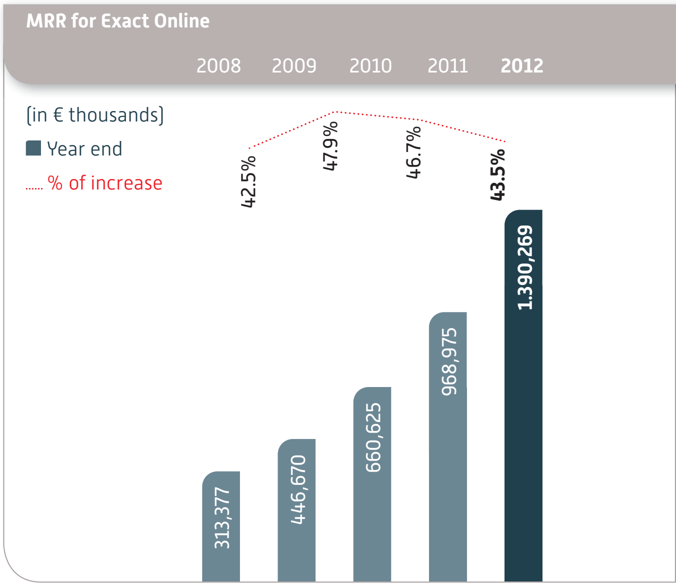
Maintenance and support revenue (excluding Exact Online) on a reported basis rose by 1.5% to € 128.7 million from € 126.8 million (operational basis -/- 0.8%). The decline on an operational basis was largely the result of a reduction in the maintenance base in the Benelux region, as well as for Exact Macola. At the same time, maintenance revenue for Longview, Exact JobBOSS, and Exact MAX showed healthy growth, due to low attrition rates and an expanding customer base.

Service revenue on a reported basis increased by 2.0% to € 37.2 million from € 36.4 million (operational basis: -/- 2.4%). The decline on an operational basis was down to the Benelux (-/- 11.6%) and the International region (-/- 24.3%), as a result of fewer license deals and the restructuring operations carried out in 2011 and 2012. Exact Lohn and Longview showed strong operational service revenue growth of 34.2% and 21.2% respectively. This was primarily driven by increased business momentum as a result of growth in BPO activities and the launch of the new tax data product proposition.

Summary of one-time charges

Exact's 2012 results were impacted by one-time charges that had a negative impact of € 14.1 million on net income (FY 2011: € 20.7 million). We are showing these one-time charges to provide additional insight into the quality of our earnings.



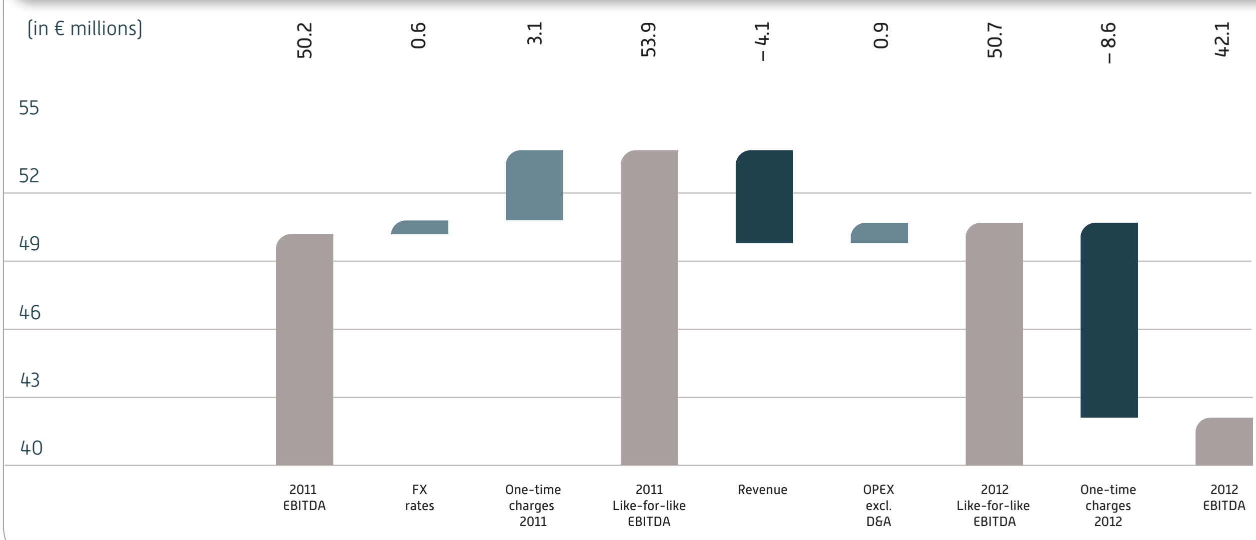


EBITDA and EBIT

Operating expenses (excluding depreciation and amortization) on a reported basis increased by 5.8% to € 175.0 million, from € 165.4 million (operational basis: + 2.4%). Operating expenses on an operational basis included one-time charges of € 8.6 million (€ 7.0 million restructuring expenses and € 1.6 million other charges), compared with € 3.1 million one-time charges in 2011.

Financial results	FY 2012	Reported	Reported change	Operational change
(in € thousands)	**FY 2012**	FY 2011		
Benelux				
Online	**14,224**	9,665	47.2%	47.2%
License	**13,933**	14,995	(7.1%)	(7.1%)
Maintenance and support	**62,918**	64,852	(3.0%)	(3.0%)
Service	**6,622**	7,493	(11.6%)	(11.6%)
Total revenue	**97,697**	97,005	0.7%	0.7%
Operating expenses	**58,068**	57,343	1.3%	1.3%
EBITDA	**39,629**	39,662	(0.1%)	(0.1%)
EBITDA margin	**40.6%**	40.9%	(0.3 pts)	(0.3 pts)

2011 – 2012 EBITDA bridge



We successfully completed the restructuring carried out to realign the organization to end-to-end business units in the fourth quarter of 2012. We have already started to see the effects of the restructuring in operating expenses on an operational basis, as these fell by 2.0% in the second half of 2012 compared to the same period in the previous year.

EBITDA on a reported basis fell by 16.2% to € 42.1 million, from € 50.2 million (operational basis: -/- 17.2%), primarily due to the € 8.6 million one-time charges in 2012, compared with € 3.1 million in 2011, plus a drop of € 4.7 million in revenue on an operational basis.

Research and development expenses on an operational basis (included in operating expenses) increased by 6.1% to € 26.4 million from € 24.9 million, which represents 12.2% of revenue. The increase was primarily driven by R&D expenses for the development of Exact Online, which were € 2.9 million higher at € 6.9 million. Depreciation and amortization dropped by 56.3% to € 11.6 million, from € 26.4 million (Operational basis: -/- 56.5%), mainly due to a one-time charge of € 18.5 million in 2011 (Longview impairment charge of € 18.4 million), compared with a 2012 one-time charge of € 2.0 million (impairment on disposal of Orisoft).

Reported EBIT increased by 28.3% to € 30.6 million from € 23.8 million. The increase was driven by the € 18.4 million Longview impairment charge in 2011, which was partly offset by a total of € 11.3 million one-time charges recognized in 2012.

Finance expenses and tax

Total finance expenses amounted to € 0.8 million (FY 2011: € 0.7 million). Finance expenses included several offsetting one-time charges: the negative impact of € 1.6 million cash flow hedge that was reclassified to the profit and loss, partly offset by positive currency effects of € 0.7 million from the divestment of Orisoft and the liquidation of certain foreign operations.

The average tax rate increased to 37.3% in 2012, from 35.7% in 2011. In 2012, our tax rate was impacted negatively by several one-time charges mainly due to a reassessment of our deferred tax position in relation to innovation tax facilities, taxation effects from the IP transfer of the Longview software from the Netherlands to Canada, the impairment of Orisoft (not deductible for tax purposes) and provisions for uncertain tax positions in various jurisdictions.

Cash flow

The net cash position increased to € 58.2 million as at December 31, 2012 (December 31, 2012: € 53.8 million).

The increase in the cash balance was driven by profit before tax of € 29.8 million and a continued focus on credit collection which led to a € 3.0 million reduction in accounts receivable. Exact made total dividend payments (interim 2012 and final 2011) in the amount of € 29.9 million.

The average days sales outstanding fell to 44.3 days (FY 2011: 45.6 days) and reflect a continued focus on credit collection.

Net income, EPS and dividend

Net income attributable to shareholders amounted to € 18.7 million (FY 2011: € 14.8 million). Earnings per share (EPS) consequently amounted to € 0.82 (FY 2011: € 0.65).

In view of Exact's dividend policy, but also taking into consideration the strong cash position, the Board of Managing Directors intends to propose at the General Meeting of Shareholders on May 22, 2013, a final dividend of € 0.56 per share. Combined with the interim dividend of € 0.44 distributed in August 2012, this brings the annual dividend per share to € 1.00.

The dividend will be payable to holders of ordinary shares at close of business on May 29, 2013. The shares will go ex-dividend on May 24, 2013.

Exact intends to issue dividends at 100% of net income unless the year-end cash position drops below € 40.0 million or in the event of significant acquisitions. We foresee significant investments in the coming years in line with our growth ambitions and we will refrain from compensating for non-cash items going forward.

Segmental information

In 2012 the organization was transformed from a geographical organization with a matrix structure into an organization with end-to-end business units. The new business unit structure has been operational since the third quarter, but reporting to the Board of Managing Directors in 2012 was still based on the geographical organization and matrix structure. For 2012 reporting purposes, therefore, the operating segments still comprise the International and the Benelux region. As of January 1, 2013, Exact will present its segment reporting in line with the new business unit structure divided into Cloud Solutions and Business Solutions, rather than of International and Benelux.

In 2012, the reporting structure for Specialty Brands has been split into Longview, Exact Lohn and Orisoft. Exact Lohn and Orisoft have been grouped into one reportable segment called 'Other'.

The sum of the EBITDA's disclosed below does not reconcile with the consolidated EBITDA as an amount of -/- € 11.6 million (2011: -/- € 8.1 million) relates to corporate activities.

Benelux

Total revenue on a reported basis increased by 0.7% to € 97.7 million in 2012, from € 97.0 million in 2011 (operational basis: + 0.7%). The growth in revenue was driven by Exact Online, with the number of commercial administrations increasing to 97,392 and the annualized MRR, amounting to € 16.7 million as at December 31, 2012 (December 31, 2011:

Financial results		Reported	Reported change	Operational change
(in € thousands)	**FY 2012**	FY 2011		
International				
License	**7,147**	10,581	(32.5%)	(34.0%)
Maintenance and support	**23,442**	23,124	1.4%	(0.5%)
Service	**6,214**	8,038	(22.7%)	(24.3%)
Total revenue	**36,803**	41,743	(11.8%)	(13.6%)
Operating expenses	**34,866**	40,312	(13.5%)	(15.3%)
EBITDA	**1,937**	1,431	35.4%	35.9%
EBITDA margin	**5.3%**	3.4%	1.9 pts	1.9 pts
Americas				
License	**10,382**	10,661	(2.6%)	(9.9%)
Maintenance	**27,279**	24,909	9.5%	1.3%
Service	**10,692**	10,241	4.4%	(3.3%)
Total revenue	**48,353**	45,811	5.5%	(2.3%)
Operating expenses	**36,248**	33,420	8.5%	0.3%
EBITDA	**12,105**	12,391	(2.3%)	(9.3%)
EBITDA margin	**25.0%**	27.0%	(2.0 pts)	(1.9 pts)

€ 11.6 million). Exact Online revenue for the year 2012 grew by 47.2% to € 14.2 million, mainly driven by the successful market introduction of Exact Online Wholesale & Distribution and Exact Online Time & Billing. These products were introduced in 2011, positioning Exact as a leader in cloud solutions for the SMB market. Exact Online Manufacturing and CRM capabilities for Exact Online were launched in the last quarter of 2012, making Exact Online a unique all-in-one cloud solution for the SMB market.

Reported license revenue declined by 7.1% to € 13.9 million (FY 2011: € 15.0 million), mainly due to softness in the direct channel. Reported maintenance revenue (excluding Exact Online) on an operational basis fell by 3.0%, primarily as a result of attrition not being offset by enough new license deals. Reported service revenue on an operational basis was 11.6% down, mainly due to the drop in license deals generated by Exact's direct sales force.

Operating expenses on a reported basis increased by 1.3% to € 58.1 million, from € 57.3 million. This increase was mainly due to expenses incurred for the customer event Exact Live'12. EBITDA fell by 0.1% to € 39.6 million (FY 2011: € 39.7 million).

International

Total reported revenue fell by 11.8% to € 36.8 million in 2012, from € 41.7 million in 2011 (operational basis: -/- 13.6%). The decline in operational revenue was mainly due to the effect of the realignment of the internal organization. The restructuring program was completed in the third quarter and the new end-to-end business unit structure will facilitate the return to sustainable growth.

Reported license revenue declined by 32.5% to € 7.1 million, from € 10.6 million (operational basis: -/- 34.0%). Reported maintenance revenue increased by 1.4% to € 23.4 million (operational basis: -/- 0.5%). Reported service revenue dropped by 22.7% to € 6.2 million (operational basis: -/- 24.3%).

Reported operating expenses were down 13.5% at € 34.9 million, compared with € 40.3 million in 2011 (operational basis: -/- 15.3%), primarily as a result of the full-year saving effect of the restructuring programs carried out. EBITDA increased by 35.4% to € 1.9 million (FY 2011: € 1.4 million).

Financial results		Reported	Reported change	Operational change
(in € thousands)	**FY 2012**	FY 2011		
Longview				
License	**3,863**	4,685	(17.5%)	(23.6%)
Maintenance and support	**7,535**	6,282	19.9%	11.2%
Service	**9,929**	7,557	31.4%	21.2%
Total revenue	**21,327**	18,524	15.1%	6.5%
Operating expenses	**23,100**	16,004	44.3%	34.2%
EBITDA	**(1,773)**	2,520	(170.4%)	(162.9%)
EBITDA margin	**(8.3%)**	13.6%	(21.9 pts)	(22.4 pts)
Other (Exact Lohn and Orisoft)				
License	**1,674**	1,773	(5.6%)	(7.9%)
Maintenance	**7,530**	7,661	(1.7%)	(2.2%)
Service	**3,704**	3,087	20.0%	18.0%
Total revenue	**12,908**	12,521	3.1%	2.0%
Operating expenses	**11,054**	10,146	9.0%	7.4%
EBITDA	**1,854**	2,375	(21.9%)	(21.6%)
EBITDA margin	**14.4%**	19.0%	(4.6 pts)	(4.3 pts)

Americas

Reported revenue for the Americas increased by 5.5% to € 48.4 million, from € 45.8 million (operational basis: -/- 2.3%). The operational drop was driven by a decline of 8.3% at Exact Macola, which was partly offset by a 10.2% increase in revenue from Exact JobBOSS.

License revenue on a reported basis was 2.6% lower at € 10.4 million, compared with € 10.7 million (operational basis: -/- 9.9%). This was due to weakness in the license revenue of Exact Macola in 2012, which was partly offset by license revenue growth at Exact JobBOSS. Maintenance revenue on a reported basis increased by 9.5% to € 27.3 million from € 24.9 million (operational basis: + 1.3%). This increase was the result of a modest price hike in some product ranges as of January 1, 2012, as well as ongoing stable attrition rates. Service revenue on a reported basis was up 4.4% at € 10.7 million, from € 10.2 million (operational basis: -/- 3.3%). The decrease on an operational basis was mainly due to fewer license deals at Exact Macola.

Reported operating expenses increased by 8.5% to € 36.2 million, from € 33.4 million (operational basis: + 0.3%). Reported EBITDA fell by 2.3% to € 12.1 million. (operational basis: 9.3%). The decline in operational revenue was driven by the decline in license revenue.

Longview

Total reported revenue rose by 15.1% to € 21.3 million, from € 18.5 million (operational basis: + 6.5%). The increase in total operational revenue was driven by increased services revenue (+ 21.2%) and higher maintenance revenue (+11.2%).
Reported license revenue declined by 17.5% (operational: -/- 23.6%), as the challenging market circumstances led to the postponement of investments by (potential) customers. Reported maintenance revenue increased by 19.9% to € 7.5 million (operational basis: + 11.2%), driven by stable, low attrition rates. Service revenue increased by 31.4% to € 9.9 million (operational basis: + 21.2%).
Reported operating expenses, excluding depreciation and amortization, increased by 44.3% to € 23.1 million, from € 16.0 million (operational basis: + 34.2%). The increase was primarily driven by increased personnel and outwork expenses and has other factors. The year under review includes expenses related to the new tax proposition after the go-live early in 2012. These costs cannot be capitalized as they are considered maintenance costs. Furthermore, the year under review included restructuring expenses to streamline the organization, increased consulting costs for services work and, finally, investments to gain a footprint in Europe.
Reported EBITDA fell by € 4.3 million to a loss of € 1.7 million (operational basis: -/- 162.9%). The drop in EBITDA on an operational basis was driven by the higher operating expenses.

Other (Exact Lohn and Orisoft)

Total reported revenue for the Other segment increased by 3.1% on a reported basis to € 12.9 million, from € 12.5 million (operational basis: + 2.0%).

Exact Lohn showed 8.4% revenue growth in 2012. The revenue growth resulted from increased marketing, as well as from the next generation Lohn XL proposition that was launched in the second quarter of 2012. The initiatives aimed at hosted solutions and BPO (outsourced payroll services) are gaining traction and we expect them to grow further in the near future. Orisoft was divested on October 9, 2012, for an amount of € 1.2 million in a management buy-out. Prior to the divestment, the assets of Orisoft were impaired by € 2.2 million to the expected sales price.

Reported operating expenses increased by 9.0% to € 11.1 million, from € 10.1 million (operational basis: + 7.4%). Operating expenses on an operational basis increased on account of additional investments in Exact Lohn. Reported EBITDA fell 21.9% to € 1.9 million (operational basis:-/- 21.6%), due to the decline in revenue.

We are competing for the best people in a fiercely competitive market. But this is an opportunity for Human Resources to help shape the Exact of the future. Our focus on the training and development of our people will be a key success factor in winning the war for talent.

1.6 Human resources

Exact is its people. Our job at Human Resources is to help create the right culture and conditions to help Exact attract and retain the right people. People who are engaged and committed to Exact's goals, and do what is right for the company and for its clients. To do that we have to make sure Exact can offer those people the right opportunities for career development and personal growth.

Last year was a time of enormous change at Exact, as we appointed a new Board of Managing Directors and launched a new strategy to achieve growth through focus, innovation and simplicity. We also announced a new organizational structure aligned with the new strategy. Our new business unit structure will require a different balance of skills and competencies in both our Cloud Solutions and Business Solutions business units.

This will be a challenge, as we compete for the best people in a very competitive market. But it is also an opportunity for Human Resources to help shape the Exact of the future. Our focus on the training and development of our people will be a key success factor in this, as we offer employees the opportunity to grow and develop within Exact.

Professional and focused

In line with this vision and the challenge ahead, in 2012 we focused on the further professionalization of our global recruitment team. In the first half of the year, we also implemented the global compensation framework, worked on an improved training portfolio, plus we launched the Exact learning center and Certification Track. And of course, from May 2012, the realignment of our former Americas region and the organizational transition related to our new strategy was at the very top of our agenda.

Global compensation framework

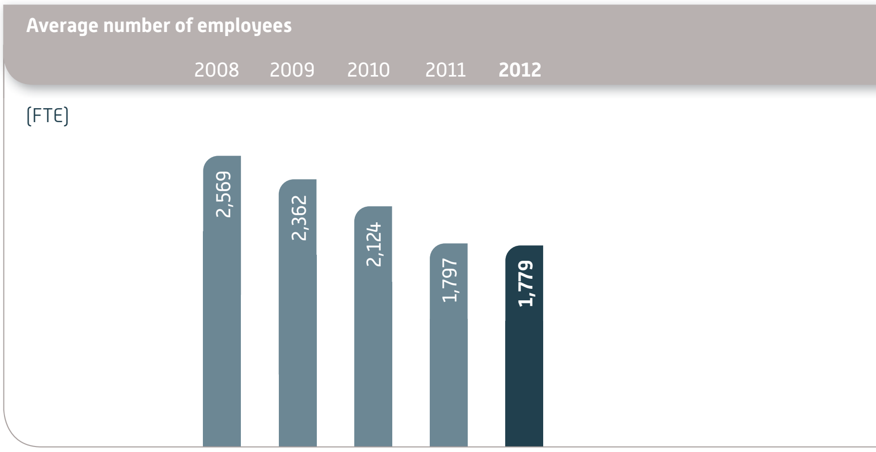
The global compensation framework creates greater transparency in the structure of both fixed and variable income. Together with our Job House, it gives our employees worldwide clear insight into the career opportunities we offer. Very importantly, it helps us to keep our reward packages in line with industry standards, and to compete for the best people in the market. To make sure we remain competitive in terms of salaries and benefits for our employees, we benchmark our remuneration packages periodically.

Realignment Americas region

In June 2012, Exact announced the reorganization of the former Americas region. Part of our job at Human Resources was to help design the new agile structure that will enable Exact to meet its sustainable growth targets. During this brief process, we looked at every aspect of the alignment with the new strategy and the transition plan. Then we helped design an operational and reporting structure aligned with

Employees per discipline (in full time equivalents (FTE))	2012 Average	2011 Average	Change	2012 At year end	2011 At year end	Change
Sales and Marketing	**377**	371	1.6%	**348**	370	(5.9%)
Customer Services	**660**	669	(1.3%)	**586**	656	(10.6%)
Research and Development	**471**	472	(0.2%)	**473**	483	(2.1%)
Operations Support	**233**	258	(9.7%)	**213**	252	(15.5%)
General Management	**38**	27	40.7%	**33**	25	32.0%
Total	**1,779**	1,797	(1.0%)	**1,653**	1,786	(7.4%)

the new strategy. The three businesses, Exact JobBOSS, Exact Macola and Exact MAX, now report directly to our headquarters in Delft and we closed the Americas headquarters in Boston. We believe these changes will help Exact to get back to growth.



Training and development

Training is key to both recruiting and retaining the right people and to staying ahead of the game in a fiercely competitive market. To make sure our employees remain fully committed and aligned with our strategy and to provide them with the opportunity for professional and personal growth, we have designed a wide range of internal training courses. In 2012, we added a considerable number of new training courses, aligned with the new strategy and our future product portfolio, with particular focus on cloud solutions and business solutions. We also adapted existing training courses to the new strategy.

In addition to the training courses we offer, we launched a Certification Track. This makes sure our employees have in-depth and up-to-date knowledge of our global product lines. By linking the Certification Track to our Job House, we make sure that our employees get the right training for the job they do, as well as for the job they may want to do in the future. To make sure the Certification Track is open to all employees, not just those at our Delft headquarters, we also launched virtual classrooms for Exact employees worldwide.

The Certification Track and training courses can be accessed via our new Exact Learning Center (ELC). ELC is a one-stop-shop for all the training courses available at Exact. This enables our employees to choose the right course for their personal and professional needs, while offering managers insight into their progress by registering the results and courses followed by the employees in their teams.

Recruitment

Finding the best people requires a strong recruitment team. In 2012, we continued to professionalize the global HR department and added to our recruitment team. The latter, located in offices throughout the world, managed to fill 85% of all vacancies. And we managed to do so more and more without the help of third-party recruitment agencies, by making efficient and proactive use of social media such as LinkedIn and Twitter. This professionalization and the effective use of new media has not only lowered the cost of recruitment significantly. It has also helped us improve the quality of the candidates for positions within the company.

Employees per region	2012	2011		2012	2011	
(in full time equivalents (FTE))	Average	Average	Change	At year end	At year end	Change
Benelux	**397**	375	6.0%	**382**	375	2.0%
International	**360**	434	(17.1%)	**283**	384	(26.4%)
Americas	**285**	258	10.4%	**288**	258	11.4%
Specialty Brands	**337**	322	4.7%	**284**	329	(13.7%)
Corporate	**97**	108	(10.2%)	**97**	125	(22.7%)
Development	**303**	300	1.0%	**320**	315	1.5%
Total	**1,779**	1,797	(1.0%)	**1,653**	1,786	(7.4%)

Transition

Following the announcement of the new strategy in the second half of 2012, Human Resources had a very clear role to play in facilitating the organizational transition related to the new strategy. To execute the strategy successfully, our organization had to move away from its previous matrix structure in favor of a more simple and focused business unit structure. This transition was a complex process, involving many people worldwide.

To make the transition as smooth and effective as possible, we worked very closely with our Dutch Works Council. The Works Council was a welcome sparring partner in the discussions centered on the design of new organizational structure.

A change of this magnitude and the unfortunate fact that we had to let go 8% of our total workforce globally, meant we had to take a very close look at Exact's job structure. And at the skills we require now and will require in the future. To support our new strategy and product focus, Human Resources devoted a great deal of attention in 2012 to adapting the skill sets for existing key functions, creating numerous new roles that we believe will be essential if we are to meet our to sustainable growth targets.

At Exact, we believe in the principle of internal mobility and we aim to fill our vacancies with internal candidates. Internal moves help us to develop our employees by providing them with new opportunities, while at the same time we keep their knowledge within the organization. In 2013, we will develop more specific career paths completely aligned with our new strategy. By doing so, we will ensure that we have and retain all the skills and knowledge required for specific positions.

During the transition in 2012, we therefore first checked on potential best matches for vacancies in our current employee base. In addition, we also started recruitment processes for the changed and new roles. Cloud Solutions was obviously a major focal point in terms of recruitment.

We are now fully prepared to start recruitment processes to fill those positions. In view of the planned roll-out of Exact Online in the United Kingdom, the US, Germany and France in the coming year, we are recruiting specifically in those countries.

Exact culture survey

Immediately after the transition, in November 2012, we conducted our first Exact culture survey. The aim of the survey was to determine how our employees value Exact's culture and identify which areas need improvement.

The 2012 survey helped us to establish a baseline, and we will be repeating the survey in 2013, to monitor the progress we have made and identify areas that require further action.

The results of the survey revealed that employees appreciate our dynamic work environment, culture and atmosphere. Their main concerns were related to performance management and recognition and we are now taking action to address these concerns.

In 2013, the Human Resources' main project will be the introduction of a performance management system. The introduction of this system will enable us to clarify the accountabilities and responsibilities of the roles included in our Job House.

This system will give clear key performance indicators and will allow us to steer based on results. This will help us to realize a behavioral change that will support our new strategy.

2

Corporate social responsibility

In a year full of changes our focus was mainly on the transition and getting our organization in shape for the years to come. However, we also made progress in our corporate social responsibility efforts. Since we believe that our CSR strategy should be aligned with our business strategy, we will review and adapt our CSR goals in the course of 2013.

2

Corporate social responsibility

At Exact, we take responsibility for the impact of our decisions and actions as a company, not only in terms of their effects on our stakeholders, but on the environment and on society as a whole. Our strategy for corporate social responsibility (CSR) is based on three pillars: people, planet and community engagement.

Last year was a year full of changes related to the launch of the new strategy. Our focus was mainly on the transition and getting our organization in shape for the years to come. For this reason, our corporate social responsibility results are not in line with the targets set in last year's report. However, we did make progress on a few elements, which are described below.

We believe that our CSR strategy should be aligned with our business objectives and organization. In the course of 2013, we will review and adapt our CSR goals so that they are aligned with our new growth strategy and organizational structure.

People

Our people are what make us unique. That is why Exact is committed to building up and maintaining an extraordinary and diverse workforce. Keeping and engaging our people is a key priority. An important motivational factor for our employees is the opportunities we give them for personal development, so we are continually developing our learning culture. Since our strategy has changed, all the training courses described in the Human resources chapter of this annual report have been tailor-made and aligned with the new structure and strategy.

Employee diversity

At Exact, we believe in the strength of a diverse workforce. We try to recruit the right mix of people for Exact as a whole, as well as per department, taking into account skills, gender, nationality, and other factors. However, diversity is not a goal in itself, since we always strive for 'the best man/woman for the job'.

In 2012, our multicultural workforce consisted of 39 nationalities employed in 16 countries, with 38.5% (2011: 37.6%) of these women and 61.5% (2011: 62.4%) men. For the organization as a whole, we feel we have a healthy balance of nationality and gender. The 2012 men/women ratio is above average in the Dutch IT industry

(IT companies operating worldwide through several offices). Looking at the current market circumstances, and the development of the IT industry in general, we believe this is a fairly healthy balance.

When it comes to gender diversity, we strive to recruit more talented women for senior management positions. However, this is proving difficult; unfortunately, a common phenomenon in the IT industry. So while it is our goal to achieve a good balance, we realize that it will take some time before we can show results.

Planet

As a software company, our business has limited impact on the environment. Nevertheless, we do try to minimize in areas where we can regulate our impact, such as in energy consumption and business travel.

In our offices around the world, we stimulate awareness of electricity and gas use. In our Dutch headquarters, we took serious measures in 2012 to reduce our total energy use. We achieved some reductions through obvious and simple changes in behavior, such as turning off lights during the daytime and after working hours and the use of energy-saving lamps. We also turned off water heaters that were not actively being used and lowered thermostats after working hours.

This resulted in a reduction in energy use to 1,420,688 KWH in 2012, compared with 1,483,003 KWH in 2011.

As an international company working in a global market, we cannot avoid travel. However, we strive to reduce carbon emissions and minimize unnecessary travel as much as possible. We encourage our employees to make use of tools such as video conferencing, webinars, webcasts and messenger services. Our infrastructure is fully equipped with those facilities, which are available at all our offices and to all our employees.

For travel by car, we encourage our employees to drive low-emission cars. The percentage of cars that meet these criteria increased to 59% in 2012 from 47% in 2011.

Community Engagement

We wish to contribute to a better standard of living for future generations. Because of the nature of our business and our entrepreneurial roots, we believe we can add most value by sharing our knowledge and experience to stimulate entrepreneurship in developing countries.

In 2012, we worked with Child at Venture and 'adopted' a class of starting entrepreneurs in Manila, the Philippines. Through the 'Adopt a Class' project, Exact supported young entrepreneurs directly by sharing our knowledge and skills.

The 'Adopt a Class' project consists of a class of aspiring business owners aged 15 to 24. At the launch of the project, 44 youngsters in the Philippines attended an introductory workshop. Following a training course, seven of them received starting capital and coaching for one year.

Exact has organized workshops to share and increase business knowledge and Exact employees gave the young entrepreneurs advice and feedback throughout the year.

In November 2012, Exact renewed the contract with Child at Venture and donated € 21,200 for a new 'Adopt a Class' project in 2013.

Bridging the digital divide

People in developing countries often have limited or no access to information technology. Exact helps to bridge this digital divide by donating IT equipment and setting up local events. We work with not-for-profit organizations, such as Close the Gap (worldwide), Habitat for Humanity (Americas) and several local organizations (in Asia).

In 2012, we donated over 400 computer systems to organizations such as Habitat for Humanity (US) and Close the Gap. On top of this, we donated € 10 per item of IT equipment to the Close the Gap e-Waste program.

Exact also donated IT equipment to primary schools, orphanages and children's homes in Kuala Lumpur.

3

Risk management

The market in which we operate is changing rapidly and demands constant agility. Being truly entrepreneurial means taking risks to realize our strategic goals. But it also means minimizing any risk that might jeopardize our reputation, customer experience, the performance of our products, our targeted revenue growth or our obligations to our shareholders.

3

Risk management

Risk management is important for our stakeholders, especially in times of economic uncertainty and turbulence. In this chapter, we aim to provide clear insight into all the key risks related to our business and explain to our stakeholders how we mitigate those risks.

Risk governance

Risk governance is the responsibility of line management and ultimately the Board of Managing Directors. In 2012 risk governance was exercised by line management (first line of defense), Risk Management and Compliance (second line of defense) and Internal Audit (third line of defense).

The Supervisory Board oversees governance and risk control-related topics and evaluates the risks relating to and the progress made on the implementation of control measures. The Audit Committee prepares the decision-making of the Supervisory Board on risk management, compliance and internal and external audit matters. For further details on the Supervisory Board and Audit Committee we refer you to the Corporate Governance chapter in this annual report.

Risk management

In 2012, Exact established a Risk Management function to strengthen the second line of defense. Risk management supports management by developing policies, methodologies and infrastructures for identifying, measuring, monitoring and reporting on the different types of risk. Risk management is responsible for annually facilitating a risk & control self-assessment at Board of Managing Directors level to determine the strategic risks and Exact's risk appetite. Risk management also assists the business in performing risk & control self-assessments. Exact will bolster its Risk management further in 2013.

Compliance

The Compliance function within Exact is the responsibility of the Legal Counsel. The Legal Counsel acts as a second line of defense and supports the Board of Managing Directors in maintaining a high level of compliance.
We operate in various markets and it is in our own interest, as well as our customers' interest that we comply with all relevant rules and regulations in these markets. As a result of the increasing number of rules and regulations and their diversity and complexity worldwide, the inherent risk of non-compliance also increases. To manage and mitigate this risk, we use specialists for designated compliance areas. The Legal Counsel initiates and monitors the implementation of new laws and regulations in order to fulfil its responsibility to

ensure that our conduct is in compliance with the various jurisdictions and in line with stakeholders' expectations.

Internal Audit

The Internal Audit Manager reports administratively to the CFO and functionally to the Chairman of the Audit Committee. The independence of this function is safeguarded by the reporting line to the Chairman of the Audit Committee and direct access to the CEO. Internal Audit has drawn up and executed an audit plan based on an in-depth annual risk analysis. This audit plan is adjusted through the year to reflect any new developments. The Internal Audit function has unrestricted access to all members of the Board of Managing Directors, as well as to all documents, records, systems, properties and staff.

Management statement

We believe that, in compliance with provision II.1.5 of the Code, our internal risk management and control system provides reasonable assurance that our financial reporting does not contain material misstatements. We have no indications that the risk management and control system we have in place did not function properly in 2012, and no indications that it might not work properly in 2013.

It is important to note that well-designed and implemented risk management and control systems significantly reduce, but cannot fully eliminate the possibility of human error, poor judgment, deliberate circumvention of controls, overriding of controls by management, or the occurrence of unforeseeable circumstances. Another key element to consider within risk management is 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, or in the orderly and legitimate conduct of its business. In this context, reasonable assurance refers to a degree of certainty that would be satisfactory for a prudent manager in the management of his or her affairs under the given circumstances.

Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of sudden changes in conditions, both internally and externally.

Company strategy and risk appetite

Executing our strategy implies that we take a certain amount of risk, and therefore we have defined a risk appetite that is in harmony with our strategy. In certain business areas we are prepared to take higher risks than in others.

Strategic objectives

The market in which we operate is changing rapidly and demands constant agility. In 2012, we defined our overall strategic pillars: focus, innovation and simplicity. We want to be entrepreneurial and this means we have to take risks to realize our strategic goals. However, we closely monitor risks that might jeopardize the reputation of Exact and/or its employees or negatively affect customer experience and the performance of products. We also closely monitor risks that may have a negative impact on our ability to realize our targeted overall revenue growth, our net income targets or our ability to pay out dividend to our shareholders.

The focus within our Cloud Solutions business unit is on investing in innovation to broaden our portfolio, move up in the market and penetrate new markets (new countries). We want to take a leadership position in this area. Our willingness to take risks to achieve these objectives is higher than average, to enable us to realize our targeted growth levels.

The focus within our Business Solutions business unit is on maintaining revenue through continued investments in R&D and sales capabilities, sustaining our current customer base and moving up in the market. We accept an average amount of risk in achieving these objectives, whereas we accept a higher amount of revenue risk than average regarding customer migration from legacy products to cloud solutions.

The focus within our Specialized Solutions business unit is on realizing growth through focused investments and sustaining the current customer base. We accept an average amount of risk in achieving these objectives.

Operational objectives

Focus and simplicity are key elements of our corporate strategy. As part of our strategic reorientation, we simplified the structure of our company in 2012, creating three focused business units, all of which are served by regional financial shared service centers. We will continue to invest in state-of-the-art system support to enable us to execute our processes and ensure an appropriate level of control and do so cost effectively. We have a low tolerance for risks that negatively impact customer-related processes and customer experience.

Financial reporting objectives

Reliability of financial reporting is a key objective at Exact. We accept a low amount of risk in achieving this objective. Exact has conducted a financial reporting risk assessment on the basis of which we established the Internal Control Standard. The Internal Control Standard defines key controls for processes that are considered to have a significant risk. Key controls have been defined for financial reporting risks that might result in material misstatements of our net financial result, the balance sheet or which are revenue recognition or fraud related. We demand full compliance with the Internal Control Standard from management and employees as the first line of defense.

Compliance objectives

We aim to comply with company policies and all (local) applicable laws and regulations. We accept a low amount of risk in achieving this objective and have defined a code of conduct that needs to be applied at all times in the course of conducting business. Deviations from our Code of Conduct are not tolerated nor sanctioned. Compliance is one of our focus areas in the financial reporting risk assessment. Compliance risk was an important premise in the foundation of our Internal Control Standard. We have defined key controls to prevent significant regulatory breaches, legal issues, negative public exposure or deviations from our policies. We demand full compliance with the Internal Control Standard from management as a first line of defense. Our legal department (second line of defense) actively maintains oversight on developments in compliance requirements and tracks and resolves (potential) compliance breaches.

Key risks

In the first half of 2012, Exact identified a list of key risks at company level based on an assessment of impact and likelihood. The introduction of the new strategy, the organizational reorientation and the above-mentioned strengthening of our risk management and control system led to a qualitative adjustment of the key risks to a list of ten risks at company level. These risks are formulated as gross/inherent risk, which means they are formulated as if no mitigating management action has yet been taken. All these risks are under the purview of our management and taking action to mitigate these risks is part of our day-to-day operations.

In the figure below, we have plotted our key risks in line with the four categories of control objectives defined in the COSO Enterprise Risk Management model. The risks on this list are equally important. In other words, no clear hierarchy could be allocated to these risks.

Strategic risks

A. Adequate international roll-out of Exact Online

The cloud market is growing worldwide and while cloud-readiness still differs country by country, there is an underlying growing trend for the adoption and usage of this delivery model. To further accelerate growth, we will roll out Exact Online in more countries. A successful international roll-out of Exact Online is dependent on several variables. First we must ensure that we achieve sufficient customer intimacy to ensure that our product continuously meets the requirements of its users. To this end, we focus on a timely hiring of local business managers with ample knowledge of the local markets. This should also lead to an increase in brand awareness for our cloud solutions in the local market. Secondly, it is of the upmost importance that the roll-out is performed in a timely fashion. To this end, we have drawn up a detailed time-to-market plan and assigned a dedicated project manager to the international roll-out of Exact Online.

B. Ability to upscale on-premises product lines

One of our strategic objectives is to expand our customer base to the higher end of the mid-market segment. This requires changes to our product offering, operational processes and sales capabilities. Specifically, the time to market of the up-market developments in our on-premises product lines will affect the growth realized by our Business Solutions business unit. We mitigate this risk through a strong focus on our priorities in the technology organization and by carefully selecting the addressable target markets, as well as by establishing partnerships with system integrators.

C. Increased demand for new pricing models

An increased demand for new pricing models could affect our revenue and cash flow patterns. Prospective customers are asking for alternatives to an upfront license investment via annual prepaid amounts for support and upgrades with yearly cancellation options. We pro-actively offer new subscription based pricing models to accommodate the demands of our customers. We believe that this will not have a negative impact on the overall lifetime value of new customers but the cashflow pattern will be skewed backwards. We are currently assessing how Exact should respond to this trend and we are experimenting with a monthly subscription model.

Strategic

A.	Adequate international roll-out of our Exact Online product line
B.	Ability to upscale our on-premises product lines to larger customers
C.	Increased demand for new pricing models

Operational

D.	Effective sales channels
E.	Senior management turnover
F.	Continuity and availability of our solutions
G.	Knowledge of software developments
H.	Management information structure aligned with business structure
I.	Customer satisfaction

Compliance & Financial

J.	Diversity of jurisdictions in which we operate

Operational risks

D. Effective sales channels

In 2012, we saw fewer new logo sales through some of our channel partners. To prevent this from becoming an ongoing trend we created a clear channel strategy and we clarified the role of our partners in the roll-out of Exact Online. We also introduced a new lead generation program and a stricter forecasting process. In 2013, we will continue working on the strong relationship we have with our partners.

E. Senior management turnover

A high senior management turnover could lead to a diminished strategic focus and lower strategy execution speed. We have renewed a substantial part of our senior management and increased the number of board members to four. In our recruitment process, we pay explicit attention to both knowledge of and skills in the software industry, as well as the endorsement of our strategy. We also involve existing management and future colleagues in the recruitment process, check references and devote sufficient attention to job profiles.

F. Continuity and availability of our cloud-based solutions

If we were unable to provide the adequate confidentiality, integrity and availability of our solutions, we could face diminishing customer service and reputational damage. This could in turn have a negative impact on our future revenues and cost structure. This could be due to both our suppliers and our own infrastructure and system development. Most of the underlying infrastructure of our solutions is outsourced.
As we remain responsible for our outsourced activities, we ask for Third Party Statements (such as ISAE 3402) from our suppliers regarding the confidentiality, integrity and availability of the services provided. In view of the additional risks associated with our cloud solutions, we also pay explicit attention to the secure use of cloud solutions. We perform specialized security audits to manage the risk of internal incidents. Furthermore, we continuously invest in the knowledge and risk awareness of our own development staff, to ensure stable and secure system development.

G. Knowledge of software developments

We face the risk that we could have insufficient knowledge of the key software developments in our industry, such as a thorough understanding of the software as a service concept. Our Exact Online offering is an innovative offering with a limited number of competitors, but highly dependent on hardware and operating software. We have, together with our partners, in-depth knowledge available in-house, but we need to ensure we remain up-to-date on the latest developments. If we were to fail to manage this risk, we could jeopardize our strategic objective of remaining a key player in this field. We have established a dedicated development team that is focused on the stability and performance of the solutions and has regular meetings to share knowledge. We are currently developing a dedicated approach to further build and strengthen our know-how and leverage the in-house knowledge between business units.

H. Management information

In view of changing market conditions, Exact decided to adjust its business model to guarantee sustainable growth. This led to the new strategy of focus, innovation and simplicity, which we launched in July 2012. To achieve a clearer focus, we implemented a new organizational structure. We replaced the matrix-style organization based on geographical regions with a simplified global structure with three segments: Business Solutions, Cloud Solutions and Specialized Solutions. To further improve the quality of our internal management information processes, we will continue to standardize and centralize the finance function. We have launched a number of initiatives to align management reporting with these revised strategic objectives.

I. Customer satisfaction

We have to secure a high level of customer satisfaction to ensure that customers act as a positive reference and do not eventually switch vendors. To prevent customer churn, we introduced Key Account Support to service our key accounts and we plan to extend differentiated account management to our entire customer base. This resulted in a 4.1% churn decline in 2012. We also perform twice-yearly customer satisfaction surveys.
We make sure that actions taken in response to these surveys are followed up both internally and externally. In 2012, we also introduced a customer complaint process, with dedicated resources to ensure adequate follow-up. Customer satisfaction will remain one of our key priorities in 2013.

Compliance and financial risks

J. Diversity of jurisdictions in which we operate

The diversity of jurisdictions in which we operate with development, sales, consultancy and servicing operations could lead to tax, financial reporting and compliance risks. Risk has been reduced since we reduced the number of countries in which we operate. Additionally, we have created regional shared service centers, in which larger teams service multiple jurisdictions. This approach increases advantages of scale and creates opportunities to specialize. This will add impetus to the finance department's drive to harmonize, centralize and standardize. We have appointed dedicated project management to further underpin this initiative.

Other risks

We are an international company with subsidiaries and activities throughout the world and thus face various inherent risks related to finance and reporting. A detailed overview and analysis of these risks is given in the financial statements section.

In addition, due to the economic climate in our most important countries, we face the risk of an increased level of outstanding debts and cancellations of services.

We continue to have a concentrated ownership, with 63.2% of the outstanding shares held by shareholders who hold more than 5% of our shares (see chapter 7). The result of this is a limited free float of shares on the stock market, which could limit the ability of investors to buy and sell shares freely.

Please note that the overview of risks in this section is not exhaustive and that we may be subject to other significant risks that have not yet been identified or which have been assessed as not having a potentially significant impact on the business, but which could materialize as such at a later stage. Risks with a high impact, but low probability are monitored separately, since a projected increase in probability could result in these risks becoming significant.

Actions for 2013

In 2012, we implemented the new risk management and control framework with respect to financial reporting in the Netherlands and the US. We have scheduled a further roll-out of the system over the other countries in 2013. We will take the appropriate actions to monitor the operational effectiveness of the system. We expect to further strengthen our Internal Audit and Risk Management departments, to ensure that our risk management and control system is optimally geared to support the execution of our strategy throughout the company.

4

Corporate governance

Thorough corporate governance is in the interests of Exact and all our stakeholders. For this reason, we support the majority of the principles set out in the Dutch Corporate Governance Code ('the Code').

4

Corporate governance

General

Exact Holding N.V. (hereinafter 'Exact') is a public limited liability company incorporated and registered under the laws of the Netherlands, with its registered offices in Delft, the Netherlands. Exact, as ultimate parent company, holds all the shares of Exact Group B.V., a limited liability company, incorporated under the laws of the Netherlands, with the same registered office address. Exact Group B.V. holds, directly or indirectly, the shares of all Exact's operating companies. All operating companies are fully-owned subsidiaries. Exact is not subject to the structure regime for large companies (as defined under Dutch law), but Exact Software Nederland B.V. is subject to the structure regime for large companies. The supervision and management of Exact are structured in accordance with the two-tier model, meaning a Board of Managing Directors supervised by a separate Supervisory Board.

Corporate governance within Exact is based on the statutory requirements applicable to limited liability companies and on the Company's Articles of Association. The Articles of Association of Exact are published on the Company's website, www.exact.com. As thorough corporate governance is in the interests of the Company and all its stakeholders, Exact also complies with the amended Dutch Corporate Governance Code ('the Code'), which was presented by the Monitoring Committee (Commissie Frijns) in December 2008, with due observance of its position as a small, stock exchange-listed company. When Exact does not comply completely with a provision of the Code, an explanation will be given. In 2012, there were no material changes in Exact's governance policy or in the compliance with the principles and best practice provisions, in comparison with the financial year 2011.

Board of Managing Directors

Exact is managed by a Board of Managing Directors, consisting of two members as at December 31, 2012, and is supervised by a Supervisory Board. The members of the Board of Managing Directors are appointed and dismissed by the General Meeting of Shareholders. Exact intends to propose the appointment of two additional members to the Board of Managing Directors at the Annual General Meeting of Shareholders on May 22, 2013. The two candidates have already accepted positions as Managing Director Business Solutions and Managing Director Cloud Solutions within Exact. In compliance with provision II.1.1 of the Code, all members of the Board of Managing Directors have been or will be appointed for a maximum term of four years and may be reappointed for a term of not more than four years at a time.
The Supervisory Board has approved a rotation schedule to avoid, as far as possible, a situation in which members of the Board of Managing Directors retire at the same time.
In accordance with the Code, the severance payment for members of the Board of Managing Directors does not exceed the annual base salary (twelve times the monthly base salary).

Regardless of the allocation of tasks among its members, the Board of Managing Directors acts as a single entity with joint responsibility. The Chairman of the Board of Managing Directors is designated by the Supervisory Board. The Board of Managing Directors is responsible for defining and executing the approved strategic and operational policy of the Company, as well as managing its daily operations. In 2009, the Board of Managing Directors drew up a set of regulations for said Board and the Supervisory Board adopted these regulations. These regulations supplement the statutory provisions and the Articles of Association that relate to the Board and its members and are published on the Company's website. The Board reports to the Supervisory Board and to the General Meeting of Shareholders. Furthermore, the Board is responsible for compliance with all relevant legislation and regulations, for risk management and for the financing of all activities. Finally, the Board is responsible for providing the Supervisory Board with information, relating to the Company's activities and on any developments that affect Exact as a group of companies. As recommended by the Code, Exact's regulatory environment and its risk management structure are explained in the Report of the Board of Managing Directors in the chapter on Risk Management. The Remuneration Policy for members of the Board of Managing Directors is outlined in the Remuneration Report of the Supervisory Board on page 61. The Remuneration Policy forms an integral part of this Annual Report and is published on the Company's website. The remuneration per individual member of the Board of Managing Directors and an explanation of the calculations involved can be found in the Remuneration Report. Exact does not grant loans or extend guarantees to members of the Board of Managing Directors. The members of the Board of Managing Directors believe there were no conflicts of interest or semblance thereof between Exact and the board members in 2012. Exact has regulations covering securities transactions by members of the Board of Managing Directors, members of the Supervisory Board and designated employees. The 'Regulations for ownership and transactions in shares' are published on Exact's website. These rules should ensure the avoidance of insider trading or a semblance thereof, and any mixing of business and private interests.

Supervisory Board

Exact's Supervisory Board is charged with the supervision of the management by the Board of Managing Directors and the general performance and development of the Company and its affiliated companies. It also provides the Board of Managing Directors with advice. Exact has laid down the specific tasks of the Supervisory Board in the Articles of Association of the Company and in the Regulations of the Supervisory Board. These regulations supplement the statutory provisions and the Articles of Association that relate to the Supervisory Board and its members. Information on the Supervisory Board's activities in the financial year 2012 and the information required by the Code can be found in the Report of the Supervisory Board. At December 31, 2012, Exact's Supervisory Board had four members. The Supervisory Board members perform their duties in the interests of the Company, its stakeholders and its affiliates. Supervisory Board members are appointed and reappointed by the General Meeting of Shareholders. The General Meeting of Shareholders is authorized to dismiss any member of the Supervisory Board at any time. Members of the Supervisory Board are appointed on the basis of a binding proposal consisting of at least two candidates, selected by the Supervisory Board. The Works Council of Exact has the legal right of recommendation for one of the members of the Supervisory Board. The Supervisory Board is structured in such a way that its members can operate critically and independently of each other, the Board of Managing Directors and any other participating interests. In line with the Code, each of Exact's Supervisory Board members is able to oversee the general overall policy of the Company and has the necessary expertise to perform his tasks. The Supervisory Board meets the Code's recommendation that at least one of its members should be a financial expert. In this respect, reference is made to the short profiles of the members of the Supervisory Board, which can be found in the Report of the Supervisory Board on page 54. To give them sufficient insight into Exact and its activities, newly-appointed members of the Supervisory Board follow an introduction program. All members of the Supervisory Board meet the recommendation of the Code on the maximum number of Supervisory Board memberships at Dutch listed companies and are in compliance with art 2:142a of the Dutch Civil Code (please see also the short profiles in the Report of the Supervisory Board on page 54) and all members of the Supervisory Board are independent within the meaning of the Code. In accordance with the recommendation of the Code, the Supervisory Board has drawn up a rotation schedule and published this on the Company's website. According to this schedule, the member of the Supervisory Board should in principle resign on the day of the Annual General Meeting of Shareholders four years after they were appointed by the Annual General Meeting of Shareholders. They may be reappointed with immediate effect, but only after careful consideration. The Supervisory Board appoints one of its members as Chairman. The Chairman chairs the meetings of the Supervisory Board and ensures that the Supervisory Board performs satisfactorily. Furthermore, the chairman of the Supervisory Board has regular contact with the CEO on all issues relating to the responsibilities of the Supervisory Board. The Company Secretary assists the Supervisory Board with the actual organization of Supervisory Board meetings.

The Supervisory Board has four active committees: an Audit Committee, a Remuneration Committee, a Selection and Nomination Committee and a Product Committee. All of these committees have their own regulations, which include, among other things, the committees' tasks. These regulations, the composition and profile of the committees, plus the composition and remuneration of the Supervisory Board are all published on the corporate website (www.exact.com). In accordance with the Code's recommendations, the committees are not chaired by the Chairman of the Supervisory Board. All committees consist of two members of the Supervisory Board. The reports of the Supervisory Board committees provide details on the composition of the committees, the number of meetings and the main topics discussed in these meetings.

In 2012, to the knowledge of the Supervisory Board, no conflicts of interest or a semblance thereof between the Company and the members of the Board of Managing Directors were reported, nor were there any transactions involving persons owning 10% or more of Exact's shares. The remuneration of the members of the Supervisory Board was agreed in the 2009 Annual General Meeting of Shareholders. This remuneration is not linked to the company's results. The Remuneration Report contains the information required by Dutch law (articles 2:383c through 2:383e of the Dutch Civil Code) on the level and structure of the remuneration for each member of the Supervisory Board. The members of the Supervisory Board do not receive nor do they have any shares and/or rights to shares in the Company as remuneration. Exact does not grant loans or guarantees to its Supervisory Board members.

Shareholders and General Meeting of Shareholders

Exact will convene and hold an Annual General Meeting of Shareholders at least once a year, within six months of the close of a financial year. The Annual General Meeting of Shareholders is convened by public notice. The agenda, explanatory notes to the agenda and the procedure for attendance, including the record date and the procedure for granting a proxy to a third party are

published in advance and are posted on Exact's website. The agenda of the Annual General Meeting of Shareholders shall in any event contain the reports of the Board of Managing Directors and of the Supervisory Board, the adoption of the annual financial statements and the dividend proposal. Resolutions to release the members of the Supervisory Board and Board of Managing Directors from any liabilities for their respective duties shall be voted on separately. In 2012, Exact aimed to have the highest possible percentage of shares present or represented at the Annual General Meeting of Shareholders.
This included making standard proxy forms and voting instruction forms available online and enabling shareholders to give voting instructions electronically prior to the meeting. As a result, approximately 77.7% of the total number of shares outstanding with voting rights was present or represented at the Annual General Meeting of Shareholders on April 26, 2012. The voting results were published on the Company's website shortly after the Meeting and the minutes of the Meeting were made available to the shareholders within three months after the Annual General Meeting of Shareholders, via the Company's website.

A resolution to amend the Articles of Association may only be passed at the proposal of the Board of Managing Directors subject to the approval of the Supervisory Board.

Relations with shareholders and other investors

Exact values its relationship with its shareholders. In line with relevant laws and regulations, the Company provides all shareholders and other parties in the financial markets with equal and simultaneous information on subjects that could have a significant impact on the share price.
The policy for bilateral contact with shareholders, investors, analysts and press can be found on the Company's website.

Share buybacks

Exact has no formal policy on share buybacks. The only share buyback program executed was in 2008, under which the Company acquired 5% of its outstanding shares in the open market. These shares are held in treasury and give no voting rights or rights to dividend.

Audit functions

The Board of Managing Directors is responsible for the quality and completeness of the publicly disclosed financial reports. The Supervisory Board monitors that this responsibility is fulfilled.

The external auditor, KPMG Accountants N.V., was appointed for the fiscal years 2011 through 2013, by the Annual General Meeting of Shareholders on May 26, 2011, after a thorough assessment of its performance. The external auditor may be questioned by the General Meeting of Shareholders with respect to said auditor's opinion on the financial statements. The external auditor shall therefore attend and be entitled to address the General Meeting of Shareholders. The internal auditor operates under the responsibility of the Board of Managing Directors and has direct access to the chairman of the Audit Committee. The external auditor and the Audit Committee are involved in drawing up the work schedule for the internal auditor, based on a risk assessment of the Company. The findings of the internal auditor and follow-up actions are presented to the external auditor and the Audit Committee. In 2012, Exact did not comply with provision III.5.9 of the Code, as all meetings of the Audit Committee were attended by members of the Board of Managing Directors. An explanation can be found in the Report of the Supervisory Board on page 57.

Management statement

Pursuant to the implementation of the Transparency Directive (Directive 2004/109/EC) in Dutch legislation on December 24, 2008, the Board of Managing Directors states that to their knowledge (1) the financial statements in this annual report give a true and fair view of the assets, liabilities and financial position and profit and loss of Exact and its related companies; (2) the annual report of the Board of Managing Directors in this annual report gives a true and fair view of Exact and its related companies as at the balance sheet date and the state of affairs during the financial year to which this report relates; and (3) the annual management report describes the material risks Exact is facing.

Corporate Governance Statement

This Corporate Governance Statement is in compliance with article 2a of the Decree on additional regulations annual reports ('Vaststellingsbesluit nadere voorschriften inhoud jaarverslag') (hereinafter 'the Decree'), effective as of January 1, 2010. The required information (as stated in article 3, 3a and 3b of the Decree) that should be included in this Annual Report 2012 can be found in the following chapters, sections and pages, and has to be considered as inserted and resumed in this Statement.

- Compliance with the principles and best practice provisions of the Code (article 3 of the Decree) is included in the Corporate Governance chapter.
- The key elements of the internal risk and control framework relating to the financial reporting processes of the Company (article 3a sub a of the Decree) are included in the Risk Management chapter (see page 41).
- Information regarding the Annual General Meeting of Shareholders and the main rights of shareholders (article 3a sub b of the Decree) is explained in the Corporate Governance chapter and in the Shareholder Information chapter.
- The composition and functioning of the Board of Managing Directors, Supervisory Board and its Committees (article 3a sub c of the Decree) are included in the Corporate Governance chapter and in the Report of the Supervisory Board.
- The information required pursuant to article 10 of the Takeover Directive (article 3b) is included in the Shareholders Information chapter and in the Notes to the Financial Statements.

Delft, March 22, 2013
Board of Managing Directors

Erik van der Meijden, CEO
Onno Krap, CFO

5

Report of the Supervisory Board

Supervisory Board

Mr. T.C.V. (Thierry) **Schaap**

Nationality:
Dutch

Year of birth:
1971

Chairman, initially appointed in 2011 and eligible for reappointment at the Annual General Meeting of Shareholders in 2015.

Member of the Selection and Nomination Committee and member of the Product Committee.

Position: founder and managing director of Brand New Day N.V.

Supervisory directorships and other positions:
- Founder of BinckBank N.V.
- Advisor at Childrens Foodure

Mr. W.F.C. (Willem) **Cramer**

Nationality:
Dutch

Year of birth:
1961

Vice Chairman, appointed in 2012 and eligible for reappointment at the Annual General Meeting of Shareholders in 2013.

Chairman of the Remuneration Committee, Chairman of the Selection and Nomination Committee and member of the Audit Committee.

Position: independent executive, boardroom advisor and investor.

Supervisory directorships and other positions:
- Member of the Supervisory Board of Staalbankiers N.V. as of February 4, 2013
- Member and secretary of Unicef's Dutch National Committee
- Member and treasurer of the Board of Trustees, International Franz Liszt Piano Competition
- Member of the Advisory Board of Remuneration & Compensation Institute, Belgium
- Member of the Advisory Board 'The Moneyer'

Mr. E.J.M. (Evert) **Kooistra**

Nationality:
Dutch

Year of birth:
1968

Member, appointed in 2012 and eligible for reappointment at the Annual General Meeting of Shareholders in 2016.

Chairman of the Audit Committee and member of the Remuneration Committee.

Position: Chief Financial Officer and member of the Board at BinckBank N.V.

Mr. P.A.A. (Peter) **van Haasteren**

Nationality:
Dutch

Year of birth:
1959

Member, appointed in 2012 and eligible for reappointment at the Annual General Meeting of Shareholders in 2014.

Chairman of the Product Committee

Position: Chief Operations Officer at e-Office and former member of Exact's Board of Managing Directors and Managing Director of Exact Nederland from 1999 – 2005

In 2012, Exact's Supervisory Board extensively discussed the succession of former board members, the new strategy and organizational structure in its meetings. With the new Board of Managing Directors, the expanded Supervisory Board and the new strategy creating focus and synergy, the Supervisory Board believes Exact will be able to return to growth.

5

Report of the Supervisory Board

Supervisory Board composition, independence and remuneration

In line with Exact's two-tier structure, the Supervisory Board's role is differentiated from the role of the Board of Managing Directors. The Supervisory Board's main responsibility is to supervise the general management of the company and to provide advice to the Board of Managing Directors. During the year under review, the Supervisory Board performed its duties on an ongoing basis in accordance with primary and secondary law and Exact's Articles of Association.

Composition

In 2012, the Supervisory Board was expanded from three to four members. The Supervisory Board has a diverse composition in terms of experience and knowledge, in line with its current profile. Unfortunately, the current composition of the Supervisory Board is not diverse in terms of gender and nationality. Notwithstanding the efforts made in this respect, the Company was unable to find technically qualified and experienced female and/or non-Dutch candidates. The Supervisory Board intends to review its profile on a two-yearly basis. In view of the new Management and Supervision Act (*Wet Bestuur en Toezicht*) that came into effect on January 1, 2013, the Supervisory Board will review its profile in 2013 and update it where deemed necessary. The current profile is published on the Company's website.

In the Extraordinary General Meeting of Shareholders of June 21, 2012, Mr. R.J. Hoevens resigned as a member of the Supervisory Board. The Supervisory Board is grateful for his commitment during his term with the Board and appreciates his contribution to the Supervisory Board, Audit Committee and Selection & Nomination Committee.

Mr. E.R. Deves decided to step down from the Supervisory Board as at the Extraordinary General Meeting of Shareholders of September 19, 2012. Mr. Deves had been a member of the Supervisory Board since 2009. The Supervisory Board is grateful for his commitment and appreciates his contributions as Chairman of the Supervisory Board, Chairman of the Selection and Nomination Committee and member of the Audit Committee and the Remuneration Committee. In that same meeting, Mr. T.C.V. Schaap assumed the responsibilities as Chairman of the Supervisory Board and Mr. W.F.C. Cramer, Mr. E.J.M. Kooistra and Mr. P.A.A. van Haasteren were appointed as members of the Supervisory Board for a maximum term of four years. In accordance with article 14, paragraph 4 of the Articles of Association, the members of the Supervisory Board are appointed by the General Meeting of Shareholders, from a non-binding list of nominations drawn up by the Supervisory Board. Each of the members of the Supervisory Board fits the profile and is able to thoroughly evaluate the Company's overall strategy. More than one member of the

Supervisory Board has relevant experience in financial accounting in a listed company or another relevant company. In 2013, Mr. Cramer will resign by rotation from the Supervisory Board at the Annual General Meeting of Shareholders on May 22, 2013 (see also page 50). Mr. Cramer is eligible for reappointment for a maximum period of four years. A non-binding nomination for his appointment will be submitted to the Annual General Meeting of Shareholders.

Independence

The Supervisory Board endorses the principle that its members are able to act critically and independently of one another and of the Board of Managing Directors and of any particular interests. Each member of the Supervisory Board meets these independence requirements, as stated in provisions III.2.1 and III.2.2 of the Dutch Corporate Governance Code.

In 2012, to our knowledge there were no transactions in which one of the members of the Supervisory Board had a conflict of interest with the Company, nor did any of the members of the Supervisory Board enter into discussions or take decisions on issues or transactions related to a possible conflict of interest with the Company.

Remuneration

In 2009, the Annual General Meeting of Shareholders determined the remuneration of the members of the Supervisory Board. The detailed amounts are stated in the Remuneration Report. None of the members of the Supervisory Board have been granted shares, options or similar rights to acquire shares in the capital of the Company. None of the members of the Supervisory Board has accepted personal loans, guarantees, or similar instruments from the Company.

Meetings and activities of the Supervisory Board

The Supervisory Board held eight meetings in 2012, including a two-day meeting in June 2012, which was held in Noordwijk, the Netherlands. Seven meetings were plenary sessions with the members of the Board of Managing Directors present and one meeting was held via a conference call. The Supervisory Board attendance was nearly 100%. The Chairman of the Supervisory Board prepared the meetings with the Company Secretary and discussed matters, such as agendas, with the CEO and CFO. The agenda included recurring items such as the Company's strategy, its financial position and the results of the Company and group, the results of the regions, large investment proposals, the yearly budget, remuneration, governance of the company, management changes and the internal risk management and control systems. The external auditor attended the meeting of the Supervisory Board in which the annual results were discussed and every Audit Committee meeting.

A major activity of the Supervisory Board in 2012 was the CEO and CFO succession. The Supervisory Board is pleased to have selected Mr. Van der Meijden and Mr. Krap for these positions, followed by their formal appointment by the General Meeting of Shareholders on respectively April 26, 2012 and June 21, 2012. Progress was also made in finding candidates for the new vacancies for the position of Managing Director Business Solutions and Managing Director Cloud Solutions. The announcement of the appointment of Mr. M. ter Laak as Managing Director Business Solutions was made on October 23, 2012, and the announcement of the appointment of Mr. H. Wagner was made on November 29, 2012. Mr. ter Laak and Mr. Wagner started their positions as Managing Directors as of December 1, 2012, and January 7, 2013, respectively. The Supervisory Board also intends to propose to the Annual General Meeting of Shareholders on May 22, 2013, to formally appoint both Mr. ter Laak and Mr. Wagner as members of the Board of Managing Directors of Exact Holding N.V. Besides the succession of the Board members, the Supervisory Board also had to recruit new members for the Supervisory Board, to fill the vacancies arising from the resignations of Mr. Deves and Mr. Hoevens.
For more information on this subject, see the section on the Selection and Nomination Committee (see page 59 of this report).
The new CEO of Exact, Mr. Van der Meijden, was given '100 days' to get acquainted with the Company and to set out a new strategy for the coming years, aimed at growth. In recent years, several efforts were made in this respect, unfortunately without success. With the new management and strategy in place and greater focus and synergy, the Supervisory Board believes Exact will be able to return to growth.

Obviously, the new strategy of the Board of Managing Directors regarding the restructuring of the organization was discussed extensively in meetings of the Supervisory Board.

The Board devoted particular attention to the reorganization of Exact International, the management structure of the Americas, the new business unit structure (aiming for more focus and accountability), its corresponding new management structure and the strategic direction of the three business units which were discussed frequently and extensively.

In view of the new organizational structure, the Supervisory Board decided to set up a new product oriented subcommittee. The Chairman of the new Product Committee is Peter van Haasteren, an experienced ERP software specialist with extensive knowledge of Exact's products. The goal of the Product Committee is to advise the Supervisory Board on strategic product development and product maintenance and to prepare the decision-making process for the Supervisory Board on this matter. The Product Committee had its first meetings with newly-appointed product managers in 2012 and will have its first formal meeting in March 2013.

In 2012, other major topics on the agenda of the Supervisory Board were: the vertical expansion and international roll-out of Exact Online, the improvement of account management to avoid attrition, the several product roadmaps for the coming years and the development of Longview in the CPM and tax market.

During meetings of the Supervisory Board, representatives of senior management were invited to give presentations to the Supervisory Board. In 2012, the following subjects were presented and discussed in more detail: Human Resources and succession planning, the Global Compensation Framework, as well as the road shows organized and the Exact Live'12 event.

The Board of Managing Directors updated the Supervisory Board regularly on all its planned organizational changes and the appointment of senior managers. In 2012, the Supervisory Board was invited three times to meet with the Exact Works Council on an informal basis.

Prior to its meeting in December 2012, the Supervisory Board discussed Best practice provision III.1.7 of the Dutch Corporate Governance Code regarding the evaluation of the Supervisory Board and the Board of Managing Directors. As the Supervisory Board and the Board of Managing Directors have only been in their current composition for a relatively short time, it was decided to evaluate the performance, working methods, procedures and functioning of the Supervisory Board, its committees and its members, as well as the functioning of the Board of Managing Directors, solely at a high level and orally at that point in time, and to conduct a more in-depth assessment in the fall of 2013. The Supervisory Board intends to assess its self-evaluation by making use of questionnaires, specially composed for that purpose. For 2014, the Supervisory Board intends to have its annual self-evaluation conducted by an external facilitator.

Committees

The Supervisory Board has four committees: an Audit Committee, a Remuneration Committee, a Selection and Nomination Committee and a Product Committee. The regulations and composition of the committees are posted on the Company's website. The primary task of the committees is to advise and facilitate the Supervisory Board with respect to its tasks and to prepare the decision-making by the Supervisory Board.

Audit Committee

The main task of the Audit Committee is to monitor and supervise that the Company maintains adequate procedures and control systems to manage the financial and operational risks to which it is exposed, and to oversee the integrity of its financial reporting.

At the Extraordinary General Meeting of Shareholders of June 21, 2012, Mr. Hoevens stepped down as Vice Chairman of the Supervisory Board and as Chairman of the Audit Committee. As of that same meeting, Mr. Schaap took over as Chairman of the Audit Committee until the Extraordinary General Meeting of Shareholders of September 19, 2012. At the Extraordinary General Meeting of Shareholders, Mr. Deves resigned as a member of the Audit Committee and Mr. Kooistra was appointed as Chairman and Mr. Cramer as member of the Audit Committee. The Chairman, Mr. Kooistra, has knowledge and experience in finance and administration at a listed company. The Audit Committee held four meetings in 2012. The CFO, the external auditor, KPMG, and the Internal Audit Manager attended all the meetings. The Finance and Control manager attended three meetings. In view of the many changes in Board positions in 2012, it was essential that members of the Board of Managing Directors attended all meetings of the Audit Committee. For 2013 the Audit Committee will have one meeting with only the external auditors and one meeting with only the Internal Audit Manager present. Neither meeting will be attended by members of the Board of Managing Directors.

The members of the Audit Committee collectively have the experience and financial expertise to supervise the financial statements and the risk profile of the Company. The Audit Committee discussed (annually) recurring topics, such as the annual and interim financial statements, the Management letter and key findings of the external auditor, impairment analysis, the effectiveness and the outcome of the risk management process and the adequacy of internal control policies, whistle-blowing reporting and specific company rules such as the Code of Conduct and Insider Trading rules. The Audit Committee also discussed the tasks, scope and projects of the internal audit function, and the matters arising from the internal audit reports, the scope of the external auditor, approach and fees, as well as reports from the external auditor. The Audit Committee discussed auditor independence and the possibility of performing non-audit-related services if necessary.

As of its appointment in 2011, the external auditor, KPMG, identified the internal control environment as an area for improvement. In April 2012, the Company's management started a project to enhance the Risk Control Framework, assessing the risk appetite, key risks, quantification and related monitoring. Assisted by the Internal Audit Department and external experts, the Company enhanced and implemented an integrated and comprehensive Risk Control Framework in the course of 2012. The Audit Committee is pleased with the significant progress made and the quality of the work delivered. In 2013, the Risk Control Framework will be further mapped out and implementation will be finalized. The identified risks will be reviewed periodically and linked to the related internal controls to mitigate these risks.

Other, more specific subjects the Audit Committee discussed during its meetings in 2012 included the Segregation of Duties project, the divestment of the Orisoft group of companies, the dividend policy and capital framework, the vacancies for key financial and risk management-related (senior) positions. The Committee also discussed the intangible assets on the balance sheet, risks related to the international roll-out of Exact Online, the project relating to the closure of international offices and the necessary changes in financial reporting, based on the changes in the organization (the new BU structure). The Audit Committee also exchanged views with the CFO and the Auditor on accounting policies, the global tax strategy and the Company's financial planning for the coming five years. As of January 1, 2013, the Company's financial reporting will be based on the new organization (BU) structure.

Finally, the Audit Committee believes that the financial reporting is on time and complete, and that the cooperation between management, the Internal Audit Department and KPMG is very constructive.

In 2011, the Annual General Meeting of Shareholders appointed the external auditor, KPMG Accountants N.V. for a three-year period (financial statements 2011-2013). In 2013, the Company will conduct a performance evaluation review. Based on the outcome of this evaluation, a proposal to re-appoint KPMG Accountants N.V. for a three-year period (financial statements 2014-2016) will be submitted to the Annual General Meeting of Shareholders in 2014.

Remuneration Committee

The main task of the Remuneration Committee is to advise and submit proposals to the Supervisory Board relating to the remuneration policy and the remuneration of individual members of the Board of Managing Directors.

At the Extraordinary General Meeting of Shareholders of September 19, 2012, Mr. Deves resigned as Chairman of the Supervisory Board and as member of the Remuneration Committee. At that same meeting, Mr. Schaap was appointed Chairman of the Supervisory Board and as a consequence stepped down as Chairman of the Remuneration Committee. As of the same meeting, Mr. Cramer was appointed Chairman and Mr. Kooistra was appointed as a member of the Remuneration Committee. The Remuneration Committee held no plenary meetings, but met by telephone conference and had bilateral informal meetings with, among others, the Global HR Director, the Company Secretary, senior management and external advisers. The Committee made recommendations and reviews on the remuneration of the members of the Board of Managing Directors, including their personal targets. For a report of the committee work carried out in 2012, reference is also made to the Remuneration Report, where both the remuneration of the Board of Managing Directors and the Supervisory Board can be found.

Based on the advice of the Remuneration Committee, the Supervisory Board proposes the amendment of the Remuneration Policy of the Board of Managing Directors at the Annual General Meeting of Shareholders on May 22, 2013.

Selection and Nomination Committee

The main task of the Selection and Nomination Committee is to advise and submit proposals to the Supervisory Board relating to the selection and nomination of candidate members of the Board of Managing Directors and the Supervisory Board.

At the Extraordinary General Meeting of Shareholders of June 21, 2012, Mr. Hoevens stepped down as member of the Supervisory Board. At that same meeting, Mr. Schaap took over the membership of the Selection and Nomination Committee. At the Extraordinary General Meeting of Shareholders of September 19, 2012, Mr. Deves resigned as Chairman of the Supervisory Board. As of the same date, Mr. Cramer succeeded Mr. Deves as Chairman of the Selection and Nomination Committee. The Selection and Nomination Committee held no plenary meetings, but met frequently by telephone conference, had one-on-one interviews and introduction meetings with candidates.
The Selection and Nomination Committee drafted selection criteria and reviewed the nomination process relating to the candidates for the positions in the Board of Managing Directors and Supervisory Board, in close consultation with the Works Council. The Selection and Nomination Committee decided to propose to increase the number of members of the Board of Managing Directors and the Supervisory Board, to four members on both Boards.

The profiles for the candidates were discussed extensively with the members of the Selection and Nomination Committee and with the Supervisory Board, in close consultation with the Works Council. The wish for diversity in gender and nationality was difficult to fulfill. It was not possible to recruit sufficiently qualified and experienced senior female candidates for the Board vacancies. However a non-Dutch candidate was found for the vacancy of Managing Director Cloud Solutions, in the person of Mr. Wagner, who has German nationality.

After a thorough and confidential selection process, in close consultation with the Works Council the Committee made proposals for the succession of Mr. Timmer and for the expansion of the Board of Managing Directors. With the help of two executive search firms, the committee found candidates for the positions of CEO and Managing Director Business Solutions and Managing Director Cloud Solutions, in the person of Mr. Van der Meijden, Mr. Ter Laak and Mr. Wagner respectively. The candidate for the position of CFO, Mr. Krap, was recruited through the network of the Supervisory Board itself. Finally, the thorough and extensive selection and nomination processes resulted in a new and balanced Board of Managing Directors with relevant knowledge and experience.

In addition, the Selection and Nomination Committee successfully identified candidates to succeed Mr. Deves and Mr. Hoevens as members of the Supervisory Board, in close consultation with the Works Council. After their formal appointment at the General Meeting of Shareholders, the new Supervisory Board members, Mr. Cramer, Mr. Kooistra and Mr. Van Haasteren will follow an introduction program to familiarize themselves with the Exact business, its strategy, products and processes. During the introduction program, meetings were set up with Board members, senior management and specialists and presentations were given on specific subjects. In 2013, the introduction will be further intensified and Board members will attend informative meetings, a strategy meeting and visit Exact offices abroad.

Based on the advice of the Selection and Nomination Committee, the Supervisory Board recommends the reappointment of Mr. Cramer, who is eligible for reappointment at the Annual General Meeting of Shareholders on May 22, 2013. The notes to the agenda will contain a motivation for the nomination for reappointment of Mr. Cramer.

The rotation schedules for both the Board of Managing Directors and the Supervisory Board are published on the Company's website. At the Annual General Meeting of shareholders on May 22, 2013, the Supervisory Board will also submit a non-binding proposal for the appointment of

Mr. Ter Laak and Mr. Wagner as members of the Board of Managing Directors.

Product Committee

With the appointment of three new members of the Supervisory Board, a fourth Committee had been composed by the end of 2012. The Product Committee is chaired by Mr. Van Haasteren, who has extensive knowledge and experience in the software business. Mr. Van Haasteren was employed by Exact until 2006. Mr. Schaap is the second member of the Product Committee. During the year under review, the Committee organized several introduction meetings with newly-appointed product development managers within the business units Cloud Solutions and Business Solutions, to discuss the current situation and product roadmaps. In 2013, the Product Committee will actually start its tasks and intends to meet at least four times each year.

Financial statements and profit appropriation

The Board of Managing Directors has submitted the financial statements of Exact Holding N.V. for the financial year 2012, together with the report of the Board of Managing Directors and the report of the external auditor of Exact Holding N.V. to the Supervisory Board. The 2012 financial statements were audited by KPMG Accountants N.V. ('the Auditor') and the Auditor's report appears on page 108 and 109. The Audit Committee discussed the financial statements extensively with the external Auditors, and in the presence of the Chairman of the Board of Managing Directors (CEO) and the Chief Financial Officer (CFO). In addition, the Supervisory Board discussed the 2012 financial statements with the Board of Managing Directors, in the presence of the auditors. All members of the Boards attended the meetings. On the basis of these discussions, the Supervisory Board believes that the 2012 financial statements of Exact Holding N.V. meet all requirements for correctness and transparency, and that they form a solid basis to account for the supervision it performed.

The Supervisory Board recommends that the Annual General Meeting of Shareholders adopts the 2012 Financial Statements as presented in this 2012 Annual Report, and, as proposed by the Board of Managing Directors, appropriates € 22.8 million for the payment of dividend. The proposed total dividend for 2012 on each of the shares outstanding will then be € 1.00, and it is proposed that this amount (less the interim dividend of € 0.44, which was paid on August 15, 2012), being € 0.56, will be made payable on May 29, 2013. The dividend will be paid in cash.

Conclusions and words of thanks

Looking back on 2012, the market circumstances in combination with the internal reorganization resulted in disappointing financial results and no significant growth. Although, the Supervisory Board is not pleased with these results, we believe the Board of Managing Directors made the right decisions, took responsibility and did a good job, especially in the second half of 2012. After the organizational turnaround Exact is now ready to focus on its clients, markets and products. Nevertheless, a lot of work still needs to be done and the new Board and management will need to further map out the new strategy. However, the Supervisory Board believes Exact is moving in the right direction. For 2013, major priorities are for Business Solutions to develop client intimacy programs, to avoid further attrition and for Cloud Solutions to create further growth and start the international roll-out, by focusing on product development, client contact and sales efforts. Furthermore, the activities and strategy of the different product lines within Specialized Solutions also require attention.

Finally, the Supervisory Board wishes to thank Mr. Timmer, Mr. Deves and Mr. Hoevens for their contributions to Exact during their time with the Company and is grateful for the commitment they showed in their years with Exact. The Supervisory Board members would like to extend their gratitude and appreciation to the Board of Managing Directors, as well as to all employees around the world, for their dedication and hard work for the Company in 2012. As we have already said, in the year under review the Company went through a major internal change. The transition to the new organizational structure and subsequent focus, drive for innovation and simplicity will also apply in 2013. The Supervisory Board expresses the hope and expectation that all Exact employees and management will support the new strategy for the benefit of Exact's clients and the Company itself.

The main target of the remuneration policy is to create a remuneration structure that enables Exact to attract, motivate and retain qualified and experienced members for the Board of Managing Directors. The policy's aim is to focus Exact and the members of its Board of Managing Directors on improving Exact's performance and on achieving its targets.

5.1 Remuneration report

Remuneration policy for the Board of Managing Directors

The Remuneration Committee of the Supervisory Board is responsible for formulating, implementing and evaluating the remuneration policy of the Company with regard to the terms and conditions of service and remuneration of the members of the Board of Managing Directors and the remuneration of the members of the Supervisory Board. The current remuneration policy was formulated and proposed by the Supervisory Board and, in accordance with article 11, clause 9 of the articles of association of the Company, was adopted by the Annual General Meeting of Shareholders on April 26, 2012. The Supervisory Board intends to propose (after its approval of a proposal of the Remuneration Committee) to the Annual meeting of Shareholders on May 22, 2013, to adopt the amendments to the Remuneration Policy.

Objective of the policy

The main objective of the remuneration policy is to create a remuneration structure that enables the Company to attract, motivate and retain qualified and experienced members of the Board of Managing Directors and to offer them a stimulating remuneration package. The aim of the remuneration policy is to focus the Company and the members of its Board of Managing Directors on improving the performance of the Company and on achieving the Company's targets. The policy also ensures that the level of remuneration is linked to the short and long-term performance of Exact, thereby aligning the interests of the members of the Board of Managing Directors with the interests of Exact's shareholders.

In order to meet the goals of the policy, the remuneration levels have to be set at a competitive level. In accordance with the Articles of Association and the remuneration policy, the Supervisory Board sets the remuneration levels within the framework of the remuneration policy. These decisions are prepared by the Remuneration Committee. To determine the remuneration levels for the individual members of the Board of Managing Directors, the Supervisory Board takes into account remuneration levels inside and outside Exact, on the basis of a reference group.

This reference group consists of Sage (UK), Brunel (the Netherlands), Ordina (the Netherlands), Unit4 (the Netherlands), Beter Bed (the Netherlands), Dockwise (the Netherlands), BinckBank (the Netherlands), Cegid (France), IFS (Norway), Kasbank, (the Netherlands), BE Semiconductors (the Netherlands), Qurius (the Netherlands) (as of December 20, 2012 part of Prodware S.A.), ICT Automatisering (the Netherlands), and CTAC (the Netherlands). The Supervisory Board can amend the reference group from time to time. If a reference group member is delisted, it will be deleted from the reference group.

To ensure the remuneration levels are in line with the Remuneration Policy, the Remuneration Committee will commission an annual scenario analysis from an external party and will evaluate the remuneration packages regularly. Following the evaluation, the Remuneration Committee will propose any changes in individual remuneration it deems necessary to the Supervisory Board. The Supervisory Board will in turn adopt the remuneration proposal. As in 2012, the current Remuneration Policy was set up with the help of an external party; the Committee did not conduct an annual scenario analysis.

Remuneration structure

The members of the Board of Managing Directors receive fixed remuneration in the form of a fixed base salary, as well as performance-based compensation in the form of a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). The incentive for achieving target performance for the members of the Board of Managing Directors is equivalent to 100% of their base salary (60% in STIP and 40% in LTIP). The incentive for achieving maximum performance for the members of the Board of Managing Directors is equivalent to 180% of their base salary (120% in STIP and 60% in LTIP).

If the variable salary has been granted, based on incorrect (financial) information, the Supervisory Board has the option to adjust the variable salary and to reclaim (claw-back) any variable salary unjustifiably paid to the members of the Board of Managing Directors based on incorrect data.

The Supervisory Board has the right to adjust the performance criteria, if in the opinion of the Supervisory Board this would lead to an unfair or unintended outcome. The Supervisory Board alone is responsible for assessing performance, and the variable compensation for the member of the Board that is based on that performance.

Fixed base salary

The fixed base salary for the individual members of the Board of Managing Directors is set as a range and varies per position within the Board. The range is amended annually on the basis of a price index for inflation in the Netherlands. The base salary is a gross amount, which includes holiday allowance and a 13th month.

Short-term incentive plan

The short-term incentive is a cash incentive amounting to 60% of base salary, being the target amount, for each member of the Board of Managing Directors. The short-term incentive will be granted on a pro rata basis if applicable. The target pay-out depends on the realization of the targets: below the threshold performance there is no target pay-out, at threshold performance the pay-out is 30% of the target amount and the pay-out is maximized at 200% of the target amount. The target pay-out is linear between 30% and 100% and between 100% and 200%.

The short-term incentive plan is linked to pre-defined performance criteria that are aligned with Exact's strategy. The targets for the short-term variable salary are 70% financial and 30% non-financial. The financial targets are revenue (40% of the financial target), EBITDA (40% of the financial target) and minimum growth of 30% of the monthly committed revenue generated by Exact Online per year-end (20% of financial target). The non-financial targets include diverse targets relating to the execution of Exact's strategy, its organizational structure, product development and corporate social responsibility. If the financial targets are not met, the total short-term variable salary pay-out (financial and non-financial targets together) can never exceed 100% pay-out.

The targets for the members of the Board of Managing Directors are measurable and realistic and are set on a yearly basis by the Supervisory Board. Unless this is not possible due to competitive reasons, the targets and the realization will be disclosed and explained in the Remuneration Report in the next reporting year. The Supervisory Board may, in the event of extraordinary circumstances, including, but not limited to acquisitions made by the company, which in the sole opinion of the Supervisory Board would lead to an unreasonable variable salary pay out, adjust and determine the variable salary pay out, in accordance with the principles of reasonableness and fairness.

In the event of termination of membership of the Board, the pay-out of the STIP will be lowered on a pro-rata basis. In the event that termination takes place within six months after the commencement of the financial year, on January 1, for reasons other than death, retirement, disability, sickness, reorganization or change of control, all entitlements to STIP pay-out will lapse.

Based on the actual results, the payout ratio for the financial criteria in 2012 was 29.5% (2011: 94%), while the payout ratio for the non-financial criteria was based on achievement of personal goals. This resulted in an overall pay-out ratio of 50.7% (2011: 91%) for the Board of Managing Directors.

Making use of its discretionary authority and taking into account the extraordinary circumstances for the Board in 2012, the Supervisory Board approved the Remuneration Committee's proposal to set the achievement of the non-financial criteria at 100%.

Long-term incentive plan (LTIP)

The long-term incentive is equity-settled share-based compensation for the members of the Board of Managing Directors, with a yearly grant of conditional shares. The number of shares conditionally granted (the target award) is calculated on the basis of a fixed amount, which is 40% of base salary and pro-rated where applicable. The target award is based on the average share price of Exact during the 10 business days immediately preceding the date of the conditional grant.

The conditional shares vest after a three-year period, depending on realization of performance targets. After vesting the unconditional shares will be held for a minimum period of two years after the date of vesting, unless the employment with Exact were to terminate earlier.

As of 2012, the performance target related to the long-term incentive is total shareholder return in comparison with the NYSE Euronext Amsterdam Mid Cap Index (AMEX). The total shareholder return is measured over the three-year vesting period and against the performance of the AMEX. The Mid Cap Index is, in the opinion of the Supervisory Board, the best comparison for Exact, as it contains most of the companies in the reference group plus the Mid Cap Index is less prone to influence due to takeovers.

The threshold for vesting is a 95% achievement of the performance target, in which case 30% of the on target LTIP will vest. The maximum LTIP award is 150%, if the performance is at least 115% of the index performance. The target pay-out is linear between 30% and 100% and linear between 100% and 150%. As at December 31, 2012, the long-term remuneration reserve amounted to € 47,358 (2011: € 106,875) and was recorded under 'other reserves'.

If the employment agreement were to be terminated for whatever reason, except in the event of a termination based on a change of control, the shares that have not vested will lapse automatically, without any right or entitlement to compensation.

Pensions

Exact does not have any pension arrangements in place in the Netherlands.

Severance pay

The employment agreements with our Managing Directors are entered into for a fixed period of four years, with a three-month notice period for the board members and a six-month notice for Exact.

The employment agreements contain a maximum severance payment that does not exceed the annual base salary, as recommended in provision II.2.8 of the Code), in the event of involuntary termination of the employment agreement, such being six months base salary. Only in the event of a termination of the employment agreement due to a change of control, will the board members be entitled to a severance payment as defined above, as well as to payment of the short-term incentive for the then current year. The shares under the long-term incentive that have not vested will then vest immediately and in full.

Loans and advances

No loans or advances have been granted to members of the Board of Managing Directors.

Remuneration of the members of the Board of Managing Directors	For the years ending December 31	
(in € thousands)	**2012**	2011
Salaries and other short-term employee benefits	**986**	870
Long-term incentive	**(60)**	82
Severance pay	**–**	–
Total	**926**	952

2012	Salary	Short-term incentive	Long-term incentive	Total
(in € thousands)				
Erik van der Meijden [1]	**355**	**103**	**33**	**491**
Onno Krap [2]	**163**	**49**	**14**	**226**
Marinus ter Laak [3]	**25**	**–**	**–**	**25**
Max Timmer [4]	**191**	**100**	**(107)**	**184**
Total	**734**	**252**	**(60)**	**926**
2011				
Martijn Janmaat [5]	287	100	-	387
Max Timmer [6]	335	148	82	565
Total	622	248	82	952

1 Appointed as of April 26, 2012, started his position on March 19, 2012.
2 Appointed as of June 21, 2012.
3 Started his position as of December 1, 2012, proposed to be appointed as member of the Board of Managing Directors on May 22, 2013.
4 Resigned as of April 26, 2012.
5 Resigned as of September 1, 2011.
6 Resigned as of April 26, 2012.

Remuneration of the Board of Managing Directors and Supervisory Board

The remuneration of the Board of Managing Directors and Supervisory Board contains required disclosures on key management personnel compensation, as meant in IAS 24. These disclosures, as incorporated in this Remuneration Report, are deemed to be part of the financial statements, specifically note 6.5.27 Related parties.

At the end of 2012, the Board of Managing Directors held no option rights on shares (2011: 0).

Payments to members of the Supervisory Board in 2012 totaled € 183,707 (2011: € 186,660). Members of the Supervisory Board also receive a small payment to cover expenses. The remuneration of the members of the Supervisory Board is not dependent upon Exacts results. The remuneration of the members of the Supervisory Board was determined on a pro-rata basis.

Crisis levy

On July 18, 2012, the Dutch Budget Agreement 2013 Tax Measures Implementation Act came into effect. This Act amended a number of tax laws as of January 1, 2013. One of the amendments pertains to a one-time 'crisis levy' over 16% of the salaries from current employment (including any

Shares conditionally granted to the Board of Managing Directors	At year end	
	2012	2011
Erik van der Meijden	**7,651**	–
Onno Krap	**3,875**	–
Marinus ter Laak	**–**	–
Max Timmer	**–**	12,748
Total	**11,526**	12,748

Remuneration of the members of the Supervisory Board (in € thousands)	2012	2011
Thierry Schaap (Chairman) [7]	**35**	18
Willem Cramer (Vice chairman) [8]	**20**	–
Evert Kooistra [9]	**15**	–
Peter van Haasteren [10]	**15**	–
Rolf Deves (former Chairman) [11]	**32**	45
Rob Hoevens [12]	**67** [13]	124
Total	**184**	187

7 Member until September 19, 2012, Chairman as of the same date.
8 Appointed as of September 19, 2012.
9 Appointed as of September 19, 2012.
10 Appointed as of September 19, 2012.
11 Resigned as of September 19, 2012.
12 Resigned as of June 21, 2012.
13 Including the additional payment of € 47 (2011: € 84) for his work for Longview as delegated Supervisory Board member.

bonuses) that employers paid their employees during 2012, insofar such wages exceeded € 150,000. The crisis levy for the Board of Managing Directors recognized in 2012 amounts to € 84,507. No crisis levy was recognized for the Supervisory Board. In Exact's view the crisis levy is not part of the Director's remuneration, primarily as the crisis levy does not include a compensation element.

Delft, March 22, 2013

Thierry Schaap (Chairman)
Willem Cramer
Evert Kooistra
Peter van Haasteren

6

Financial statements

6.1

Consolidated statement of comprehensive income for the year ended December 31

(in € thousands)	Note	2012	2011
Online		**14,224**	9,665*
License		**36,996**	42,693
Maintenance and support		**128,705**	126,826*
Service		**37,163**	36,420
Revenue	6.5.6	**217,088**	215,604
Revenue-related expenses	6.5.8	**(13,706)**	(13,280)
Personnel expenses	6.5.9	**(123,935)**	(116,957)
Marketing and sales		**(8,423)**	(9,110)
Other operating expenses other than depreciation and amortization	6.5.10	**(28,914)**	(26,008)
Operating result before interest, tax, depreciation, amortization and impairment (EBITDA)		**42,110**	50,249
Depreciation, amortization and impairment	6.5.13/6.5.14	**(11,558)**	(26,437)
Operating result before interest and tax (EBIT)		**30,552**	23,812
Finance income		**1,216**	651
Finance expenses		**(1,983)**	(1,391)
Net finance income/ (expenses)	6.5.11	**(767)**	(740)
Share in result of joint ventures		**–**	(3)
Profit before tax		**29,785**	23,069
Income tax expense	6.5.12	**(11,102)**	(8,226)
Profit for the year		**18,683**	14,843
Other comprehensive income			
Foreign currency translation differences of foreign operations		**(2,907)**	1,662
Net change in fair value of cash flow hedges reclassified to profit or loss	6.5.11	**1,610**	4
Other comprehensive income for the year, net of tax	6.3	**(1,297)**	1,666
Total comprehensive income for the year		**17,386**	16,509
Profit for the year attributable to:			
Equity holders of Exact	6.3	**18,683**	14,843
Non-controlling interest	6.3	**–**	–
Total comprehensive income for the year attributable to:	6.3		
Equity holders of Exact		**17,386**	16,509
Non-controlling interests		**–**	–
Average number of shares outstanding basic (in thousands)	6.5.20	**22,817**	22,817
Average number of shares outstanding diluted (in thousands)	6.5.20	**22,829**	22,830
Basic earnings per share (in €)	6.5.20	**0.82**	0.65
Diluted earnings per share (in €)	6.5.20	**0.82**	0.65

* Restated for comparison purposes (refer to note 6.5.3).

The notes on pages 72 – 101 are an integral part of these consolidated financial statements.

6.2

Consolidated statement of financial position as at December 31

(in € thousands)	Note	2012	2011
Assets			
Non-current assets			
Property, plant and equipment	6.5.13	**10,492**	10,379
Intangible assets and goodwill	6.5.14	**91,181**	97,961
Deferred tax assets	6.5.12	**5,529**	2,754*
Long-term receivables and prepayments	6.5.15	**1,605**	2,160
Total non-current assets		**108,807**	113,254
Current assets			
Inventories		**20**	9
Trade receivables	6.5.16	**30,436**	33,469
Other receivables and prepaid expenses	6.5.17	**6,203**	6,997
Current tax assets		**1,989**	5,586*
Cash and cash equivalents	6.5.18	**58,156**	53,786
Total current assets		**96,804**	99,847
Total assets		**205,611**	213,101
Equity and liabilities			
Share capital	6.5.19	**488**	488
Share premium	6.5.19	**64,758**	64,758
Reserves	6.5.19	**15,398**	15,748
Retained earnings	6.3	**20,721**	32,936
Shareholders' equity		**101,365**	113,930
Non-controlling interest	6.3	**–**	–
Total equity		**101,365**	113,930
Non-current liabilities			
Loans and borrowings	6.5.21	**3,482**	2,353
Provisions	6.5.22	**683**	1,227
Deferred tax liabilities	6.5.12	**5,514**	4,879*
Total non-current liabilities		**9,679**	8,459
Current liabilities			
Deferred revenue	6.5.23	**59,841**	62,081
Provisions	6.5.22	**6,180**	263
Derivative liability	6.5.24	**–**	470
Loans and borrowings	6.5.21	**1,293**	1,233
Accounts payable and other liabilities		**3,353**	4,930
Current tax liabilities		**4,043**	690*
Other taxes and social securities		**10,148**	9,529
Accrued liabilities	6.5.23	**9,709**	11,516
Total current liabilities		**94,567**	90,712
Total liabilities		**104,246**	99,171
Total equity and liabilities		**205,611**	213,101

* Restated for comparison purposes (refer to note 6.5.3).

The notes on pages 72 – 101 are an integral part of these consolidated financial statements.

6.3 Consolidated statement of changes in equity

(in € thousands)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
Balance at January 1, 2011	**488**	**64,758**	**904**	**(1,614)**	**10,513**	**70,070**	**145,119**	**1,102**	**146,221**
Profit for the year	–	–	–	–	–	14,843	14,843	–	14,843
Other comprehensive income	–	–	1,662	4	–	–	1,666	–	1,666
Total comprehensive income	**–**	**–**	**1,662**	**4**	**–**	**14,843**	**16,509**	**–**	**16,509**
Reserve for capitalized R&D	–	–	–	–	4,197	(4,197)	–	–	–
Dividend related to 2010	–	–	–	–	–	(34,225)	(34,225)	–	(34,225)
Interim dividend 2011	–	–	–	–	–	(13,462)	(13,462)	–	(13,462)
Acquisitions of non-controlling interests without a change in control	–	–	–	–	–	(93)	(93)	(33)	(126)
Movement non-controlling interest related to divestments	–	–	–	–	–	–	–	(1,069)	(1,069)
Long-term incentive plan	–	–	–	–	82	–	82	–	82
Balance at December 31, 2011	**488**	**64,758**	**2,566**	**(1,610)**	**14,792**	**32,936**	**113,930**	**–**	**113,930**

(in € thousands)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
Balance at January 1, 2012	**488**	**64,758**	**2,566**	**(1,610)**	**14,792**	**32,936**	**113,930**	**–**	**113,930**
Profit for the year	–	–	–	–	–	18,683	18,683	–	18,683
Other comprehensive income	–	–	(2,907)	1,610	–	–	(1,297)	–	(1,297)
Total comprehensive income	**–**	**–**	**(2,907)**	**1,610**	**–**	**18,683**	**17,386**	**–**	**17,386**
Reserve for capitalized R&D	–	–	–	–	1,007	(1,007)	–	–	–
Dividend related to 2011	–	–	–	–	–	(19,851)	(19,851)	–	(19,851)
Interim dividend 2012	–	–	–	–	–	(10,040)	(10,040)	–	(10,040)
Long-term incentive plan	–	–	–	–	(60)	–	(60)	–	(60)
Balance at December 31, 2012	**488**	**64,758**	**(341)**	**–**	**15,739**	**20,721**	**101,365**	**–**	**101,365**

The notes on pages 72 – 101 are an integral part of these consolidated financial statements.

6.4

Consolidated statement of cash flows for the year ended December 31

(in € thousands)	Note	2012	2011
Cash flows from operating activities			
Profit before tax		**29,785**	23,069
Adjustments for:			
– Depreciation of property, plant and equipment	6.5.13	**3,047**	2,867
– Amortization of intangible assets	6.5.14	**6,360**	5,050
– Impairment losses on property, plant and equipment	6.5.13	**56**	368
– Impairment losses on intangible assets	6.5.14	**2,057**	18,547
– Result on sale of property, plant and equipment		**39**	(395)
– Net finance costs		**(296)**	(152)
– Result of divestments	6.5.7	**(757)**	249
– Impairment loss on trade receivables	6.5.16	**2,158**	1,567
– Changes in provisions (excluding income taxes)		**4,345**	(804)
– Other non-cash items		**(44)**	737 *
Changes in:			
– Deferred revenue	6.5.23	**(1,688)**	434
– Other current assets and liabilities, excluding income tax		**(744)**	2,535
Cash generated from operating activities		**44,318**	54,072
Interest received		**1,183**	597
Interest paid		**(362)**	(333)
Taxes paid		**(4,573)**	(8,096)
Net cash from operating activities		**40,566**	46,240
Cash flows from investment activities			
Acquisition of group companies, net of cash acquired	6.5.7	**–**	(126)
Proceeds of group companies disposed, net of cash	6.5.7	**72**	(1,523)
Capital expenditures on intangible assets	6.5.14	**(4,012)**	(6,089)
Capital expenditures on property, plant and equipment	6.5.13	**(1,994)**	(1,490)
Proceeds from disposal of property, plant and equipment		**620**	2,744
Net cash used in investment activities		**(5,314)**	(6,484)
Cash flows from financing activities			
Dividend paid		**(29,891)**	(47,687)
Proceeds from sale and lease-back		**–**	2,553
Payment of finance lease liabilities		**(960)**	(707)
Proceeds from long-term receivables		**318**	1,824
Cash flow from (used in) financing activities		**(30,533)**	(44,017)
Net increase/(decrease) in cash and cash equivalents		**4,719**	(4,261)
Cash and cash equivalents at January 1		**53,786**	58,098
Effect of exchange rate fluctuations on cash held		**(349)**	(51)
Closing balance cash and cash equivalents	6.5.18	**58,156**	53,786

* Restated for comparison purposes (refer to note 6.5.3).

The notes on pages 72 – 101 are an integral part of these consolidated financial statements.

6.5 Notes to the consolidated IFRS financial statements

6.5.1 Reporting entity and corporate information

Exact Holding N.V. (hereafter referred to as Exact), is domiciled in Delft, the Netherlands. Exact, as head of a group of subsidiaries (hereafter also referred to as Exact), is engaged in holding, financing and managing its subsidiaries and other participations. The activities relate primarily to the development, distribution and marketing of business software, end-user support, training and consultancy.

Exact has been listed on the NYSE Euronext Stock Exchange in Amsterdam since 1999.
The 2012 financial statements were prepared by the Board of Managing Directors and approved by the Supervisory Board on March 22, 2013 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 22, 2013.

6.5.2 Basis of preparation

General
Exact applies International Financial Reporting Standards as adopted by the European Union ('IFRS').

As permitted by article 362 of Book 2 of the Dutch Civil Code, the company financial statements have been prepared applying the same IFRS accounting policies as used in the consolidated financial statements. In accordance with article 402, Book 2 of the Dutch Civil Code, the company income statement is presented in abbreviated form.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are recorded at fair value.

Consolidated financial information, including subsidiaries and associates, has been prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

Functional and presentation currency
The functional and presentation currency of Exact is the Euro. All values are rounded to the nearest thousand (€ 1,000), unless indicated otherwise. Items included in the consolidated financial statement of each of Exact's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Basis of consolidation

General
The consolidated financial statements comprise the financial statements of Exact Holding N.V. and its subsidiaries as at December 31, 2012. Subsidiaries are entities controlled by Exact. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Exact. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Exact measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that Exact incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date.

Acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve

the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investments in associates

Associates are those entities in which Exact has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when Exact holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include Exact's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of Exact, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When Exact's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that Exact has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment, to the extent of Exact's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.
The accounting estimates and judgments that have the most significant effect on Exact's consolidated financial statements are applied to:

Valuation of (deferred) tax assets and liabilities

Determination of income taxes in jurisdictions in which Exact operates requires exercising judgment. This involves estimating the actual current tax exposure together with an assessment of the valuation of losses carried forward and temporary differences. The temporary differences mainly relate to intangible assets and property, plant and equipment. In assessing the valuation of the deferred tax assets and liabilities the following items are considered: the future taxable profit projections, historical results, tax planning strategies, changes (substantively) enacted in tax laws and the specific timing of the recovery of deferred tax positions.

In the event that actual results differ from these estimates due to future changes in income tax law or after final review of tax returns by tax authorities, Exact may need to adjust the valuation of its deferred tax assets and liabilities, which could materially impact the financial position and results of operations.

Recoverability of development costs

In 2012 and 2011, Exact worked on the development of new versions and functionalities of several of its product lines, mainly Exact Online, Exact Synergy, Exact Globe and Longview Khalix™. Development costs of these product lines were capitalized as intangible assets if the recognition criteria were met. In determining the amounts to be capitalized, management makes assumptions regarding the expected future benefits of the product lines and the expected period of the benefits.

Useful life of finite intangible assets

The size of Exact's intangible assets, excluding goodwill, makes the judgments surrounding the estimated useful lives critical to Exact's financial position and performance. At December 31, 2012, intangible assets, excluding goodwill, amount to €29.8 million (2011: € 33.5 million) and represented 14.5% (2011: 15.7%) of Exact's total assets.
The useful life used to amortize intangible assets relates to the expected future performance of acquired and internally generated intangible assets and management's judgment of the period over which economic benefits will be derived from the asset.

Valuation of trade receivables
The size of the trade receivables makes the judgments surrounding the valuation of receivables critical to Exact's financial position and performance. Judgment is exercised in determining the valuation of the trade receivables. Exact performs ongoing credit adjusts valuations of its customers and adjusts credit limits based upon the customer's payment history and current credit worthiness, as determined by our review of the customer's current credit information. We continuously monitor collections and payments from our customers. We establish provision for doubtful accounts based upon factors surrounding specific customer collection issues that we have identified, past credit loss experience, historical trends, evaluation of potential losses in the receivables outstanding, credit ratings from applicable agencies and other information. For the year ended December 31, 2012, we increased our total provision for doubtful accounts by € 0.6 million to € 5.7 million (2011: € 5.1 million).

Valuations of provisions
Management exercises judgment in determining the value of a provision. Provisions, mainly comprise amounts related to restructuring, (potential) claims and litigations, onerous contracts and dilapidations, as well as provisions for uncertain tax positions.

Management exercises judgment in accounting for uncertain tax positions, which includes income tax, withholding tax, value added taxes, sales tax and other taxes. Tax positions are based upon evaluation of tax rules in all jurisdictions where we are operationally active. This requires management's involvement in judgments regarding the classification of transactions and in estimates of probable outcomes of claimed deductions and/or (potential) disputes.
Claims in particular require judgment to assess the likelihood that a pending claim will succeed or a liability will arise and to quantify the possible range of the final settlement. Exact is subject to (potential) lawsuits and other legal proceedings, resulting from the ordinary course of business. Upon consideration of known relevant facts and circumstances, Exact recognized provisions for losses that are considered to be more likely than not and that can be reasonably estimated at the year-end.

Determination of recoverable amount for annual goodwill impairment testing
Impairment testing is an area involving judgment, and which requires management to make an estimate of the recoverable amount of the CGUs to which the goodwill is allocated. Exact starts its impairment reviews by determining the CGUs recoverable amount based on the value in use. If the value in use does not exceed the carrying amount, Exact will also consider the fair value less costs to sell before an impairment is recognized.

Estimating the value in use requires an estimate of the expected future cash flows for the CGUs, which have been discounted at an appropriate rate. Management is required to make assumptions in respect of uncertain matters, including management's expectations of the gross margin (EBITDA) and the discount rate.
The future cash flows are based on the latest long range plans available. Exact uses a long range plan with a five-year planning horizon. For the years thereafter, Exact applies a terminal value growth rate.

Changing the assumptions selected by management could significantly affect Exact's impairment evaluation and hence results. Further details on the sensitivities of the key assumptions are provided in note 6.5.14 to the consolidated financial statements.

6.5.3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Exact's group entities.

Effective 2012, revenue from online subscriptions is classified as a separate revenue line and no longer forms part of maintenance and support revenue. The comparative figures have been restated for comparison purposes resulting in a decrease of maintenance and support revenue of € 9,665.

Effective 2012, tax assets and liabilities are offset (if a legally enforceable right exists) to better reflect Exact's intent to settle tax assets and liabilities simultaneously. The comparative figures have been restated for comparison purposes resulting in a decrease of deferred tax assets and deferred tax liabilities of € 360 and an increase of current tax assets and current tax liabilities of € 690.

Effective 2012, the consolidated statement of cash flows starts with 'profit before tax' instead of 'profit for the year'. The comparative figures have been restated for comparison purposes.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising from the retranslation of:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euros at exchange rates on the reporting date. The income and expenses of foreign operations are translated into euros at average exchange rates.

Foreign currency differences are recognized in other comprehensive income, and presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When Exact disposes of a foreign operation, to the extent that it loses control, significant influence or joint control, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal. When Exact disposes of only part of its interest in a subsidiary that includes a foreign operation, while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Exact disposes of only part of its investment in an associate or joint venture that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the cumulative translation adjustment in equity.

Financial instruments

Non-derivative financial assets

Exact classifies non-derivative financial assets in the following categories: loans and receivables and cash and cash equivalents.

Exact initially recognizes loans and receivables on the date that they originate. All other financial assets are recognized initially on the trade date, which is the date that Exact becomes a party to the contractual provisions of the instrument.

Exact derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by Exact is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Exact has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by Exact in the management of its short-term commitments.

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that Exact becomes a party to the contractual provisions of the instrument.

Exact derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Exact classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of Exact's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Derivative financial instruments

Exact holds derivative financial instruments to hedge its foreign currency risk exposures.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit and loss.

If hedge accounting is applied, Exact documents at inception the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. Exact assesses, both at the inception and on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Property, plant and equipment

All property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the assets. Repairs and maintenance and support are charged to the income statement during the financial period in which they are incurred.
Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to Exact. Ongoing repairs and maintenance and support are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that Exact will obtain ownership by the end of the lease term.
Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in the case of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation of assets is calculated to allocate the cost of each asset at its residual value over its estimated useful life, as follows:
– Buildings and leasehold improvements 5 – 30 years
– Transportation 4 – 5 years
– Hardware 3 – 5 years
– Other fixed assets 3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.
For the measurement of goodwill at initial recognition, see note 6.5.2.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Exact's Cash Generating Units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Research and development

Research and development costs consist of costs attributable to Exact's research and development activities, as well as costs of maintenance and support activities for existing product lines. These include personnel expenses and other personnel-related costs associated with product development. Costs for research activities are expensed as incurred.
Development expenditures on an individual project are recognized as an intangible asset when Exact can demonstrate that:
– the development costs can be measured reliably;
– the intangible asset is technically and commercially feasible;
– future economic benefits are probable;
– Exact intends to and has sufficient resources to complete development and to use or sell the asset

Where no internally generated asset can be recognized, development expenditure is recognized in the period in which it is incurred. Following initial recognition of development costs as intangible assets, the assets are recognized at cost and amortized by using the straight line method based on the estimated useful lives, which ranges from five to ten years. Where no intangible asset can be recognized, the development costs are expensed as incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Other intangible assets
Acquired intangible assets other than goodwill are recognized at cost and amortized by using the straight line method based on the estimated useful life of such assets, as follows:
– Contract base: 3 – 20 years
– Purchased software: 3 years
– Intellectual property: 5 – 10 years
– Trademarks: 10 years

The other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units).

Leased assets
Leases in terms of which Exact assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in Exact's statement of financial position.

Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Impairment

Non-derivative financial assets
A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to Exact on terms that Exact would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortized costs
Exact considers evidence of impairment for financial assets at amortized cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, Exact uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of Exact's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill, R&D in progress and intangible assets with an indefinite-live are tested annually for impairment. An impairment loss is

recognized if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with Exact's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value, less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with Exact's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are not amortized or depreciated, and any equity-accounted investees are no longer equity accounted.

Employee benefits

Defined contribution plans

Exact and most of its subsidiaries have a pension plan based on defined contributions. A defined contribution plan is a pension plan under which Exact pays fixed contributions to external pension providers. Each individual employee determines his/her own defined contribution, which is deducted from his/her gross salary. Exact has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Various acquired subsidiaries have a defined contribution plan with a limited employer contribution.

Profit sharing and bonus plans

Exact recognizes a liability and an expense for bonuses and profit sharing if contractually obliged or if there is a past practice that has created a constructive obligation.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

Provisions

Provisions are recognized if, as a result of a past event, Exact has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Earn out provisions are measured at fair value at the acquisition date. Subsequent changes to the fair value will be recognized in accordance with IFRS 3 (revised 2008) in profit or loss.

Subsequent changes to the fair value of earn-out provisions in respect of a business combination with an acquisition date prior to the adoption of IFRS 3 (revised 2008), which has not been settled or otherwise resolved under the adoption of IFRS, continue to be recognized in accordance with IFRS 3 (2004), which will generally result in an adjustment to goodwill.

Revenue

Revenue recognition

Exact derives its revenue from software license fees and forms, providing maintenance and support, implementation and training services related to the use of Exact's products, and providing services related to the configuration and customization of Exact's products. Exact recognizes revenue from recurring and non-recurring licensing of business software when:

- a non-cancellable license agreement has been signed;
- the software and related documentation have been delivered;
- the fee is fixed and determinable;
- collection of the resulting receivable is deemed probable.

Online revenue, as well as revenue from support services provided for cloud offerings, are generally recognized ratably over the term of the arrangement. Online revenue relates to software hosting arrangements that provide the customer with the right to use certain software functionality, but do not include the right to terminate the hosting contract and obtain ownership of the software without significant penalty.

Revenue from perpetual licenses is recognized when products are delivered. Revenue from time-based licenses (generally a one-year period) is deferred and recognized as revenue ratably over the contract period.

Maintenance and support revenue consists of customer support revenue generated from maintenance and support contracts that provide the customer with telephone support and revenue from product updates and upgrades. The proceeds from maintenance and support revenues are recognized ratably over the term of the contract, usually twelve months.

Service revenue generated from professional consulting and training services and software customization services is recognized when the services are provided. Revenue associated with fixed price contracts is recognized in proportion to the stage of completion of the transaction at the balance sheet date when the outcome of the transaction can be estimated reliably. When the outcome of the transaction cannot be estimated reliably, revenue is recognized only to the extent of the recoverable expenses recognized. In multiple element arrangements involving software and consulting, training, or other professional services that are not essential to the functionality of the software, the service revenues are accounted for separately from the software revenues.

Deferred revenue

Deferred revenue represents the unrecognized portion of time-based license, maintenance and support, and service contracts in accordance with the aforementioned policy. Time-based license fees are deferred and recognized ratably over the related contract period. The maintenance and support agreements entitle the user to support and to upgrades and updates of the software. These maintenance and support contracts are deferred (100%) and recognized ratably over the related term of the contract, usually twelve months. Revenues from fixed price service contracts are recognized in accordance with the percentage of completion method. If the resulting revenue to be recognized is less than the amount invoiced to the customer, the difference is recognized as deferred revenue. Pre-invoiced maintenance and support revenue with a start date after the balance sheet date has been netted with the accounts receivable balance.

Leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

At the inception of an arrangement, Exact determines whether such an arrangement is or contains a lease. At the inception or upon reassessment of the arrangement, Exact separate the payments of the lease on the basis of their relative fair values. If this is impractical an asset and a liability are recognized at an amount equal to the fair value of the underlying asset.

Finance income and expenses

Finance income mainly comprise foreign currency gains on monetary items that are recognized in profit or loss, interest income on funds invested, gains on the disposal of available-for-sale financial assets, gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses mainly comprise foreign currency losses on monetary items that are recognized in profit or loss interest expense on borrowings, losses on disposal of available-for-sale financial assets, losses on hedging instruments that are recognized in profit or loss, and reclassifications of amounts previously recognized in other comprehensive income.

Tax

Tax expenses comprise current and deferred tax. Current tax and deferred tax is recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Segment reporting

Segment information is presented with respect to Exact’s operating segments. The business regions are identified as Exact’s operating segments, as they represent internal management reporting management and internal reporting structures. Intersegment pricing is determined on an arm’s length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one period.

6.5.4 New standards and interpretations

The amendments to existing standards effective for the year 2012 do not have a significant impact on Exact's consolidated financial statements.

A number of new standards, amendments to standards and interpretations are not effective for the financial year 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of Exact, except for IFRS 9 Financial Instruments, which will be mandatory for Exact's 2015 consolidated financial statements and could change the classification and measurement of financial assets. Exact does not plan to adopt this standard early and the extent of the impact has not been determined. IFRS 9 Financial Instruments has not yet been endorsed by the EU.

6.5.5 Determination of fair values

A number of Exact's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

6.5.6 Operating segments

Operating segment information

Based on Exact's internal management reporting to the Board of Managing Directors, the reportable segments are determined as follows: Benelux, International, Americas, Longview and Other.

Determination of operating segments

In 2012, the organization was transformed from a geographical organization with a matrix structure into an organization with end-to-end business units. The new business unit structure has been operational since the third quarter, but reporting to the Board of Managing Directors in 2012 was still based on the geographical organization and matrix structure. As of January 1, 2013, Exact will present its segment reporting in line with the new Business Unit structure, comprising Cloud Solutions and Business Solutions.

In previous years, Specialty Brands was recognized as a separate operating segment. In line with the internal management reporting structure, this reportable segment has been split into Longview and Other, which includes Lohn and Orisoft.

In previous years, Americas was identified as one operating segment. Following the closure of the regional headquarters in Boston and the absence of an Americas unit in the internal management reporting, the Exact JobBOSS, Exact MAX and Exact Macola businesses are now identified as separate operating segments. Goodwill has been allocated to the separate operating segments based on their relative fair values. The three new operating segments are aggregated into one reportable segment based on economic characteristics, products and regulatory environment.

Segment information for the year ended December 31, 2012	Benelux	Inter-national	Americas	Longview	Other	Corporate	Total
Revenue	97,697	36,803	48,353	21,327	12,908	–	**217,088**
EBITDA	39,629	1,937	12,105	(1,773)	1,854	(11,642)	**42,110**
Operating income	39,028	1,494	11,177	(2,322)	1,807	(20,632)	**30,552**
Depreciation	210	246	373	167	41	2,048	**3,085**
Amortization	391	197	555	382	6	4,967	**6,360**
Impairment of property, plant and equipment and intangibles	–	–	–	–	–	1,975	**2,113**
Impairment of trade receivables	190	1,399	401	79	71	182	**2,322**
Assets	28,335	16,025	57,168	26,647	1,546	68,372	**198,093**
Liabilities	37,714	12,710	18,058	5,568	4,450	9,326	**87,826**
Investments	92	152	212	552	181	6,636	**7,825**

Segment information for the year ended December 31, 2011	Benelux	Inter-national	Americas	Longview	Other	Corporate	Total
Revenue	97,005	41,743	45,811	18,524	12,521	–	**215,604**
EBITDA	39,662	1,431	12,391	2,520	2,375	(8,130)	**50,249**
Operating income	39,438	738	11,565	2,065	2,284	(32,278)	**23,812**
Depreciation	(146)	279	313	133	91	1,802	**2,472**
Amortization	372	247	512	–	322	3,597	**5,050**
Impairment of property, plant and equipment and intangibles	–	168	–	–	–	18,747	**18,915**
Impairment of trade receivables	571	584	342	–	60	10	**1,567**
Assets	31,796	18,839	64,548	14,735	5,118	69,725	**204,761**
Liabilities	40,338	13,628	17,737	6,367	4,931	8.641	**91,642**
Investments	641	263	290	11	125	7,990	**9,320**

The 2011 comparative numbers have been restated to reflect the change in operating segments.

Reconciliation of assets with balance sheet

Segment assets consist primarily of property, plant, equipment, intangible assets, inventories, receivables and cash and cash equivalents. They exclude deferred and current taxation for an amount of € 7,518 (December 31, 2011: € 8,340). Segment liabilities comprise operating liabilities. They exclude deferred and current taxation, provisions and derivative financial instruments for a total amount of € 16,420 (December 31, 2011: € 7,529).

Geographical information

Exact primarily operates on a global basis. Exact is a company domiciled in the Netherlands, which is also the location of its main operating company. The business activities principally comprise the development and sale of integrated IT solutions such as ERP software, as well as different front and back office applications.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets. The non-current assets exclude deferred taxation.

Exact does not rely on one or more major customers for its revenue.

Revenue

	2012	2011
The Netherlands	**97,453**	94,905
North America	**67,499**	62,850
Germany	**14,646**	14,266
Spain	**5,410**	6,514
United Kingdom	**4,024**	4,026
Other Western European countries	**10,647**	12,893
Eastern Europe	**5,504**	7,390
Latin America	**3,220**	2,995
Asia/Pacific, including Middle East	**8,685**	9,317
Africa	**–**	448
Total revenue	**217,088**	**215,604**

Non-current assets

	2012	2011
The Netherlands	**28,896**	44,317
North America	**64,877**	49,565
Germany	**239**	160
Spain	**214**	448
United Kingdom	**1,498**	6,306
Other Western European countries	**5,896**	6,057
Eastern Europe	**252**	273
Latin America	**45**	43
Asia/Pacific, including Middle East	**1,361**	3,331
Total assets	**103,278**	110,500

The significant increase in non-current assets in North America and decrease in non-current assets in The Netherlands is due to an intra-group transfer of intellectual property of the Longview software. For further details refer to note 6.5.27 Related parties.

6.5.7 Business combinations

Divestments 2012 – Orisoft

In the first half of 2012, management assessed that Orisoft (part of operating segment 'Other') no longer fitted Exact's strategy. Management decided to divest this business unit and committed itself to a plan to sell Orisoft. Consequently, the business unit was reclassified to disposal group held for sale.

Following the reclassification and based on the estimated sales price, an impairment loss of € 2,231 was recognized in the first half of 2012, writing down the carrying amount of the disposal group to the lower of its carrying amount and its fair value less costs to sell. The impairment loss has been included in the following line items in the consolidated statement of comprehensive income:

(in € thousands)	2012
Depreciation and amortization expenses and impairment	**1,976**
Other operating expenses other than depreciation and amortization	**244**
Income tax expense	**11**
Total	**2,231**

On October 9, 2012 Exact sold its 100% participation in the Orisoft group. Exact sold its participation for a total consideration of € 1,200, of which € 600 was settled in cash and for which a loan of € 600 was granted by Exact. The effect of disposal on the financial position of Exact is presented in the table below:

(in € thousands)	2012
Inventory	**(66)**
Trade receivables	**(850)**
Other receivables and prepaid expenses	**(231)**
Current tax assets	**(69)**
Cash and cash equivalents	**(528)**
Deferred revenue	**334**
Accounts payable and other liabilities	**18**
Other taxes and social securities	**12**
Accrued liabilities	**216**
Net assets and liabilities	**(1,164)**
Consideration received, settled in cash	**600**
Cash and cash equivalents disposed of	**(528)**
Net cash inflow	**72**

As a result of this divestment Exact recognized a gain of € 757 in 'finance income'. In 2012, Orisoft contributed revenues amounting to € 1,550 (2011: € 2,040) and a net loss of € 356 (2011: income of € 79). Orisoft is presented under the operating segment 'Other'.

The divestment is not presented as a discontinued operation, as the Orisoft business unit does not represent a major line of business for the consolidated Exact group.

6.5.8 Revenue-related expenses

Revenue-related expenses are summarized below.

	2012	2011
Commissions and cost of resellers	**7,025**	7,664
Cost of hardware and third-party software	**5,868**	4,918
Shipping and packaging	**720**	546
Other revenue-related expenses	**93**	152
Total	**13,706**	13,280

6.5.9 Personnel expenses

Personnel expenses are summarized below.

	2012	2011
Salaries and wages	**96,390**	88,569
Social security	**8,563**	7,976
Pension expenses – defined contribution plans	**750**	648
Healthcare contribution	**5,455**	4,580
Contractors and outwork	**7,015**	8,805
Other personnel expenses	**5,762**	6,379
Total	**123,935**	116,957

In 2012, Exact's average number of employees was 1,641 FTEs (full-time equivalent) (2011: 1,797 FTEs). At December 31, 2012 Exact employed 1,653 FTEs (2011: 1,786 FTEs).

Employees per functional category as at December 31

	2012	2011
Support	**19%**	19%
Services	**16%**	18%
Research and development	**29%**	27%
Sales and marketing	**21%**	20%
Operations support	**14%**	15%
General management	**1%**	1%
Total	**100%**	100%

In the years 2012 and 2011, the personnel expenses for research and development were respectively € 26,398 and €24,885. These amounts represent 21.3% of the total personnel expenses in each of those years. Of these personnel expenses an amount of € 22,620 (2011: €19,444) relating to R&D has been recorded in the profit and loss account and an amount of € 3,778 (2011: € 5,441) was capitalized as an intangible asset.

6.5.10 Other operating expenses other than depreciation and amortization

Other operating expenses other than depreciation and amortization are summarized below.

	2012	2011
Travel and accommodation	**6,893**	7,253
Voice and infrastructure	**3,981**	3,688
Housing and office	**8,984**	8,839
Provisions for impairment of trade receivables	**2,158**	1,567
Professional services and other general expenses	**6,898**	4,661
Total	**28,914**	26,008

6.5.11 Finance income and finance expenses

Finance income and finance costs include the following:

	2012	2011
Interest income	**1,086**	597
Interest expenses	**(269)**	(335)
Exchange rate differences	**(104)**	(1,057)
Net change in fair value of cash flow hedges reclassified to profit and loss	**(1,610)**	–
Gain on divestment Orisoft	**757**	–
Other financial income and expenses	**(627)**	55
Total	**(767)**	(740)

6.5.12 Income tax

The activities of Exact are subject to corporate income taxes in all countries where Exact has an active subsidiary. The applicable statutory tax rates vary between 12.5% and 43.9%. Recognition of deferred income tax assets, tax losses carried forward and non-deductible expenses cause the effective tax rate to differ from the weighted average tax rate.

Income tax expense

	2012	2011
Current income tax	**13,374**	**7,497**
Changes in deferred taxes	**(2,272)**	**729**
Income tax expense	**11,102**	**8,226**

The reconciliation from Dutch statutory tax to the effective tax rate is explained in the table below.

	2012	2012	2011	2011
Profit before tax	**29,785**		23,069	
Taxes at Dutch statutory tax rates	**7,446**	**25.0%**	5,767	25.0%
Effect of tax rates in foreign jurisdictions	**801**	**2.7%**	910	4.0%
Impairment on goodwill	**–**	**–**	4,595	19.9%
Sale of Longview IP [1]	**6,915**	**23.2%**	–	–
Effect of application of Dutch innovation box incentive [2]	**(1,942)**	**(6.5)%**	(1,573)	(6.8)%
Non-deductible expenses	**172**	**0.6%**	314	1.4%
Changes in tax rate [3]	**3,164**	**10.6%**	(704)	(3.1)%
Changes in recognized deductible temporary differences [4]	**(5,715)**	**(19.2)%**	158	0.7%
Movement in previously (un)recognized tax losses	**119**	**0.4%**	28	0.1%
Adjustments previous years	**795**	**2.7%**	(3)	0.0%
Exempt income	**(624)**	**(2.1)%**	(1,281)	(5.6)%
Other	**(29)**	**(0.1)%**	15	0.1%
Effective tax rate	**11,102**	**37.3%**	8,226	35.7%

1 At December 31, 2012 Exact International Development BV transferred the ownership of the intellectual property of the Longview software to Longview Solutions Inc. at fair value. The capital gain realized upon the transfer is fully taxable in the Netherlands at 25%. For further details refer to note 6.5.27 Related parties.

2 As of 2009, Exact applies for the Dutch innovation tax facilities. As a result of the application of the Dutch innovation box, 40% of the Dutch EBIT is taxable at 5% instead of at the statutory rate.

3 The changes in tax rate relate to the inclusion of the Dutch innovation box incentive in the previous years' enacted tax rate used for Dutch deferred tax positions. Following a reassessment of the Dutch deferred tax position the tax rate at which these are expected to be settled was increased leading to a tax expense of € 3.2 million.

4 This line includes the transfer of the intellectual property of the Longview software, which is an intragroup transaction. Profits and losses resulting from intragroup transactions are eliminated in full for consolidation purposes. The temporary differences that arise from the elimination of profits and losses lead to recognition of a deferred tax asset in the amount of € 3.7 million.

Deferred income tax assets and liabilities

The maturity of deferred tax assets is shown below.

	2012	2011
Deferred tax assets to be recovered after more than 12 months	**4,876**	1,647*
Deferred tax assets to be recovered within 12 months	**653**	1,107
Total	**5,529**	2,754

* Restated for comparison purposes (refer to note 6.5.3).

As at December 31, 2012, Exact had estimated tax losses carried forward of € 2.6 million (per December 31, 2011: € 5 million) among several entities outside the Netherlands for which a deferred tax asset is recognized.

Exact did not recognize deferred tax assets for tax losses amounting to € 14.3 million (per December 31, 2011: € 18 million), including € 1 million (per December 31, 2011: € 6 million) related to entities that are in the process of being liquidated. The deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which Exact can offset the tax losses. The tax losses will expire in the range of seventeen years to indefinitely. Losses of the entities which are in the process of being liquidated will expire as of the effectuated liquidation date.

The maturity of deferred tax liabilities is shown below.

	2012	2011
Deferred tax liabilities to be settled after more than 12 months	**5,504**	4,800*
Deferred tax liabilities to be settled within 12 months	**10**	79
Total	**5,514**	4,879

* Restated for comparison purposes (refer to note 6.5.3).

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
Property, plant and equipment	**(240)**	(269)	**512**	210	**272**	(59)
Intangible assets*	**(4,066)**	(810)	**4,664**	4,690	**598**	3,880
Derivatives	**-**	(6)	**–**	–	**–**	(6)
Provisions for bad debt	**(514)**	(228)	**–**	–	**(514)**	(228)
Other items	**(1,027)**	(572)	**1,311**	339	**284**	(233)
Tax loss carry-forwards	**(655)**	(1,229)	**–**	–	**(655)**	(1,229)
Tax (assets) / liabilities	**(6,502)**	(3,114)	**6,487**	5,239	**(15)**	2,125
Set off of tax	**973**	360 **	**(973)**	(360) **	**–**	–
Net tax (assets) / liabilities	**(5,529)**	(2,754)	**5,514**	4,879	**(15)**	2,125

* Intangible assets include a difference in amortization period of capitalized R&D in the amount of € 1,776 (2011: € 1,284).
* * Restated for comparison purposes (refer to note 6.5.3).

6.5.13 Property, plant and equipment

(in € thousands)	Building and leasehold improvements	Transportation	Hardware	Other fixed assets	Total
At January 1, 2011					
Purchase value	5,346	2,502	13,355	6,263	**27,466**
Cumulative depreciation	(1,516)	(2,180)	(11,127)	(4,186)	**(19,009)**
Book value	**3,830**	**322**	**2,228**	**2,077**	**8,457**
Additions	61	1,830	1,062	278	**3.231**
Reclassification to assets held for sale	–	2,532	–	–	**2.532**
Divestments	–	(16)	(10)	–	**(26)**
Disposals	(465)	(281)	(163)	(206)	**(1,115)**
Depreciation	(428)	(766)	(1,076)	(597)	**(2,867)**
Net currency translation adjustments	(173)	17	72	251	**167**
Changes in book value	**(1,005)**	**3,316**	**(115)**	**(274)**	**1,922**
At December 31, 2011					
Purchase value	4,352	5,100	13,309	6,144	**28,905**
Cumulative depreciation	(1,527)	(1,462)	(11,196)	(4,341)	**(18,526)**
Book value	**2,825**	**3,638**	**2,113**	**1,803**	**10,379**
Additions	41	2,232	1,439	101	**3,813**
Divestments	(2)	–	(31)	–	**(33)**
Disposals	(75)	(459)	(54)	(32)	**(620)**
Depreciation	(391)	(906)	(1,170)	(580)	**(3,047)**
Impairment	–	–	(49)	(7)	**(56)**
Net currency translation adjustments	8	(1)	37	12	**56**
Changes in book value	**(419)**	**866**	**172**	**(506)**	**113**
At December 31, 2012					
Purchase value	4,166	6,231	13,617	5,841	**29,855**
Cumulative depreciation	(1,760)	(1,727)	(11,332)	(4,544)	**(19,363)**
Book value	**2,406**	**4,504**	**2,285**	**1,297**	**10,492**

6.5.14 Intangible assets and goodwill

The movements in intangible assets are summarized below.

(in € thousands)	Goodwill	Contract base	Purchased software	Internally generated software	Intellectual property	Trademark	Distribution rights	Total
At January 1, 2011								
Purchase value	84,428	22,579	1,775	12,084	13,873	383	–	**135,122**
Cumulative amortization	–	(10,389)	(1,587)	(1,596)	(4,515)	(121)	–	**(18,208)**
Book value	**84,428**	**12,190**	**188**	**10,488**	**9,358**	**262**	**–**	**116,914**
Additions	–	–	23	5,441	150	–	475	**6,089**
Adjustment earn-out provisions	181	–	–	–	–	–	–	**181**
Adjustment purchase price	(3,323)	–	–	–	–	–	–	**(3,323)**
Amortization	–	(2,290)	(133)	(1,244)	(1,245)	(39)	(99)	**(5,050)**
Impairments	(18,379)	(168)	–	–	–	–	–	**(18,547)**
Net currency translation adjustment	1,598	236	7	–	(144)	–	–	**1,697**
Changes in book value	**(19,923)**	**(2,222)**	**(103)**	**4,197**	**(1,239)**	**(39)**	**376**	**(18,953)**
At December 31, 2011								
Purchase value	82,884	22,269	1,808	16,993	14,062	383	475	**138,874**
Cumulative amortization	(18,379)	(12,301)	(1,723)	(2,308)	(5,943)	(160)	(99)	**(40,913)**
Book value	**64,505**	**9,968**	**85**	**14,685**	**8,119**	**223**	**376**	**97,961**
Additions	–	–	234	3,778	–	–	–	**4,012**
Adjustment earnout provisions	(788)	–	–	–	–	–	–	**(788)**
Amortization	–	(1,980)	(63)	(2,771)	(1,389)	(38)	(119)	**(6,360)**
Impairments	(1,526)	(382)	–	–	(149)	–		**(2,057)**
Net currency translation adjustment	(761)	(64)	(1)	(464)	(297)	–	–	**(1,587)**
Changes in book value	**(3,075)**	**(2,426)**	**170**	**543**	**(1,835)**	**(38)**	**(119)**	**(6,780)**
At December 31, 2012								
Purchase value	79,437	21,740	2,042	20,423	13,716	383	475	**138,216**
Cumulative amortization	(18,007)	(14,198)	(1,787)	(5,195)	(7,432)	(198)	(218)	**(47,035)**
Book value	**61,430**	**7,542**	**255**	**15,228**	**6,284**	**185**	**257**	**91,181**

In 2012, Exact capitalized development costs amounting to € 3,778 (2011: € 5,441). Internally generated software related to Khalix™ with an investment value of € 5,749 (2011: € 731) and internally generated software related to Exact Online with an investment value of € 1,077 (2011: € 1,086) were established for use in 2011. As at December 31, 2012, internally generated software amounting to € 2,187 (2011: 7,882) had not yet been established for use.

The carrying amount of the intangible assets includes, among others, an amount of € 5,204 (2011: €6,281) related to the intellectual property of the software suite Khalix™, which Exact acquired via the business combination of Longview Solutions. This intellectual property was valued at an amount of € 10,767 upon acquisition, with linear amortization over a period of 10 years.

Impairment testing for Cash Generating Units (CGUs) containing goodwill

For goodwill impairment testing, the cash-generating units are equal to the operating segment. For detailed information on the Operating segments, reference is made to 6.5.6 Operating segments.

The carrying amounts of goodwill allocated to each CGU are as follows:

	2012	2011
Benelux	**13,393**	13,393
Americas:	**–**	45,908
– MGS	**20,757**	–
– JobBoss	**17,601**	–
– MAX	**6,619**	–
International	**2,036**	2,036
Longview	**1,024**	1,675
Other:		
– Orisoft	**–**	1.492
Total	**61,430**	64,504

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are:

- EBITDA margins
- discount rates
- terminal value growth rates

These assumptions have been used for the impairment testing of each CGU within the operating segment.

Gross margin (EBITDA)

The gross margin assumed for a CGU's operations is primarily based on past performance and the latest long-range plans. Gross margins are increased over the forecast period for anticipated efficiency improvements. The average long-term operating margins applied to CGUs were:

Benelux	30%
Americas:	
– MGS	39%
– JobBoss	41%
– MAX	38%
International	7%
Longview	13%

Discount rate

Discount rates reflect the current market assessment of the risks specific to each CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital. The pre-tax discount rates from a market perspective applied to the CGUs were:

CGU	Pre-tax discount rate
Benelux	12.3%
Americas:	
– MGS	15.8%
– JobBoss	15.7%
– MAX	15.9%
International	11.4%
Longview	12.1%

For 2011 a single pre-tax discount rate of 12% was used for all CGUs.

Terminal value growth rates

Terminal value growth rates are based on management's assessment of how the unit's position, relative to its competitors, will change in the forecast period. An increase of 2% (2011: 2.0%) per year was applied to all CGUs.

Sensitivity to changes in assumptions

The recoverable amount of all CGUs exceeds its carrying amount significantly. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying amount of these units to exceed the recoverable amount. This is also applicable for Longview, for which an impairment of € 18.4 million was recognized in 2011.

Longview

An individual increase in the discount rate of 0.5% would have an impact of € 3.0 million on the available headroom. An individual decrease in the terminal value growth rate of 0.5% would have an impact of € 1.9 million on the available headroom. As the headroom for CGU Longview is significant, these (cumulative) changes would not lead to an impairment.

6.5.15 Long-term receivables and prepayments

At the balance sheet date, the long-term receivables amounted to € 1,180 (2011: € 1,700) and the long-term prepayments amounted to € 425 (2011: € 460). The long-term receivables amounting to € 1,180 consist of three vendor loans. One of the loans was granted as part of the sale of AllLicense Holding B.V. and is subordinated. This loan is secured by a lien on the shares of the company sold. A second loan was granted as part of the sale of Informatica. This loan is secured by a mortgage on two office buildings and a lien on the shares of the company sold. The third loan was granted as part of the sale of the Orisoft group.

Market risk is expected to be in line with the interest percentages on the loans: 5% and 3%. Consequently, the nominal value of the loans equals their fair value.

Exposure of the long-term receivables to the contractual repayment dates.

Maturity	2012	2011
≤ 1 year	**1,580**	300
> 1 year and ≤ 2 years	**440**	1,260
> 2 year and ≤ 5 years	**740**	900
> 5 years	**–**	–
Total	**2,760***	**2,460**

* The amount of € 2,760 includes the current part of the long-term receivables amounting to € 1,580 (2011: €300), which is classified as other receivables and prepaid expenses. More information is provided in note 6.5.17.

In 2012, an amount of € 300 was repaid by AllLicense Holding B.V. on the outstanding loan receivable.

The long-term prepayment, amounting to € 425 (2011: € 460), relates to the lease of Exact's headquarters in the Netherlands and is amortized on a straight-line basis over the lease term.

6.5.16 Trade receivables

The net trade receivables at balance sheet date are specified below.

	2012	2011
Trade receivables	**36,179**	38,589
Provisions for trade receivables	**(5,743)**	(5,120)
Net trade receivables	**30,436**	33,469

Trade receivables are non-interest bearing and are generally on 30-day terms. Exact recognized an expense of € 2,158 (2011: €1,567) for the impairment of its trade receivables during the year ending December 31, 2012. The expense has been included in 'other operating expenses' in the income statement.

There is no concentration of credit risk with respect to trade receivables, as Exact has a large number of internationally dispersed customers. Total credit risk is equal to the book value of trade receivables as at December 31, 2012. All trade receivables fall due within one year.

The provisions for impairment of trade receivables exclude VAT where VAT on uncollectable receivables can be reimbursed.

Ageing analysis of trade receivables as at December 31

	2012	2011
Neither past due nor impaired	**11,559**	16,439
< 30 days	**9,425**	8,451
30 – 90 days	**5,095**	3,895
90 – 360 days	**3,951**	4,285
> 360 days	**406**	399
Total	**30,436**	33,469

Movements in the provisions for impairment of trade receivables

	Individually impaired	Collectively impaired	Total
At January 1, 2011	**5,975**	**1,157**	**7,132**
Charge for the year	2,521	920	**3,441**
Utilized	(2,082)	(842)	**(2,924)**
Unused amounts reversed	(1,555)	(319)	**(1,874)**
Divestments	(15)	–	**(15)**
CTA	(1,028)	388	**(640)**
At December 31, 2011	**3,816**	**1,304**	**5,120**
Charge for the year	3,155	606	**3,761**
Utilized	(1,147)	(277)	**(1,424)**
Unused amounts reversed	(1,354)	(249)	**(1,603)**
Divestments	(116)	–	**(116)**
CTA	8	(3)	**5**
At December 31, 2012	**4,362**	**1,381**	**5,743**

6.5.17 Other receivables and prepaid expenses

Other receivables and prepaid expenses at balance sheet date are specified below.

	2012	2011
Prepaid expenses	**3,481**	4,563
Other receivables	**2,076**	1,062
Accrued revenue	**646**	1,372
Total	**6,203**	6,997

Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease installments. Other receivables include receivables other than trade receivables. Accrued revenue is related to services performed by Exact that have not yet been invoiced to the customer. The other receivables and prepaid expenses mature within one year.

6.5.18 Cash and cash equivalents

Cash at banks earn interest at floating rates based on daily bank deposit rates. Exact's credit risk on cash and cash equivalents is limited because the counterparties are well established banks with high credit ratings.

Cash and cash equivalents also comprises short-term deposits at banks and financial institutions in various countries. Short-term deposits are made for varying periods of between one day and three months, depending on Exact's immediate cash requirements. The average interest rate on short-term deposits as at December 31, 2012 was 1.8% (2011: 1.8%). The short-term deposits at year end amounted to € 7,513 (2011: €10,110).

6.5.19 Shareholders' equity

The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently there are 24,400,405 (2011: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2011: 1,583,744) ordinary shares in treasury, which remain available for the general purposes of Exact, including but not limited to M&A activities.

The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price. No treasury shares were transferred to exercise options nor were treasury shares sold in 2012 (2011: 0).

Other reserves include a reserve pertaining to the share-based compensation of the Board of Managing Directors of €47 (2011: €107) and a reserve for the capitalized internally generated software of € 15,692 (2011: €14,685).

6.5.20 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Exact by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share

	2012	2011
Profit attributable to equity holders of Exact	**18,683**	14,843
Weighted average number of ordinary shares outstanding (thousands)	**22,817**	22,817
Basic earnings per share (€ per share)	**0.82**	0.65
Profit attributable to equity holders of Exact	**18,683**	14,843

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all potentially dilutive ordinary shares. The potentially dilutive ordinary shares consist of shares granted as part of the long-term incentive plan. The number of potentially dilutive ordinary shares is calculated based on the fair value of the shares at the date of grant and the management expectations regarding the future performance with regards to the targets set in the long-term incentive plan.

Diluted earnings per share

	2012	2011
Profit attributable to equity holders of Exact	**18,683**	14,843
Weighted average number of ordinary shares outstanding (thousands)	**22,817**	22,817
Adjustment for share-based payments (thousands)	**12**	13
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,829**	22,830
Diluted earnings per share (€ per share)	**0.82**	0.65

6.5.21 Loans and borrowings

Lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2012	**2012**	**2012**	2011	2011	2011
Less than one year	**1,358**	**65**	**1,293**	1,274	41	1,233
Between one and five years	**3,945**	**463**	**3,482**	2,690	337	2,353
More than five years	**–**	**–**	**–**	–	–	–
Total	**5,302**	**528**	**4,775**	3,964	378	3,586

Credit facility

In 2012, Exact renewed its revolving credit facilities by signing an agreement for a revolving credit facility with a single bank. This credit facility is committed and unsecured for an amount of € 10 million and uncommitted and unsecured for an amount of € 30 million. The revolving credit facility can be used for general corporate purposes, including acquisitions, investments, transaction costs and dividend payments. The agreement has a term of three years and will expire on December 31, 2014.

In addition to the revolving credit facility, Exact has also renewed its uncommitted overdraft facility for a total amount of € 8.5 million and its uncommitted bank guarantee facility for a total amount of € 1.5 million. These facilities will be available until December 31, 2014. The purpose of the bank guarantee facility is to allow Exact to issue bank guarantees and (standby) letters of credit. The overdraft facility can be used for general corporate purposes, including acquisitions, investments, transaction costs and dividend payments.

6.5.22 Provisions

The movements in provisions are summarized below.

	Restruc-turing	Tax contin-gencies	Earnouts and related liabilities	Other provisions*	Total
At January 1, 2012	**–**	**–**	**917**	**573**	**1,490**
Additional provisions	7,004	3,252	7	833	**9,831**
Payments in cash	(4,664)	–	–	(40)	**(3,439)**
Release	–	–	(779)	(342)	**(1,121)**
Net currency translation adjustment	73	46	(12)	(5)	**102**
At December 31, 2012	**2,413**	**3,298**	**133**	**1,019**	**6,863**
Non-current provisions	–	–	–	683	**683**
Current provisions	2,413	3,298	133	336	**6,180**
Total	**2,413**	**3,298**	**133**	**1,019**	**6,863**

* Restated for comparison purposes.

As at December 31, 2011 the non-current provisions amounted to € 1,227 and the current provisions amounted to € 263.

Restructuring

In 2012, Exact initated a restructuring program to realize the realignment of the organization from a geographical organization with a matrix structure to end-to-end business units. The restructuring expenses are mainly attributable to severance payments (€ 5.5 million) and consultancy charges (€ 1.1 million). Following the restructuring, Exact is now aligned with the markets we operate in and this enables us to target (potential) customers more effectively and to further increase customer intimacy. The restructuring affected a significant part of the organization and led to a reduction of 150 employees. The majority of the cuts were in the Americas, the International and Benelux regions and Longview.

As part of the restructuring of the organization, Exact closed the regional headquarters in Boston of the former Americas region. Exact Macola, Exact MAX and Exact JobBOSS will now report directly to the Board of Managing Directors.

Tax contingencies

Tax contingencies relate to provisions recorded for possible claims to be filed by tax authorities worldwide. This includes corporate income tax, as well as value added, withholding and sales taxes.

Provisions for earnouts and related liabilities

The earn-out provision of € 133 (2011: € 917) relates to a contingent consideration on the attainment of software sales objectives and on the achievement of development and integration milestones over a period of four years commencing October 2009.

Other provisions

Other provisions pertain mainly to provisions for legal claims and dilapidations.

Provisions for legal claims at December 31, 2012 and 2011 have been made for the expected costs related to various claims made against Exact known at the respective balance sheet dates.

Provisions for dilapidations relate to buildings leased by Exact for which, in some cases, the obligation exists to restore the building to its original state.

6.5.23 Current liabilities

Liabilities that mature within one year are presented as 'current liabilities'.

Deferred revenue

Deferred revenue represents the unrecognized portion of time-based license fees, maintenance and support and service contracts (see also note 6.5.3, section 'Revenue'). Maintenance and support agreements, which typically have a contract period of 12 months, are automatically renewed at the end of the contract period.

Income resulting from maintenance and support agreements pre-invoiced at the end of 2012 and that renew in the next financial year will be recognized in 2013. Insofar as the customer paid in advance for agreements that are due for renewal in 2013, the value of the agreement was treated in its entirety as a liability under 'deferred revenue'.

Deferred revenue position at the balance sheet date

	2012	2011
Maintenance and support and time-based license fees	57,226	59,203
Services	1,866	1,807
Pre-invoiced license fees	749	1,071
Total	**59,841**	62,081

Accrued liabilities

Accrued liabilities consist of the following:

	2012	2011
Holiday allowance, holidays, salaries and employee bonuses	4,981	6,470
Other	4,728	5,046
Total	**9,709**	11,516

6.5.24 Financial instruments

Financial risk management

Exact's overall financial risk management seeks to minimize potential adverse effects resulting from the unpredictability of financial markets on the Group's financial performance. Exact's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and security price risk), credit risk and liquidity risk. The significant risks of the aforementioned on Exact's operations are discussed in the following sections.

Risk management is ultimately the responsibility of the Board of Managing Directors. As a subcommittee of the Supervisory Board, the Audit Committee oversees governance and risk control-related topics, including the implementation of a risk control, framework. Exact's governance and risk management framework applies three lines of defense. Risk governance is exercised by line management (first line of defense), Risk Management and Compliance (second line of defense) and Internal Audit (third line of defense).

In 2012, Exact established a Risk Management function to strengthen the second line of defense. Risk management supports management by developing policies, methodologies and infra-structures for identifying, measuring, monitoring and reporting on the different types of risk. Risk Management as a separate function is relatively new within Exact and will be embedded further in the organization going forward.

In April 2012, the Company's management started a project to enhance the Risk Control Framework that is ultimately leading to a set of key-controls that will help Exact to realize its overall financial risk management objectives. In 2013, the focus for the Risk Control Framework will be on the operational effectiveness of the Risk Control Framework.

Exact has specific operating procedures that prescribe working practices on relevant specific financial risk management topics, such as use of derivative financial instruments, investment of excess liquidity, centralization of cash, and authorization levels. Exact may use derivative financial instruments to hedge certain foreign currency risk exposures. Corporate treasury is responsible for using derivatives to mitigate foreign exchange risk arising from anticipated transactions and recognized monetary positions.

Credit risk

The credit risk comprises the loss that should be recognized at the balance sheet date if customers or counterparties to financial instruments were to be in default regarding the fulfilment of their contractual obligations. In order to limit the credit risk, Exact periodically reviews the credit ratings of customers and other counterparties and demands securities where necessary. Furthermore, Exact has procedures and policies to limit the size of the credit risk with each customer or counterparty. These procedures and the geographical spread of the activities of the group companies limit Exact's exposure to market risks and the risk connected with the concentration of credit.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Carrying amount	
	Note	2012	2011
Long-term receivables and prepaid expenses	6.5.15	**1,605**	2,160
Trade receivables	6.5.16	**30,436**	33,469
Other receivables and prepaid expenses	6.5.17	**6,203**	6,997
Cash and cash equivalents	6.5.18	**58,156**	53,786
Total		**96,400**	96,412

Long-term receivables and prepaid expenses

The long-term receivables and prepaid expenses consist of three vendor loans. Except for the loan to the former shareholders of Orisoft, collateral has been made available to Exact as security.

Trade receivables

Exact trades with reputable, creditworthy third parties. It is Exact's policy that all customers who wish to pay in instalments are subject to a credit verification procedure. Moreover, the outstanding balances are monitored on an ongoing basis, so that Exact does not run any significant risks with respect to doubtful debtors. Due to the geographical spread of Exact's customers, there is no concentration of credit risk related to trade receivables.

Other receivables and prepaid expenses

Other receivables consists of receivables and accrued revenue related to services performed by Exact that have not yet been invoiced to the customer. Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease instalments. All other receivables and prepaid expenses are outstanding with creditworthy third parties.

Cash and cash equivalents

Exact holds cash and cash equivalents of € 58,156 (2011: € 53,786) as at December 31, 2012, which represents its maximum credit exposure on these assets. The cash and cash equivalents are all held with reputable banks.

Liquidity risk

Liquidity risk is the risk that Exact will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, Exact aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents. Due to the strong cash position and historically strong operational cash flows, Exact currently has minimal liquidity risk.

The gross inflows/(outflows) disclosed in the table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Interest rate risk

As a result of limited debt and active cash management activities, Exact is not subject to material interest rate risks. Exact aims to maintain most of its cash and cash equivalents in the Netherlands in order to closely monitor the best available interest rates, taking into account its funding flexibility.

The table below shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

December 31, 2012	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities							
Finance lease liability	4,775	5,302	322	1,036	1,185	2,759	–
Earn-out provision	133	133	–	133	–	–	–
Accounts payable and other liabilities	3,353	3,353	3,353	–	–	–	–
Total	**8,261**	**8,788**	**3,675**	**1,169**	**1,185**	**2,759**	**–**

December 31, 2012	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Derivative financial liabilities							
Cross-currency swap:							
– Outflow	–	–	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**

December 31, 2011	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities							
Finance lease liability	3,586	3,964	425	849	764	1,926	–
Earn out provision	917	931	–	–	–	931	–
Accounts payable and other liabilities	4,930	4,930	4,930	–	–	–	–
Total	**9,433**	**9,825**	**5,355**	**849**	**764**	**2,857**	**–**

December 31, 2011	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Derivative financial liabilities							
Cross-currency swap:							
– Outflow	(470)	(4,247)	–	(4,247)	–	–	–
– Inflow	–	3,796	–	3,796	–	–	–
Total	**(470)**	**(451)**	**–**	**(451)**	**–**	**–**	**–**

Currency risk

Exact conducts business in euros and in foreign currencies. Since the functional currency of Exact is the euro, Exact is subject to exchange rate risk due to the effects of fluctuating exchange rates on the revenue, result and balance sheet positions ultimately reported in euros. For 2012, 41.0% (2011: 40.0%) of revenue and 46.6% (2011: 42.1%) of operating expenses are denominated in currencies other than euros.

A significant portion of Exact's revenue is realized in US dollars. Although in 2012 Exact generated approximately 28.0% (2011: 26.7%) of its revenue in US dollars, the impact of the US dollar exchange rate fluctuations on EBITDA and net income was limited. The exchange rate impact was partly compensated by a natural hedge through expenses in US dollars and/or expenses in currencies fluctuating in line with the US dollar.

Currencies of importance

All Exact companies must identify and measure the risks of important transactions executed in a currency other than their functional currency. Decisions to hedge transaction exposures are taken at corporate level in consultation with local management.

Currencies of importance	December 31, 2012	Average 2012	December 31, 2011	Average 2011
EUR / USD	**1.32**	**1.29**	1.30	1.39
EUR / CAD	**1.32**	**1.29**	1.32	1.38
EUR / GBP	**0.82**	**0.81**	0.84	0.87
EUR / MYR	**4.11**	**3.98**	4.12	4.27
EUR / PLN	**4.09**	**4.21**	4.42	4.13

Sensitivity analysis

Because most transactions at Exact companies take place in their functional currency, the sensitivity to changes in US dollar exchange rates in relation to the monetary assets and liabilities as required by IFRS 7, 'Financial Instruments: Disclosures', with all other variables held constant, is limited.

The following table shows the sensitivity of Exact's total revenue, income before tax, and Exact's debtors and deferred revenue balance position to changes in the US dollar exchange rate as result of investments in foreign Exact companies.

Sensitivity analysis	Changes in € to US$ rate	Effect on total revenue	Effect on trade receivables	Effect on deferred revenue	Effect on profit or loss	Effect on equity
2012	**+ €0.10**	**4,382**	**683**	**1,335**	**81**	**2,215**
	– €0.10	**(5,121)**	**(795)**	**(1,553)**	**(95)**	**(2,577)**
2011	+ €0.10	3,860	867	1,405	186	1,153
	– €0.10	(4,457)	(1,013)	(1,640)	(215)	(1,347)

Denomination profile based on a percentage of Exact's financial assets and liabilities as at December 31

Year ended December 31, 2012	Note	€	US$	Other currencies	Carrying amount €
Long-term receivables	6.5.15	100%	0%	0%	1,605
Trade and other receivables	6.5.16	46%	30%	24%	32,512
Cash and cash equivalents	6.5.18	85%	6%	9%	58,156
Derivative financial instruments	6.5.24	–	–	–	–
Accounts payable and other liabilities	6.2	87%	3%	10%	(3,353)

Year ended December 31, 2011	Note	€	US$	Other currencies	Carrying amount €
Long-term receivables	6.5.15	100%	0%	0%	2,159
Trade and other receivables	6.5.16	37%	35%	28%	34,534
Cash and cash equivalents	6.5.18	76%	13%	11%	53,786
Derivative financial instruments	6.5.24	100%	0%	0%	(470)
Accounts payable and other liabilities	6.2	79%	7%	14%	(4,930)

Capital management

The primary objective of Exact's capital management is to maintain a healthy cash and cash equivalents balance, to support its business in the execution of its strategy.

In view of Exact's dividend policy, but also taking into consideration the strong cash position, the Board of Managing Directors intends to propose at the General Meeting of Shareholders on May 22, 2013, a final dividend of € 0.56 per share. Combined with the interim dividend of € 0.44 distributed in August 2012, this brings the annual dividend per share to € 1.00.

As of 2013, Exact's dividend policy is to issue dividends at 100% of net income unless the year-end cash position drops below € 40.0 million or in the event of significant acquisitions. Exact expects significant investments in the coming years, in line with its growth ambitions, and consequently will refrain from compensating for non-cash items going forward.

Accounting classifications and fair values

Fair values and carrying amounts

Set out below is a comparison by category and fair values of all of Exact's financial instruments that are carried in the financial statements.

December 31, 2012	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Cash and cash equivalents	–	58,156	–	58,156	58,156
Trade and other receivables	–	32,512	–	32,512	32,512
Total	**–**	**90,668**	**–**	**90,668**	**90,668**
Liabilities					
Forward exchange contract used for hedging	–	–	–	–	–
Finance lease liability	–	–	4,775	4,775	4,775
Accounts payable and other liabilities	–	–	3,352	3,352	3,352
Earn-out provision	–	–	133	133	133
Total	**–**	**–**	**8,260**	**8,260**	**8,260**

December 31, 2011	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Cash and cash equivalents	–	53,786	–	53,786	53,786
Trade and other receivables	–	34,531	–	34,531	34,531
Total	**–**	**88,317**	**–**	**88,317**	**88,317**
Liabilities					
Forward exchange contract used for hedging	470	–	–	470	470
Finance lease liability	–	–	3,586	3,586	3,586
Accounts payable and other liabilities	–	–	4.930	4,930	4,930
Earn-out provision	–	–	917	917	917
Total	**470**	**–**	**6,602**	**9,903**	**9,903**

The following methods and assumptions were used to estimate fair values:

- Cash and cash equivalents, trade and other receivables, accounts payable and other liabilities approximate their carrying amount largely due to the short-term nature of these instruments.
- Long-term receivables are evaluated based on parameters such as interest rates and the individual creditworthiness of the vendor. At December 31, 2012, the carrying amount of the long-term receivables was not significantly different from their fair value.
- The fair value of derivative financial instrument is based on valuation reports from financial institutes using valuation techniques with market observable inputs.

Fair value hierarchy

As at December 31, 2012, Exact held the following financial instruments carried at fair value.

	2012	2011
Liabilities measured at fair value	–	–
Cross-currency swap (Level 2)	–	470

Exact uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value

During the reporting periods ending December 31, 2012 and 2011, there were no transfers between the levels of fair value measurements.

Derivative assets and liabilities designated as cash flow hedges

As per year-end Exact has no derivative assets designated as cash flow hedges outstanding.
On September 17, 2007 Exact announced the acquisition of Longview Solutions Inc. in Canada. The transaction was expected to be closed on or before November 15, 2007. Exact hedged the currency risk of the purchase price for the period between signing the share purchase agreement and the actual payment date of the acquisition. The negative fair value change of this hedge instrument (closed in November 2007) amounted to € 1,597 and was recognized in other comprehensive income. Following the impairment of the Longview business unit in 2011, Exact has recognized the negative fair value change of the hedge instrument in the profit and loss account in accordance with IAS 39.

6.5.25 Commitments

Exact leases offices and vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Future aggregate minimum lease payments under non-cancellable operating leases

	2012	2011
No longer than one year	9,160	7,888
Longer than one year and not longer than five years	16,834	18,515
Longer than five years	14,070	16,018
Total	**40,064**	42,421

Lease building

In 2008, Exact entered into a new rental contract for its main office in the Netherlands. The related lease commitments have been included in the reported lease payments as from 2009. The new rental contract commenced on the date the new building was completed and put at Exact's disposal by the developer, being January 19, 2010. The rental contract will last for 15 years and the annual rental costs started at € 1.8 million.

6.5.26 Contingencies

Exact has contingent liabilities with respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As at December 31, 2012, Exact had issued a total amount of € 1,181 (2011: € 2,028) for guarantees. The guarantee of € 470 related to the rental of the former headquarter building was successfully discharged in 2012. The guarantee of € 113 Exact had issued in 2010 to guarantee payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. was successfully discharged in November 2012. The remaining amount relates to several rental contracts.

Exact is involved in several legal cases. Management is of the opinion that the provisions for legal claims as at December 31, 2012, are adequate and that the final outcome of such litigation will not have a materially adverse effect on Exact's financial position or its results from operations. New information could influence the outcome of these cases.

6.5.27 Related parties

All transactions with related parties were conducted on an arm's length basis.

Remuneration of the Board of Managing Directors and Supervisory Board

The 'Remuneration of the Board of Managing Directors and Supervisory Board' as included in the Remuneration Report of the Supervisory Board Report on pages 61-65 contains required disclosures on key management personnel compensation, as prescribed in IAS 24.

These disclosures are deemed to be part of the financial statements. Exact determined that key management personnel consists of the members of the Board of Managing Directors and the members of the Supervisory Board.

Transfer intellectual property

At December 31, 2012, Exact International Development B.V. (a full subsidiary of Exact Holding N.V.) transferred the intellectual property on the software suite Khalix to Longview Solutions Inc. in Canada (a full subsidiary of Exact Holding N.V.) at fair value. The capital gain realized upon the transfer is fully taxable in the Netherlands at 25%. This results in a current tax payable of € 6.9 million. For further details on the current and deferred income tax effect of this transaction, see note 6.5.12 of the financial statements.

Divestment Orisoft

Orisoft was divested on October 9, 2012, for an amount of € 1.2 million in a management buy-out. For further details on the divestment of Orisoft, see note 6.5.7 of the financial statements.

6.5.28 Group entities

The consolidated financial statements for 2012 include the financial statements of Exact Holding N.V. (Delft, the Netherlands) and the following subsidiaries:

The Netherlands

Exact Group B.V., Delft[1]

- Exact Corporate Services B.V., Delft[2]
- Exact EMEA B.V., Delft[2]
- Exact International Development B.V., Delft
- Exact Management B.V., Delft
- Exact Nederland B.V., Delft
- Exact Software Nederland B.V., Delft
- Longview Europe B.V.[3]
- Exact Maatwerk B.V.[3]
- Exact Retail B.V.[3]

Europe

- Exact Software Austria GmbH, Vienna Austria[4]
- Exact Software Belgium N.V., Brussels, Belgium[5]
- Exact Software CEE, s.r.o., Prague, Czech Republic
- Exact Software France SARL, Paris, France
- Exact Software Deutschland GmbH, Munich, Germany
- Exact Software GmbH, Cologne, Germany
- Exact Software Hungary Kft., Budapest, Hungary[6]
- Exact Software Ireland Ltd., Dublin, Ireland[6]
- Exact Software Poland Sp. zo.o., Warsaw, Poland
- Exact Software Romania Srl., Bucharest, Romania[7]
- Exact Software Slovakia s.r.o., Bratislava, Slovakia[8]
- Exact Software Iberia, S.L., Madrid, Spain
- Exact Business Software (Switzerland) AG, Zürich, Switzerland[9]
- Exact Software (UK) Ltd., Staines, Middlesex, United Kingdom[10]
  - Longview Solutions Ltd., Staines, Middlesex, United Kingdom[11]
  - Runservicenet Ltd., Staines, Middlesex, United Kingdom[11]

Asia

- Exact Software (Shanghai) Co., Ltd., Shanghai, China
- Exact Software Hong Kong, Ltd., Hong Kong[16]
- PT Exact Software Indonesia, Jakarta, Indonesia[6/12]
- Exact Software Japan Co. Ltd., Tokyo, Japan[6]
- Exact Southeast Asia, Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Asia Development Centre Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Software Asia Sdn. Bhd., Kuala Lumpur, Malaysia
- Macola (M) Sdn. Bhd., Petaling Jaya, Malaysia
- Exact Software Philippines, Inc., Manila, Philippines[6]
- Exact Software Singapore PTE Ltd., Singapore
- Exact Software (Thailand) Ltd., Bangkok, Thailand[13]
- Exact Software (Vietnam) Ltd., Ho Chi Minh City, Vietnam[6]

- Orisoft Technology Sdn. Bhd., Petaling Jaya, Malaysia[14]
  - Select Wizsoft Sdn. Bhd., Petaling Jaya, Malaysia[14]
  - Orisoft Services Sdn. Bhd., Petaling Jaya, Malaysia[14]
  - Orisoft Systems (M) Sdn. Bhd., Petaling Jaya, Malaysia[14]
  - Orisoft (Thailand) Co. Ltd., Bangkok, Thailand[12]

North America, Latin America and the Caribbean

- Exact Holding North America, Inc., Dover, Delaware, United States of America
  - Exact Software North America, LLC, Dover, Delaware, United States of America[15]
  - Exact Software ERP-NA, LLC, Dover, Delaware,United States of America[15]
  - Longview of America, LLC, Dover, Delaware, United States of America[15]
  - Vanguard Solutions Group, LLC, Dover, Delaware, United States of America[15]
- Longview Solutions Inc., Markham, Ontario, Canada
- Exact Software Canada Ltd., Cambridge, Ontario, Canada
- Exact Software de Mexico S.A. de C.V., Guadalajara, Mexico
- Exact Software (International) N.V., Curaçao, Netherlands Antilles[16]
  - Exact Software (Antilles) N.V., Curaçao, Netherlands Antilles

Africa and the Middle East

- Exact Software Maroc SARL, Casablanca, Morocco[6]
- Exact Software South-Africa (Pty.) Ltd., Centurion, South Africa[6]

Australia

- Exact Software Australia Pty. Ltd., North Sydney, Australia

Branches/Trade name

- Exact Group B.V. has a branch office in Moscow, Russia and uses the trade name 'Exact Russia Representative Office'[17].
- Exact Software Australia Pty. Ltd., has a sales office in New Zealand.

Notes

1 Unless stated otherwise, Exact Group B.V., Delft, the Netherlands, holds an interest of 100% (or almost 100%). Exact Group B.V. itself is a wholly owned subsidiary of Exact Holding N.V. Subsidiaries in which Exact Group B.V. does not hold an interest of 100% are indented under the corporation that holds the interest in that subsidiary or a note states which corporation holds the interest in that subsidiary.
2 Previously registered as Exact Small Business Solutions B.V.; name change as per May 8, 2012.
3 Subsidiaries not important to provide an insight into the Exact group of companies as required under Dutch law are omitted for this list.
4 The Company was liquidated as per February 23, 2012.
5 Of the 4,158,785 shares in the capital of Exact Software Belgium N.V., Wemmel, Belgium, 4,862 shares are held by Exact International Development B.V., Delft, the Netherlands
6 The business was terminated and the office was closed in 2011. The Company is in the process of being liquidated.
7 The Company was liquidated as per October 17, 2012.
8 The Company was liquidated as per October 4, 2012.
9 The Company was liquidated as per May 16, 2012
10 Wholly owned subsidiary of Exact International Development B.V.
11 Wholly owned subsidiary of Exact Software (UK) Ltd.
12 25% of the shares are held by Exact EMEA B.V.
13 The Company was liquidated as per November 30, 2012.
14 The Company was divested on October 9, 2012.
15 Wholly owned subsidiary of Exact Holding North America, Inc.
16 Wholly owned subsidiary of Exact Asia Development Centre Sdn. Bhd, Kuala Lumpur, Malaysia.
17 The branch office was liquidated as per June 22, 2012.

6.6 **Company balance sheet** as at December 31

(in € thousands)	Note	2012	2011
Assets			
Non-current assets			
Financial fixed assets	6.8.3	**356,066**	338,820
Total non-current assets		**356,066**	338,820
Current assets			
Current tax asset		**–**	3,972
Other receivables and prepayments		**41**	31
Other taxes and social securities		**–**	115
Cash and cash equivalents	6.8.4	**614**	608
Total current assets		**655**	4,726
Total assets		**356,721**	343,546
Equity and liabilities			
Share capital	6.8.5	**488**	488
Share premium	6.8.5	**64,758**	64,758
Legal reserves	6.8.5	**15,351**	15,641
Other reserves	6.8.5	**47**	107
Retained earnings	6.8.5	**12,078**	31,555
Unappropriated result	6.8.5	**8,643**	1,381
Shareholders' equity	6.8.5	**101,365**	113,930
Current liabilities			
Accounts payable and other liabilities		**317**	660
Payables to group companies	6.8.6	**250,001**	228,212
Current tax liability		**3,460**	–
Other taxes and social securities		**46**	193
Accrued liabilities		**1,532**	551
Total current liabilities		**255,356**	229,616
Total equity and liabilities		**356,721**	343,546

6.7 **Company income statement** for the year ended December 31

(in € thousands)	**2012**	2011
Income from subsidiaries after taxes	**18,543**	14,686
Other income after taxes	**140**	157
Net income	**18,683**	14,843

6.8

Notes to the Company financial statements

6.8.1 General

The company financial statements are part of the 2012 financial statements of Exact Holding N.V. (hereafter referred to as Exact).

In accordance with article 402, Book 2 Title 9 of the Dutch Civil Code, the Company income statement is presented in abbreviated form.

Unless stated otherwise, all amounts are in thousands of euros.

6.8.2 Principles for the measurement of assets and liabilities and the determination of the result

The description of Exact's activities and the Group structure as included in the notes to the consolidated financial statements also apply to the Company financial statements (see note 6.5.1).

In accordance with article 2:362 section 8 of Book 2 Title 9 of the Dutch Civil Code, the accounting policies used in the preparation of the Company financial statements, except for investments, are the same as those used in the preparation of the consolidated financial statements. Investments in subsidiaries are stated at net asset value, as the Company effectively exercises significant influence over the operational and financial activities of these investments. The net asset value is determined on the basis of the IFRS accounting principles as adopted by the EU.

A list of Exact's participations is disclosed in the consolidated financial statements on pages 100 and 101.

6.8.3 Financial fixed assets

The changes in financial fixed assets are shown below.

(in € thousands)	**2012**	2011
Balance as at January 1	**338,820**	322,560
Result from participations in group companies	**18,543**	14,686
Translation result	**(2,907)**	1,662
Net change in fair value of cash flow hedge reclassified to profit and loss	**1,610**	–
Other movements	**–**	(88)
Balance as at December 31	**356,066**	338,820

In 2011, the amount under other movements mainly relates to the acquisition of a non-controlling interest without a change in control.

6.8.4 Cash and cash equivalents

As at December 31, 2012, Exact had a cash balance of € 614 (2011: € 608). No restrictions exist on cash.

6.8.5 Shareholders' equity

(in € thousands)	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earning	Unappro-priated result	Share-holders' equity
Balance at January 1, 2011	**488**	**64,758**	**904**	**10,488**	**(1,614)**	**25**	**48,831**	**21,239**	**145,119**
Net income	–	–	–	–	–	–	–	14,843	**14,843**
Other comprehensive income	–	–	1,662	–	4	–	–	–	**1,666**
Total comprehensive income	**–**	**–**	**1,662**	**–**	**4**	**–**	**–**	**14,843**	**16,509**
Reserve for capitalized R&D	–	–	–	4,197	–	–	(4,197)	–	**–**
Dividend related to 2010	–	–	–	–	–	–	(12,986)	(21,239)	**(34,225)**
Interim dividend 2011	–	–	–	–	–	–	–	(13,462)	**(13,462)**
Acquisitions of non-controlling interests without a change in control	–	–	–	–	–	–	(93)	–	**(93)**
Long-term incentive plan	–	–	–	–	–	82	–	–	**82**
Balance at December 31, 2011	**488**	**64,758**	**2,566**	**14,685**	**(1,610)**	**107**	**35,555***	**1,381**	**113,930**

* Pay-out of the retained earnings will be restricted for the negative amount of the cash flow hedge reserve of € 1,610 and the positive amount of unappropriated result of € 1,381.

(in € thousands)	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earning	Unappro-priated result	Share-holders' equity
Balance at January 1, 2012	**488**	**64,758**	**2,566**	**14,685**	**(1,610)**	**107**	**31,555**	**1,381**	**113,930**
Net income	–	–	–	–	–	–	–	18,683	**18,683**
Other comprehensive income	–	–	(2,907)	–	1,610	–	–	–	**(1,297)**
Total comprehensive income	**–**	**–**	**(2,907)**	**–**	**1,610**	**–**	**–**	**18,683**	**17,386**
Reserve for capitalized R&D	–	–	–	1,007	–	–	(1,007)	–	**–**
Dividend related to 2011	–	–	–	–	–	–	(18,470)	(1,381)	**(19,851)**
Interim dividend 2012	–	–	–	–	–	–	–	(10,040)	**(10,040)**
Acquisitions of non-controlling interests without a change in control	–	–	–	–	–	–	–	–	**–**
Long-term incentive plan	–	–	–	–	–	(60)	–	–	**(60)**
Balance at December 31, 2012	**488**	**64,758**	**(341)**	**15,692**	**–**	**47**	**12,078***	**8,643**	**101,365**

* Pay-out of the retained earnings will be restricted for the positive amount of unappropriated result of € 8,643.

Share capital
The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently there are 24,400,405 (2011: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2011: 1,583,744) ordinary shares in treasury, which remain available for the general purposes of Exact, including but not limited to M&A activities.

The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price, which equals the nominal value.

Share premium
The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price.

Legal reserve
The legal reserve comprises the translation reserve, the R&D reserve and the cash flow hedge reserve. The R&D reserve relates to capitalized internally generated software of €15,692 (2011: €14,685).

Other reserves
The other reserves relate to the share-based payment for the Board of Managing Directors for the long-term incentive plan of € 47 (2011: € 107).

6.8.6 Payables to group companies

Payables mature within one year.

6.8.7 Personnel expenses

Personnel expenses are specified below:

(in € thousands)	2012	2011
Salaries and wages	4,079	2,539
Social security	306	104
Pension expenses – defined contribution plans	5	5
Healthcare contribution	104	60
Outwork	104	26
Other personnel expenses	1,206	1,520
Total	**5,804**	4,254

All personnel expenses have been charged to group companies.

See note 6.5.27 Related parties of the annual report for the disclosure of the remuneration of the Board of Managing Directors.

6.8.8 Other operating expenses

The 2012 and 2011 expenses shown below were charged by KPMG Accountants N.V.

(in € thousands)	2012	2011
Audit	369	335
Audit related	57	–
Other	–	–
Total	**426**	335

In 2012 and 2011 there were no other expenses charged by other KPMG partnerships in the Netherlands.

6.8.9 Earnings per share

See note 6.5.20 of the consolidated financial statements for the disclosure of the earnings per share.

6.8.10 Employees

In 2012, Exact's average number of employees was 33 FTEs (2011: 20). Costs related to the employees have been charged to group companies.

6.8.11 Contingencies

Exact has contingent liabilities with respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As at December 31, 2012, Exact had issued a total amount of € 604 (2011: € 1,187) for guarantees. The guarantee of € 470 related to the rental of the former headquarter building was successfully discharged in 2012. The guarantee of € 113 Exact had issued in 2010 to guarantee payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. was successfully discharged in November 2012. The remaining amount relates to several rental contracts.

Exact Holding N.V. issued a liability statement for almost all of its subsidiaries in the Netherlands in accordance with article 2:403 paragraph f of the Dutch Civil Code.

6.8.12 Commitments

The future aggregate minimum contract payments amount to € 0 (2011: € 0).

Delft, March 22, 2013

Board of Managing Directors
Erik van der Meijden, CEO
Onno Krap, CFO

Supervisory Board
Thierry Schaap (Chairman)
Willem Cramer
Evert Kooistra
Peter van Haasteren

7

Other information

KPMG Accountants N.V. has audited the accompanying financial statements 2012 of Exact Holding N.V., Delft. The financial statements include the consolidated financial statements and the company financial statements. According to KPMG, both financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 2012 and its result and its cash flows for the year then ended.

7.1 Independent auditor's report

To: the General Meeting of Shareholders
of Exact Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Exact Holding N.V., Delft. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Board of Managing Directors' responsibility

The Board of Managing Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Managing Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as it deems is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 2012, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination as to whether the Report of the Board of Managing Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Report of the Board of Managing Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, March 22, 2013
KPMG Accountants N.V.

M.J.A. Verhoeven RA

The software industry is going through a fundamental change: the traditional license model is under pressure and the adoption of cloud solutions is growing rapidly. Customers are increasingly demanding easy to buy, easy to use software solutions.

7.2

Provisions governing profit appropriation

Article 23 of the Articles of Association

1. The Board of Managing Directors shall determine, subject to the approval of the Supervisory Board, which amount of the profit will be added to the reserves. The balance of the profit shall be at the free disposal of the General Meeting. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
2. Exact may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and any called-up part of the share capital and the reserves that must be maintained by law. In calculating the appropriation of profits, the shares held by Exact in its own share capital shall not be taken into account.
3. Distribution of profits shall take place after the adoption of the annual accounts that show that the distribution is permitted.
4. The Board of Managing Directors may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.
5. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve that a dividend on shares shall be distributed in the form of shares instead of cash, or to resolve that shareholders be given a choice as to whether to receive a dividend in the form of cash or shares, all the above to the extent that Board of Managing Directors has been designated pursuant to Article 8 as the body empowered to resolve to issue shares. Subject to the approval of the Supervisory Board, the Board of Managing Directors shall determine the conditions under which such a choice can be made.
6. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve to make distributions to the shareholders out of one or more reserves in the form of either cash, shares or a combination of the two, in proportion to the aggregate nominal amount of each shareholder's shares, all of the above provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.

Article 24 of the Articles of Association

1. Distributions pursuant to Article 23 shall be due and payable as from a date to be determined by the Board of Managing Directors.
2. Distributions pursuant to Article 23 shall be payable at an address or addresses, in the Netherlands and abroad, to be determined by the Board of Managing Directors.
3. A shareholder's claim for payment of dividends shall lapse on the expiry of a period of five years following the date on which the claim became due and payable.

In light of our dividend policy but also taking into consideration our strong cash position, the Board of Managing Directors intends to propose a final dividend of € 0.56 per share at the General Meeting of Shareholders of May 22, 2013. Combined with the interim dividend of € 0.44 distributed in August 2012, this brings the annual dividend per share to € 1.00.

7.3

Proposed dividend to shareholders

Proposed profit appropriation 2012

It will be proposed at the General Meeting of Shareholders to payout the profit for the year 2012 of € 18,683 and in addition € 4,134 from the retained earnings as dividend, totaling € 22,817 as follows:

(in € thousands)	
Interim dividend 2012 (€ 0.44 per share, paid August 15, 2012)	**10,040**
Final dividend in cash (€ 0.56 per share)	**12,777**
Total	**22,817**

Profit appropriation 2011

(in € thousands)	
Interim dividend 2011 (€ 0.59 per share, paid August 17, 2011)	**13,462**
Final dividend in cash (€ 0.87 per share)	**19,851**
Total	**33,313**

As of 2013 Exact's dividend policy is to issue dividends at 100% of net income unless the year-end cash position drops below € 40.0 million or in the event of significant acquisitions. Exact expects significant investments in the coming years in line with its growth ambitions and consequently will refrain from compensating for non-cash items going forward.

7.4 Share and shareholder information

Share and share capital

The authorized share capital of Exact amounts to € 1,500,000 divided into 75,000,000 ordinary shares, each having a nominal value of € 0.02. The total number of issued shares as at December 31, 2012, amounted 24,400,405 (including 3,981,074 registered shares), which was the same as the number of shares at December 31, 2011. There is only one type of ordinary share and no share certificates have been issued.

Exact does not currently have any employee share scheme in which the control rights are not exercised directly by the employee. The only employee share scheme is the long-term incentive plan for the Board of Managing Directors (see page 63 of the Remuneration Report).

Special provisions relating to shares

The Articles of Association do not specify any limitation on the transferability of registered ordinary shares. Exact has not issued any securities with special controlling rights. The voting right on the shares is not subject to any limitations. All shares (both ordinary and registered) entitle the holder to one vote per share.

No agreement has been entered into with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights. There is currently no authorization granted by the General Meeting of Shareholders to the Board of Managing Directors (1) to purchase shares of Exact on the stock market in accordance with the provision set forth in article 9, paragraph 3 of the Articles of Association nor (2) to issue – with the prior approval of the Supervisory Board – shares, which includes the authorization to grant rights to subscribe for shares.

The appointment, suspension and discharge of the members of the Board of Managing Directors and Supervisory Board are set out in articles 11 and 14 respectively of the Articles of Association. The procedure to amend the Articles of Association is set out in article 25. A resolution to amend the Articles of Association can be passed if a proposal, made by the Board of Managing Directors and approved by the Supervisory Board, is submitted to the General Meeting of Shareholders. Such resolution can be passed by the General Meeting of Shareholders by an absolute majority, irrespective the capital represented at the Meeting. The Articles of Association are available on the corporate website (www.exact.com).

Treasury shares

Due to a share buyback program in 2008, under which the Company acquired 1,219,995 shares in its own capital, the Company currently holds 345,268 registered shares and 1,238,476 bearer shares. In total this amounts to 1,583,744 shares, representing 6.51% of the total outstanding shares. The own shares held by the Company are non-voting, do not have a dividend entitlement, and are held in treasury for general company purposes.

Total shareholder return

In 2012, we paid € 19.9 million as a final dividend for 2011 and interim dividend for 2012 (€ 10.0 million). The total shareholder return for 2012 amounted to 8.4% (2011: –15.0%).

Dividend policy

In view of our continued positive cash flow and liquidity position, and taking into account the expected growth and acquisition strategy, Exact intends to issue dividends at 100% of net income unless the year-end cash position drops below €40.0 million or in the event of significant acquisitions. We foresee significant investments in the coming years in line with our growth ambitions and we will refrain from compensating for non-cash items going forward.

Exact paid an interim dividend of € 0.44 per share in 2012. Based on the dividend policy, Exact would pay out a final dividend of € 0.38 for 2012.

Exact will propose a final dividend of € 0.56 per share at the Annual General Meeting of Shareholders on May 22, 2013, bringing the total dividend for 2012 to € 1.00 per share.

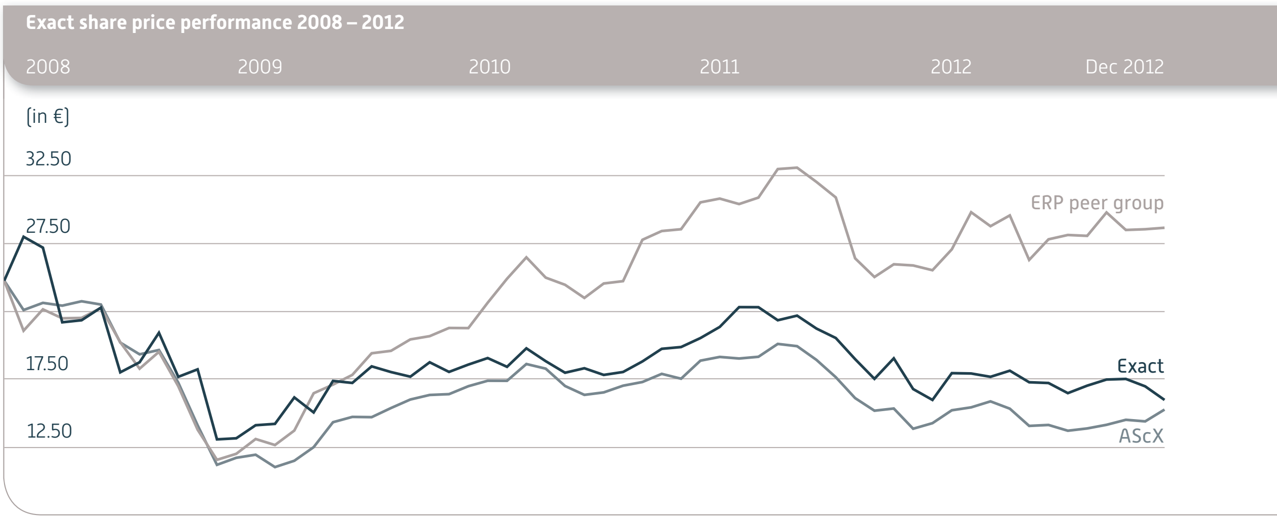
Major shareholders

Any person holding or acquiring an interest of 5% or more in a publicly listed Dutch company is bound, based on the based on the Financial Supervision Act (Wet op Financieel Toezicht), to disclose such a holding to the Dutch Financial Markets Authority (AFM). The disclosure is recorded in the register of the AFM and listed on the AFM website (www.afm.nl).

Mr. A.R. van Nieuwland	15.7%
Mr. E. Hagens	14.9%
Janivo Holding B.V.	8.0%
Sylchester International Investors	8.4%
Delta Lloyd Deelnemingen Fonds N.V.	5.3%
Delta Lloyd N.V.	5.5%
Exact Holding N.V.	6.5%

Financial calendar 2013

Publication of full-year results for 2012	February 20, 2013
Interim Management Statements Q1	April 24, 2013
Annual General Meeting of Shareholders	May 22, 2013
Publication of half-year results 2013	July 31, 2013
Interim Financial Results H1 2013	July 31, 2013
Interim Management Statements Q3	November 6, 2013



8

Forward-looking statements notice

This annual report contains forward-looking statements with respect to Exact's future (financial) performance and position. Such statements are based on our beliefs, expectations, projections and the estimates that are currently available to us. The forward-looking statements that we make represent our judgment as at the dates on which the statements were made.

8

Forward-looking statements notice

Forward-looking statements can generally be identified by the use of forward-looking terminology, such as 'may', 'shall', 'will', 'expect', 'believe', and similar terms and phrases. These statements include, among other things, statements regarding our business strategy, future financial position and results, our management's plans and objectives for future operations, and discussion of future developments with respect to Exact's business. Forward-looking statements are by nature subject to substantial risks and uncertainties, and investors should not rely unduly on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee for future performance and are based on management's beliefs and assumptions based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including, but not limited to, the general economic conditions, the performance of the financial markets, currency exchange rates, our ability to continue our expansion in new and existing markets, our ability to keep pace with technological changes and to develop and commercialize new products, our ability to integrate acquisitions and manage the continuous growth of Exact the behavior of our customers, resellers, suppliers and competitors, our ability to recruit and retain key personnel, changes in government policies, laws or regulations or international conventions and standards, in particular those in the Netherlands, the USA and the European Union, and other risk factors discussed in this annual report.

With the exception of the matters required by law, we have no obligation to update any information contained in this annual report, nor to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this annual report.

Exact Holding N.V.
PO Box 5066
2600 GB Delft
The Netherlands
t. +31 15 711 50 00
f. +31 15 711 50 10
www.exact.com

MCL610902EN015